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ASSESSMENT OF DAMAGES HEARING

[ ] IS [X] IS NOT REQUIRED

[X] JURY [ ] NON JURY

Attorneys for Plaintiffs

TIME INSURANCE COMPANY, et al.,

Plaintiffs,

vs.

ASTRAZENECA AB, et al.,

Defendants.

PHILADELPHIA COUNTY
COURT OF COMMON PLEAS

TRIAL DIVISION

January 2014

No. 001903

COMPLAINT – CIVIL ACTION
(KT – DISPUTE RE: BUSINESS TORT)

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after the complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

PHILADELPHIA BAR ASSOCIATION
Lawyer Referral and Information Service
1101 Market Street, 11th Floor
Philadelphia, Pennsylvania 19107
(215) 238-1701

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las páginas siguientes, usted tiene veinte (20) días de plazo al partir de la fecha de la demanda y la notificación. Hace falta asentar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomará medidas y puede continuar la demanda en contra suya sin previo aviso o notificación. Además, la corte puede decidir a favor del demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO INMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

ASOCIACIÓN DE LICENCIADOS DE FILADELFIA
Servicio De Referencia E Información Legal
1101 Market Street, 11th Floor
Filadelfia, Pennsylvania 19107
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ASSESSMENT OF DAMAGES HEARING

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[X] JURY [ ] NON JURY

Attorneys for Plaintiffs

TIME INSURANCE COMPANY;
UNION SECURITY INSURANCE COMPANY;
JOHN ALDEN LIFE INSURANCE COMPANY;
BLUECROSS BLUESHIELD OF TENNESSEE;
PRIORITY HEALTH;
TUFTS ASSOCIATED HEALTH MAINTENANCE ORGANIZATION, INC.;
BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA;
BLUE CROSS AND BLUE SHIELD OF SOUTH CAROLINA;
CAREFIRST OF MARYLAND, INC. d/b/a CAREFIRST BLUECROSS BLUESHIELD;
GROUP HOSPITALIZATION AND MEDICAL SERVICES, INC. d/b/a CAREFIRST BLUECROSS BLUESHIELD;
HEALTH CARE SERVICE CORPORATION, A MUTUAL LEGAL RESERVE COMPANY;
CONNECTICUT GENERAL LIFE INSURANCE COMPANY;
UNITED HEALTHCARE SERVICES, INC.;
BLUECROSS AND BLUESHIELD ASSOCIATION;
GOVERNMENT EMPLOYEES HEALTH ASSOCIATION, INC.;
HEALTH NET, INC.;
BLUE CROSS & BLUE SHIELD OF RHODE ISLAND;
BLUE CROSS BLUE SHIELD OF FLORIDA, INC., d/b/a FLORIDA BLUE;
EMBLEMHEALTH SERVICES COMPANY, LLC;
BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC.;
NORIDIAN MUTUAL INSURANCE COMPANY d/b/a BLUE CROSS BLUE SHIELD OF NORTH DAKOTA;
HEALTHNOW NEW YORK INC.;
MVP SELECT CARE, INC.;
MVP HEALTH CARE, INC.;
BCBSMN, INC., d/b/a BLUE CROSS BLUE SHIELD OF MINNESOTA;

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PHILADELPHIA COUNTY
COURT OF COMMON PLEAS

TRIAL DIVISION

January 2014

No. 001903

COMPLAINT

BLUE CROSS AND BLUE SHIELD OF NEBRASKA;
HARVARD PILGRIM HEALTH CARE, INC.;
JOHNS HOPKINS HEALTHCARE, LLC;
AETNA INC.;
CAMBIA HEALTH SOLUTIONS, INC.;
ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY;
ANTHEM HEALTH PLANS, INC.;
ANTHEM HEALTH PLANS OF KENTUCKY, INC.;
ANTHEM HEALTH PLANS OF MAINE, INC.;
ANTHEM HEALTH PLANS OF NEW HAMPSHIRE, INC.;
ANTHEM HEALTH PLANS OF VIRGINIA, INC.;
ANTHEM INSURANCE COMPANIES, INC.;
ANTHEM LIFE & DISABILITY INSURANCE COMPANY;
AMERIGROUP FLORIDA, INC.;
AMERIGROUP KANSAS, INC.;
AMERIGROUP LOUISIANA, INC.;
AMERIGROUP MARYLAND, INC.;
AMERIGROUP NEVADA, INC.;
AMERIGROUP NEW JERSEY, INC.;
AMERIGROUP COMMUNITY CARE OF NEW MEXICO, INC.;
AMERIGROUP NEW YORK, LLC;
AMERIGROUP CORPORATION;
AMERIGROUP OHIO, INC.;
AMERIGROUP TENNESSEE, INC.;
AMERIGROUP TEXAS, INC.;
AMERIGROUP WASHINGTON, INC.;
AMERIGROUP INSURANCE COMPANY;
AMGP GEORGIA MANAGED CARE COMPANY, INC.;
BLUE CROSS AND BLUE SHIELD OF GEORGIA, INC.;
BLUE CROSS BLUE SHIELD HEALTHCARE PLAN OF GEORGIA, INC.;
BLUE CROSS BLUE SHIELD OF WISCONSIN;
BLUE CROSS OF CALIFORNIA;
BLUE CROSS OF CALIFORNIA PARTNERSHIP PLAN, INC.;
CAREMORE HEALTH PLAN;
CAREMORE HEALTH PLAN OF ARIZONA, INC. ;
CAREMORE HEALTH PLAN OF COLORADO, INC.;
CAREMORE HEALTH PLAN OF GEORGIA, INC.;
CAREMORE HEALTH PLAN OF NEVADA;
CLAIM MANAGEMENT SERVICES, INC.;
COMMUNITY INSURANCE COMPANY;
COMPCARE HEALTH SERVICES INSURANCE CORPORATION;
(caption continued on next page)

CAREMORE HEALTH SYSTEM;
EMPIRE HEALTHCHOICE ASSURANCE, INC.;
EMPIRE HEALTHCHOICE HMO, INC.;
GREATER GEORGIA LIFE INSURANCE COMPANY, INC.;
HEALTHLINK HMO, INC.;
HEALTHKEEPERS, INC.;
HEALTHY ALLIANCE LIFE INSURANCE COMPANY;
HMO COLORADO, INC.;
HMO MISSOURI, INC.;
MATTHEW THORNTON HEALTH PLAN, INC.;
ONENATION INSURANCE COMPANY;
RIGHTCHOICE INSURANCE COMPANY;
ROCKY MOUNTAIN HOSPITAL AND MEDICAL SERVICE, INC.;
UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST;
UNICARE HEALTH PLAN OF KANSAS, INC.;
UNICARE HEALTH PLANS OF TEXAS, INC.;
UNICARE HEALTH PLAN OF WEST VIRGINIA, INC.;
UNICARE LIFE & HEALTH INSURANCE COMPANY;
WELLPOINT INSURANCE SERVICES, INC.; AND
WELLPOINT PARTNERSHIP PLAN, LLC;

Plaintiffs,

vs.

ASTRAZENECA AB ;
AKTIEBOLAGET HASSLE;
ASTRAZENECA LP;
RANBAXY PHARMACEUTICALS, INC.';
RANBAXY LABORATORIES LIMITED;
RANBAXY, INC. ;
TEVA PHARMACEUTICAL INDUSTRIES, LTD. ;
TEVA PHARMACEUTICALS USA, INC. ;
DR. REDDY'S LABORATORIES, LTD. ; and
DR. REDDY'S LABORATORIES, INC.

Defendants.

TABLE OF CONTENTS

Plaintiffs file this Complaint against Defendants AstraZeneca AB, Aktiebolaget Hassle, AstraZeneca LP (collectively "AstraZeneca"), Ranbaxy Pharmaceuticals, Inc., Ranbaxy Inc. and Ranbaxy Laboratories Ltd. (collectively, "Ranbaxy"), Teva Pharmaceutical Industries, Ltd., Teva USA, Inc. (collectively, "Teva"), Dr. Reddy's Laboratories Ltd., and Dr. Reddy's Laboratories, Inc. (collectively, "Dr. Reddy's") (together the "Generic Defendants," and together with AstraZeneca, the "Defendants"), based upon personal knowledge as to facts pertaining to them, and upon information and belief as to all other matters, and allege as follows:

NATURE OF THE ACTION

1. This action arises out of Defendants' overarching scheme to unreasonably restrain trade in and monopolize the market for delayed-release esomeprazole magnesium, sold by AstraZeneca under the brand-name Nexium. Nexium is a proton pump inhibitor prescribed to patients for the healing of erosive esophagitis, maintenance of erosive esophagitis, and treatment of symptomatic gastroesophageal reflux disease. By entering into illegal market allocation conspiracies with, between, and among the Generic Defendants, AstraZeneca has prevented any generic delayed-release esomeprazole magnesium product from entering the market in competition with Nexium.

2. To protect its over $3 billion in annual Nexium sales from the threat of generic competition, AstraZeneca entered into non-competition agreements with each of the Generic Defendants, agreeing to pay the Generic Defendants substantial sums in exchange for their agreement to delay marketing their less expensive generic versions of Nexium for several years, *i.e.*, until May 27, 2014 (the "Exclusion Payment Agreements" or simply the "Agreements"). The Generic Defendants did, in fact, delay marketing their less-expensive versions of Nexium;

but for the Agreements, generic versions of Nexium would have been available to Plaintiffs well before May 27, 2014.

