FOOD CITY SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of September 20, 2023 (the *"Agreement"),* sets forth the terms of settlement between and among the State of Tennessee, the Participating Subdivisions, and K-VA-T Food Stores, Inc. (as those terms are defined below). This Agreement will be binding on the State, K-VA-T Food Stores, Inc. and the Participating Subdivisions. This Agreement will be terminated if a Statutory Bar (as that term is defined below) is not implemented, as described in Section II and Section X.Q.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. *"Agreement."* This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

B. *"Alleged Harms."* The physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities and resulting in alleged past, present, and future financial, societal, and public nuisance harms and related expenditures arising out of the alleged misuse and abuse of Products, non-exclusive examples of which are described in the documents listed on Exhibit A.

C. *"Annual Abatement Fund Payment."* The amount of $5,600,000.00 (Five Million and Six Hundred Thousand Dollars), which KVAT will pay to the State's Opioid Abatement Fund on each Annual Remediation Payment Date, as set forth in Section IV.

D. *"Annual Abatement Fund Payment Date."* The 15th day of July in the years 2025, 2026, and 2027 and the 14th day of July in the years 2028 and 2029.

E. *"Bankruptcy Code."* Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*

F. *"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, penalty, 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.

G. *"Consent Judgment."* A consent judgment in a form to be agreed by the State and KVAT that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section IX, including the dismissal with prejudice of *State of Tennessee v. K-VA-T Food Stores, Inc.*, Case No. 3-32-21, pending in Knox County Circuit Court.

H. *"Covered Conduct."* Any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Effective 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, misstatement, misleading statement or other activity) relating in any way to (1) compounding, counseling, and documentation relating to any Product or class of Products (2) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use, or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (3) the characteristics, properties, risks, or benefits of any Product; (4) the reporting, disclosure, non-reporting, or nondisclosure to federal, state or other regulators of orders placed with any Released Entity; or (5) diversion control programs or suspicious order monitoring;

I. *"Effective Date."* The Date established pursuant to Section II.D.

J. *"Food City Subdivisions."* The City of Knoxville and the following counties: Anderson, Bledsoe, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Cumberland, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Morgan, Polk, Putnam, Rhea, Roane, Scott, Sevier, Sequatchie, Sullivan, Unicoi, Union, and Washington. Any one of these entities is a "Food City Subdivision."

K. *"Food City Subdivision Allocation."* The portion of the Food City Subdivision Payment Amount that each Food City Subdivision that becomes a Participating Subdivision will receive from Food City on the Initial Payment Date pursuant to Section IV, as set forth in Exhibit F. For the avoidance of doubt, a Food City Subdivision is only entitled to payment under this Agreement if it becomes a Participating Subdivision.

L. *"Food City Subdivision Payment."* The amount of Six Million Dollars ($6,000,000.00) to by paid by KVAT directly to the Participating Subdivisions on the Initial Payment Date in accordance with Section IV (subject to the use provisions as set forth in Section V herein).

M. *"Initial Payment Date."* Forty-five (45) days after the Effective Date.

N. *"Injunctive Relief Terms."* The terms described in Section III and set forth in Exhibit B.

O. *"KVAT" Means and refers to* K-VA-T Food Stores, Inc., a Virginia corporation (d/b/a/ Food City).

P. *"Litigating Subdivision."* A Subdivision that brought any Released Claim against any Released Entity prior to December 1, 2022. For the avoidance of doubt, the Litigating Subdivisions are the City of Knoxville, the Town of Rutledge, and the following counties: Anderson, Bledsoe, Bradley, Claiborne, Cocke, Franklin, Grainger, Grundy, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Polk, Rhea, Roane, Sevier, Sequatchie, and Union.

Q. *"Litigating Subdivision Fees and Costs Payment."* The amount to be paid by KVAT on the Initial Payment Date for private attorneys' litigation fees and costs incurred on behalf of the Litigating Subdivisions, to be paid in accordance with Section IV.

R. *"Non-Litigating Food City Subdivision."* Any Food City Subdivision that is not a Litigating Subdivision.

S. *"Non-Participating Subdivision."* Any Food City Subdivision that is not a Participating Subdivision.

T. *"Opioid Abatement Fund."* The trust fund established by the State General Assembly in Public Chapter 491 (2021) to manage the disbursements of proceeds from lawsuits relating to opioids.

U. *"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 misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit C 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.

V. *"Participating Subdivision."* Any Food City Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.

W. *"Parties."* KVAT, the State, and the Litigating Subdivisions (each, a *"Party").*

X. *"Preliminary Agreement Date."* The date this Agreement is executed by all Parties.

Y. *"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; or (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

[1] Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits the State from taking administrative or regulatory action related to benzodiazepines (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, 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 Effective Date.

Z. *"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 occurring prior to the Effective Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against KVAT, including claims arising from KVAT's acquisition of other firms or assets prior to the Effective Date, by the State or a Litigating Subdivision 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, 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 the State, a Subdivision, or a Releasor (whether or not the State or such Subdivision or Releasor has brought such action or proceeding), including any subsidiaries thereof to the extent permissible by law. Released Claims include any claims of a non-Released Entity held by a Released Entity by way of assignment. Released Claims also include all Claims asserted in any proceeding to be dismissed pursuant to this Agreement, whether or not such claims relate to Covered Conduct. 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.

AA. *"Released Entities."* With respect to Released Claims, KVAT and (1) all past and present subsidiaries, divisions, predecessors, successors, and assigns (in each case, whether direct or indirect) of KVAT (including, but not limited to, Food City Supermarkets, LLC); (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 KVAT or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of KVAT or its subsidiaries, including in any KVAT or subsidiary's capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of KVAT (solely in their capacity as parents or shareholders of KVAT with respect to Covered Conduct); and (6) any insurer of KVAT or any person or entity otherwise described in subsections (1)-(5). KVAT represents that among the Released Entities, only K-VA-T Food Stores, Inc. has at any time participated in the sale, marketing, or distribution of opioids. 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. For the avoidance of doubt, any entity acquired, or joint venture entered into, by KVAT after the Effective Date is not a Released Entity.

BB. *"Releasors."* With respect to Released Claims, (1) the State; (2) each Participating Subdivision (including, but not limited to, the Litigating Subdivisions); and (3) without limitation and to the maximum extent of the power of the State Attorney General and/or Participating Subdivision to release Claims, (a) the 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 other public entity in the State, (c) any person or entity acting in a *parens patriae,* sovereign, quasi-sovereign, private attorney general, *qui tam,* taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to the State or Subdivision in the State, whether or not any of them participate in this Agreement, and (d) any governmental entity as that term is defined in the Tennessee Opioid Abatement Act, Tenn. Code Ann. § 47-17-101, *et seq.* In addition to being a Releasor as provided herein, a Participating Subdivision that is a Non-Litigating Food City Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VII providing for a release to the fullest extent of the Participating Subdivision's authority.

CC. *"State Attorney General Fees and Costs Payment."* The amount to be paid by KVAT to the State on the Initial Payment Date for the State's litigation fees and costs, to be paid in accordance with Section IV.

DD. *"State Payment."* The amount of Six Million Dollars ($6,000,000.00) to be paid by KVAT on the Initial Payment Date to the State, which the State will direct to the State's general fund (subject to the use provisions as set forth in Section V herein). The payment is to be made in accordance with Section IV.

EE. *"State-Subdivision Agreement."* The agreement, attached as Exhibit D, that the State has reached with its Subdivisions regarding the allocation, distribution, and/or use of funds allocated to the State and its Subdivisions as part of a resolution of claims related to opioids.

FF. *"Statutory Bar."* A law barring Subdivisions in the State from maintaining Released Claims against Released Entities (either through a direct statutory release of claims or through a grant of authority to release claims and the exercise of such authority in full).

GG. *"Subdivision."* Any (1) political or governmental subdivision or other public entity within the boundaries of the State, including but not limited to, counties, municipalities, towns, school districts, and special districts and any department, agency, division, board, commission, and other instrumentalities thereof, and (2) any governmental official, officer, or employee of a subdivision or other public entity within the boundaries of the State acting in an official capacity.

HH. *"Subdivision Settlement Participation Form."* The form attached as Exhibit E that Participating Subdivisions must execute pursuant to Section VII.

II. *"Total Settlement Amount."* The total amount to be paid by KVAT under this Agreement, which is the sum of the Total Remediation Amount, the State Attorney General Fees and Costs Payment and the Litigating Subdivision Fees and Costs Payment. For the avoidance of

doubt, the Total Settlement Amount is Forty-Four Million and Five Hundred Thousand Dollars ($44,500,000.00).

JJ. *"Total Remediation Amount."* The total of the State Payment, the Food City Subdivision Payment, and the amount to be paid by KVAT to the Opioid Abatement Fund through Annual Abatement Fund Payments. For the avoidance of doubt, the Total Remediation Amount is Forty Million Dollars ($40,000,000.00).

KK. "*The State.*" The State of Tennessee.

II. Preliminary Agreement, Cessation of Litigation Activities and Effective Date

A. *Litigation Activity.* Within five days of the Preliminary Agreement Date, the State, the Litigating Subdivisions, and KVAT shall make reasonable efforts to stay litigation activity against KVAT, including by jointly seeking stays or, where appropriate, severance of claims against KVAT, 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.

B. *Statutory Bar.* This Agreement is contingent on the enactment of a Statutory Bar. If legislation allowing for a Statutory Bar is passed during the 2023 regular session of the General Assembly and is signed by the Governor, then the State Attorney General shall have thirty (30) days from either (1) the participation deadline for Non-Litigating Food City Subdivisions as set by Section VII.D or (2) from the date the legislation becomes law, whichever is later, to issue, with required approvals, any necessary declaration of release in order for this Agreement to become effective. This deadline may be extended by agreement of the Parties. Nothing in this Agreement creates an obligation for the General Assembly, Governor, Attorney General, Comptroller, or any other person or entity to seek, approve, or implement a Statutory Bar. This Bar includes, but is not limited to, the prohibition against claims found in Tenn. Code Ann. § 47-17-105.

C. *Consent Judgment.* If a Statutory Bar becomes effective (including the issuance of any necessary declaration of release), the State shall have fourteen (14) days to file a Consent Judgment in the Circuit Court of Knox County in the case captioned *State of Tennessee v. K-VA-T Food Stores, Inc.*, Case No. 3-32-21, and shall use all reasonable efforts to obtain approval of the same.

D. *Effective Date.* The Effective Date shall be the date of entry of the Consent Judgment.

E. *Dismissal of Subdivision Litigation.* Within fourteen (14) days of the entry of the Consent Judgment pursuant to Section II.C, the Litigating Subdivisions will dismiss all claims against KVAT with prejudice. This includes *Anderson County, et al., v. Bearden Healthcare Associates, Inc., et al.*, Sevier County Circuit Court Case No.: 78CC1-2022-CV-138-III.

F. *Termination in the Event Bar Is Not Enacted.* If a Consent Judgment is not entered, there can be no Effective Date and the Agreement terminates under Section X.Q.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, KVAT agrees to the Injunctive Relief Terms attached in Exhibit B.

B. In addition to the terms attached in Exhibit B, KVAT will implement a program with the goal of providing gainful employment to people with opioid use disorder, the terms of which are set forth in Exhibit B.1.

IV. Settlement Payments

A. *Settlement Fund.* KVAT agrees to pay the Total Settlement Amount in the manner described by this Section IV.

B. *Initial Payment.*

1. On the Initial Payment Date, KVAT will pay the Food City Subdivision Payment, the State Payment, the Litigating Subdivision Fees and Costs Payment, and the State Attorney General Fees and Costs Payment, each in accordance with the payment instructions contained in Exhibit G.

2. Each Food City Subdivision that becomes a Participating Subdivision will receive its Food City Subdivision Allocation as set forth in Exhibit F. If a Food City Subdivision does not become a Participating Subdivision pursuant to Section VII, then its Food City Subdivision Allocation shall be paid to the Opioid Abatement Fund.

3. For the avoidance of doubt, the total amount KVAT will pay on the Initial Payment Date is Sixteen Million and Five Hundred Thousand Dollars ($16,500,000.00).

C. *Annual Remediation Payments.*

1. On each Annual Abatement Fund Payment Date, KVAT shall pay the Annual Abatement Fund Payment Amount to the State's Opioid Abatement Fund in accordance with the payment instructions contained in Exhibit G.

2. Thirty-Five Percent (35%) of the funds paid by KVAT to the Opioid Abatement Fund will be distributed to the State's counties to be spent on opioid abatement and remediation pursuant to Tenn. Code Ann. § 33-11-10. A county does not need to be a Participating Subdivision to receive its share of these funds. The county allocation percentages for these distributions will be determined pursuant to Tenn. Code Ann. § 33-11-103 and shall be the same as those set for other settlements addressed by the statute and the State-Subdivision Agreement, whether or not the State-Subdivision Agreement is amended to apply to this Agreement.

V. Allocation and Use of Settlement Payments

A. It is the intent of the Parties that the Food City Subdivision Payments and the State Payment will be for Opioid Remediation. The Annual Abatement Fund Payment to the Opioid Abatement Fund must be used for future Opioid Remediation.

