

Attorneys General Stein, Slatery, Shapiro, and Paxton Announce \$48 Billion Deal with Cardinal Health, McKesson, AmerisourceBergen, Johnson & Johnson, and Teva

The \$48 billion deal includes \$22 billion in cash, \$26 billion in products and services, and injunctive relief

\$22 Billion Cash:

McKesson: \$6.86 billion over 18 years

Cardinal Health: \$5.56 billion over 18 years

AmerisourceBergen: \$5.58 billion over 18 years

Johnson & Johnson: \$4 billion over 2/3 years

Teva: \$250 million over 10 years

\$26 Billion Products and Services:

Teva: \$23 billion in generic suboxone product over 10 years – which is expected to be the full market need

McKesson: \$1.14 billion in product distribution and monitoring over 10 years

Cardinal Health: \$.93 billion in product distribution and monitoring over 10 years

AmerisourceBergen: \$.93 billion in product distribution and monitoring over 10 years

Each distributor's share of cash and non-cash payments is determined by their approximate market share, as follows: McKesson (38.1%), AmerisourceBergen (31%), Cardinal Health (30.9%).

Injunctive Terms:

McKesson, Cardinal Health, and AmerisourceBergen agree to aggressive anti-diversion compliance oriented injunctive relief, including implementing internal processes to review data about prescriptions, conducting due diligence on pharmacies, and training delivery drivers to identify and report potential pill mills. The companies also will stand up an independent clearinghouse that will aggregate all three distributors' data to provide each of them better information on suspicious orders.

Johnson & Johnson and Teva agree not to market any opioid products.

Other Details:

The deal has been offered to attorneys general and attorneys representing jurisdictions in the 46 other states, which are expected to join in the coming days. Each state and its counties will receive a share of the \$22 billion in cash based on a formula that is being finalized as more states sign on to the agreement. The funds are to be used to abate the crisis.

Allegations:

Drug distributors McKesson, AmerisourceBergen, and Cardinal are agreeing to this settlement after attorneys general launched an investigation that sought information related to whether or not the companies fulfilled their duty to raise red flags about pharmacies' suspicious drug orders.

Manufacturers Johnson & Johnson and Teva are agreeing to this settlement after attorneys general launched an investigation centered on the possibility that patients and doctors were misled about the addictive nature of opioid drugs.