3. As a result, Plaintiffs, who collectively paid for a majority of the estimated $12 billion in Nexium retail pharmacy sales made since the Agreements were entered into, have been damaged in an amount not less than $6 billion dollars.

4. Generic versions of brand-name drugs contain the same active ingredient, and are determined by the Food and Drug Administration ("FDA") to be just as safe and effective as their brand-name counterparts. The only material difference between generic and brand-name drugs is their price: generics are usually at least 25% less expensive than their brand-name counterparts when there is a single generic competitor, and this discount typically increases to 50% to 80% (or more) when there are multiple generic competitors on the market for a given brand. The launch of a generic drug thus usually brings huge cost savings for all drug purchasers.

5. Price erosion is viewed as a grave threat by brand-name drug companies such as AstraZeneca. The Federal Trade Commission estimates that about one year after market entry, the generic version takes over 90% of the brand's unit sales and sells for 15% of the brand's price.

6. In order to delay the drastic loss of its Nexium monopoly profits, AstraZeneca engineered an overarching scheme whereby it would buy its way out of both competition with the Generic Defendants and the chance that its Nexium patents would be invalidated. Specifically, AstraZeneca agreed to pay the Generic Defendants to defer entering the market until May 27, 2014 and to drop their challenges to the Nexium patents. AstraZeneca and the Generic Defendants attempted to disguise these payments (frequently called "Exclusion Payments" or "Reverse Payments") as compensation for: (i) supplying a portion of

AstraZeneca's Nexium supply, including esomeprazole magnesium, the active pharmaceutical ingredient ("API") in Nexium, for distributing authorized generic versions of two other AstraZeneca drugs, felodipine capsules (brand-name, Plendil) and 40 mg omeprazole tablets (brand-name, Prilosec) (with respect to Ranbaxy); or (ii) forgiveness of a contingent liability (with respect to Teva and Dr. Reddy's). AstraZeneca also substantially compensated Ranbaxy by agreeing not to launch its own authorized generic version of Nexium in competition with Ranbaxy's generic Nexium product for at least the first 180 days after Ranbaxy's launch. Defendants intentionally concealed the true purpose and nature of their exclusion payments, in an attempt to escape liability under the antitrust laws.

7. Although the Exclusion Payment Agreements purported to settle patent infringement suits that AstraZeneca filed against the Generic Defendants with respect to patents that allegedly cover Nexium, AstraZeneca used the strength of its wallet as opposed to the strength of its patents to obtain the Generic Defendants' agreement not to launch their generic Nexium products. In light of the substantial possibility that AstraZeneca's Nexium patents would be invalidated and/or that the Generic Defendants' products would be adjudged non-infringing—in which case AstraZeneca would have been unable to keep generic versions of Nexium from swiftly capturing the vast majority of Nexium sales—AstraZeneca agreed to share its monopoly profits with the Generic Defendants as the *quid pro quo* for the Generic Defendants' agreement not to compete with AstraZeneca in the delayed-release esomeprazole magnesium market until May 27, 2014.

8. The Generic Defendants knew it would be more profitable to be paid not to compete than to enter the market. Had the Generic Defendants launched generic versions of Nexium, as they were preparing and poised to do, the competition among them would have

driven down the price of generic Nexium. Once there are multiple generic versions of the same brand drug available, the generic behaves like a commodity, with little to distinguish one generic from another except price. While such competitive generic sales are still profitable, it can be more profitable to be paid by the brand company not to compete. The Generic Defendants were well aware of these market dynamics, and knew that, rather than enter the market and compete, they could make a larger profit by agreeing to delay entry in exchange for a portion of AstraZeneca's monopoly profits from Nexium, paid in the form of an Exclusion Payment. And that is precisely what happened.

9. AstraZeneca and Ranbaxy also knew and intended that their Exclusion Payment Agreement would prevent other generic companies from launching their own generic Nexium before Ranbaxy did, thereby creating a bottleneck. As the first filer of an Abbreviated New Drug Application ("ANDA") for generic Nexium, Ranbaxy is entitled to market its generic Nexium for 180 days free from competition from other generic Nexium products. The Exclusion Payment Agreement between AstraZeneca and Ranbaxy can block any other generic Nexium products from coming to market until 180 days after May 27, 2014 because, absent circumstances discussed below, FDA will not approve subsequently-filed ANDAs until the first-filer's exclusivity period has run, which will not occur until 180 days after Ranbaxy launches. The Agreement also blocks an authorized generic version of Nexium from entering the market until that same time, because as consideration for Ranbaxy's agreement to stay out of the market until May 27, 2014, AstraZeneca agreed not to launch an authorized generic Nexium product until, at a minimum, the end of Ranbaxy's 180-day exclusivity.

10. Although it is possible that Ranbaxy could forfeit its 180-day exclusivity if it does not begin commercial marketing of its generic Nexium products within 75 days of a court

decision that all of the patents listed in the FDA's book of Approved Drug Products with Therapeutic Equivalence Evaluations, commonly referred to as the "Orange Book," for Nexium are invalid or not infringed, AstraZeneca made sure that the second and third ANDA-filers for Nexium—Teva and Dr. Reddy's—could not break the bottleneck caused by its Exclusion Payment Agreement with Ranbaxy by obtaining such a court decision. When Teva and Dr. Reddy's neared a court determination on the issue of invalidity and/or non-infringement of the Nexium patents, AstraZeneca paid them too, pursuant to the Exclusion Payment Agreements, to drop their patent challenges and stay out of the market until after Ranbaxy was permitted to enter the market under Ranbaxy's Exclusion Payment Agreement with AstraZeneca.

11. But for one or more of the unlawful Agreements alleged herein, generic versions of Nexium would have entered the market well before May 27, 2014. The FDA granted tentative approval to Ranbaxy's Nexium product on February 5, 2008, which, absent the illegal Agreements complained of herein, would have been converted to a final approval well before May 27, 2014. Thus, absent Defendants' illegal Agreements not to compete, Plaintiffs would have already been able to purchase, and would have purchased, generic delayed-release esomeprazole magnesium at significantly lower prices, rather than being forced to pay high prices for branded Nexium totaling billions of dollars.

12. Defendants' unlawful Exclusion Payment Agreements were designed to and did in fact: (a) preclude the entry of less expensive generic versions of delayed-release esomeprazole magnesium in the United States; (b) fix, raise, maintain, or stabilize the price of delayed-release esomeprazole magnesium products; (c) permit AstraZeneca to maintain a monopoly in the United States for delayed-release esomeprazole magnesium; and (d) allocate 100% of the United States delayed-release esomeprazole magnesium market to AstraZeneca.

13. This action is brought by third-party payer ("TPP") Plaintiffs who purchased or paid for delayed-release esomeprazole magnesium in certain States and the District of Columbia since April 14, 2008—the date of the AstraZeneca-Ranbaxy Agreement. Plaintiffs assert claims for compensatory damages (including, but not limited to overcharge damages in connection with purchases of certain quantities of (i) brand-name Nexium that would have been made at lower prices absent the Agreements; (ii) brand-name Nexium that would have been substituted with purchases of generic delayed-release esomeprazole magnesium absent the Agreements; and (iii) generic delayed-release esomeprazole magnesium that will be made at inflated prices due to the Agreements), and/or treble damages for violations of the State laws enumerated below.

PARTIES

A. Plaintiffs

14. TIME INSURANCE COMPANY is a health insurance company with its principal place of business in Milwaukee, Wisconsin.

15. UNION SECURITY INSURANCE COMPANY is a health insurance company with its principal place of business in Kansas City, Missouri.

16. JOHN ALDEN LIFE INSURANCE COMPANY is a health insurance company with its principal place of business in Milwaukee, Wisconsin.

17. BLUECROSS BLUESHIELD OF TENNESSEE is a Tennessee corporation with its principal place of business in Chattanooga, Tennessee.

18. PRIORITY HEALTH is a Michigan not-for-profit corporation with its principal place of business in Grand Rapids, Michigan.

19. TUFTS ASSOCIATED HEALTH MAINTENANCE ORGANIZATION, INC. is a not-for-profit mutual company with its principal place of business in Watertown, Massachusetts.

20. BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA is a North Carolina hospital and medical service corporation with a principal place of business in Chapel Hill, North Carolina.

21. BLUE CROSS AND BLUE SHIELD OF SOUTH CAROLINA is a mutual insurance company headquartered in Columbia, South Carolina.

22. CAREFIRST OF MARYLAND, INC., d/b/a CAREFIRST BLUECROSS BLUESHIELD, is a not-for-profit Maryland corporation with its principal place of business in Baltimore, Maryland.

23. GROUP HOSPITALIZATION AND MEDICALSERVICES, INC., d/b/a CAREFIRST BLUECROSS BLUESHIELD, is a not-for-profit corporation with its principal place of business in Washington D.C.

24. HEALTH CARE SERVICES CORPORATION is a Mutual Legal Reserve Company based in Illinois.

25. CONNECTICUT GENERAL LIFE INSURANCE COMPANY is a Delaware company with its principal place of business in Bloomfield, Connecticut.

26. UNITED HEALTHCARE SERVICES, INC. is a Minnesota corporation with its principal place of business in Minnetonka, Minnesota.

27. BLUECROSS AND BLUESHIELD ASSOCIATION is a federation of health insurance providers with its headquarters in Chicago, Illinois.

28. GOVERNMENT EMPLOYEES HEALTH ASSOCIATION is a not-for-profit healthcare insurance provider with a principal place of business in Lees Summit, Missouri.