VI. Enforcement

A. *Enforceability.* Except where expressly stated in this document or in Exhibits B and B.1 relating to injunctive relief, this Agreement is enforceable only by KVAT and the State. Subdivisions shall not have enforcement rights against KVAT with respect to this Agreement or the Consent Judgment, except that Participating Subdivisions shall have the same right as the State to seek resolution regarding the failure by KVAT to make the Food City Subdivision Payments and the Litigating Subdivisions shall have the right to seek resolution regarding the failure of KVAT to make the Litigating Subdivision Fees and Cost Payment.

B. *Jurisdiction.* The Parties and Participating Subdivisions consent to the jurisdiction of the Circuit Court of Knox County, limited to resolution of disputes arising out of this Agreement.

C. *Notice by Subdivisions.* The State shall allow Participating Subdivisions to notify it of any perceived violations of this Agreement or the Consent Judgment

VII. Participation by Food City Subdivisions

A. *Litigating Subdivisions.* As Parties to this Agreement, the Litigating Subdivisions are subject to the terms of this Agreement, including but not limited to the release provisions in Section IX, and are Participating Subdivisions.

B. *Notice.* No later than fourteen (14) calendar days after the Preliminary Agreement Date, the State Attorney General's Office shall 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 all Non-Litigating Food City Subdivisions.

C. *Requirements for Becoming a Participating Subdivision—Non-Litigating Food City Subdivisions.* A Non-Litigating Food City Subdivision may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the State Attorney General's Office indicating (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 KVAT pursuant to the applicable requirements of Section V; and (4) that the Subdivision submits to the jurisdiction of the court where the 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 E. The State Attorney General's Office shall provide copies of all executed Subdivision Settlement Participation forms to KVAT.

D. *Participation Deadline.* To become a Participating Subdivision, Non-Litigating Food City Subdivisions must complete the above-described requirements within ninety (90) days of the date the notice is sent pursuant to Section VII.B, though this deadline may be extended by agreement of the Parties.

E. *Participation Forms Binding.* Upon the Effective Date, the Subdivision Settlement Participation Forms shall be binding on each Participating Subdivision. If there is no Effective Date, the Settlement Participation Forms shall not be binding, and no Participating Subdivision shall be deemed to have released any Released Claims under this Agreement.

VIII. Attorneys' Fees and Costs

A. KVAT will pay the State's Attorneys' Fees and Costs, and the Litigating Subdivisions' Attorneys' Fees and Costs, as set forth in Exhibit G, each on the Initial Payment Date. For the avoidance of doubt, the sum of the State's Attorney's Fees and Costs and Litigating Subdivisions' Attorney's Fees and Costs shall not exceed $4,500,000.00 (Four Million and Five Hundred Thousand Dollars).

IX. Release

A. *Scope and General Release.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. The State (for itself and its Releasors) and Participating Subdivisions hereby absolutely, unconditionally, and irrevocably covenant not to bring, file, or claim, or to cause, assist, 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 the State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *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 any insurance contracts and nothing herein shall prohibit a Released Entity from seeking a voluntary agreement providing indemnification for liability and/or expenses arising from KVAT's post-Effective Date implementation of the Injunctive Relief Terms set forth in Exhibit B.

C. *Assigned Interest Waiver.* To the extent that the 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 KVAT (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the 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 KVAT.

D. *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.

E. *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 funds arising out of the Agreement or any portion thereof, or by the enactment of future laws, or by any seizure of the funds arising out of this Agreement or any portion thereof.

F. *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 KVAT to secure the prompt dismissal of any and all Released Claims based on the Statutory Bar.

G. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, this Agreement does not waive, release or limit any criminal liability, workers' compensation Claims, Claims for liability under tax or environmental law, Claims against parties who are not Released Entities, Claims by private individuals, contractual Claims between the parties and any Claims arising under this Agreement for enforcement of this Agreement.

X. Miscellaneous

A. *No Admission.* KVAT does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgment 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 KVAT.

B. *Tax Cooperation and Reporting.* The State and Participating Subdivisions shall cooperate in good faith with KVAT with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement. For the avoidance of doubt, neither KVAT nor the State and Participating Subdivisions make any warranty or representation to the State, any Participating Subdivision, or any Releasor as to the tax consequences of the payment of the Total Remediation Amount (or any portion thereof).

C. *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 State or a Released Entity. The State may not assign or otherwise convey any right to enforce any provision of this Agreement.

D. *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.

E. *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 Judgment 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 the Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgment.

F. *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.

G. *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.

H. *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.

I. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving KVAT 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. Except with respect to the Injunctive Relief Terms, in the event of a conflict between this Agreement and any requirement or requirements of federal, state, or local laws, such that KVAT cannot comply with this Agreement without violating such a requirement or requirements, KVAT shall document such conflicts and notify the State Attorney General that it intends to comply with the requirement or requirements to the extent necessary to eliminate the conflict. With respect to the Injunctive Relief Terms, in the event of such a conflict, the procedures set forth in the Injunctive Relief Terms will be followed.

J. *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.

K. *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.

L. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties 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.

M. *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 State:

Office of the Tennessee Attorney General
Attn: Michael Leftwich and Brian Phelps
P.O. Box 20207
Nashville, TN, 37202-0207
Michael.Leftwich@ag.tn.gov; Brian.Phelps@ag.tn.gov

For the Litigating Subdivisions:

J. Gerard Stranch, IV
223 Rosa L Parks Ave. #200
Nashville, TN 37203

For KVAT:

K-VA-T Food Stores, Inc.
ATTN: President
1 Food City Circle
Abingdon, VA 24210

With copy to:
K-VA-T Food Stores, Inc.
ATTN: General Counsel
P.O. Box 1158
Abingdon, VA 24212

Any Party may change or add to 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 X.M.

N. *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.

O. *Preservation of Privilege.* Nothing contained in this Agreement or the Consent Judgment, and no act required to be performed pursuant to this Agreement or the 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.

P. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, KVAT and its respective successors and assigns.

2. Following the Effective Date until all payment obligations of KVAT under this Agreement are fulfilled, if KVAT enters into any agreement to sell or transfer 51% or more of its operating (non-inventory) assets to another entity not owned directly or indirectly by KVAT, then KVAT shall provide the State with 30 days' notice of that transfer and any due date of any unpaid payment obligations of KVAT under this Agreement shall be accelerated and become payable on, or before, the closing date of such transaction unless the State agrees in writing to allow buyer or transferee in such transaction to assume any remaining payment obligations.

Q. *Termination.*

1. Unless otherwise agreed to by each of KVAT and the State, this Agreement and all of its terms (except Section X.L and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated and the Agreement and all orders issued by the courts in the 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 Statutory Bar is not enacted pursuant to legislation passed during the General Assembly's 2023 Regular Session;

b. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered pursuant to Section II.

2. If this Agreement is terminated for whatever reason pursuant to Section X.Q.1, then all Parties are released of any obligations under this Agreement, and all Non-Litigating Subdivisions are released of any obligations under any Participation Forms. For the avoidance of doubt, among any other obligations, KVAT is released of any payment or injunctive relief obligations under this agreement; the State and the Litigating Subdivisions are released of any obligations to cease litigation activities; and any agreements by Non-Litigating Subdivisions to become Participating Subdivisions and waive claims against KVAT shall be void.

3. Unless the Parties agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as to all Parties as of the final Annual Abatement Fund Payment, *provided* that KVAT has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this

Section X.Q.3 or in this Agreement, all releases under this Agreement will remain effective despite the Agreement's termination under this Section X.Q.3.

R. *Governing Law.* This Agreement shall be governed by and interpreted in accordance with the laws of the State of Tennessee.

S. *Bankruptcy.* The following provisions shall apply if KVAT enters bankruptcy and (i) the KVAT 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 KVAT pursuant to 11 U.S.C. § 365:

1. In the event that the State determines that the financial obligations of this Agreement have been terminated and rendered null and void due to a material breach by KVAT, whereupon:

a. (i) all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement and (ii) any statutory releases related to this Agreement shall immediately and automatically be deemed null and void as to KVAT; the State 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 KVAT shall have the right to assert any and all claims against KVAT 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 KVAT itself; and (ii) in the event the State asserts any Released Claim against KVAT after the rejection and/or termination of this Agreement as described in this Section X.R.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the State has previously received from KVAT 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 State is required to disgorge or repay to KVAT's bankruptcy estate); and

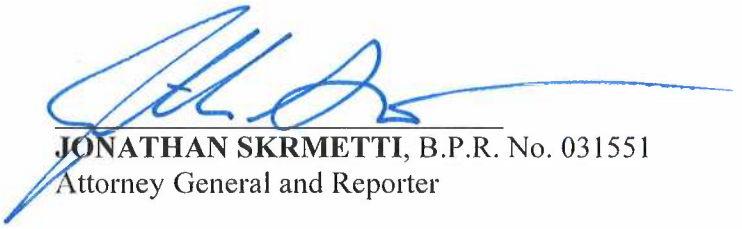
b. The State may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against KVAT subject to all defenses and rights of the KVAT.

T. *Waiver.* KVAT, 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 KVAT's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of KVAT's payment obligations incurred hereunder are satisfied in full, KVAT'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.

APPROVED, AGREED TO, AND PRESENTED BY:

FOR STATE OF TENNESSEE:



JONATHAN SKRMETTI, B.P.R. No. 031551
Attorney General and Reporter

APPROVED, AGREED TO, AND PRESENTED BY:

For K-VA-T:

W. KYLE CARPENTER, B.P.R. No.
HUGH B. BRIGHT, JR., B.P.R. No.
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P.O. Box 900
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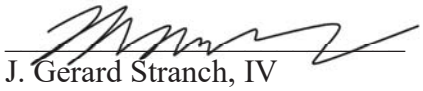
kcarpenter@wmbac.com
hbright@wmbac.com

APPROVED, AGREED TO, AND PRESENTED BY:

For the Litigating Subdivisions



J. Gerard Stranch, IV
Stranch, Jennings & Garvey, PLLC
223 Rosa L Parks Ave. #200
Nashville, TN 37203

Exhibit A

Alleged Harms

The following expert reports that were filed in connection with the case captioned *In re National Prescription Opiate Litigation*, No. 1:17-md-02804 (N.D. Ohio):

1. Expert report of Professor David Cutler, dated March 25, 2019.
2. Expert report of Dr. Jeffrey B. Liebman, dated March 25, 2019.
3. Expert report of Professor Thomas McGuire regarding damages to Bellwethers, dated March 25, 2019.
4. Report of Professor Thomas McGuire regarding public nuisance, dated March 25, 2019

Exhibit B

Injunctive Relief

EXHIBIT B

K-VA-T Food Stores Inc. Injunctive Terms

I. INTRODUCTION

1. Except where these Injunctive Terms specify a different implementation period, K-VA-T Food Stores, Inc. ("Settling Pharmacy") shall implement the Injunctive Relief Terms ("Injunctive Terms") set forth below in Sections II through XVII by the Injunctive Terms Implementation Date (defined below).

2. To the extent that Settling Pharmacy already has in place positions, committees, departments, policies, or programs that satisfy the Injunctive Terms, no re-naming or other change is required by these Injunctive Terms.

3. This agreement shall be enforced by the Attorney General's Office (Attorney General), but nothing in this agreement restricts or limits the Department of Health's or any state regulatory board's enforcement role in regulating pharmacy professionals and pharmacies.

4. Overview

    a. Settling Pharmacy will implement or maintain a Controlled Substance Compliance Program ("CSCP").

    b. The CSCP must include written standard operating procedures and/or corporate policies (the "CSCP Policies and Procedures") required by these Injunctive Terms.

    c. The CSCP shall apply, during the term of these Injunctive Terms, to each of Settling Pharmacy's retail pharmacy stores that dispense Schedule II Designated Controlled Substances and are registered or licensed with the State.

    d. Settling Pharmacy shall provide a copy of the relevant CSCP Policies and Procedures to the Consumer Protection Division of the Attorney General's Office and the Executive Director of the Board of Pharmacy within 60 days of the Injunctive Terms Implementation Date. To the extent any implementation is expected to require additional time, the Parties agree to work together in good faith to establish a timeline for implementation.

