

SETTLEMENT AGREEMENT AND RELEASE

I. PREAMBLE

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

- A. The parties to this Settlement Agreement and Release (“Agreement”) are (i) the State of Texas (the “STATE”) and (ii) Dr. Reddy’s Laboratories, Inc. (“DRL”). The STATE and DRL are each individually referred to as a “Party” and collectively referred to as the “Parties.”
- B. The STATE contends, and DRL denies, that between October 1, 2003 and the date of the execution of this Agreement during the Specified Time Period, DRL committed unlawful acts under Section 36.002 of the TFMPA when it knowingly made, or caused to be made, false statements and misrepresentations of material fact to the Texas Medicaid program, and concealed, or failed to disclose, the truth to the Texas Medicaid program with respect to each of the Subject Drugs in one or more of the following ways:
1. Reporting false or inflated prices and concealing the prices DRL’s customers paid in the marketplace for the Subject Drugs;
 2. Concealing or otherwise failing to disclose decreases in the prices of the Subject Drugs;
 3. Concealing or otherwise failing to disclose events or transactions that decreased the prices of the Subject Drugs to DRL’s customers;

4. Failing to disclose the prices generally and currently paid by DRL's customers in the marketplace for the Subject Drugs;
 5. Falsely reporting that the prices of the Subject Drugs were increasing when the prices generally and currently paid by DRL's customers were decreasing or remaining constant;
 6. Falsely reporting that DRL did not sell the Subject Drugs to a specific market segment known as a "class of trade"; or
 7. Concealing or otherwise failing to disclose that DRL sold the Subject Drugs to a specific class of trade.
- C. This Agreement is the result of the Parties' compromise on disputed issues of fact and law concerning the Covered Conduct (defined in section II) and is neither an admission of facts or liability by DRL nor a concession by the STATE that the STATE's allegations and claims are not well-founded.
- D. As a result of a mutual desire to settle their disputes and to avoid the delay, expense, inconvenience, and uncertainty of protracted investigation or litigation of the STATE's claims concerning the Covered Conduct, the Parties have reached a full and final settlement of the STATE's claims, as set forth in this Agreement.
- E. DRL has denied and continues to deny the STATE's allegations or any wrongdoing the STATE alleges concerning the Covered Conduct.
- F. The STATE has concluded that this Agreement is in the public interest

and is fair, adequate, and reasonable under the circumstances.

G. This Agreement becomes effective on the Effective Date (defined in section II).

II. DEFINITIONS

This Agreement uses the following definitions:

- A. "STATE" means collectively (1) the State of Texas, its past, present, and successor officers, agents, entities, divisions, agencies, commissions, departments, administrators, employees, attorneys, and legal representatives and (2) any insurers and reinsurers of those in A(1).
- B. "RELEASED PARTIES" collectively means DRL and each of DRL's respective past, present, and successor holding companies, parents, subsidiaries, affiliates, entities, divisions, officers, directors, members, partners, limited partners, principals, assigns, representatives, employees, agents, servants, owners, shareholders, insurers, and attorneys.
- C. "Covered Conduct" means the conduct described in Paragraph I.B to the Preamble herein.
- D. "Effective Date" means the date 91 days after the Settlement Amount is paid to the STATE, subject to the terms of this Agreement, including, without limitation, those set forth in section III.K below.
- E. "Specified Time Period" means October 1, 2003, through and including the Effective Date.

- F. "Subject Drugs" means the drugs DRL manufactured, marketed, sold, and distributed under labeler code 55111 in the United States and Texas during the Specified Time Period.
- G. "TMFPA" means the Texas Medicaid Fraud Prevention Act, Tex. Hum. Res. Code ch. 36.

III. AGREEMENT

NOW, THEREFORE, in reliance on the representations in this Agreement; in consideration of the mutual promises, covenants, and obligations set forth in this Agreement; and for good and valuable consideration as stated in this Agreement, the Parties agree as follows:

- A. The foregoing Preamble and Definitions are incorporated herein.
- B. DRL shall make payment in full to the STATE the total sum of TWELVE MILLION NINE HUNDRED THOUSAND U.S. DOLLARS (\$12,900,000.00) (the "Settlement Amount") in full settlement of the STATE's investigation arising from the Covered Conduct and any civil or administrative claim, action, suit or proceeding the STATE asserted, could assert, or may assert in the future arising from the Covered Conduct. The Settlement Amount specifically includes all attorneys' fees for the STATE.
- C. For purposes of and in accordance with Section 162(f)(2)(A)(i) of the United States Internal Revenue Code, \$9,030,000.00 of the Settlement Amount is restitution.