29. HEALTH NET, INC. is a Delaware corporation with its principal place of business in Woodland Hills, California.

30. BLUE CROSS & BLUE SHIELD OF RHODE ISLAND is a nonprofit hospital and medical services corporation offering prepaid health insurance plans, with its principal place of business in Providence, Rhode Island.

31. BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC., d/b/a Florida Blue, is a Florida corporation with its principal place of business in Jacksonville, Florida.

32. EMBLEMHEALTH SERVICES COMPANY, LLC is a New York corporation with its principal place of business in New York, New York, and it makes these claims on behalf of its licensed healthcare affiliates, which include but are not limited to, Group Health Incorporated and Health Insurance Plan of Greater New York.

33. BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC. is a hospital and medical services corporation with a principal place of business in Boston, Massachusetts.

34. NORIDIAN MUTUAL INSURANCE COMPANY is a North Dakota corporation with its principal place of business in Fargo, North Dakota.

35. HEALTHNOW NEW YORK, INC. is a New York not-for-profit corporation with its principal place of business in Buffalo, New York.

36. MVP SELECT CARE, INC. is a health insurer with its principal place of business in Schenectady, New York.

37. MVP HEALTH CARE, INC. is a health insurer with its principal place of business in Schenectady, New York.

38. BCBSMN, INC., d/b/a BLUE CROSS BLUE SHIELD OF MINNESOTA is a Minnesota corporation with its principle place of business in Eagan, Minnesota.

39. BLUE CROSS AND BLUE SHIELD OF NEBRASKA is a not-for-profit mutual company with its principal place of business in Omaha, Nebraska.

40. HARVARD PILGRIM HEALTH CARE, INC. is a not-for-profit healthcare insurance provider with its principal place of business in Wellesley, Massachusetts.

41. JOHNS HOPKINS HEALTHCARE, LLC is a health insurer with its principal place of business in Glen Burnie, Maryland.

42. AETNA, INC. is a Pennsylvania corporation with its principal place of business in Hartford, Connecticut.

43. CAMBIA HEALTH SOLUTIONS is an Oregon not-for-profit corporation with its principal place of business in Portland, Oregon.

44. ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY is a California insurance company with its principal place of business in Woodland Hills, California.

45. ANTHEM HEALTH PLANS, INC. is a health insurer and HMO with its principal place of business in North Haven, Connecticut.

46. ANTHEM HEALTH PLANS OF KENTUCKY, INC. is a health insurer and HMO with its principal place of business in Louisville, Kentucky.

47. ANTHEM HEALTH PLANS OF MAINE, INC. is a health insurer and HMO with its principal place of business in South Portland, Maine.

48. ANTHEM HEALTH PLANS OF NEW HAMPSHIRE, INC. is a health insurer with its principal place of business in Manchester, New Hampshire.

49. ANTHEM HEALTH PLANS OF VIRGINIA, INC. is a health insurer and HMO with its principal place of business in Richmond, Virginia.

50. ANTHEM INSURANCE COMPANIES, INC. is an health insurance company with its principal place of business in Indianapolis, Indiana

51. ANTHEM LIFE & DISABILITY INSURANCE COMPANY is a life, accident and health insurer with its principal place of business in New York, New York.

52. AMERIGROUP FLORIDA, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

53. AMERIGROUP KANSAS, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

54. AMERIGROUP LOUISIANA, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

55. AMERIGROUP MARYLAND, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

56. AMERIGROUP NEVADA, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

57. AMERIGROUP NEW JERSEY, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

58. AMERIGROUP COMMUNITY CARE OF NEW MEXICO, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

59. AMERIGROUP NEW YORK, LLC is a health insurer with its principal place of business in Virginia Beach, Virginia.

60. AMERIGROUP CORPORATION is a health insurer with its principal place of business in Virginia Beach, Virginia.

61. AMERIGROUP OHIO, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

62. AMERIGROUP TENNESSEE, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

63. AMERIGROUP TEXAS, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

64. AMERIGROUP WASHINGTON, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

65. AMERIGROUP INSURANCE COMPANY is a health insurer with its principal place of business in Virginia Beach, Virginia.

66. AMGP GEORGIA MANAGED CARE COMPANY, INC. is an HMO with its principal place of business in Virginia Beach, Virginia.

67. BLUE CROSS AND BLUE SHIELD OF GEORGIA, INC. is a health insurer with its principal place of business in Atlanta, Georgia.

68. BLUE CROSS BLUE SHIELD HEALTHCARE PLAN OF GEORGIA, INC. is an HMO with its principal place of business in Atlanta, Georgia.

69. BLUE CROSS BLUE SHIELD OF WISCONSIN is a health insurer with its principal place of business in Waukesha, Wisconsin.

70. BLUE CROSS OF CALIFORNIA is a health insurer with its principal place of business in Woodland Hills, California.

71. BLUE CROSS OF CALIFORNIA PARTNERSHIP PLAN, INC. is a health insurer with its principal place of business in Woodland Hills, California

72. CAREMORE HEALTH PLAN is a health insurer with its principal place of business in Cerritos, California.

73. CAREMORE HEALTH PLAN OF ARIZONA, INC. is a health insurer with its principal place of business in Cerritos, California.

74. CAREMORE HEALTH PLAN OF COLORADO, INC. is an HMO with its principal place of business in Cerritos, California.

75. CAREMORE HEALTH PLAN OF GEORGIA, INC. is an HMO with its principal place of business in Atlanta, Georgia.

76. CAREMORE HEALTH PLAN OF NEVADA is an HMO with its principal place of business in Cerritos, California.

77. CLAIM MANAGEMENT SERVICES, INC. is an employee health benefit plans administrator with its principal place of business in Indianapolis, Indiana.

78. COMMUNITY INSURANCE COMPANY is a health insurer with its principal place of business in Mason, Ohio.

79. COMPCARE HEALTH SERVICES INSURANCE CORPORATION is an HMO with its principal place of business in Waukesha, Wisconsin.

80. CAREMORE HEALTH SYSTEM is a health insurer with its principal place of business in Indianapolis, Indiana.

81. EMPIRE HEALTHCHOICE ASSURANCE, INC. is a health insurer with its principal place of business in New York, New York.

82. EMPIRE HEALTHCHOICE HMO, INC. is an HMO with its principal place of business in New York, New York.

83. GREATER GEORGIA LIFE INSURANCE COMPANY, INC. is a health insurer with its principal place of business in Atlanta, Georgia.

84. HEALTHLINK HMO, INC. is an HMO with its principal place of business in St. Louis, Missouri.

85. HEALTHKEEPERS, INC. is an HMO with its principal place of business in Richmond, Virginia.

86. HEALTHY ALLIANCE LIFE INSURANCE COMPANY is a health insurer with its principal place of business in St. Louis, Missouri.

87. HMO COLORADO, INC. is an HMO with its principal place of business in Denver, Colorado.

88. HMO MISSOURI, INC. is an HMO with its principal place of business in St. Louis, Missouri.

89. MATTHEW THORNTON HEALTH PLAN, INC. is an HMO with its principal place of business in Manchester, New Hampshire.

90. ONENATION INSURANCE COMPANY is a health insurer with its principal place of business in Indianapolis, Indiana.

91. RIGHTCHOICE INSURANCE COMPANY is a health insurer with its principal place of business in St. Louis, Missouri.

92. ROCKY MOUNTAIN HOSPITAL AND MEDICAL SERVICE, INC. is a health insurer with its principal place of business in Denver, Colorado.

93. UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST is a health insurer with its principal place of business in Chicago, Illinois.

94. UNICARE HEALTH PLAN OF KANSAS, INC. is an HMO with its principal place of business in Thousand Oaks, California.

95. UNICARE HEALTH PLANS OF TEXAS, INC. is an HMO with its principal place of business in Chicago, Illinois.

96. UNICARE HEALTH PLAN OF WEST VIRGINIA, INC. is an HMO with its principal place of business in Thousand Oaks, California.

97. UNICARE LIFE & HEALTH INSURANCE COMPANY is a health insurer with its principal place of business in Chicago, Illinois.

98. WELLPOINT INSURANCE SERVICES, INC. is an insurance company with its principal place of business in Honolulu, Hawaii.

99. WELLPOINT PARTNERSHIP PLAN, LLC is a health insurer with its principal place of business in Indianapolis, Indiana.

B. Defendants

100. Defendant AstraZeneca AB is a company organized and existing under the laws of Sweden, having its principal place of business in Sodertalje, Sweden.

101. Defendant Aktiebolaget Hassle is a company organized and existing under the laws of Sweden, having its principal place of business in Molndal, Sweden.

102. Defendant AstraZeneca LP is a limited partnership organized under the laws of Delaware, having its principal place of business in Wilmington, Delaware. AstraZeneca LP holds an approved New Drug Application from the FDA for a delayed-release esomeprazole magnesium formulation that it sells throughout the United States under the brand-name Nexium.

103. Defendant Ranbaxy Pharmaceuticals, Inc. is a company organized and existing under the laws of Florida, with its principal place of business at 9431 Florida Mining Blvd. East, Jacksonville, Florida. Ranbaxy Pharmaceuticals, Inc. is a wholly-owned subsidiary of Ranbaxy Laboratories Limited.

104. Defendant Ranbaxy Laboratories Limited is a public limited liability company organized and existing under the laws of India, with a principal place of business located at Plot 90, Sector 32, Gurgaon-122001 (Haryana), India.

105. Defendant Ranbaxy, Inc. is a Delaware corporation, having a place of business at 600 College Road East, Suite 2100, Princeton, New Jersey.