5. Compliance with Laws

    a. Settling Pharmacy acknowledges and agrees that its pharmacies must comply with applicable state and federal laws, regulations, and rules, including those regarding the dispensing of Controlled Substances. The requirements of these

Injunctive Terms are in addition to, and not in lieu of, any other requirements of federal, state, or local law. Nothing in the Injunctive Terms shall be construed as relieving Settling Pharmacy of the obligation of their pharmacies to comply with all federal, state and local laws, regulations or rules, nor shall any of the provisions of the Injunctive Terms be deemed as permission for Settling Pharmacy to engage in any acts or practices prohibited by such laws, regulations or rules nor shall this agreement limit or restrict the regulatory enforcement role of the Department of Health or any state regulatory board.

b. The Injunctive Terms are not intended to and shall not be interpreted to prevent Settling Pharmacy from taking or implementing any other compliance or policy steps that are more restrictive or that are necessary to conform with federal, state, or local legal requirements, unless such steps would conflict with State or local law. The Injunctive Terms are not intended to and shall not be interpreted to require Settling Pharmacy to purchase for resale or keep in its inventory any Controlled Substances or any particular Controlled Substances or to require dispensing of any Controlled Substances or of any individual, types, subsets, or categories of Controlled Substances prescriptions.

c. In the event that Settling Pharmacy determines that there may be a conflict between the Injunctive Terms and the express requirements of federal, state, or local laws, or interpretations of such laws articulated by an agency responsible for enforcing such laws or a court ("Express Interpretations"), such that Settling Pharmacy determines that it cannot comply with the Injunctive Terms without violating these express requirements or Express Interpretations, Settling Pharmacy shall follow the express requirements of the federal, state, or local law or Express Interpretation thereof and shall provide notice to the Consumer Protection Division of the Attorney General's Office. Within thirty (30) days after receipt of a notification from Settling Pharmacy referenced above, Settling Pharmacy and the Attorney General shall meet and discuss the potential conflict, and Settling Pharmacy shall comply with any reasonable requests from the Attorney General as necessary to determine whether there is a conflict between the Injunctive Terms and the express requirements of federal, state, or local laws, or Express Interpretations. In the event that Settling Pharmacy believes a governmental body in the State has commenced a court or administrative action against it or its pharmacists for actions required by the Injunctive Terms, then Settling Pharmacy may notify the Attorney General of such pending action. If the Attorney General agrees that the court or administrative action is a result of actions required by the Injunctive Terms, the Attorney General will engage in best efforts to resolve the conflict or assist in achieving resolution of the court or administrative action. Nothing in this paragraph shall (i) limit the right of the Attorney General to disagree with Settling Pharmacy as to the conflict; (ii) be deemed to relieve Settling Pharmacy from following any subsequently enacted law or regulation, or judicial decisions from a regulatory

authority with jurisdiction over controlled substances that is more restrictive than the provisions of the Injunctive Terms; (iii) from following the Injunctive Terms if they are more restrictive than applicable laws at issue in the administrative action if there is no conflict; (iv) be deemed to relieve Settling Pharmacy from adhering to the outcome of a court or administrative determination that there is no conflict; or (v) limit the Attorney General's ability to relieve Settling Pharmacy of a duty under these Injunctive Terms if the Attorney General determines that that Injunctive Term is in conflict with the State's express legal requirements.

d. Settling Pharmacy shall retain all records it is required to create pursuant to its obligations hereunder for a period no shorter than three years, unless otherwise specified. Nothing in these Injunctive Terms shall prevent the State from issuing a lawful subpoena or Civil Investigative Demand (CID) for records pursuant to an applicable law.

e. Settling Pharmacy shall retain all records it is required to create pursuant to its obligations hereunder in an electronic or otherwise easily accessible format and the State shall have the right to review and copy such records upon request and after reasonable notice during the term of these Injunctive Terms. Nothing in these Injunctive Terms shall waive any applicable privilege that may be asserted over any such record. Unless otherwise required by law, if the State seeks to disclose any records created and obtained from Settling Pharmacy under this provision as part of a proceeding to enforce these Injunctive Terms against Settling Pharmacy, it shall first provide twenty-one (21) days' notice to Settling Pharmacy unless doing so would conflict with applicable law. The State shall not otherwise disclose or provide any records created by and obtained from Settling Pharmacy under this provision to third parties during or after the Term of these Injunctive Terms unless required to do so by law. If the State is required to disclose or provide any records created by and obtained from Settling Pharmacy under this provision to third parties during or after the Term of these Injunctive Terms, it shall first provide twenty-one (21) days' notice to Settling Pharmacy unless doing so would conflict with applicable law. This notification requirement shall not apply to documents obtained by the State or its agencies that are required to be produced to the State or its agencies by law or regulation. Nothing in this provision shall limit the use of documents in an enforcement or regulatory enforcement action by the State.

6. No Admission and No Use as Evidence. Settling Pharmacy does not admit liability or wrongdoing. These Injunctive Terms shall not be considered, construed, or represented to be (1) an admission, concession, or evidence of liability, wrongdoing, or the existence of any legal obligations or requirements other than the requirement to follow these Injunctive Terms, (2) an admission, concession or evidence of the reach, requirements, meaning or interpretation of any statute or regulation, or (3) a waiver or limitation of any defense otherwise available to Settling Pharmacy. These

Injunctive Terms shall not be offered or received in evidence or otherwise relied on in any action or proceeding for any purpose other than in an action or proceeding to modify or enforce or monitor compliance with these Injunctive Terms.

II. TERM AND SCOPE

1. The term of these Injunctive Terms shall be from the Injunctive Terms Implementation Date until August 15, 2029 unless otherwise specified herein.

2. Except as otherwise stated herein, the Injunctive Terms shall apply to Settling Pharmacy's retail pharmacy stores located in, and registered or licensed with, the State that dispense Schedule II Designated Controlled Substances to Patients, including any Schedule II Designated Controlled Substances dispensed by any such retail pharmacy stores that are mailed or shipped to patients in the State.[1] Should Settling Pharmacy operate an online pharmacy that is registered or licensed to dispense Schedule II Designated Controlled Substances in the State while these Injunctive Terms are in effect, the Injunctive Terms shall apply to such pharmacy as well.

3. This agreement may be amended by mutual agreement of the Office of the Tennessee Attorney General and Settling Pharmacy. Any such amendments must be in writing.

III. DEFINITIONS

1. The term "Block" (or "Blocked") means an action taken by Settling Pharmacy's Pharmacists in Charge preventing or otherwise prohibiting any Settling Pharmacy pharmacist from filling prescriptions for Controlled Substances from a specific identified Prescriber.

2. The term "Controlled Substances" means those substances designated under schedules II-V pursuant to the federal Controlled Substances Act.

3. The term "Designated Controlled Substances" shall be limited to: (a) oxycodone; (b) hydrocodone; (c) hydromorphone; (d); tramadol (e) oxymorphone; (f) morphine; (g) methadone; and (h) fentanyl.

4. The term "Injunctive Terms Implementation Date" means 60 days after the Effective Date of Settlement Agreement.

5. The term "Patient" means any individual who receives a prescription for a Designated Controlled Substance from a Prescriber, whether legally valid or not, and attempts to fill it at one of Settling Pharmacy's retail pharmacy stores in the State.

6. The term "Prescriber" means any individual that has written a prescription for a

[1] Specialty and mail order pharmacies are not subject to, and are not online pharmacies for purposes of, these Injunctive Terms.

Designated Controlled Substance, whether legally valid or not, that is presented to Settling Pharmacy in the State.

7. The term "Red Flag(s)" means the enumerated Patient Red Flags, Prescription Red Flags, and Prescriber Red Flags set out in Section IX.

8. The term "the State" means the State of Tennessee.

IV. CONTROLLED SUBSTANCE OVERSIGHT PERSONNEL

1. Settling Pharmacy shall designate a Chief Pharmacy Controlled Substances Officer, or other appropriately titled position, to be a member of the Controlled Substance Oversight Committee (described below in Section VI), and to oversee a Controlled Substance Professional Practices Department and Settling Pharmacy's compliance with 21 C.F.R. § 1306.04 and these Injunctive Terms. As used in these Injunctive Terms, the terms "Controlled Substance Oversight Committee" and "Controlled Substance Professional Practices Department" refer to the entity or entities, however titled, that carry out the functions required by these Injunctive Terms. Notwithstanding the preceding sentence, to the extent an existing position, committee or department carries out the functions required by these Injunctive Terms, any other functions undertaken by such position, committee or department shall not be subject to these Injunctive Terms or oversight by the State pursuant to these Injunctive Terms. The position, committee and department discussed in these Terms may bear different names and need not be limited to the roles and functions set forth herein.

2. The Chief Pharmacy Controlled Substances Officer shall have knowledge of and experience with the laws and regulation of Controlled Substances, in particular the regulations in 21 C.F.R. § 1306.04.

3. The Chief Pharmacy Controlled Substances Officer shall provide at least quarterly reports to the Controlled Substance Oversight Committee (described below in Section
VI) regarding Settling Pharmacy's compliance with these Injunctive Terms, including the implementation of any changes to the CSCP Policies and Procedures required by these Injunctive Terms.

4. Staffing levels of Settling Pharmacy's Controlled Substance Professional Practices Department shall be reviewed periodically, but at least on an annual basis, by Settling Pharmacy's Controlled Substance Oversight Committee to assess whether such staffing levels are sufficient for the Controlled Substance Professional Practices Department to comply with this Agreement. This review shall include consideration of relevant developments in technology, law, and regulations.

5. Throughout the term of these Injunctive Terms, Settling Pharmacy shall maintain a telephone and electronic submission hotline(s) (the "Hotline") to permit employees and/or Patients and/or members of the public to anonymously report suspected

inappropriate or illegitimate dispensing, prescribing or diversion of Designated Controlled Substances, violations of the CSCP Policies and Procedures, these Injunctive Terms, Settling Pharmacy's company policy, or other applicable law. The Hotline may be implemented by adding a dedicated option to existing systems that includes reporting regarding Designated Controlled Substances. Settling Pharmacy shall publish their Hotline contact information to its employees and Patients in the State. Settling Pharmacy shall maintain for the duration of Injunctive Terms a record of each complaint made to the Hotline regarding Designated Controlled Substances and documentation regarding any investigation or response to such complaints. Nothing herein shall require Settling Pharmacy to investigate a pharmacist's professional judgment to refuse a prescription that the pharmacist believes was prescribed or is being used for other than a legitimate medical purpose or that the pharmacist believes was not prescribed by an individual Prescriber acting in the usual course of his or her professional practice.

V. INDEPENDENCE

1. Settling Pharmacy's Controlled Substance Professional Practices Department personnel, pharmacists and pharmacist technicians who work at Settling Pharmacy's pharmacies within the State, and field personnel who supervise pharmacists and pharmacist technicians (together, "CSCP Employees"), shall not be compensated in whole or in part by commissions, bonuses, incentives or any other monetary or non-pecuniary benefit that depends in material part on revenue or profitability targets or expectations of sales of Controlled Substances. Nothing in these Injunctive Terms shall be interpreted to prevent compensation of employees based on sales volume, revenue, or profitability targets/expectations for enterprise-, store-, or pharmacy-wide sales that include Controlled Substances.

2. No CSCP Employees may be terminated, suspended, threatened with, or face any other negative employment consequence for failing to meet any revenue or profitability targets or expectations that consists in material part of sales of Controlled Substances. Nothing in these Injunctive Terms shall be interpreted to prevent Settling Pharmacy from taking employment action based on sales volume, revenue, or profitability targets/expectations for enterprise-, store-, or pharmacy-wide sales that include Controlled Substances.

3. Personnel in Settling Pharmacy's Controlled Substance Professional Practices Department shall not report solely to Settling Pharmacy's sales, marketing, or business development departments, and sales, marketing, or business development departments shall not be authorized to make decisions regarding the promotion, compensation, demotion, admonition, discipline, commendation, periodic performance reviews, hiring, or firing of Controlled Substance Professional Practices Department personnel.

4. This provision does not apply to an officer or executive to whom both the Controlled Substance Professional Practices Department and sales, marketing and/or business

development departments report.

5. Settling Pharmacy's sales, marketing and business development departments are prohibited from interfering with or obstructing any Controlled Substance Professional Practices Department or Controlled Substance Committee decision-making. This provision does not apply to an officer or executive, to whom both the Controlled Substance Professional Practices Department and sales, marketing and/or business Development Departments report.

6. To the extent necessary to comply with this section, Settling Pharmacy's Controlled Substance Oversight Committee shall review, modify, and direct any changes to any compensation and non-retaliation policies specific to the sale or dispensing of Designated Controlled Substances.

VI. OVERSIGHT

1. To the extent not already established, within thirty (30) business days of the Injunctive Terms Implementation Date, Settling Pharmacy shall establish an oversight committee, however titled, that includes representatives from its respective legal, compliance, pharmacy operations and asset protection departments, however named, to provide oversight over the CSCP and its compliance with the Injunctive Terms. For the purposes of reference herein, this committee, however named, shall be referred to as the "Controlled Substance Oversight Committee." Settling Pharmacy shall maintain its Controlled Substance Oversight Committee for the duration of the term of the Injunctive Terms. The Chief Pharmacy Controlled Substances Officer shall be a member of the Controlled Substance Oversight Committee.

2. Settling Pharmacy's Controlled Substance Oversight Committee shall have quarterly meetings during which the Chief Pharmacy Controlled Substances Officer shall report on, and the Controlled Substance Oversight Committee shall review, among other things, (a) the Prescription Validation Process, including the CSCP Policies and Procedures on identifying and resolving Patient, Prescriber and Prescription Red Flags;
(b) the training required under the Injunctive Terms; (c) proactive due diligence and site visits; (d) the Prescriber Review Processes; (e) significant new national and regional diversion trends involving Controlled Substances; (f) Settling Pharmacy's adherence to the Injunctive Terms and applicable laws and regulations; and (g) any technology, staffing, or other resource needs for the CSCP. The Controlled Substance Oversight Committee shall have access to all CSCP reports described in the following subsection.