- D. Within 30 business days from the execution of this Agreement by all Parties, DRL shall pay the Settlement Amount by wire transfer to the STATE in accordance with wiring instructions provided by Raymond Winter, Chief of the Civil Medicaid Fraud Division at the Office of the Attorney General of Texas.
- E. With respect to any other actions initiated by private persons under Section 36.101 of the TMFPA or Section 3730 of Title 31 of the United States Code arising from the Covered Conduct, the Parties agree that the STATE shall be solely responsible to reimburse any relator or relator's counsel for any amounts in any manner arising from the Covered Conduct to be awarded to such relator or relator's counsel pursuant to provisions of state or federal law, or that are otherwise agreed by the STATE to be paid to any such relator or relator's counsel, and that none of the RELEASED PARTIES shall have any responsibility to pay any such amounts in any manner arising from the Covered Conduct awarded or agreed to be paid to such relators or their counsel. The STATE agrees and commits to resolving any such amounts in any manner arising from the Covered Conduct awarded or agreed to be paid to such relator or relator's counsel using the proceeds paid under this Agreement.
- F. By entering into this Agreement, the Parties understand and agree that no portion of the Settlement Amount shall be allocated, attributed to, or characterized as the payment of fines, penalties, or other punitive

assessments. In all other respects, DRL expressly acknowledges and agrees that it is not entitled to direct or influence how the STATE allocates the Settlement Amount.

1. The STATE will allocate and distribute to the United States Government a pro rata share of the Settlement Amount in accordance with state and federal law.
2. DRL agrees to submit to the jurisdiction of Texas courts in any proceeding to enforce this Agreement.

G. If a Bankruptcy Action (as defined below in section III.K) occurs before the Effective Date, the Agreement shall become void without the need for any Party to take further action; and the STATE shall return the Settlement Amount to DRL as soon as reasonably practical following the occurrence of the Bankruptcy Action.

H. Subject to Paragraph J below and in exchange for the consideration described herein (including payment in full of the Settlement Amount), the STATE shall, as of the Effective Date, fully and finally, and to the greatest extent allowed by law, release, discharge, and covenant not to sue the RELEASED PARTIES for any civil, regulatory, and/or administrative claim, action, suit, demand, right, cause of action, liability, judgment, damage, or proceeding (including damages, attorneys' fees, penalties, costs, and expenses of every kind and however denominated) the STATE has, may have, has asserted, or could assert in

the future under any source of law, contract, in equity or other right, for the Covered Conduct. In addition, the Parties agree that the payment of the Settlement Amount fully discharges the RELEASED PARTIES from any obligation to the STATE to pay restitution, damages, penalties, or fines to the STATE for the Covered Conduct. In addition, the STATE agrees that it will not initiate, prosecute, direct, recommend, or maintain any action or other proceeding, including by way of example and not limitation, civil investigative demands, against the RELEASED PARTIES arising from the Covered Conduct on behalf of itself or the United States. In addition, the STATE agrees that it will not initiate, prosecute, direct, recommend, or maintain any action or proceeding against the RELEASED PARTIES seeking exclusion from the Texas Medicaid Program or any other administrative action or sanction arising from the Covered Conduct. Excluding documents, data, and information identified in Paragraph EE, this Agreement does not prevent the STATE from discussing, communicating, or sharing information with other states or federal agencies.

- I. As of the Effective Date, DRL will fully and finally release the STATE from any claims based on events that occurred before the Effective Date (including attorneys' fees, costs, and expenses of every kind and however denominated) which DRL has asserted, could assert, or may assert in the future against the STATE arising from the Covered Conduct and the

STATE's investigation thereof.

J. Notwithstanding any other terms of this Agreement, including the releases in Paragraphs H and I above, all the following are specifically reserved and excluded from the scope and terms of this Agreement, and from the scope and terms of the Releases, as to any entity or person, including the Parties:

1. Any liability based upon an obligation created by this Agreement;
2. Any liability based upon an express or implied product or service warranty claim or for defective or deficient products or services DRL provided;
3. Any liability that any person or entity, including any Released Entities, has or may have to the STATE, individual consumers, or state program payors under any statute, regulation, or rule not expressly covered by the release in Paragraph G above, involving unfair or deceptive acts and practices or violations of consumer protection laws;
4. Any liability for state or federal antitrust violations;
5. Any liability arising from off-label marketing, product misbranding, or misrepresentations or concealment of information about the safety, efficacy, or appropriate use of DRL's products, including the Subject Drugs;