106. Defendants Ranbaxy Pharmaceuticals, Inc., Ranbaxy Laboratories Limited, and Ranbaxy, Inc. are engaged in the worldwide marketing, production and distribution of generic pharmaceutical products.

107. Defendant Teva Pharmaceutical Industries, Ltd. is an Israeli corporation having its principal place of business at 5 Basel St, P.O. Box. 3190, Petach Tikva 49131, Israel.

108. Defendant Teva Pharmaceuticals USA, Inc. is a Delaware corporation, having a principal place of business at 1090 Horsham Road, P.O. Box 1090, North Wales, Pennsylvania.

109. Defendants Teva Pharmaceutical Industries, Ltd. and Teva Pharmaceuticals USA, Inc. are the largest generic manufacturers of pharmaceuticals in the world.

110. Defendant Dr. Reddy's Laboratories, Ltd. is an Indian pharmaceutical company with its principal place of business at Door No 8-2-337, Road No 3, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India.

111. Defendant Dr. Reddy's Laboratories, Inc. is a New Jersey corporation with its principal place of business at 200 Somerset Corp. Blvd., Bridgewater, New Jersey. On information and belief, Dr. Reddy's Laboratories, Inc. is a wholly-owned subsidiary of Dr. Reddy's Laboratories, Ltd.

112. All of Defendants' actions described in this Complaint are part of, and in furtherance of, the unlawful conduct alleged herein, and were authorized, ordered, and/or done

by Defendants' various officers, agents, employees, or other representatives while actively engaged in the management of Defendants' affairs (or that of their predecessors-in-interest) within the course and scope of their duties and employment, and/or with the actual, apparent, and/or ostensible authority of Defendants.

JURISDICTION AND VENUE

113. This Court has personal jurisdiction over Defendants because Defendants carry on a continuous and systematic part of their general business within the Commonwealth of Pennsylvania. This Court may exercise personal jurisdiction over Defendants consistent with due process and under 42 Pa. Cons. Stat. § 5301(a)(2) and 42 Pa. Cons. Stat. § 5322.

114. Venue is proper here, under Pa. R.C.P. 1006 and 2179, because transactions or occurrences out of which the causes of action arise took place in Philadelphia County.

I. REGULATORY AND ECONOMIC BACKGROUND

A. The Hatch-Waxman Act and FDA Approval Process

115. Under the Federal Food, Drug, and Cosmetics Act (21 U.S.C. §§ 301-392), a manufacturer who creates a new, pioneer drug must obtain the approval of the FDA to sell the new drug by filing a New Drug Application ("NDA"). An NDA must include submission of specific data concerning the safety and efficacy of the drug, as well as any information on applicable patents.

116. In 1984, Congress amended the Food, Drug and Cosmetics Act with the enactment of the Hatch-Waxman Act ("Hatch-Waxman"). Hatch-Waxman simplified the regulatory hurdles for prospective generic manufacturers by eliminating the need for them to file a lengthy and costly NDA to obtain FDA approval. Instead, the FDA provides an expedited review process by which generic manufacturers may file an ANDA. The ANDA applicant may

rely on the safety and efficacy findings of the brand-name drug manufacturer in its NDA if the ANDA demonstrates its proposed generic drug is "bioequivalent" to the corresponding brand-name drug. Bioequivalence requires delivery of the same active ingredient into the body at the same rate as the brand.

117. As a counter-balance, Hatch-Waxman streamlined the process for a brand-name manufacturer to enforce its patents against infringement by generic manufacturers, and provided the brand-name manufacturer with the ability to easily obtain what is essentially a preliminary injunction, in the form of a stay of up to 30 months of FDA approval of generic manufacturer's ANDAs.

118. When the FDA approves a brand-name manufacturer's NDA, it lists in the Orange Book any patents which, according to information supplied to the FDA by the brand-name manufacturer: (1) cover the approved drug or its approved uses; and (2) for which "a claim of patent infringement could reasonably be asserted if a person not licensed by the owner engaged in the manufacture, use, or sale of the drug." 21 U.S.C. § 355(b)(l); 21 U.S.C. § 355(g)(7)(A)(iii).

119. To obtain FDA approval of an ANDA (and thus the right to sell a generic version of a brand-name drug), a generic manufacturer must certify that the generic drug addressed in its ANDA will infringe no patent listed in the Orange Book claiming the brand-name drug. Under Hatch-Waxman, a generic manufacturer's ANDA must contain one of four certifications:

a. that no patent for the brand-name drug has been filed with the FDA (a "Paragraph I Certification");

b. that the patent for the brand-name drug has expired (a "Paragraph II Certification");

c. that the patent for the brand-name drug will expire on a particular date and the generic company does not seek to market its generic product before that date (a

"Paragraph III Certification"); or

d. that the patent for the brand-name drug is invalid or will not be infringed by the generic manufacturer's proposed product (a "Paragraph IV Certification").

21 U.S.C. § 355(g)(2)(A)(vii).

120. Alternatively, with a method-of-use patent, an ANDA may assert that the patent is inapplicable to the use (commonly referred to as the "indication") for which the drug product will be marketed (commonly called a "Section VIII Statement").

121. When a generic manufacturer files a Paragraph IV Certification asserting that a patent listed in the Orange Book is invalid or will not be infringed, it must promptly give notice of its certification to both the brand manufacturer and the owner of the patent. If either files a patent infringement lawsuit against the ANDA filer within 45 days of receiving the Paragraph IV certification, the FDA may not grant final approval to the ANDA until the earlier of (a) 30 months or (b) a court ruling that the patent is invalid or not infringed by the generic manufacturer's ANDA. 21 U.S.C. § 355(j)(5)(B)(iii).

122. During the 30-month stay, the FDA may grant "tentative approval" to an ANDA applicant if the FDA determines that the ANDA would otherwise qualify for final approval, but cannot authorize the generic manufacturer to market its drug before the 30-month stay expires or a court rules on invalidity and infringement.

123. Congress also created incentives for drug manufacturers to seek approval of generic alternatives to branded drugs and challenge weak patents. The Hatch-Waxman Amendments grant a 180-day period of market exclusivity to the first Paragraph IV ANDA applicant to file a substantially complete ANDA. During the 180-day exclusivity period (measured from the first commercial marketing of the generic), the first filer enjoys temporary freedom from competition from other generic versions of the drug, and can sell the generic for a

higher price than when multiple generics enter the market. The brand-name manufacturer may, however, market its own generic equivalent of the brand-name drug (known as an "authorized generic") during the 180-day period giving purchasers three competing choices (i) the brand-name drug; (ii) the Paragraph IV ANDA generic; and (iii) the authorized generic, resulting in even more competitive pricing.

124. On December 8, 2003, Congress enacted the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA") in order to make it more difficult for brand and generic pharmaceutical companies to conspire to delay the start of the first-filer's 180-day period of generic market exclusivity. The MMA outlines a number of conditions under which an ANDA applicant forfeits its eligibility for 180-day exclusivity, allowing other ANDA filers to launch their generic products.

125. Under the "failure to market" provision, a first ANDA applicant forfeits 180-day exclusivity if it fails to market its generic drug by the later of: (a) the earlier of the date that is (i) 75 days after receiving final FDA approval; or (ii) 30 months after the date it submitted its ANDA; or (b) the date that is 75 days after the date as of which, as to each of the patents that qualified the first applicant for exclusivity (*i.e.*, as to each patent for which the first applicant submitted a Paragraph IV certification), at least one of the following has occurred: (i) a final decision of invalidity or non-infringement; (ii) a settlement order entering final judgment that includes a finding that the patent is invalid or not infringed; or (iii) the NDA holder delists the patent from the FDA Orange Book.

126. Once the FDA approves a generic version of a branded drug, it receives an "AB" rating from the FDA. Typically, AB-rated generic versions of brand-name drugs are priced significantly below the brand-name counterparts. Because of the price differentials, and other

institutional features of the pharmaceutical market, AB-rated generic versions are rapidly and substantially substituted for their brand-name counterparts. When multiple generic manufacturers enter the market, prices for generic versions of a brand-name drug predictably decrease much more significantly because of price competition among the generic manufacturers, and because the shift of sales volume from the brand-name drug to the corresponding generics is so dramatic. The FTC estimates that the price for a generic version of a drug will drop more than 90 percent below the price of the branded product when multiple generics are on the market. *See, e.g.*, http://www.ftc.gov/sites/default/files/documents/public_statements/pay-delay-settlements-pharmaceutical-industry-how-congress-can-stop-anticompetitive-conduct-protect/090623payfordelayspeech.pdf.

127. An AB rating is critical to a generic manufacturer because, under the statutory regime enacted by both Congress (*i.e.*, Hatch-Waxman) and most state legislatures (*i.e.*, Drug Product Selection laws, or "DPS laws"), pharmacists may (and in most states, must) substitute only an AB-rated generic for the brand-name drug, without seeking or obtaining permission from the prescribing doctor. Both Congress and the state legislatures have actively encouraged generic substitution because of their recognition that the economics of the pharmaceutical industry prevent generic manufacturers from simultaneously: (a) engaging in the type of heavy promotion or "detailing" typically done by brand-name manufacturers; and (b) providing the enormous cost savings to purchasers and consumers generated by generic drugs.

128. Congress enacted the Hatch-Waxman Amendments to expedite the entry of legitimate (non-infringing) generic competitors, thereby reducing healthcare expenses nationwide. Congress also sought to protect pharmaceutical companies' incentives to create new and innovative products.