3. On an annual basis, Settling Pharmacy's Controlled Substance Oversight Committee shall provide a written report to the President, Chief Financial Officer, Chief Operations Officer, and General Counsel of Settling Pharmacy outlining (a) Settling Pharmacy's adherence to, and any material deviations from these Injunctive Terms

(b) the allocation of resources sufficient to comply with these Injunctive Terms; and (c) any revisions to the CSCP that the Controlled Substance Oversight Committee has approved.

4. Settling Pharmacy, through its Controlled Substance Professional Practices Department and Oversight Committee, shall, at least once every year, review and oversee any enhancements to the CSCP Policies and Procedures and systems for dispensing activity that the Controlled Substance Oversight Committee deems necessary.

5. The Controlled Substance Oversight Committee shall be responsible for the approval of all material revisions to the CSCP Policies and Procedures, provided that nothing herein shall prevent Settling Pharmacy from implementing changes to the CSCP Policies and Procedures pending such review and approval.

VII. MANDATORY TRAINING

1. The CSCP Policies and Procedures shall be published in a form and location readily accessible to all pharmacy personnel at each of Settling Pharmacy's retail pharmacy locations in the State. Online availability is sufficient, so long as pharmacy personnel have access to a computer with access to the CSCP Policies and Procedures.

2. Settling Pharmacy shall launch training for all existing CSCP Employees, to the extent practical (for example, accounting for employee leave), on the CSCP Policies and Procedures required under these Injunctive Terms, including the Prescription Validation Process and corresponding responsibility. The training shall be launched within 120 days of the Injunctive Terms Implementation Date. All CSCP Employee new hires, to the extent practical, shall be required to participate in such training within 60 days of hiring or 6 months of the Injunctive Terms Implementation Date, whichever is later. Settling Pharmacy will further require that every CSCP Employee, to the extent practical, receive such training at least once every 3 years for the term of these Injunctive Terms.

3. On an annual basis for the duration of these Injunctive Terms, Settling Pharmacy shall test their CSCP Employees on their knowledge regarding the CSCP Policies and Procedures required under these Injunctive Terms, including the Prescription Validation Process and corresponding responsibility.

4. It shall be a part of the CSCP Policies and Procedures and all trainings of all CSCP Employees required under these Injunctive Terms that pharmacists shall refuse to dispense Controlled Substances that they believe were prescribed or are being used for other than a legitimate medical purpose or that they believe were not prescribed by an individual Prescriber acting in the usual course of his or her professional practice.

5. All trainings required under these Injunctive Terms shall also make clear that (i) Settling Pharmacy's compensation and non-retaliation policies, including pursuant

to these Injunctive Terms, prevent CSCP Employees from being compensated or penalized in any way related to revenue or profitability targets or expectations specific to sales of Controlled Substances; and (ii) pharmacists will not be penalized in any way for exercising their professional judgment to refuse to fill prescriptions for Controlled Substances pursuant to their corresponding responsibility. To the extent that trainings designed and launched prior to the Effective Date of these Injunctive Terms do not reference these policies, they shall be added by the end of 2023.

VIII. THE PRESCRIPTION VALIDATION PROCESS

1. As part of its CSCP, Settling Pharmacy shall maintain a Prescription Validation Process in the CSCP Policies and Procedures, as further described and set forth in this section, that each pharmacist employed by Settling Pharmacy in the State must follow when dispensing a prescription for a Controlled Substance. The inclusion of an enumerated Red Flag in these Injunctive Terms shall not be considered, construed, or represented to be an admission, concession, or evidence of any factual or legal contention related to such Red Flag.

2. Settling Pharmacy's CSCP Policies and Procedures shall provide that if a pharmacist identifies any "Patient Red Flags" associated with a Controlled Substances prescription (described in Section IX(3) below), the pharmacist must resolve Prescription Red Flags before filling the prescription; and that the method of resolution falls within the judgment of the pharmacist and may include reviewing the Patient's profile and history with Settling Pharmacy, calling the Prescriber or Prescribers if appropriate, speaking with the Patient if appropriate, calling on the pharmacist's pre-existing knowledge of the Patient or Prescriber, reviewing available Prescription Monitoring Program ("PMP" or "PDMP") data, and/or reviewing other data or information available to the pharmacist.

3. Settling Pharmacy's CSCP Policies and Procedures shall provide that if forgery or fraud is suspected, or if the pharmacist identifies any other "Prescription Red Flags" associated with a Controlled Substances prescription (described in Section IX(4) below), the pharmacist must resolve the Prescription Red Flags before filling the prescription; and that the method of resolution falls within the judgment of the pharmacist and may include reviewing the Patient's profile and history with Settling Pharmacy, calling the Prescriber or Prescribers if appropriate, speaking with the Patient if appropriate, calling on the pharmacist's pre-existing knowledge of the Patient or Prescriber, reviewing available PMP or PDMP data, and/or reviewing other data or information available to the pharmacist.

4. Settling Pharmacy's CSCP Policies and Procedures shall require that if a pharmacist identifies any "Prescriber Red Flags" associated with a Controlled Substances prescription (described in Section IX(5) below), the pharmacist must resolve the Prescriber Red Flags before filling the prescription; and that the method of resolution falls within the judgment of the pharmacist and may include reviewing any Settling

Pharmacy records regarding the Prescriber, calling the Prescriber if appropriate, speaking with the Patient if appropriate, calling on the pharmacist's pre-existing knowledge of the Patient or Prescriber, reviewing available PMP or PDMP data, and/or reviewing other data or information available to Settling Pharmacy.

5. Settling Pharmacy's CSCP Policies and Procedures shall provide that the resolution of all Red Flags identified by the pharmacist, as well as sufficient details to reflect the steps taken to resolve the Red Flags, must be documented by the pharmacist. Any such records shall be maintained for the duration of these Injunctive Terms. To the extent that a Red Flag is resolved based upon facts or circumstances that are already reflected or documented in Settling Pharmacy's records, further documentation of those facts or circumstances is not required for resolution of substantially the same Red Flag on subsequent prescriptions. For example, if a Patient lives 55 miles from Settling Pharmacy but works near the pharmacy and that fact is reflected in pharmacy records, no documentation for the resolution of the Red Flag addressing the Patient's distance from the pharmacy is required in connection with individual prescriptions dispensed for that Patient. A lack of documentation does not create a presumption that a pharmacist did not resolve any identified Red Flags. Nothing in these Injunctive Terms shall require Settling Pharmacy to create a record in those instances where the pharmacist rejects a prescription when presented without an effort to resolve any Red Flags, including, but not limited to, instances where the pharmacist rejects a prescription for clinical reasons, or where the pharmacist identifies on the face of the prescription a Prescription Red Flag (defined in Section IX below) that causes the pharmacist to conclude without further inquiry that the prescription should not be filled.

6. A Red Flag shall not be interpreted to mean that a prescription is, or is more likely than not, illegitimate and/or not issued in the usual course of professional practice or treatment.

7. A Red Flag will be considered "resolved" if, after further investigation as described above, and given other facts and circumstances surrounding the prescription, a pharmacist determines, in his or her professional judgment, that the facts that triggered the Red Flag do not lead him or her to believe that the prescription was written or is being submitted for an illegitimate medical purpose or outside the usual course of a Prescriber's professional practice.

8. Settling Pharmacy's CSCP Policies and Procedures shall provide that, even if all Red Flags are resolved, a pharmacist shall reject a prescription if, in his or her professional judgment, he or she believes that it was written or is being submitted for other than a legitimate medical purpose and/or was written outside the usual course of an individual Prescriber's professional practice.

IX. RED FLAGS

1. Settling Pharmacy shall provide annually to the Executive Director of the Board of

Pharmacy, beginning with an initial report 12 months after the Injunctive Terms Implementation Date, and annually thereafter, (1) data reports (the "Annual Data Reports") for each retail pharmacy operated by Settling Pharmacy containing data on cash, high MME patients, and cocktail prescriptions, as those terms are commonly understood in the industry, (2) the top twenty-five prescribers of Designated Controlled Substances from Settling Pharmacy's retail dispensing data, and (3) the lists of prescribers subject to disclosure in section X.5. The Annual Data Reports shall be made available to the Attorney General's Office upon the Attorney General Office's request.

2. The State shall provide contact information for the Executive Director of the Board of and shall update such contact information as necessary. The State shall not disclose or provide any data provided under this provision during or after the Term of these Injunctive Terms unless required to do so by law or in a proceeding to enforce these Injunctive Terms. If the State receives a request, demand or subpoena for such information or data, or intends to produce said data in a proceeding to enforce these Injunctive Terms, the State shall, before producing any information or data, provide to Settling Pharmacy no less than ten (10) days' notice, unless a shorter period is required by law, and an opportunity to object, seek a protective order, or come to an agreement on confidentiality protections, prior to the expiration of the 10-day notice period. It is the position of Settling Pharmacy that the information and data to be provided under these Injunctive Terms is confidential in nature, shall not be disclosed or produced by the State, and is exempted from public record requests under exemptions for confidential commercial information and all other applicable exemptions and exclusions. Nothing in this paragraph shall be deemed to prevent the State from sharing this material with other State or federal law enforcement agencies, provided that such agencies acknowledge and comply with the nondisclosure and notice obligations set forth in the preceding sentences.

3. Within the three months following the provision of the Annual Data Reports, either Settling Pharmacy or the Attorney General's Office may propose in writing a meet and confer to discuss potential changes to the scope of one or more categories of Red Flags. At such a meeting, Settling Pharmacy or the Attorney General may provide additional research, information, or data available to them beyond that provided in the Annual Data Reports. For example, Settling Pharmacy might propose reducing the threshold for triggering a particular category of Red Flag or consolidating certain Red Flags or subcategories of Red Flags into a single metric, or the Attorney General might propose increasing the threshold for triggering a particular Red Flag or expanding that Red Flag to include multiple subcategories (*e.g.*, number of prescriptions, distance thresholds).

    a. If Settling Pharmacy and the State Attorney General agree on such changes to one or more Red Flags, they shall document those changes in writing and they shall become a part of these Injunctive Terms for all intents and purposes.

b. If Settling Pharmacy and the Attorney General cannot agree on the proposed changes during their meet and confer, the Party seeking the change(s) to the Red Flag(s) may seek a 5-day mediation of the issue at its own expense. If the mediation fails to resolve the dispute between the parties, the party seeking the proposed change(s) may submit the matter to an arbitrator mutually agreeable to the Attorney General and Settling Pharmacy with any in-person appearances occurring in Knox County, Tennessee (unless the parties agree to a different location). Such arbitrator would rule on the proposed modification of the Red Flags on the basis that the change(s) would be consistent both with avoiding unnecessary material costs of identifying and resolving Red Flags and materially reducing the diversion of Controlled Substances. In such a proceeding, the Party seeking the proposed change(s) may provide evidence from Annual Data Reports or from other research, data, and information.

c. In any such proceedings, there shall be a presumption against imposition of any proposed Red Flags, or proposed modifications to pre-existing Red Flags, that have not been identified by the United States Drug Enforcement Administration, the State's Board of Pharmacy, or other Controlled Substance government regulators.

d. The Red Flags required by these Injunctive Terms shall at no point be too numerous or complex to be reasonably workable for pharmacists in the context of protecting patient safety, performing corresponding responsibility, drug utilization review, and their other responsibilities. Any dispute over whether the Red Flags required by these Injunctive Terms have become too numerous or complex to be reasonably workable for pharmacists shall be submitted to an arbitrator (as described in §IX.2.b. herein). In the event such a dispute is submitted to such arbitrator, it shall be Settling Pharmacy's burden to prove that the Red Flag(s) at issue are too numerous or complex to be reasonably workable for pharmacists. The arbitrator should consider information regarding potential impacts on public health in determining if the red flag(s) at issue are too numerous or complex to be reasonably workable for pharmacists.

4. Settling Pharmacy's CSCP Policies and Procedures shall require their pharmacists to treat the following circumstances as "Patient Red Flags":

a. A Patient seeks to fill a Schedule II Designated Controlled Substance prescription more than three days prior to the contemplated exhaustion date of an earlier prescription of the same Schedule II Designated Controlled Substance (e.g., exhaustion of the days' supply assuming the prescription has been taken in accordance with the prescribers' directions on the face of the prescription), provided the previous prescription was also dispensed by the same Settling Pharmacy;

b. A Patient seeks to fill a Designated Controlled Substance prescription from a Prescriber after having filled Designated Controlled Substance prescriptions at the same Settling Pharmacy from more than four other Prescribers, from separate practices, in a given 6-month period;

c. A Patient seeks to fill a Designated Controlled Substance prescription after having filled three other Designated Controlled Substance prescriptions written by multiple Prescribers with overlapping days of supply at the same Settling Pharmacy's pharmacies within 30 days;

d. With the exception of a Prescriber located in the State who may be treating a Patient temporarily living in a skilled nursing facility or the like, the distance between a Patient's residence and Settling Pharmacy receiving the Designated Controlled Substance prescription is farther than 50 miles;

e. The Patient resides more than 100 miles from the Prescriber who issued the Designated Controlled Substances prescription;

f. To the extent personally known to the pharmacist filling the prescription, a Patient seeks to fill a Designated Controlled Substance prescription after having two other prescriptions for Designated Controlled Substances subjected to documented refusals to fill by Settling Pharmacy pharmacist within the past 30 days;

g. With the exception of Patient's use of cash in combination with the use of discount cards or coupons (such as GoodRx, SingleCare, etc.) resulting in a lower cost than an insured's total out of pocket cost, a patient pays in cash for a Designated Controlled Substance despite having prescription drug insurance on file for that medication;

h. Three or more Patients come to the pharmacy together to fill prescriptions for the same Designated Controlled Substances;

i. A Patient requests a Designated Controlled Substance by its slang or street description, such as "Mallinckrodt blues," "M's" or "the blue pill"; and

j. A Patient presenting a prescription for a Designated Controlled Substance appears visibly altered, intoxicated or incoherent.