6. Any liability that any person or entity has or may have under Tex. Hum. Res. Code § 36.002(13) regarding inducement of healthcare providers to prescribe any of the Subject Drugs;
7. The subrogation rights to claims for personal injury or property damage arising from usage of DRL's products by a participant in the Medicaid Program;
8. Any liability based on a failure to deliver products or services due;
9. Any liability arising from DRL's obligation to pay rebates to the STATE under any law or contract, including, but not limited to, under the provisions of the Omnibus Budget Reconciliation Act of 1990 ("OBRA 90");
10. Any criminal liability not specifically released by this Agreement;
11. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code) or any state tax or revenue law;
12. Any liability which the STATE may assert on behalf of any other payors or insurers, including those that the State Medicaid program pays on a capitated basis; or
13. Any liability to the STATE for any conduct other than the Covered Conduct.

K. If DRL takes any action before the Effective Date in any case, proceeding, or action under any law relating to receivership, bankruptcy (whether voluntary or involuntary), insolvency, reorganization or relief of debtors to (a) request relief for DRL's debts or adjudicate DRL as bankrupt or insolvent or (b) appoint a receiver, trustee, custodian, or other similar official for DRL's assets (collectively, "Bankruptcy Actions"), this Agreement shall not become effective and, without the need for any Party to take further action, the Agreement shall be void. In such circumstance (a) the Parties reserve all rights including, but not limited to, any amounts owing by DRL to the STATE, related to the Covered Conduct; and (b) DRL agrees that it shall not use the Agreement for any purpose including, but not limited to, limiting the extent of DRL's liability to the STATE.

L. The STATE hereby agrees that this Agreement, and all negotiations, documents, and discussions associated with this Agreement shall be without prejudice to the rights of any Party, shall not be deemed or construed to be an admission or evidence of any violation of any statute or law, of any liability or wrongdoing by the RELEASED PARTIES or of the truth or the infirmity of any of the claims or allegations of the STATE, and evidence thereof shall not be discoverable or used directly or indirectly by the STATE in any way (except that the provisions of this Agreement may be used by the Parties to enforce its terms), whether in

- Texas or in any other forum. The STATE agrees it will not urge or seek to admit this Agreement as evidence of any fault or liability of the RELEASED PARTIES in any investigation, administrative claim, action, suit or proceeding, or federal or state court or arbitration proceeding unless ordered to do so by a state court, federal court, or arbitration panel.
- M. On the Effective Date, the STATE shall withdraw the November 10, 2014, Civil Investigative Demand directed to DRL for the Covered Conduct and release the RELEASED PARTIES from all obligations, responsibilities, and demands contained therein.
- N. The STATE represents to DRL, subject only to the rights possessed by the United States, that no interest in any claim herein released has been assigned by it to any third party.
- O. Nothing in this Agreement is a waiver of the STATE's Sovereign Immunity, except as to a proceeding to enforce this Agreement.
- P. Any Party may enforce the terms of this Agreement in the District Courts of Travis County, Texas, which shall have exclusive jurisdiction and venue over any such action.
- Q. This Agreement constitutes the complete agreement between the Parties regarding the settlement of the Covered Conduct. This Agreement may not be amended or modified except by a writing signed by all Parties.
- R. Each Party will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this

Agreement.

- S. This Agreement shall be governed by the laws of the State of Texas.
- T. This Agreement shall be construed and interpreted to effectuate the Parties' intent, which is to resolve completely the STATE's allegations and claims in connection with the Covered Conduct with respect to DRL.
- U. None of the Parties to this Agreement shall be considered the drafter of this Agreement or of any included provision for the purpose of any statute, case law, or rule of construction that would or might cause any provision to be construed against the drafter.
- V. DRL expressly warrants that it has reviewed its financial condition and that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment of the Settlement Amount and compliance with this Agreement. DRL further warrants that it has entered into this Agreement in the ordinary course of its business and according to ordinary business terms.
- W. Each Party represents that it freely and voluntarily enters this Agreement without any degree of duress whatsoever.
- X. Unless otherwise stated in writing after the Effective Date, all notifications and communications made pursuant to this Agreement shall be submitted to the persons or entities listed below:
 - 1. The STATE of Texas, for all purposes:

Office of the Attorney General of Texas
Raymond C. Winter

Chief, Civil Medicaid Fraud Division
P.O. Box 12548
Austin, TX 78711-2548
Tel: (512) 936-1709
Fax: (512) 499-0712
raymond.winter@oag.texas.gov