129. The Hatch-Waxman Amendments achieved both goals, substantially advancing the rate of generic product launches, and ushering in an era of historic high profit margins for brand-name pharmaceutical companies. In 1983, before the Hatch-Waxman Amendments, only 35% of the top-selling drugs with expired patents had generic alternatives; by 1998, nearly all did. In 1984, prescription drug revenue for branded and generic drugs totaled $21.6 billion, with generic drugs accounting for 18.6% of prescriptions. By 2009, total prescription drug revenue soared to $300 billion, with generic drugs accounting for 75% of prescriptions.

130. Generic competition enables purchasers to purchase generic versions of brand-name drugs at substantially lower prices. However, until generic manufacturers enter the market with an AB-rated generic, there is no bioequivalent generic drug which competes effectively with the brand-name drug, and therefore, the brand-name manufacturer can continue to charge and even increase at supra-competitive prices profitably without losing a substantial portion of its sales. Consequently, brand-name drug manufacturers have a strong incentive to use various tactics, including the tactics alleged here, to delay the introduction of AB-rated generic competition into the market.

B. No-Authorized Generic Agreements

131. An authorized generic drug is chemically identical to the brand-name drug, but marketed and sold as a generic product under the branded product's original NDA. Brand-name companies frequently launch authorized generics to compete with first-filing generics and preserve their profits during the 180-day exclusivity period. Competition between the authorized generic and the first-filing generic during the 180-day exclusivity period lowers prices for drug purchasers.

132. Authorized generics have a significant negative impact on a first-filing generic's revenues. In an August 2011 report issued by the Federal Trade Commission ("FTC"), *Authorized Generic Drugs: Short-Term Effects and Long-Term Impact*, the FTC concluded, after analyzing documents and empirical data from more than 100 companies, that authorized generics reduce a first-filer's revenues by approximately 50 percent during the 180-day exclusivity period. The negative effects of an authorized generic on the first-filer also continue well after exclusivity expires, as the FTC found that revenues of the first-filer generic in the 30 months following exclusivity are between 53 percent and 62 percent lower when facing an authorized generic. The FTC also concluded that wholesale and retail prices decrease when the first-filer competes with an authorized generic.

133. According to the FTC, because freedom from an authorized generic is extremely valuable to first-filing generics, promises not to compete an authorized generic are a form of consideration paid by brand manufacturers to generics in exchange for the generics' agreement to delay market entry. Although a brand company will lose some product revenue and profits from agreeing not to market an authorized generic, it makes far more in branded profits and sales by paying a generic to delay market entry with the no-authorized generic agreement. Thus, the brand and generic companies reap greater revenues and profits under no-authorized generic agreements, but purchasers are forced to pay higher prices resulting from the delay in generic competition bought by the no-authorized generic agreement and the lack of competition between the first-filing generic and the authorized generic during the 180-day exclusivity period (once the first-filing generic finally launches its generic product).

134. No-authorized generic agreements come in many forms. They are commonly structured as an "exclusive license" under which the brand company agrees to grant the first-filing generic exclusivity to market its generic product during the 180-day exclusivity period.

135. For a generic company which is first to file an ANDA for a $3 billion a year branded product like Nexium, the difference between selling the only generic product and having to compete with an authorized generic can amount to hundreds of millions of dollars or more. These economic realities, as confirmed and presented by the FTC in its 2011 authorized generic report, are well known in the pharmaceutical industry.

C. The Economic Model of Prescription Drug Purchases and Sales

136. A prescription drug is typically sold in capsule or tablet form through a distribution chain of manufacturers to wholesalers to retail pharmacies, which deliver the product to patients with prescriptions. The drug passes in unaltered form through the chain from manufacturer to patient. This is the case with Nexium.

137. Although a minority of patients do not have TPP pharmacy benefits, in the overwhelming majority of the cases, the end payer for a prescription drug is a dual payer comprising a patient and his TPP.

138. The retail price TPPs pay for a prescription drug is directly and inextricably intertwined with the wholesale prices charged by drug manufacturers, as the TPPs are by-in-large the source of drug manufacturers' revenues and the targets of drug manufacturers' marketing actions, including illegal and inequitable actions such as those described herein. This is the case with Nexium.

139. Manufacturers of brand-name prescription drugs sell the drug in tablet or capsule form, ready for consumption, to wholesalers and large pharmacies at a discount to the

manufacturer's published price. Wholesalers in turn typically sell the branded drug to retail pharmacies at a slightly smaller discount from the published price, thereby achieving a small percentage markup.

140. Virtually all United States pharmacies have dispensing contracts with TPPs or with TPPs through Pharmacy Benefit Managers ("PBMSs"). Under these contracts, for drugs dispensed to members of TPP plans, pharmacies typically charge the TPP and consumer endpayers a retail price based on a percentage of the published price, plus a dispensing fee of $1.00-$5.00 per prescription. The pharmacies collect a co-payment from the member, which typically ranges from $10-$50 (with a lower co-payment for generic drugs), and the balance from the TPP.

141. After AB-rated generic bioequivalents of a branded drug become readily available, often TPPs reduce the amount they will pay to the pharmacy to a price based upon the lower price of the available generic.

142. For some TPPs, the TPPs' members either accept the lower-priced generic (which generally reduces the amount of his or her co-payment), or pay the difference between what the TPP would pay for the generic versus the branded drug.

143. Some health benefit plan members have a dual-payment relation whereby, instead of a flat co-payment by the consumer, the member pays a percentage of the prescription cost and the TPP pays the balance.

144. For the minority of consumers without a TPP co-payer, the entire price of prescription drug is paid by such consumers.

II. FACTUAL ALLEGATIONS

A. Defendants' Unlawful Conduct

1. AstraZeneca Files Paragraph IV Litigation Against the Generic Defendants

145. Nexium is a prescription proton pump inhibitor ("PPI") used to treat heartburn and related conditions. The active ingredient in Nexium is esomeprazole magnesium. Its pharmacological profile, and thus its side effect and efficacy profile, is different than other PPIs, H2 blockers, and non-prescription antacids that are used to treat the same or similar conditions. Those other drugs are not AB-rated to Nexium, cannot be automatically substituted for Nexium by pharmacists, do not exhibit substantial cross-price elasticity of demand with respect to Nexium, and thus are not economic substitutes for, nor reasonably interchangeable with, Nexium.

146. On December 3, 1999, AstraZeneca submitted NDA 21-153 seeking FDA approval to market esomeprazole magnesium delayed-release capsules in 20 mg and 40 mg strengths under the brand-name Nexium for the healing of erosive esophagitis, maintenance of healing of erosive esophagitis, and treatment of symptomatic gastroesophageal reflux disease. The FDA approved AstraZeneca's NDA for Nexium on February 20, 2001.

147. In connection with its Nexium NDA, AstraZeneca listed fourteen patents in the FDA Orange Book as covering Nexium or a method of using Nexium (the "Nexium patents"). Although the Nexium patents purport to cover, among other things, compounds and pharmaceutical compositions comprised of magnesium salts of esomeprazole, and methods of using those compounds and compositions, a substantial risk existed that the patents would be invalidated upon a challenge from generic manufacturers.

148. Among other reasons, the Nexium patents are inherently weak because the esomeprazole "invention" described in the various Nexium patents is *prima facie* obvious in light of the prior art, including, but not limited to, AstraZeneca's prior PPI drug, Prilosec.

149. The active ingredient in Prilosec is omeprazole. Omeprazole is a "racemate," which is a substance consisting of equal parts of two different isomers of the same molecule. The different isomers, known as "enantiomers," are non-superimposable mirror images of one another but are otherwise identical. Human hands are commonly used to illustrate this principle. A person's left hand and right hand are non-superimposable mirror images of each other. Pairs of enantiomers share many chemical and physical properties, though they may exhibit very different biologic activity. For example, it is commonly known that one enantiomer of the pair will be more biologically active than the other.

150. A 20 mg dose of the racemate omeprazole contains 10 mg of the left-handed or "S" (for *sinister*, the Latin word for "left-handed") enantiomer and 10 mg of the right-handed or "R" enantiomer. Nexium, which contains esomeprazole, the S-enantiomer of omeprazole, is simply Prilosec without the less active R-enantiomer.

151. Under well-settled patent law principles, in the case of chemical compounds where the prior art is close enough to the claimed invention to give one skilled in the relevant chemical art the motivation to make close relatives of the prior art compound, like enantiomers, a presumption of obviousness arises, *i.e.*, a *prima facie* case of obviousness. Accordingly, enantiomers like Nexium are frequently assumed to be *prima facie* obvious in light of their racemates, shifting the burden to the patentee to establish validity.

152. AstraZeneca faced substantial risk that its Nexium patents would be invalidated through patent litigation. In fact, the European Patent Office ruled, first in 2006 and then again in

2011, in connection with opposition proceedings brought by generic manufacturers, including Generic Defendant Teva, that two European Nexium patents—which are similar to U.S. Nexium patents—were not just presumed to be invalid, but actually were invalid and thus revoked the patents for failing to satisfy the "inventive step" requirement, which is analogous to obviousness under U.S. patent law.

153. Because the Nexium patents are particularly susceptible to attack on validity grounds, generic companies were eager to apply for FDA approval to market generic versions of Nexium prior to the expiration of the Nexium patents.

154. On or about October 14, 2005, Generic Defendant Ranbaxy notified AstraZeneca that it filed ANDA No. 77-830, seeking to market generic versions of Nexium containing 20 mg and 40 mg of esomeprazole magnesium in delayed-release capsules. Ranbaxy's notice letter included a Paragraph IV certification that the commercial manufacture, use and/or sale of its generic Nexium product would not infringe any valid claim of any patent that expired after October 2007 listed in the FDA Orange Book as covering Nexium or a method of using Nexium.