5. Settling Pharmacy's CSCP Policies and Procedures shall require their pharmacists to treat the following circumstances as "Prescription Red Flags":

a. A Controlled Substance prescription fails to meet the requirements of law;

b. A Controlled Substance prescription that appears altered, including but not

limited to, a photocopied prescription or a prescription in which an altering agent, such as white out, was used;

c. A Controlled Substance prescription written in a manner suggesting the prescription may not have been written by a valid Prescriber;

d. A Controlled Substance prescription using atypical abbreviations suggesting the prescription may not have been written by a valid Prescriber; and

e. A Controlled Substance prescription written with multiple colors of ink or in multiple different handwritings.

6. Settling Pharmacy's CSCP Policies and Procedures shall require their pharmacists to the following circumstances as "Prescriber Red Flags":

a. A Prescriber provides a Patient with prescriptions for all three of a Schedule II Designated Controlled Substance, a benzodiazepine, and carisoprodol;

b. With the exception of a Prescriber from a specialty medical facility (by way of example, but not limited to, University of Tennessee, Vanderbilt University, Duke University, Wake Forest Baptist, Johns Hopkins Hospital, or The Mayo Clinic), a Prescriber has no office within 50 miles of the retail pharmacy store where a Designated Controlled Substance prescription is submitted; and

c. A Prescriber of Designated Controlled Substances uses prescriptions that are preprinted or stamped with drug type and amount.

X. PRESCRIBER REVIEW

1. Settling Pharmacy shall regularly review the prescribing patterns and practices of Prescribers of Designated Controlled Substances (the "Prescriber Review Process"). The Prescriber Review Process shall employ algorithms, or other means, to review data on Settling Pharmacy's retail dispensing for potential Prescribers of concern who have been identified as set forth below.

2. Settling Pharmacy shall refer a Prescriber for further investigation as part of the Prescriber Review Process in the following circumstances:

a. Personnel implementing the Prescriber Review Process becomes aware that a Prescriber has had his or her medical license suspended or revoked for violations of laws or regulations related to Controlled Substance prescribing in any jurisdiction of the United States within the prior six months;

b. Personnel implementing the Prescriber Review Process become aware that a Prescriber of Designated Controlled Substances located in a Settling

State has been charged or indicted with a crime related to prescribing Designated Controlled Substances by the Federal Government or law enforcement in a Settling State; or a Prescriber has been the subject of a blanket refusal to fill by one or more of the Settling Pharmacy's stores in the State;

c. Personnel implementing the Prescriber Review Process become aware that a Prescriber has been the subject of more than ten (10) documented refusals to fill by one of more of the Settling Pharmacy's stores in the State within a six-month period; or

d. Settling Pharmacy has received a Hotline complaint that has been investigated and substantiated concerning a Prescriber's illegitimate prescribing of Designated Controlled Substances;

3. Based on the professional judgment of the employees operating the Prescriber Review Process, Settling Pharmacy may also initiate the Prescriber Review Process when:

a. Personnel implementing the Prescriber Review Process are notified in writing by law enforcement that a Prescriber of Designated Controlled Substances located in the State is the target of an investigation regarding the prescribing of controlled substances;

b. A Prescriber was flagged for review by a Settling Pharmacy pharmacist (other than through a refusal to fill or blanket refusal to fill) or field personnel; or

c. A Prescriber of Designated Controlled Substances located in the State was identified through data pertaining to the Prescriber's Controlled Substance prescription practices or patients.

4. Once Settling Pharmacy identifies a Prescriber for further investigation, Settling Pharmacy shall review pertinent and available data or information pertaining to the Prescriber, which may include interviews or other information gathered in the discretion of the employees operating the Prescriber Review Process. When permitted by law, nothing contained in this Section prevents Settling Pharmacy pharmacists from refusing to fill any particular prescription or refusing to fill prescriptions from a given Prescriber in lieu of referral for further investigation.

5. If after the Prescriber Review Process those making the decision have not resolved the circumstances that caused Settling Pharmacy to further investigate the Prescriber, then the Prescriber shall be Blocked and Settling Pharmacy will no longer fill controlled substance prescriptions written by that prescriber. If Settling Pharmacy does not Block the Prescriber due to requirements of state law or regulation, Settling

Pharmacy shall provide notice to the pharmacist that, but for this prohibition, the Prescriber would have been Blocked.

6. A Prescriber may have an opportunity at the discretion of Settling Pharmacy to seek future reinstatement by providing information to Settling Pharmacy that may resolve its concerns. Nothing in this Section shall limit the right or ability of individual pharmacists of Settling Pharmacy to either refuse to fill a given prescription or refuse to fill all prescriptions for Controlled Substances from a given prescriber independent of any decision by Settling Pharmacy to Block or not Block a given prescriber.

7. Settling Pharmacy shall report to Executive Director of the Board of Pharmacy the number and identify of Prescribers from the State that were Blocked and the number of Prescribers from the State who were referred for a decision regarding whether the Prescriber should be Blocked as part of Settling Pharmacy's Prescriber Review Process. Such reporting shall occur on an annual basis. Settling Pharmacy may, at its discretion, report on a more frequent basis.

XI. PROACTIVE DUE DILIGENCE AND SITE VISITS

1. During the term of these Injunctive Terms, Settling Pharmacy shall conduct periodic proactive compliance reviews of its retail pharmacy stores in the State to assist with the identification of potential compliance issues related to the dispensing of Designated Controlled Substances at its retail pharmacy stores in the State. This may be satisfied by analyzing data associated with each pharmacy's dispensing of Designated Controlled Substances to identify particular pharmacies for review as required under this Section XI. Documentation of any resulting reviews shall be maintained by Settling Pharmacy and made accessible to all Controlled Substance Professional Practices Department personnel upon request for the duration of these Injunctive Terms.

2. During the term of these Injunctive Terms, Settling Pharmacy personnel or qualified third-party compliance consultants shall conduct site visits to each pharmacy identified for further review in a calendar year. Settling Pharmacy shall provide a list of such pharmacies to the Executive Director of the Board of Pharmacy on an annual basis. These site visits shall at a minimum consist of a review of Controlled Substance dispensing documentation and recordkeeping, and a review of physical surroundings and other circumstances for any indications of potential non-compliance with these Injunctive Terms or the CSCP Policies and Procedures, or any violations of other applicable laws and regulations related to the dispensing of Controlled Substances.

3. During site visits, Settling Pharmacy's personnel or qualified third-party compliance consultants shall interview relevant pharmacy employees, if appropriate, about any potential areas or issues of concern, including potential violations of laws related to the dispensing of Controlled Substances, the CSCP Policies and Procedures, and

these Injunctive Terms.

4. Settling Pharmacy's personnel or qualified third-party compliance consultants who conduct site visits shall complete a report reflecting the findings of any site visit pursuant to this section. This report shall document areas or issues of concern, including potential violations of law related to the dispensing of Controlled Substances, the CSCP Policies and Procedures, and these Injunctive Terms. The site visit reports described above shall be maintained by the Settling Pharmacy and made accessible to all Controlled Substance Professional Practices Department personnel. Upon its request, the Attorney General shall be provided sample reports or a report for a particular store.

XII. THEFT AND LOSS PREVENTION

1. In addition to complying with all theft and loss procedures, policies and precautions required by state and federal law, each Settling Pharmacy shall maintain for at least three years information regarding the receipt and disposition of inventory of all Designated Controlled Substances at each retail pharmacy store.

2. In addition to any other reporting obligations under state and federal law, Settling Pharmacy must provide to the Executive Director of the Board of Pharmacy on a quarterly basis any reports it has made to the Drug Enforcement Administration regarding the theft or significant loss of Designated Controlled Substances in that State pursuant to 21 CFR § 1301.76(b). The State shall provide contact information for the Executive Director of the Board of Pharmacy in order to receive such reports. There shall be no obligation to provide these reports if the Executive Director of the Board of Pharmacy has received the reports contemporaneously.

XIII. REPORTING TO LAW ENFORCEMENT

1. To the extent not already in place, Settling Pharmacy shall implement standard operating procedures directing its employees to report any confirmed forged prescriptions for Designated Controlled Substances to the appropriate law enforcement agency of the State.

2. Settling Pharmacy shall document and for at least 2 years maintain records of any such reports that are made regarding confirmed fraudulent or forged prescriptions.

XIV. ENFORCEMENT OF INJUNCTIVE TERMS

1. Notice of Potential Violations and Opportunity to Cure.

    a. A "Potential Violation" occurs when Attorney General determines, after appropriate investigation and due diligence, that Settling Pharmacy is not in substantial compliance with a material aspect of the Injunctive Terms. A Potential Violation may be for a single retail pharmacy. A violation of this

Agreement is not presumed to occur when a pharmacist, pharmacist technician, or other field personnel who supervise pharmacists and/or pharmacist technicians employed by Settling Pharmacy violates Settling Pharmacy's CSCP Policies and Procedures.

b. Potential Violation Discovered by the Attorney General.

   i. In the event of a Potential Violation identified by the Attorney General, the Attorney General shall notify Settling Pharmacy in writing (the "State's Notice").

   ii. Within thirty (30) days of receipt of the State's Notice, Settling Pharmacy shall provide a written response to the Attorney General. The response shall include Settling Pharmacy's position as to the act(s) of non-compliance, including, possibly, a statement setting forth why Settling Pharmacy believes it is in substantial compliance with the relevant provision(s) or a statement explaining how the Potential Violation has been addressed.

   iii. If the Attorney General wishes to meet with Settling Pharmacy, Settling Pharmacy shall promptly make itself available for such a meeting.

c. If, after review of a written response and any meeting, the Attorney General believes that a Potential Violation is ongoing or has not been substantially addressed, it will provide written notice to Settling Pharmacy and work in conjunction with Settling Pharmacy to devise, within thirty (30) days, a corrective action plan ("Corrective Action Plan") to remedy such Potential Violation, including a reasonable period for implementation of such plan.

d. Within 60 and 120 days after implementing the Corrective Action Plan, Settling Pharmacy will provide a written compliance update to the Attorney General and make itself available to meet with Attorney General if requested. If after reviewing the compliance update and any meeting, the Attorney General believes a Potential Violation remains ongoing or has not been substantially addressed, Attorney General may commence a 30-day mediation period. If mediation fails to resolve the dispute between the parties, the Attorney General may take whatever action it deems necessary, including but not limited to bringing an action to enforce these Injunctive Terms, filing a new action (administrative or civil action) for violation of the Injunctive Terms as allowed by state law, conducting further investigation, or attempting to negotiate an updated Corrective Action Plan with Settling Pharmacy. The Attorney General may not seek to reinstate claims that have been released as part of the Settlement.

e. If Settling Pharmacy fails or refuses to provide a written response, to devise

or implement a Corrective Action Plan or to provide a compliance update as required by subsections 1.b., 1.c. and/or 1.d., the Attorney General may bring an action to enforce these Injunctive Terms, file a new action (administrative or civil action) for violation of the Injunctive Terms as allowed by state law, conduct further investigation, or attempt to negotiate an updated Corrective Action Plan with Settling Pharmacy. The Attorney General may not seek to reinstate claims that have been released as part of the Settlement.

f. If, after review of a written response and any meeting, pursuant to subsections 1b. or 1c., above, Attorney General concludes that a Potential Violation is not ongoing or has been substantially addressed, Attorney General will provide written notice of this conclusion to Settling Pharmacy within 30 days of reaching its conclusion.

2. Enforcement Action. The Attorney General agrees that prior to taking any court or administrative action for enforcement of Injunctive Terms, other than an action that the Attorney General concludes is necessary to address an immediate threat to the health, safety, or welfare of the citizens of State, or that a public emergency requiring immediate action exists, it will follow the process outlined above. If the Attorney General concludes that action is necessary to address an immediate threat to the health, safety, or welfare of the citizens of the State or that a public emergency requiring immediate action exists, it will make best efforts to provide reasonable notice to Settling Pharmacy prior to initiating any such action.

XV. COMPLIANCE CERTIFICATION

1. Settling Pharmacy's Chief Pharmacy Controlled Substances Officer shall, after diligent inquiry, complete an annual compliance certification as set out in Section XV.3.

2. The certification shall be filed annually for the duration of these Injunctive Terms with the Executive Director of the Board of Pharmacy and the Attorney General.