2. DRL, for all purposes:

Jeff Layne
Reed Smith LLP
401 Congress Ave. Suite 1800
Austin, Texas 78701
Tel: (512) 623-1821
Fax: (512) 623-1802
jlayne@reedsmith.com

Y. The Parties have read the Agreement and accept and agree to the provisions contained herein and have caused this Agreement to be signed as of the day and date adjacent to their respective signatures. The individual signing this Agreement on behalf of DRL represents and warrants that DRL authorizes him or her to execute this Agreement. The undersigned STATE signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement and to compromise the claims of the STATE. The Chief Counsel for the Texas Health and Human Services Commission ("HHSC") concurs with the aspects of this Agreement that are within the Chief Counsel's authority.

Z. The Parties represent and acknowledge that in entering into this Agreement they are not relying on any promises or representations other than those expressly set forth in this Agreement. The Parties understand,

acknowledge, and agree that (i) they have each performed an independent investigation of the allegations of fact and law regarding the Covered Conduct; and (ii) they each may hereafter discover facts in addition to, or different from, those that they now know or believe to be true with respect to the subject matter of this Agreement. Nevertheless, it is the Parties' intention to resolve their disputes pursuant to the terms of this Agreement and thus, in furtherance of their intentions, the Agreement shall remain in full force and effect notwithstanding the discovery of any additional facts or law, or changes in law, and the Agreement shall not be subject to rescission or modification by reason of any change or difference in facts or law.

AA. The Parties agree and acknowledge that the Settlement Amount owed by DRL to the STATE under the terms of this Agreement did not arise as a result of any false pretenses, false representations, or fraud.

BB. The waiver of any rights conferred by this Agreement shall be effective only if made in writing by the waiving Party. The waiver by any Party of any breach of this Agreement shall not be deemed or construed as a waiver of any other breach, whether before, after, or contemporaneously with this Agreement.

CC. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same Agreement. Faxed and portable document format ("PDF")

signatures will suffice.

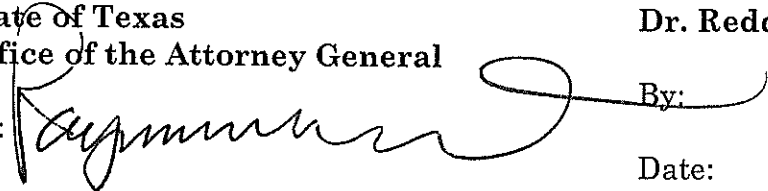
DD. Each Party agrees to perform such further acts and to execute and to deliver such further documents as may reasonably be necessary to carry out this Agreement.

EE. The Parties agree that within 5 days of payment of the Effective Date, they shall return to the producing Party or destroy (and certify in writing the destruction of) all documents, data, and other information produced in connection with the STATE's investigation of the Covered Conduct ("Documents and Data"). The Parties further agree that if this Agreement does not become effective for any reason, the Parties shall be entitled to preserve and retain the Documents and Data.

State of Texas
Office of the Attorney General

Dr. Reddy's Laboratories, Inc.

By:



By:

Date:

1 JUNE 2022

Date:

Raymond C. Winter
Chief, Civil Medicaid Fraud Division
Assistant Attorney General
Office of the Attorney General of Texas
P.O. Box 12548
Austin, Texas 78711-2548

[Name]
[Position]
[Address]
[City, State ZIP]

Texas Health & Human Services
Commission

By:

Karen Ray

Digitally signed by Karen Ray
Date: 2022.05.27 10:45:33
-05'00'

Date:

Karen Ray
Chief Counsel
Texas Health & Human Services Commission
Brown-Heatly Building
4900 N. Lamar Blvd.
Austin, Texas 78751-2316

**State of Texas
Office of the Attorney General**

By:

Date:

Raymond C. Winter
Chief, Civil Medicaid Fraud Division
Assistant Attorney General
Office of the Attorney General of Texas
P.O. Box 12548
Austin, Texas 78711-2548

**Texas Health & Human Services
Commission**

By:

Date:

Karen Ray
Chief Counsel
Texas Health & Human Services Commission
Brown-Heatly Building
4900 N. Lamar Blvd.
Austin, Texas 78751-2316

Dr. Reddy's Laboratories, Inc.

By: DocuSigned by:
Vanessa Brill
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Date: 13-May-2022 | 8:25 PM IST

Name: Vanessa Brill

Position: VP, Legal and Compliance

Address: 107 College Road East
City, State ZIP: Princeton, NJ 08540