155. On November 21, 2005, AstraZeneca filed suit in the United States District Court for the District of New Jersey pursuant to Hatch-Waxman (the "Ranbaxy Litigation"), alleging that Ranbaxy's generic Nexium product would infringe six patents, five of which were Orange Book-listed: U.S. Patent No. 5,714,504 (the "'504 patent"); U.S. Patent No. 5,877,192 (the "'192 patent); U.S. Patent No. 6,875,872 (the "'872 patent"); U.S. Patent No. 6,428,810 (the "'810 patent"); U.S. Patent No. 6,369,085 (the "'085 patent"); and U.S. Patent No. 5,948,789 (the "'789 patent"). Each of the patents was weak and likely to be adjudicated invalid, unenforceable, or non-infringed during the Ranbaxy Litigation.

156. AstraZeneca never brought litigation against Ranbaxy on the other nine Nexium patents it had listed in the Orange Book: U.S. Patent No. 4,786,505 (the "'505 patent"); U.S. Patent No. 4,853,230 (the "'230 patent); U.S. Patent No. 4,738,974 (the "'974 patent"); U.S. Patent No. 5,690,960 (the "'960 patent"); U.S. Patent No. 5,900,424 (the "'424 patent"); U.S. Patent No. 7,411,070 (the "'070 patent"); U.S. Patent No. 6,147,103 (the "'103 patent"); U.S. Patent No. 6,191,148 (the "'148 patent"); and U.S. Patent No. 6,166,213 (the "'213 patent"). These nine patents would not have barred Ranbaxy's market entry in April 2008 or anytime thereafter.

157. There was substantial uncertainty that AstraZeneca would prevail in asserting infringement claims against Ranbaxy. The Nexium patents, absent the unlawful Agreement, would not have barred Ranbaxy's entry in the market with a generic Nexium product in April 2008 or anytime thereafter.

158. On or about January 26, 2006, Generic Defendant Teva notified AstraZeneca that it filed ANDA No. 78-003, seeking to market generic versions of Nexium containing 20 mg and 40 mg of esomeprazole magnesium in delayed-release capsules. Teva's notice letter included a Paragraph IV certification that the commercial manufacture, use and/or sale of its generic product would not infringe any valid claim of any patent listed in the FDA Orange Book as covering Nexium or a method of using Nexium.

159. On March 8, 2006, AstraZeneca filed suit against Teva in the United States District Court for the District of New Jersey pursuant to Hatch-Waxman (the "Teva Litigation"), alleging that Teva's generic Nexium product would infringe five of the patents listed in the Orange Book for Nexium: the '504; '192; '872; '810; and '085 patents. Subsequently, AstraZeneca amended its complaint, dropping its allegation that Teva infringed the '810 patent

and adding an allegation that Teva infringed the ’789 patent and U.S. Patent No. 7,411,070 (the “’070 patent”). Each of the patents was weak and likely to be adjudicated invalid, unenforceable, or non-infringed during the Teva Litigation.

160. AstraZeneca never brought litigation against Teva on the other eight Nexium patents it had listed in the Orange Book: the ’505 patent; the ’230 patent; the ’974 patent; the ’960 patent; the ’424 patent; the ’103 patent; the ’148 patent; and the ’213 patent. These eight patents would not have barred Teva’s market entry in late 2008 or anytime thereafter.

161. There was substantial uncertainty that AstraZeneca would prevail in asserting infringement claims against Teva. The Nexium patents, absent the unlawful Agreement, would not have barred Teva’s early entry in the market with a generic Nexium product.

162. On August 17, 2006, Generic Defendant Dr. Reddy’s notified AstraZeneca that it filed ANDA No. 78-279, seeking to market generic versions of Nexium containing 20 mg and 40 mg of esomeprazole magnesium in delayed-release capsules. Dr. Reddy’s notice letter included a Paragraph IV certification that the commercial manufacture, use and/or sale of its generic product would not infringe any valid claim of seven of the Orange Book-listed patents, including the ’085 and the ’810 patents. On December 4, 2007, Dr. Reddy’s amended its ANDA to assert that its proposed generic Nexium product would not infringe the ’504, ’192 or ’872 patents, or that those patents were invalid.

163. On January 17, 2008, AstraZeneca filed suit in the United States District Court for the District of New Jersey pursuant to Hatch-Waxman (the “Dr. Reddy’s Litigation”), alleging that Dr. Reddy’s generic Nexium product would infringe three of the patents listed in the Orange Book for Nexium: the ’504; ’872; and ’085 patents. In reply to Dr. Reddy’s answer, AstraZeneca also asserted that Dr. Reddy’s proposed generic Nexium product would infringe the ’192 patent.

These patents were weak and likely to be adjudicated invalid, unenforceable, or non-infringed during the Dr. Reddy's Litigation.

164. AstraZeneca later dropped its claim that Dr. Reddy's infringed the '085 patent. The parties entered a Consent Agreement pursuant to which the court entered a final decision that Dr. Reddy's generic Nexium product did not infringe any claim of the '085 patent.

165. On May 19, 2008, Dr. Reddy's filed a complaint seeking a declaratory judgment that its generic Nexium product would not infringe the '960 patent; the '424 patent; the '103 patent; the '148 patent; the '213 patent; or the '810 patent. In its answer, AstraZeneca admitted that Dr. Reddy's proposed generic Nexium product would not infringe the '148 patent or the '810 patent.

166. AstraZeneca never brought litigation against Dr. Reddy's on the other ten Nexium patents it had listed in the Orange Book: the '505 patent; the '230 patent; the '974 patent; the '960 patent; the '424 patent; the '103 patent; the '148 patent; the '213 patent; the '810 patent; and the '070 patent. These ten patents would not have barred Dr. Reddy's market entry.

167. There was substantial uncertainty that AstraZeneca would prevail in asserting infringement claims against Dr. Reddy's. The Nexium patents, absent the unlawful Agreement, would not have barred Dr. Reddy's early entry in the market with a generic Nexium product.

168. AstraZeneca's actions against the Generic Defendants were consolidated, and the Generic Defendants conducted discovery supporting a host of defenses focusing on: (1) the enforceability of the Nexium patents; (2) the validity of the Nexium patents' claims; and (3) the strength of AstraZeneca's infringement allegations.

169. AstraZeneca and the Generic Defendants entered Exclusion Payment Agreements before any dispositive motions relating to the Generic Defendants' substantive challenges to the patents were decided.

170. To prevent generic entry using just its patents (rather than pay-offs), AstraZeneca would have had to show that each of the generic Nexium products infringed its patents and defeat each of the generic companies' invalidity arguments. AstraZeneca instead decided to protect its monopoly by paying all of the Generic Defendants to withdraw their challenges to the patents' validity and enforceability and delay their introduction of generic Nexium. And that is precisely what AstraZeneca has done, in concert with the Generic Defendants.

171. As described in detail below, the Exclusion Payment Agreements were part of an overarching scheme consisting of, *inter alia*: (a) unlawful agreements to delay generic entry between AstraZeneca and each individual Generic Defendant; and (b) an agreement, engineered by AstraZeneca, not to compete with, between and among AstraZeneca and the Generic Defendants. The Agreements each contain the same agreed-upon generic entry date, as well as a provision that allows a settling Generic Defendant to accelerate market entry if another generic competitor successfully challenged the Nexium patents.

2. AstraZeneca and Ranbaxy Enter an Exclusion Payment Agreement

172. On or about April 14, 2008, shortly after discovery ended and before the court could issue any substantive rulings, AstraZeneca and Ranbaxy entered into the AstraZeneca/Ranbaxy Exclusion Payment Agreement. Pursuant to that Agreement, AstraZeneca ended its litigation against first-filer Ranbaxy, and the court entered a consent judgment on the exact same day that the 30-month stay of FDA approval of Ranbaxy's generic Nexium product expired.

173. Under the Exclusion Payment Agreement, Ranbaxy agreed to: (a) admit that the '504, '192, '789, '085, '810 and '872 patents were enforceable and valid; (b) admit that its generic Nexium products would infringe the '504, '192, '789 and '872 patents (but not the '810 or '085 patents); and (c) delay launching its generic Nexium product until May 27, 2014 unless otherwise specifically authorized by the Agreement (which included earlier entry by another generic).

174. As the *quid pro quo* for Ranbaxy's agreement to drop its challenge to the Nexium patents listed above and to delay entry of its generic Nexium product until May 27, 2014, AstraZeneca agreed, pursuant to the Agreement, to effectively pay Ranbaxy over a billion dollars.

175. Shortly after AstraZeneca and Ranbaxy entered the Agreement, Ranbaxy's Chief Executive Officer, Malvinder Singh, boasted that the Agreement would give Ranbaxy as much as *$1.5 billion* in revenue between the date of the Agreement and the end of its 180-day marketing exclusivity in 2014. Singh characterized the Agreement as "the biggest and most comprehensive settlement to date by any generic company globally." Upon information and belief, AstraZeneca has already paid Ranbaxy millions of dollars under their Agreement.

176. However, according to a press statement published two days after the Agreement, the bulk of Ranbaxy's revenues under the Agreement will not accrue until 2014—when Ranbaxy is able to launch its generic Nexium product for 180 days free of competition from any other generic Nexium product, including an authorized generic sold by AstraZeneca. As part of its consideration to induce Ranbaxy's agreement to delay its market entry until May 27, 2014, AstraZeneca agreed, pursuant to an exclusive license, not to launch an authorized generic during

Ranbaxy's 180-day exclusivity period. This no-authorized generic agreement constituted a substantial payment to Ranbaxy—nearly one billion dollars.