3. The certification shall state:

> "I understand the compliance requirements and responsibilities as they relate to [insert name of department], an area under my supervision. My job responsibilities include attempting to achieve compliance with regard to the [insert name of department] with all applicable statutory requirements, obligations of the Injunctive Terms, and applicable policies, and I have taken steps to promote such compliance. To the best of my knowledge, the [insert name of department] is in compliance with the obligations of these Injunctive Terms. I understand that this certification is being provided to and relied upon by the State of Tennessee."

4. If the Chief Pharmacy Controlled Substances Officer is unable to provide such a certification, the Chief Pharmacy Controlled Substances Officer shall provide a written explanation of the reasons why he or she is unable to provide the certification outlined above.

XVI. CHANGES & MODIFICATIONS

1. These Injunctive Terms may be amended or modified with the written consent of Settling Pharmacy and the State.

EXHIBIT B – 1

K-VA-T Food Stores Inc. Employment Program

In those Tennessee counties where K-VA-T operates its retail stores, K-VA-T will use its best efforts to identify not-for-profit entities that operate substance abuse programs focusing on opioid addiction which include a work program as a component of its recovery program (each a "Work Program"). KVAT will engage with the identified Work Programs to accomplish the following: (i) inform and educate the Work Program of the various employment opportunities available at KVAT's stores; (ii) coordinate with the Work Program regarding the process of its participants applying for employment, including remote electronic application process for the program's participants; and (iii) provide contact information for designated corporate level HR specialists to assist with this initiative. KVAT will generate an annual report with a summary of its activities described in this section, which will be available to a designated representative of the Food City Subdivisions and to the Attorney General's Office upon request. The designated representative of the Food City Subdivisions is J. Gerard Stranch, IV of Stranch, Jennings & Garvey, PLLC.

Exhibit C

List of Opioid Remediation Uses

Exhibit C
List of Opioid Remediation Uses

Schedule A[2]

Core Strategies

A. NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES

1. Expand training for first responders, schools, community support groups and families; and

2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.

B. MEDICATION-ASSISTED TREATMENT ("*MAT*") DISTRIBUTION AND OTHER OPIOID-RELATED TREATMENT

1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;

2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;

3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and

4. Provide treatment and recovery support services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

C. PREGNANT & POSTPARTUM WOMEN

1. Expand Screening, Brief Intervention, and Referral to Treatment ("*SBIRT*") services to non-Medicaid eligible or uninsured pregnant women;

2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder ("*OUD*") and other Substance Use Disorder ("*SUD*")/Mental Health disorders for uninsured individuals for up to 12 months postpartum; and

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[2] As used in this Schedule A, words like "expand," "fund," "provide" or the like shall not indicate a preference for new or existing programs.

3. Provide comprehensive wrap-around services to individuals with OUD, including housing, transportation, job placement/training, and childcare.

D. EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME ("*NAS*")

1. Expand comprehensive evidence-based and recovery support for NAS babies;

2. Expand services for better continuum of care with infant-need dyad; and

3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;

2. Expand warm hand-off services to transition to recovery services;

3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;

4. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and

5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. TREATMENT FOR INCARCERATED POPULATION

1. Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and

2. Increase funding for jails to provide treatment to inmates with OUD.

G. PREVENTION PROGRAMS

1. Funding for media campaigns to prevent opioid use (similar to the FDA's "Real Cost" campaign to prevent youth from misusing tobacco);

2. Funding for evidence-based prevention programs in schools;

3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with CDC guidelines, including providers at hospitals (academic detailing);

4. Funding for community drug disposal programs; and

5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. EXPANDING SYRINGE SERVICE PROGRAMS

1. Provide comprehensive syringe services programs with more wrap-around services, including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases.

I. EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE

Schedule B
Approved Uses

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT

A. TREAT OPIOID USE DISORDER (OUD)

Support treatment of Opioid Use Disorder ("*OUD*") and any co-occurring Substance Use Disorder or Mental Health ("*SUD/MH*") conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:[3]

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment ("*MAT*") approved by the U.S. Food and Drug Administration.

2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine ("*ASAM*") continuum of care for OUD and any co-occurring SUD/MH conditions.

3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.

4. Improve oversight of Opioid Treatment Programs ("*OTPs*") to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.

5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.

6. Provide treatment of trauma for individuals with OUD (*e.g.*, violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (*e.g.*, surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.

7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

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[3] As used in this Schedule B, words like "expand," "fund," "provide" or the like shall not indicate a preference for new or existing programs.

8. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.

9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.

10. Offer fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.

11. Offer scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD/MH or mental health conditions, including, but not limited to, training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.

12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 ("*DATA 2000*") to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.

13. Disseminate web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service–Opioids web-based training curriculum and motivational interviewing.

14. Develop and disseminate new curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service for Medication–Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the programs or strategies that:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.

2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.

3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.

4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved mediation with other support services.

5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.

6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.

7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.

8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.

9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.

10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.

11. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.

12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.

13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.

14. Create and/or support recovery high schools.

15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED (CONNECTIONS TO CARE)

Provide connections to care for people who have—or are at risk of developing—OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.

2. Fund SBIRT programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.

3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.

4. Purchase automated versions of SBIRT and support ongoing costs of the technology.

5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.

6. Provide training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.

7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.

8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.

9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.

10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.

11. Expand warm hand-off services to transition to recovery services.

12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.

13. Develop and support best practices on addressing OUD in the workplace.

14. Support assistance programs for health care providers with OUD.

15. Engage non-profits and the faith community as a system to support outreach for treatment.

16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:

a. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative ("*PAARI*");

b. Active outreach strategies such as the Drug Abuse Response Team ("*DART*") model;

c. "Naloxone Plus" strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;

d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion ("*LEAD*") model;

e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or

f. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.

2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.

3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.

4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.

5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.

6. Support critical time interventions ("*CTI*"), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

7. Provide training on best practices for addressing the needs of criminal justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome ("*NAS*"), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women—or women who could become pregnant—who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.

2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.

3. Provide training for obstetricians or other healthcare personnel who work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.

4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; and expand long-term treatment and services for medical monitoring of NAS babies and their families.

5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with NAS get referred to appropriate services and receive a plan of safe care.

6. Provide child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.

7. Provide enhanced family support and child care services for parents with OUD and any co-occurring SUD/MH conditions.

8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.

9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including, but not limited to, parent skills training.

10. Provide support for Children's Services—Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

A. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).

2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.

3. Continuing Medical Education (CME) on appropriate prescribing of opioids.

4. Providing Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.

5. Supporting enhancements or improvements to Prescription Drug Monitoring Programs ("*PDMPs*"), including, but not limited to, improvements that:

a. Increase the number of prescribers using PDMPs;

b. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or

c. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.

6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.

7. Increasing electronic prescribing to prevent diversion or forgery.

8. Educating dispensers on appropriate opioid dispensing.

B. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding media campaigns to prevent opioid misuse.

2. Corrective advertising or affirmative public education campaigns based on evidence.

3. Public education relating to drug disposal.

4. Drug take-back disposal or destruction programs.

5. Funding community anti-drug coalitions that engage in drug prevention efforts.

6. Supporting community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction—including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration ("*SAMHSA*").

7. Engaging non-profits and faith-based communities as systems to support prevention.

8. Funding evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.

9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.

10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.

11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.

12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

C. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increased availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.

2. Public health entities providing free naloxone to anyone in the community.

3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.

4. Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.

5. Expanding, improving, or developing data tracking software and applications for overdoses/naloxone revivals.

6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.

8. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.

9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.

10. Expanding access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.

11. Supporting mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.

12. Providing training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.

13. Supporting screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

A. FIRST RESPONDERS

In addition to items in section C, D and H relating to first responders, support the following:

1. Education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.

2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

B. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid-or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.

3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

4. Provide resources to staff government oversight and management of opioid abatement programs.

C. TRAINING

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, those that:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.

2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (*e.g.*, health care, primary care, pharmacies, PDMPs, etc.).

D. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.

2. Research non-opioid treatment of chronic pain.

3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.

5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.

6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (*e.g.*, Hawaii HOPE and Dakota 24/7).

7. Epidemiological surveillance of OUD-related behaviors in critical populations, including individuals entering the criminal justice system, including, but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring ("*ADAM*") system.

8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.

9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.

Exhibit D
State-Subdivision Agreement

Tennessee State-Subdivision Opioid Abatement Agreement

I. Definitions

For all sections of this Agreement, the definitions for terms set out in this Section I apply. The Agreement also uses additional terms that are defined in the Distributor/J&J Settlements and other agreements. In such instances, which are clearly stated, those terms are defined by those agreements.

A. "2021 Legislation." Public Chapter No. 491 passed during the 2021 Regular Session of the 112th Tennessee General Assembly and signed into law by Governor Bill Lee on May 24, 2021. For ease of reference purposes only, a copy of Public Chapter No. 491 is attached.

B. "Agreement." This document, the Tennessee State-Subdivision Opioid Abatement Agreement, a "state-subdivision opioid abatement agreement" as defined in the 2021 Legislation, Section 5(7) and Section 13(6). This Agreement is also a "State-Subdivision Agreement" as defined in the Distributor/J&J Settlement Agreements and a "Statewide Abatement Agreement" as defined in the Purdue Pharma L.P. and Mallinckrodt PLC bankruptcy plans.

C. "Distributor/J&J Settlements." The settlements consisting of the joint settlement agreement with distributors McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation and their subsidiaries and other related entities and the settlement agreement with manufacturer Johnson & Johnson, its Janssen subsidiaries and other subsidiaries and related entities. Both settlements qualify as Statewide Opioid Settlement Agreements.

D. "Joint Abatement Bankruptcy Plan." A plan confirmed in federal bankruptcy court under Title 11 of the United States Code that resolves state and subdivision claims related to the manufacture, marketing, distribution, dispensing, or sale of opioids in a manner that allocates funds for abatement jointly to the state and its subdivisions. The plans in the Purdue Pharma L.P. and Mallinckrodt PLC bankruptcy cases are examples of Joint Abatement Bankruptcy Plans.

E. "Opioid Abatement Council." The council created by the 2021 Legislation, Sections 3-9.

F. "Relevant Funds." Funds that, pursuant to a Joint Abatement Bankruptcy Plan, are allocated to the State for the claims of the State and its Subdivisions and that must be dedicated to opioid abatement programs.

G. "State." The State of Tennessee.

H. "State-Only Opioid Settlement Agreement." A settlement agreement entered into by the State and one or more entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids in which there are not provisions for Subdivision joinder.

I. "State Opioid Judgment." A judgment obtained by the State against one or more entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids.

J. "Statewide Opioid Settlement Agreement." A settlement agreement entered into by the State and one or more entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids in which subdivision claims are addressed.

K. "Statutory Bar." A law barring all subdivisions (not limited to counties and municipalities) in the state from maintaining released claims against released entities, either through a direct bar or through a grant of authority to release claims. The 2021 Legislation, Sections 10-19 establishes a grant of authority process for a statutory bar to be enacted for the entities addressed in the Distributor/J&J Settlements.

L. "Subdivision." A Tennessee county or municipality.

M. "Subdivision-Only Opioid Settlement Agreement" A settlement agreement between one or more Subdivisions and one or more entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids that does not include the State as a party.

N. "Subdivision Opioid Judgment." A judgment obtained by one or more Subdivisions against one or more entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids.

O. "Tennessee Opioid Abatement Fund." The opioid abatement trust fund established by the 2021 Legislation, Sections 1-2.

II. Interaction of this Agreement with Settlements, Bankruptcy Plans and Legislation

This Agreement replaces certain default provisions in specified State Opioid Settlement Agreements and Joint Abatement Bankruptcy Plans. Certain default provisions are also replaced by the 2021 Legislation and consent judgments will be filed for State Opioid Settlement Agreements. Thus, there will be multiple sources of authority for the application of each settlement agreement or bankruptcy plan. While parts of the 2021 Legislation are described in this Agreement, such descriptions do not supersede the statutory language, which is controlling.

III. Allocation of Funds in the Distributor/J&J Settlements

The Distributor/J&J Settlements allow for payment and allocation default provisions to be replaced by state-subdivision agreements, by statute, and other means. As referenced below, the 2021 Legislation addressed some of the default provisions in these settlements. This Agreement makes a few additional changes to the default provisions. As described below, some default provisions remain in place.

A. Allocation among three sub-funds. The Distributor/J&J Settlements initially allocate the vast majority of settlement funds among three sub-funds for each state: the "State Fund," the "Abatement Accounts Fund," and the "Subdivision Fund."[1] Subject to the terms of the specific settlement agreements and assuming full subdivision participation and maximum payments, allocation among the three Tennessee sub-funds shall remain the same as with the default provision: 15% to the State Fund, 70% to the Abatement Accounts Fund, and 15% to the Subdivision Fund.

B. Use of funds. The Distributor/J&J Settlements have provisions concerning the use of funds and those are controlling.[2] Generally they require that money from all three sub-funds be used for "Opioid Remediation" as that term is defined in those agreements. Such definitions include restitution for past abatement within the definition of remediation.

