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June 24, 2021

Opioid Litigation - Important Update Regarding Purdue Bankruptcy

We are writing to provide an update on this litigation and the status of the Purdue bankruptcy.

Purdue filed for bankruptcy in September of 2019 after being named as a defendant in thousands of civil lawsuits seeking damages for opioid-related injuries to governments, hospitals, and others.

There is now a proposed bankruptcy plan (“Plan”) that seeks to resolve the bankruptcy cases by settlement. This result is the culmination of over two years of negotiations and among private counsel, certain States’ Attorneys’ Generals, the United States Government, the Debtors, their shareholders, among others.

In broad terms, the restructuring plan provides for the assets of the Purdue corporation to be transferred to a new “corporation” that will be indirectly owned by the “public creditors” of Purdue— all state, local and tribal governments. The continued operation of the company and then its ultimate sale may generate \$1-2 billion in assets. These operating and sales revenues, along with certain insurance proceeds and other assets, will be combined with a contribution of \$4.275 billion (over a series of years) to be made by members of the Sackler family, who are the shareholders of Purdue (and who will make this contribution in exchange for receiving releases from civil liability, thus shielding themselves from civil litigation).

The combined assets of the bankruptcy estate will be used to pay various groups of private creditors— insurers, hospitals, individual personal injury plaintiffs—and the residual amount, which may be approximately \$5 billion will be allocated among state, local and tribal governments. The funds received by all creditors (other than personal injury victims and children suffering from NAS) will be restricted to be used for abatement of the opioid problem in their communities.

Approximately 7% of the public entity funds are apportioned to the state of Florida. Assuming we are able to reach an allocation agreement with the State, these funds will be allocated in accordance with the MOU. If not, the plan includes a default mechanism for the allocation of these funds.

That settlement is now before the bankruptcy court for final confirmation.

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As part of the process, all creditors who filed a “proof of claim” against the bankruptcy estate are being asked to vote on the proposed restructuring plan that emerged from the settlement negotiations. As your counsel, we are able to submit a vote on behalf of your entity. After you have reviewed the below and attached, please advise us via email no later than July 12, 2021 whether you support this bankruptcy plan. We must submit your vote no later than July 14, 2021.

We believe that the Plan represents a fair and equitable resolution of opioid-related claims against Purdue as the vast majority of creditor recoveries distributed under the Plan were negotiated in good faith and are exclusively dedicated to programs designed to abate the opioid crisis (other than to fund administration of the programs themselves and to pay fees and costs). The alternative is to engage in risky, expensive and value-destroying civil litigation that will take years to fully litigate and which will result in delayed and inequitable recoveries among potential claimants. And perhaps most importantly, even if judgments are obtained, it could take years of additional litigation to collect on those judgments because many of the assets of the Sackler Families are in various family trusts located in foreign countries. Meanwhile, local government and other public creditors will have received no resources that can be put to immediate use to abate the ongoing problems.

We are happy to answer any questions that you may have about this proposal. Additionally, as always, we would be happy to discuss with you any other element of this litigation.

With Kindest Personal Regards,



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