177. Although AstraZeneca's payments to Ranbaxy under the Agreement are characterized as an exclusive license and payments for Ranbaxy's performance of manufacturing and distribution services for AstraZeneca, those characterizations are pretextual. In fact, the payments from AstraZeneca to Ranbaxy were for Ranbaxy's agreement to delay generic competition to Nexium for over six years. Absent Ranbaxy's agreement to delay entry into the market with generic Nexium, AstraZeneca would not have made the no-authorized generic agreement or agreed to designate Ranbaxy as a supplier of Nexium and Nexium API, or as the authorized generic distributor for Plendil or Prilosec, and/or would not have agreed to the price and/or other terms that it did under those provisions of the Agreement. AstraZeneca paid Ranbaxy for delayed market entry of generic Nexium.

3. AstraZeneca Enters Exclusion Payment Agreements with Teva and Dr. Reddy's to Strengthen the Bottleneck Created by the AstraZeneca/Ranbaxy Exclusion Payment Agreement

178. On April 30, 2008, shortly after AstraZeneca and Ranbaxy entered their Agreement, Generic Defendant Teva filed a declaratory judgment action against AstraZeneca seeking a ruling of invalidity and non-infringement regarding the remaining Orange Book-listed patents that AstraZeneca did not sue Teva for infringing in connection with Teva's generic Nexium ANDA. Teva filed its declaratory judgment action in an attempt to obtain a favorable judgment regarding all Orange Book-listed Nexium patents and thus uncork the FDA approval bottleneck caused by AstraZeneca's settlement with first-filer Ranbaxy, which (absent some other forfeiture event) ensures that Ranbaxy will not trigger its 180-day marketing exclusivity until May 27, 2014. Dr. Reddy's followed in May 2008 with its own declaratory judgment action seeking a ruling of non-infringement with respect to the unasserted Orange Book-listed patents.

179. In response to AstraZeneca's motion to dismiss its declaratory judgment action for lack of jurisdiction, Teva accused AstraZeneca of gaming the system "to take advantage of what [Teva] contends is an *invalid and illegitimate patent monopoly*." According to Teva, as a result of the Exclusion Payment Agreement between AstraZeneca and Ranbaxy, if it could not "challenge the patents in suit, the patents will represent a six-year barrier to anyone entering the market, regardless of whether they are valid or would be infringed. In those circumstances, [Teva] would be precluded from marketing its product and the public would not have access to lower-priced esomeprazole *even though no legitimate patent rights protect defendants' monopoly*."

180. The court denied in substantial part AstraZeneca's motion to dismiss the declaratory judgment actions, but granted AstraZeneca's motion to stay the declaratory action pending resolution of the main infringement action. Although on reconsideration the court permitted the declaratory judgment actions to proceed, AstraZeneca succeeded in delaying for approximately six months Teva's and Dr. Reddy's efforts to obtain a court judgment that could allow generic market entry before May 27, 2014.

a. AstraZeneca and Teva Enter an Exclusion Payment Agreement

181. In the interim, however, Teva and AstraZeneca entered into the AstraZeneca/Teva Agreement. Although claim construction was briefed during the summer of 2009, AstraZeneca and Teva, pursuant to their Agreement, repeatedly asked the court to postpone construing the contested claims of the Nexium patents. The protracted delay meant that the court had issued no substantive rulings as of January 7, 2010. On or about that date, AstraZeneca and Teva entered into the AstraZeneca/Teva Exclusion Payment Agreement, which ended the litigation between AstraZeneca and Teva.

182. Under the Exclusion Payment Agreement, Teva agreed to: (a) admit that all patents then listed in the Orange Book as covering Nexium "are all enforceable and valid with respect to certain products;" (b) admit that its generic Nexium product would infringe the '504, '192, '789, '085, '872 and '070 patents; and (c) delay launching its generic Nexium until May 27, 2014 unless otherwise specifically authorized by the Agreement (which included earlier entry by another generic).

183. As the *quid pro quo* for Teva's agreement to drop its challenge to the Nexium patents and to delay entry of its generic Nexium product until May 27, 2014, AstraZeneca agreed, pursuant to the Agreement, to pay Teva. That payment came in the form of AstraZeneca's forgiveness of Teva from a contingent liability.

184. Teva had an enormous contingent liability to AstraZeneca. On September 9, 2004, Teva had commenced an "at risk" launch of generic Prilosec, which was manufactured by its marketing partner Impax. In 2008, the Federal Circuit affirmed the district court's ruling that the Prilosec patents were valid and infringed by Impax's generic Prilosec product. Because Teva and Impax shared the risk with respect to any damages associated with the sale of the generic Prilosec product, there was substantial risk that Teva would owe AstraZeneca potentially massive infringement damages resulting from years of infringing generic Prilosec sales. As part of and simultaneously with their Exclusion Payment Agreement, Teva and AstraZeneca agreed that Teva would pay only an amount that AstraZeneca characterized as not financially material to account for its past infringing Prilosec sales. By forgiving the substantial part of Teva's contingent liability with respect to a different drug, AstraZeneca paid Teva.

185. The true purpose and effect of AstraZeneca's payment to Teva was to delay generic competition to Nexium until May 27, 2014. Absent Teva's agreement to delay entry into

the market with generic Nexium, AstraZeneca would not have forgiven Teva substantially all of the contingent liability and/or would not have done so on the terms that it did. AstraZeneca paid Teva for delayed market entry of generic Nexium.

b. AstraZeneca and Dr. Reddy's Enter an Exclusion Payment Agreement

186. On or about January 28, 2011, before the court could issue any dispositive decision regarding the validity or infringement of the Nexium patents, AstraZeneca and Dr. Reddy's entered the AstraZeneca/Dr. Reddy's Exclusion Payment Agreement, which ended the litigation between AstraZeneca and Dr. Reddy's and delayed entry of Dr. Reddy's generic Nexium products until May 27, 2014 unless specifically authorized by the Agreement (which included earlier entry by another generic).

187. As the *quid pro quo* for Dr. Reddy's agreement to drop its challenge to the Nexium patents and to stay out of the Nexium market until May 27, 2014, AstraZeneca agreed to pay Dr. Reddy's by forgiving Dr. Reddy's from an outstanding contingent liability.

188. Dr. Reddy's had a substantial contingent liability to AstraZeneca. Dr. Reddy's had launched its generic version of AstraZeneca's Accolate product "at risk" in November 2010, following a summary judgment opinion in Dr. Reddy's favor that AstraZeneca appealed at the time of the Agreement. By agreeing, as part of and simultaneously with the Agreement, to drop its appeal and thereby remove the risk that Dr. Reddy's would have to pay substantial damages with respect to its generic Accolate sales, AstraZeneca paid Dr. Reddy's under the Agreement.

189. The true purpose and effect of AstraZeneca's payment to Dr. Reddy's was to delay generic competition to Nexium until May 27, 2014. Absent Dr. Reddy's agreement to delay entry into the market with generic Nexium, AstraZeneca would not have forgiven Dr.

Reddy's of the contingent liability against it and/or would not have done so on the terms that it did. AstraZeneca paid Dr. Reddy's for delayed market entry of generic Nexium.

190. By paying Teva and Dr. Reddy's not to market their generic Nexium products before May 27, 2014, and by doing so before the court could rule on the validity or infringement of the Nexium patents, AstraZeneca ensured that the second and third ANDA-filers could not dislodge the FDA approval bottleneck created by its Agreement with first-filer Ranbaxy.

B. Anticompetitive Purpose and Effect of the Agreements

191. AstraZeneca's payments to the Generic Defendants under the Exclusion Payment Agreements demonstrate Defendants' anticompetitive purpose and intent.

192. The Agreements harmed Plaintiffs by depriving them of a market in which manufacturers and distributors of generic drugs make their decisions about challenging patents, defending appeals, and entering markets free from the influence of payments from brand manufacturers. Contrary to the purpose of the Hatch-Waxman Act, the Agreements have enabled AstraZeneca and the Generic Defendants to: (a) preclude the entry of less expensive generic versions of Nexium products in the United States; (b) fix, raise, maintain, or stabilize the price of Nexium products; (c) permit AstraZeneca to maintain a monopoly in the U.S. market for Nexium products; and (d) allocate 100% of the U.S. market for delayed-release esomeprazole magnesium to AstraZeneca.

193. But for the Agreements: (i) Ranbaxy or another ANDA filer would have received final marketing approval from the FDA well before May 27, 2014 and Ranbaxy or another ANDA filer would have begun selling AB-rated generic versions of Nexium shortly thereafter; and (ii) an increasingly competitive market for delayed-release esomeprazole magnesium would have emerged following the expiration of Ranbaxy's 180-day exclusivity period, as additional generic manufacturers entered the market.

194. Defendants' unlawful concerted action has delayed or prevented the sale of generic Nexium in the United States, and unlawfully enabled AstraZeneca to sell Nexium at artificially inflated, supra-competitive prices. But for Defendants' illegal conduct, generic competition to Nexium would have occurred already, because one or more of the Generic Defendants would have already entered the market with its generic version of Nexium.

195. Because Defendants succeeded in delaying generic competition to Nexium, Plaintiffs, who collectively paid for a majority of the estimated $12 billion in Nexium purchases made since the Agreements were entered into, have been damaged in an amount not less than $6 billion dollars.