C. State Fund. The 15% State Fund shall be directed to the State's general fund unless directed to the Tennessee Opioid Abatement Fund by future legislation.

D. Abatement Accounts Fund.

1. The 70% Abatement Accounts Fund shall be directed to the Tennessee Opioid Abatement Fund.

2. The 2021 Legislation fully replaces the default provisions for the Abatement Accounts Fund.[3] Among the legislative provisions is the requirement that for the Distributor/J&J Settlements funds deposited into the Tennessee Opioid Abatement Fund, the Opioid Abatement Council shall disburse 35% of these proceeds to counties that join the settlements to be spent on opioid abatement and remediation pursuant to Subsections 6(q)-(s). 2021 Legislation Section 6(p).

3. The 2021 Legislation allows for a state-subdivision agreement to determine the metrics used in allocating certain funds among participating counties. 2021 Legislation, Section (6)(q). It is agreed that the allocation formula shall use data for fatal and non-fatal opioid overdoses, opioid sales measured by morphine milligram equivalents, and population. Details and agreed terms regarding the metrics, the updating of allocation percentages, and the initial allocation percentages for each county is set out in Exhibit A.

E. Subdivision Fund.

1. The 15% Subdivision Fund shall generally be directed to the Subdivisions participating in the Distributor/J&J Settlements pursuant to the default provisions of those agreements, including the allocation of funds for non-litigating municipalities with populations under 10,000 to their respective counties.

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[1] "State Fund," Abatement Accounts Fund," and "Subdivision Fund" are all defined terms in the Distributor/J&J Settlement agreements. They are sub-funds of the settlements' "Settlement Fund" into which the companies make base and incentive payments pursuant to the settlement agreements.

[2] Some examples are distributor agreement Subsections V.B.1-2 and J&J agreement Subsections VI.B. 1-2.

[3] These are mainly found in distributor agreement Section V.E and J&J agreement Section VI.E.

2. The default provisions are adjusted for non-litigating municipalities in participating counties that both (1) have populations of 10,000 to 30,000 per the 2019 U.S. Census estimate and (2) have a Subdivision Fund allocation percentage less than 0.5%.[4] The allocations for such municipalities shall be directed to their respective counties if the county is a participating subdivision. (If the county is not a participating subdivision, the funds are not redirected to the county.) The reallocation for such municipalities located in multiple counties will be divided among those counties pursuant to the data used in Exhibit G of the Distributor/J&J Settlements. These redirected funds to certain counties shall be spent on future opioid abatement and shall be subject to the same statutory requirements as the Abatement Accounts Fund money the county receives from the Tennessee Opioid Abatement Fund. These redirected funds to certain counties are in addition to the funds allocated to participating counties pursuant to 2021 Legislation Section 6(p) and should not be included in calculating or disbursing the 35% amount allocated to participating counties. Such redirected funds should also not be viewed as an additional recovery by the county for purposes of calculating any contingency fees agreements.

F. Attorneys' fees and costs. The Distributor/J&J Settlements have provisions for funds dedicated to or related to attorneys' fees, costs, and/or expenses. There are also funds for states without outside counsel, identified as "Additional Restitution Funds." Such funds shall be allocated pursuant to such agreements and are not addressed by this Agreement.

IV. Allocation of Funds for other Statewide Opioid Settlement Agreements

A. Application to future settlements. To the extent allowed by such agreement and subject to IV.B.2 of this Agreement, the provisions in Section III above shall replace default provisions in, and apply to, any future Statewide Opioid Settlement Agreement in which Tennessee counties and municipalities are able to join and receive benefits, either directly or indirectly, in exchange for a release of claims.[5] Not all municipalities need to be eligible to join such a settlement for the provisions of this Section IV to apply. Indirect benefits include funds being allocated to counties and/or the Tennessee Opioid Abatement Fund.

B. Exceptions. The application of Section IV.A. is limited, as follows:

1. The directing of 35% of Abatement Funds to the counties pursuant to the 2021 Legislation Section 6(p) shall not apply to any Statewide Opioid Settlement Agreement that includes an incentive or other benefit for a Statutory Bar unless (a) Section 19 of the 2021 Legislation is amended to specifically allow a Statewide Opioid Settlement Agreement release for the settling entity or entities or (b) another statute that qualifies as a Statutory Bar for such settlement is enacted. Should such settlement become effective prior

[4] For the avoidance of doubt, a non-litigating municipality with a population between 10,000 and 30,000 that has a Subdivision Fund allocation percentage of 0.5% or greater is not affected by this subsection and receives its direct allocation from the Subdivision Fund.

[5] For the avoidance of doubt, the Section III provisions include the 15%/70%/15% allocation of settlement funds among the three sub-funds.

to the enactment of a Statutory Bar addressing claims against the settling entity or entities, 35% of the funds directed to the Tennessee Opioid Abatement Fund shall be withheld and not allocated until the earlier of (1) the enactment of such a Statutory Bar or (2) a full regular session of the Tennessee General Assembly has occurred.

2. Section IV.A shall not apply to any Statewide Opioid Settlement Agreement unless the application of this Agreement to such settlement is approved by a majority of (a) counties and (b) municipalities having a population over 30,000 after such settlement is negotiated and provided to such subdivisions. Whether there is majority approval shall be measured by population of the relevant subdivisions. Population figures shall be from the most recently published U.S. Census population figures (actual count or estimate) for a year for which data is available for both counties and municipalities.

3. Section IV.A shall not apply to any Statewide Opioid Settlement Agreement with Endo International plc. or its subsidiaries.

C. Statutory provisions. The language in this section does not address or control whether any default provisions in a Statewide Opioid Settlement Agreement are replaced by the 2021 Legislation or any other statutory provision if Section IV.A does not apply to such settlement.

V. Allocation of Funds for Opioid-Related Claims in Joint Abatement Bankruptcy Plans

A. Relevant Funds. Multiple opioid manufacturers have filed for bankruptcy in actions for which the State and many Subdivisions are creditors for opioid-related claims. These companies include Purdue and Mallinckrodt. It is anticipated that other entities involved in activities related to the manufacture, marketing, distribution, dispensing, or sale of opioids may also file for bankruptcy and that the State and one or more Subdivisions will pursue opioid-related claims in those actions. Funds allocated to the State and Subdivisions for such claims shall be disbursed pursuant to the confirmed bankruptcy plan for the relevant entity, including requirements for funds to be used for future abatement. It is anticipated that one or more of such plans shall include the allocation of Relevant Funds that must be dedicated to opioid abatement programs. All Relevant Funds shall be placed in the Tennessee Opioid Abatement Fund and allocated pursuant to Sections V.B. Relevant Funds do not include funds disbursed through bankruptcy plans that are not restricted to abatement or that are disbursed for claims that are unrelated to the opioid crisis.

B. Allocation of Relevant Funds. To the extent permissible under the subject bankruptcy plan, Relevant Funds from Joint Abatement Bankruptcy Plans shall be allocated in the same manner as the Abatement Account Funds from the Distributor/J&J Settlements are disbursed under Section III.D and the 2021 Legislation. Thus, the Opioid Abatement Council shall disburse 35% of the proceeds from such bankruptcy plans to the counties subject to 2021 Legislation

Subsections 6(q)-(s). All default provisions related to Relevant Funds in such bankruptcy plans are replaced by this Agreement.[6]

C. Exception. Section V shall not apply to any bankruptcy plan for Endo International plc. or its subsidiaries.

D. Statutory provisions. The language in this section does not address or control whether any default provisions in a Joint Abatement Bankruptcy Plan are replaced by the 2021 Legislation or any other statutory provision if Sections V.A-B do not apply to such bankruptcy plans.

VI. No Application to Other Funds

A. State-Only Opioid Settlement Agreements and State Opioid Judgments. The Attorney General may direct funds from a State-Only Opioid Settlement Agreement or a State Opioid Judgment to the Tennessee Opioid Abatement Fund. Subject to the terms of specific agreements and any conditions placed on the funds prior to their being placed in the Tennessee Opioid Abatement Fund, the funds shall be allocated by the Opioid Abatement Council pursuant to the 2021 Legislation. The allocation and other provisions in this Agreement that apply to certain Statewide Opioid Settlement Agreements and to certain funds from Joint Abatement Bankruptcy Plans do not apply to funds from State-Only Opioid Settlement Agreements or State Opioid Judgments.

B. Subdivision-Only Settlement Agreements and Subdivision Judgments. The allocation and other provisions in this Agreement that apply to certain Statewide Opioid Settlement Agreements and to certain funds from Joint Abatement Bankruptcy Plans do not apply to funds from Subdivision-Only Opioid Settlement Agreements or Subdivision Opioid Judgments.

VII. Adoption and Amendment of Agreement

A. Controlling Authority. For this Agreement to replace default provisions in the Distributor/J&J Settlements, it must be adopted by statute or approved by the State and a sufficient number of Subdivisions as set forth in Exhibit O of those settlements. For this Agreement to replace default provisions in the Purdue and other bankruptcy plans, it is anticipated that it will need to be approved by the State and a sufficient number of Subdivisions as set forth in the specific bankruptcy plans. There are similar requirements for amending state-subdivision agreements such as this Agreement. It is understood that the approval process and participation requirements set out in this Section VII meet the requirements of these settlement agreements and anticipated bankruptcy plans. For any settlement agreement or bankruptcy plan that allows for a state-subdivision agreement to determine the requirements for amendment of a state-subdivision

[6] For example, the provisions related to the default "Government Participation Mechanism" in the Purdue bankruptcy plan are not applicable with the adoption of this Agreement (which incorporates the Opioid Abatement Council).

agreement, the approval process and participation requirements set out in this Section VII for an amended agreement shall control. Similarly, if this Agreement is adopted by statute, the approval process and participation requirements set out in this Section VII for an amended agreement shall control.

B. Adoption of Agreement. This Agreement is adopted if it is approved by the Attorney General, on behalf of the State, and either (1) Subdivisions whose aggregate "Population Percentages," determined as set forth below, total more than 60%, or (2) Subdivisions whose aggregate Population Percentages total more than 50%, provided that these Subdivisions also represent 15% or more of the counties, by number.

C. Population Percentage Calculation. Population Percentages shall be determined as follows: The Population Percentage of each county shall be deemed to be equal to (1) (a) 200% of the population of such county minus (b) the aggregate population of all Primary Municipalities located in such county, divided by (2) 200% of the state's population. A Primary Municipality means a municipality with a population of at least 25,000. The Population Percentage of each Primary Municipality shall be equal to its population divided by 200% of the state's population. (The result of these calculations is that every person is counted twice: everyone in a Primary Municipality is counted once for that municipality; everyone is counted at least once for their county; and those not in a Primary Municipality are counted a second time for their county.) Except as required by a specific settlement agreement or bankruptcy plan, the population figures for these calculations shall be the 2020 U.S. Census counts for the initial adoption of the Agreement and, for adoption of an amended agreement, the most recently published U.S. Census population figures (actual count or estimate) for a year for which data is available for both counties and municipalities.

D. Amendment of Agreement. This Agreement may be amended if that amended agreement is approved by the Attorney General, on behalf of the State, and either (1) Subdivisions whose aggregate Population Percentages, determined as set forth above, total more than 60%, or (2) Subdivisions whose aggregate Population Percentages total more than 50% provided that these Subdivisions also represent 15% or more of the counties, by number.

VIII. Effect of Agreement

Nothing in this Agreement is intended to abridge or enlarge the authority of the Attorney General, the State, or the subdivisions, except as expressly stated herein.

Exhibit A: County Allocation for Opioid Abatement Fund

Certain abatement funds are allocated by county pursuant to the 2021 Legislation and/or the provisions of this Agreement. The allocations shall be set consistent with the 2021 Legislation and as set forth below.

A. County Allocation Data. The following data shall be used in the county allocation calculations:

1. Fatal opioid overdose data collected by the Tennessee Department of Health. The aggregate figures for the most recent three years of available data shall be used when allocation calculations are performed.

2. Non-fatal opioid overdose data collected by the Tennessee Department of Health. The aggregate figures for the most recent three years of available data shall be used when allocation calculations are performed.

3. Opioid sales as measured by morphine milligram equivalents ("MME"). The aggregate figures for the most recent three years of available data shall be used when allocation calculations are performed.

4. County population. The 2020 U.S. Census counts will be used for the initial allocations. For future allocation calculations, the most recent population estimate or actual count data published by the U.S. Census shall be used.

B. Weighting of Data. In calculating the county allocation percentages, the data shall be weighted as follows:

1. Fatal opioid overdose data shall be weighted at 12.5%.

2. Non-fatal opioid overdose data shall be weighted at 12.5%.

3. Opioid sales as measured by MME shall be weighted at 25%.

4. Population shall be weighted at 50%.

C. Updating of Allocations. The county allocations shall be updated pursuant to statute. The 2021 Legislation requires updating every four years and addresses what happens if a data set used in the initial allocations is unavailable.

D. Allocation Process. The State shall make the initial data and allocable share calculations available to the counties to review for 30 days in order to identify and correct any mathematical or data entry errors. The Opioid Abatement Council will allow for similar review for future reallocations.

E. Holdback Share. It is recognized that, particularly for some very small counties, there could be limits on the ability of the data to capture the scope of the opioid crisis in the county. For example, a large segment of a county's population may fill prescriptions in a neighboring county, resulting in MME data that dramatically underrepresents the level of opioids prescribed to the residents of the county. To address limited situations such as this, 2% of the abatement funds

allocated to counties shall be initially held back until the Opioid Abatement Council can consider county requests for adjustments to their allocation percentages due to such data issues. However, such requests will only be granted when there is a finding that the data limitations substantially affected the county's overall allocation. The Council may only adjust allocation percentages upwards through the use of the 2% holdback fund and may find that no adjustments are needed. Any portion of the 2% holdback fund not used to adjust county allocations pursuant to this process will be released to the counties pursuant to their allocations, including any adjusted allocation percentages.

F. Initial County Allocation Percentages.

[TABLE TO BE INSERTED ONCE UPDATED DATA AVAILABLE]

Tennessee Opioid Abatement Fund
Initial County Allocation Percentages

Posted 11/5/21

County	Allocation without 2% holdback	Allocation with 2% holdback
Anderson	1.35%	1.33%
Bedford	0.71%	0.70%
Benton	0.26%	0.25%
Bledsoe	0.22%	0.22%
Blount	2.05%	2.01%
Bradley	1.46%	1.44%
Campbell	0.75%	0.73%
Cannon	0.28%	0.28%
Carroll	0.38%	0.38%
Carter	0.81%	0.80%
Cheatham	0.92%	0.91%
Chester	0.22%	0.21%
Claiborne	0.54%	0.53%
Clay	0.14%	0.14%
Cocke	0.65%	0.63%
Coffee	0.93%	0.91%
Crockett	0.17%	0.16%
Cumberland	0.94%	0.92%
Davidson	10.90%	10.68%
Decatur	0.18%	0.17%
DeKalb	0.38%	0.37%
Dickson	0.97%	0.95%
Dyer	0.48%	0.47%
Fayette	0.52%	0.51%
Fentress	0.37%	0.36%
Franklin	0.62%	0.60%
Gibson	0.64%	0.63%
Giles	0.45%	0.44%
Grainger	0.36%	0.35%
Greene	1.06%	1.04%
Grundy	0.27%	0.26%
Hamblen	0.93%	0.91%
Hamilton	4.79%	4.69%
Hancock	0.11%	0.11%
Hardeman	0.33%	0.33%
Hardin	0.43%	0.42%
Hawkins	0.92%	0.90%
Haywood	0.20%	0.19%

Tennessee Opioid Abatement Fund
Initial County Allocation Percentages

Posted 11/5/21

Henderson	0.39%	0.38%
Henry	0.47%	0.46%
Hickman	0.48%	0.47%
Houston	0.16%	0.15%
Humphreys	0.29%	0.28%
Jackson	0.22%	0.22%
Jefferson	0.77%	0.76%
Johnson	0.22%	0.22%
Knox	8.00%	7.84%
Lake	0.11%	0.11%
Lauderdale	0.32%	0.32%
Lawrence	0.67%	0.66%
Lewis	0.21%	0.21%
Lincoln	0.48%	0.47%
Loudon	0.78%	0.76%
Macon	0.37%	0.37%
Madison	1.17%	1.15%
Marion	0.46%	0.45%
Marshall	0.54%	0.52%
Maury	1.38%	1.35%
McMinn	0.82%	0.80%
McNairy	0.35%	0.34%
Meigs	0.19%	0.19%
Monroe	0.68%	0.66%
Montgomery	3.12%	3.06%
Moore	0.10%	0.09%
Morgan	0.39%	0.38%
Obion	0.43%	0.42%
Overton	0.38%	0.37%
Perry	0.14%	0.14%
Pickett	0.08%	0.08%
Polk	0.25%	0.24%
Putnam	1.12%	1.09%
Rhea	0.51%	0.50%
Roane	0.97%	0.95%
Robertson	1.21%	1.19%
Rutherford	4.82%	4.72%
Scott	0.34%	0.33%
Sequatchie	0.25%	0.24%
Sevier	1.58%	1.55%
Shelby	11.39%	11.16%
Smith	0.35%	0.34%
Stewart	0.26%	0.25%

Tennessee Opioid Abatement Fund
Initial County Allocation Percentages

Posted 11/5/21

Sullivan	2.34%	2.30%
Sumner	2.87%	2.81%
Tipton	0.85%	0.83%
Trousdale	0.20%	0.20%
Unicoi	0.29%	0.29%
Union	0.33%	0.33%
Van Buren	0.09%	0.09%
Warren	0.65%	0.63%
Washington	1.69%	1.65%
Wayne	0.25%	0.25%
Weakley	0.47%	0.46%
White	0.44%	0.43%
Williamson	2.48%	2.43%
Wilson	2.17%	2.13%
2% Hold Back	0.00%	2.00%
Total Tennessee	100.00%	100.00%

Tennessee State-Subdivision Opioid Abatement Agreement – 2023 Amendments

The Tennessee State-Subdivision Opioid Abatement Agreement is amended as follows:

Amendment 1:

Pursuant to Section IV.A, this Agreement shall apply to the following Statewide Opioid Settlement Agreements, should they become effective:

A. Allergan Public Global Opioid Settlement Agreement
B. CVS Settlement Agreement
C. Teva Global Opioid Settlement Agreement
D. Walgreens Settlement Agreement
E. Walmart Settlement Agreement

Amendment 2:

To allow for efficiency and more streamlined accounting, the fifth sentence in Section III.E.2 of the Agreement ("These redirected funds to certain counties shall be spent on future opioid abatement and shall be subject to the same statutory requirements as the Abatement Accounts Fund money the county receives from the Tennessee Opioid Abatement Fund.") shall be considered deleted and given no effect.

Amendment 3:

Notwithstanding the exception provisions in Section IV.B.3 and Section V.C. of the Agreement, Section V shall apply to funds from the Endo International plc bankruptcy (*In re Endo International plc, et al.*, U.S. Bankruptcy Court, S.D.N.Y, No. 22-22549). As they have received funds from a prior settlement with Endo, the following counties shall not receive a share of the 35% of proceeds directed to counties pursuant to Section V.B: Carter, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington. However, nothing in this agreement shall limit the Opioid Abatement Council's discretion in whether or not to approve any requested allocation from the remaining Endo proceeds or other funds to these counties or the municipalities participating in that prior settlement.

Note on adoption of amendments:

Amendment 1 shall be effective if approved as set forth in Section IV.B.2 of the Agreement. Amendments 2 and 3 shall be effective if approved as set forth in Section VII.D of the Agreement.

Exhibit E
Subdivision Participation Form

Exhibit E

Subdivision Participation and Release Form for Food City Settlement

Governmental Entity:
Authorized Signatory:
Address 1:
Address 2:
City, State, Zip:
Phone:
Email:

The governmental entity identified above ("Governmental Entity"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement with K-VA-T Food Stores, Inc. (d/b/a Food City) ("Food City Settlement"), and acting through the undersigned authorized official, hereby elects to participate in the Food City Settlement, release all Released Claims against all Released Entities, and agrees as follows:

1. The Governmental Entity is aware of and has reviewed the Food City Settlement, understands that all terms in the Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Food City Settlement and become a Participating Subdivision as provided therein.

2. The Governmental Entity agrees to the terms of the Food City Settlement pertaining to Participating Subdivisions as defined therein.

3. By agreeing to the terms of the Food City Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including the monetary payment set out in Exhibit F to be paid after the Effective Date.

4. The Governmental Entity agrees to use any monies it receives through the Food City Settlement solely for the purposes provided therein.

5. The Governmental Entity submits to the jurisdiction of the Knox County Circuit Court, where the Consent Judgment is to be filed, for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Food City Settlement.

6. The Governmental Entity has the right to enforce the Food City Settlement as provided therein.

7. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Food City Settlement, including without limitation all provisions of Section IX (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist, 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 the Food City Settlement 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 the Governmental Entity to release claims. The Food City Settlement shall be a complete bar to any Released Claims.

8. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Food City Settlement.

9. In connection with the releases provided for in the Food City Settlement, each Governmental Entity 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. 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 Governmental Entity 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 Governmental Entities' decision to participate in the Food City Settlement.

10. Nothing herein is intended to modify in any way the terms of the Food City Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and

Release Form is interpreted differently from the Food City Settlement in any respect, the Food City Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: _____

Title: _____

Date: _____

Governmental Entity Contacts for Payment Information

K-VA-T will be directly paying certain Participating Subdivisions their Food City Subdivision Payment. Please provide the following information for two contacts who, upon request, can provide payment information for the Governmental Entity:

Contact #1:

Name:_____

Telephone number:_____

Email address:_____

Contact #2:

Name:_____

Telephone number:_____

Email address:_____

Exhibit F
Subdivision Allocation Chart

Food City Subdivision Name	Food City Subdivision Allocation Percentage		Food City Subdivision
Anderson County	3.1395348837%	$	188,372.09
Bledsoe County	0.5116279070%	$	30,697.67
Blount County	4.7674418605%	$	286,046.51
Bradley County	3.3953488372%	$	203,720.93
Campbell County	1.7441860465%	$	104,651.16
Carter County	1.8837209302%	$	113,023.26
Claiborne County	1.2558139535%	$	75,348.84
Cocke County	1.5116279070%	$	90,697.67
Cumberland County	2.1860465116%	$	131,162.79
Franklin County	1.4418604651%	$	86,511.63
Grainger County	0.8372093023%	$	50,232.56
Greene County	2.4651162791%	$	147,906.98
Grundy County	0.6279069767%	$	37,674.42
Hamblen County	2.1627906977%	$	129,767.44
Hamilton County	11.1395348837%	$	668,372.09
Hancock County	0.2558139535%	$	15,348.84
Hawkins County	2.1395348837%	$	128,372.09
Jefferson County	1.7906976744%	$	107,441.86
Johnson County	0.5116279070%	$	30,697.67
Knox County	18.6046511628%	$	1,116,279.07
Loudon County	1.8139534884%	$	108,837.21
Marion County	1.0697674419%	$	64,186.05
McMinn County	1.9069767442%	$	114,418.60
Meigs County	0.4418604651%	$	26,511.63
Monroe County	1.5813953488%	$	94,883.72
Morgan County	0.9069767442%	$	54,418.60
Polk County	0.5813953488%	$	34,883.72
Putnam County	2.6046511628%	$	156,279.07
Rhea County	1.1860465116%	$	71,162.79
Roane County	2.2558139535%	$	135,348.84
Scott County	0.7906976744%	$	47,441.86
Sevier County	3.6744186047%	$	220,465.12
Sequatchie County	0.5813953488%	$	34,883.72
Sullivan County	5.4418604651%	$	326,511.63
Unicoi County	0.6744186047%	$	40,465.12
Union County	0.7674418605%	$	46,046.51
Washington County	3.9302325581%	$	235,813.95
Knoxville	7.4186046512%	$	445,116.28
	100.0000000000%	$	6,000,000.00

Exhibit G
Payment Instructions

Exhibit G
Payment Instructions

Instructions for the payments to be made by KVAT pursuant to the Agreement are set forth below.

A. Payments to be made on the Initial Payment Date

1. Food City Subdivision Payment

The Food City Subdivision Payment ($6,000,000.00) shall be paid as follows:

(a) Participating Subdivisions that are Litigating Subdivisions and have a Food City Subdivision Allocation shall receive their allocated payments in the amounts set out in Exhibit F pursuant to instructions to be provided to KVAT by Stranch, Jennings & Garvey, PLLC.

(b) Participating Subdivisions that are not Litigating Subdivisions and have a Food City Subdivision Allocation shall each receive its allocated payment in the amount set out in Exhibit F pursuant to instructions to be provided to KVAT by the individual Participating Subdivision.

(c) Should a Food City Subdivision not become a Participating Subdivision, its Food City Subdivision Allocation is to be directed to the Opioid Abatement Fund pursuant to Section IV.B.2. Any such payment shall be paid to the State pursuant to instructions to be provided to KVAT by the Office of the Tennessee Attorney General.

2. State Payment

The State Payment ($6,000,000.00) shall be paid to the State pursuant to instructions to be provided to KVAT by the Office of the Tennessee Attorney General.

3. Litigating Subdivision Fees and Costs Payment

The Litigating Subdivision Fees and Costs Payment is $1,332,158.44, which consists of $538,785.96 for costs and $793,372.48 for fees. This payment shall be paid to Stranch, Jennings & Garvey, PLLC, pursuant to instructions to be provided by the firm.

4. State Attorney General Fees and Costs Payment

The State Attorney General Fees and Costs Payment is $3,167,841.56, which consists of $2,374,469.07 for costs and $793,372.49 for fees. This payment shall be paid to the State pursuant to instructions to be provided to KVAT by the Office of the Tennessee Attorney General.

B. Annual Abatement Fund Payments

The Annual Abatement Fund Payments to the State's Opioid Abatement Fund (five payments of $5,600,000.00 for a total of $28,000,000.00) shall be paid to the State pursuant to instructions to be provided to KVAT by the Office of the Tennessee Attorney General.