III. MONOPOLY POWER AND MARKET DEFINITION

196. AstraZeneca has monopoly power over delayed-release esomeprazole magnesium because it had the power to raise the price of the drug it sells as Nexium to supracompetitive levels without losing so many sales as to make those supracompetitive prices unprofitable.

197. A small but significant, non-transitory price increase for Nexium by AstraZeneca would not cause such a loss of sales.

198. At competitive levels, Nexium does not exhibit significant, positive cross-elasticity of demand with respect to price with any product other than AB-rated generic versions of Nexium.

199. Because of, among other reasons, its use and varying ability to heal erosive esophagitis, maintain the healing of erosive esophagitis, and treat symptomatic gastroesophageal reflux disease, Nexium is differentiated from all products other than AB-rated generic versions of Nexium.

200. AstraZeneca needed to control only Nexium and its AB-rated generic equivalents, and no other products, in order to maintain the price of Nexium profitably at supracompetitive prices. Only the market entry of a competing, AB-rated generic version of Nexium would render AstraZeneca unable to profitably maintain its supracompetitive prices of Nexium.

201. AstraZeneca also sold Nexium at prices well in excess of marginal costs, and in excess of the competitive price, and enjoyed high profit margins.

202. Defendants have had, and exercised, the power to exclude and restrict competition to Nexium and AB-rated bioequivalents.

203. AstraZeneca, at all relevant times, enjoyed high barriers to entry with respect to competition to the relevant product market due to patent and other regulatory protections and high costs of entry and expansion.

204. To the extent that Plaintiffs are legally required to prove monopoly power circumstantially by first defining a relevant product market, Plaintiffs allege that the relevant market is delayed-release esomeprazole magnesium (*i.e.*, Nexium and its AB-rated generic equivalents). During the period relevant to this case, AstraZeneca has been able to profitably maintain the price of delayed-release esomeprazole magnesium well above competitive levels.

205. The relevant geographic market is the United States and its territories.

206. At all relevant times, AstraZeneca's market share in the relevant market was and remains 100%, implying a substantial amount of monopoly power.

IV. MARKET EFFECTS AND DAMAGES

207. Ranbaxy's ANDA was in approvable condition as of February 5, 2008 when it received tentative approval. FDA issues tentative approval only when it determines that an ANDA would otherwise be ready for final approval but for the 30-month stay. Were it not for the

AstraZeneca/Ranbaxy Agreement, Ranbaxy would have received final FDA approval on a date well before May 27, 2014 and generic Nexium products would have entered the market shortly thereafter.

208. The FDA has not given Ranbaxy's generic Nexium ANDA final approval solely because FDA knows that the AstraZeneca/Ranbaxy Exclusion Payment Agreement prevents Ranbaxy from selling generic Nexium until May 27, 2014. By practice, FDA organizes its priorities around "rate limiters," and the AstraZeneca/Ranbaxy Agreement is a rate limiter that has caused FDA to wait to issue formal, written approval to Ranbaxy's ANDA.

209. Defendants' Exclusion Payment Agreements had the purpose and effect of restraining competition unreasonably and injuring competition by protecting Nexium from generic competition. Defendants' actions allowed AstraZeneca to maintain a monopoly and to exclude competition in the market for delayed-release esomeprazole magnesium, to the detriment of Plaintiffs.

210. Defendants' Exclusion Payment Agreements have delayed generic competition and unlawfully enabled AstraZeneca to sell Nexium without generic competition. But for Defendants' illegal conduct, one or more generic competitors would have begun marketing AB-rated generic versions of Nexium well before May 27, 2014, and AstraZeneca would have simultaneously launched an authorized generic version of Nexium.

211. The generic manufacturers seeking to sell generic Nexium had extensive experience in the pharmaceutical industry, including in obtaining approval for ANDAs and marketing generic pharmaceutical products, manufacturing commercial launch quantities adequate to meet market demand, and, where appropriate, paying and receiving consideration for selective waiver and/or relinquishment of 180-day first-to-file marketing exclusivities.

212. Defendants' Exclusion Payment Agreements, which delayed introduction into the United States marketplace of generic versions of Nexium, have caused Plaintiffs to pay billions of dollars more than they would have paid for delayed-release esomeprazole magnesium absent Defendants' illegal conduct.

213. But for the Exclusion Payment Agreements, Plaintiffs would have paid less for delayed-release esomeprazole magnesium by (a) substituting purchases of less-expensive AB-rated generic Nexium for their purchases of more-expensive branded Nexium, (b) receiving discounts on their remaining branded Nexium purchases, and (c) purchasing generic Nexium at lower prices sooner.

214. Moreover, due to Defendants' Exclusion Payment Agreements and the overarching scheme alleged herein, other generic manufacturers were discouraged from and/or delayed in (a) developing generic versions of Nexium, and/or (b) challenging the validity or infringement of the Nexium patents in court.

215. During the relevant time period, Plaintiffs purchased a majority of the Nexium purchases made in the United States. The chart below summarizes total Nexium sales in the United States from 2008-2013.

NEXIUM SALES RECORDS: 2008 – 2013

2008[1]	$3,101,000,000
2009[2]	$2,835,000,000
2010[3]	$2,695,000,000
2011[4]	$2,397,000,000
2012[5]	$2,272,000,000
2013[6]	$2,123,000,000

[1] 2008 AstraZeneca Annual Report at 58.
[2] 2009 AstraZeneca Annual Report at 61.
[3] 2010 AstraZeneca Annual Report at 57.
[4] 2011 AstraZeneca Annual Report at 62.
[5] 2012 AstraZeneca Annual Report at 56.
[6] 2013 AstraZeneca Annual Report at 216, 218.

216. As a result of Defendants' illegal conduct as alleged herein, Plaintiffs were compelled to pay, and did pay, artificially inflated prices—totaling billions of dollars—for delayed-release esomeprazole magnesium. Plaintiffs paid prices for delayed-release esomeprazole magnesium that were substantially greater than the prices that they would have paid absent the illegal conduct alleged herein, because: (1) they were deprived of the opportunity to purchase lower-priced generic Nexium instead of expensive brand-name Nexium; and (2) they paid artificially inflated prices for delayed-release esomeprazole magnesium.

217. As a consequence, Plaintiffs have sustained substantial losses and damage to their business and property in the form of overcharges. Based on Plaintiffs' majority market share and the fact that in a typical case a generic takes over 90% of the brand's unit sales and sells for 15% of the brand's price within one year after generic entry, Plaintiffs' damages are not less than $6 billion. However, the exact amount of damages will be the subject to proof at trial.

218. Thus, Defendants' unlawful conduct deprived Plaintiffs of the benefits of competition that the antitrust laws were designed to ensure.

V. ANTITRUST IMPACT

219. During the relevant period, Plaintiffs purchased substantial amounts of Nexium indirectly from Defendants. As a result of Defendants' illegal conduct, Plaintiffs were compelled to pay, and did pay, artificially inflated price for their delayed-release esomeprazole magnesium requirements. Those prices were substantially greater than the prices they would have paid absent the illegal conduct alleged herein, because: (1) the price of brand-name Nexium was artificially inflated by Defendants' illegal conduct, and (2) Plaintiffs were deprived of the opportunity to purchase lower-priced generic versions of Nexium.

220. As a consequence, Plaintiffs have sustained substantial losses and damage to their business and property in the form of overcharges exceeding $6 billion dollars. The full amount and forms and components of such damages will be calculated after discovery and upon proof at trial.

221. General economic theory recognizes that any overcharge at a higher level of distribution generally results in higher prices at every level below.

222. Wholesalers and retailers passed on the inflated prices of Nexium and AB-rated generic Nexium to the Plaintiffs.

223. AstraZeneca's anticompetitive actions enabled it to indirectly charge Plaintiffs in excess of what it otherwise would have been able to charge absent its unlawful actions with Generic Manufacturers.

224. The prices were inflated as a direct and foreseeable result of AstraZeneca's anticompetitive conduct with Generic Manufacturers.

225. The inflated prices Plaintiffs paid are traceable to, and the foreseeable result of, the overcharges by AstraZeneca and the Generic Manufacturers.

VI. CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF
For Monopolization Under State Law
(Asserted Against AstraZeneca)

226. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding paragraph as though fully set forth herein.

227. At all relevant times, AstraZeneca possessed substantial market power (*i.e.*, monopoly power) in the relevant market. AstraZeneca possessed the power to control prices in, prevent prices from falling in, and exclude competitors from the relevant market.

228. Through the overarching anticompetitive scheme, as alleged extensively above, AstraZeneca willfully maintained its monopoly power in the relevant market using restrictive or exclusionary conduct, rather than by means of greater business acumen, in order to exclude competition for Nexium.

229. The goal, purpose, and effect of AstraZeneca's scheme was to prevent and delay the sale of generic Nexium products in the United States at prices significantly below AstraZeneca's prices for Nexium, thereby effectively preventing the average market price of delayed-release esomeprazole magnesium products from declining dramatically.

230. By engaging in the foregoing conduct, AstraZeneca has intentionally and wrongfully maintained monopoly power in the relevant market in violation of the following state laws:

a. Arizona Rev. Stat. §§ 44-1403, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Arizona.

b. Cal. Bus. & Prof. Code §§ 17200, *et seq.*, and California common law with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in California.

c. D.C. Code §§ 28-4503, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in the District of Columbia.

d. Fla. Stat. §§ 501.201, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Florida.

e. Haw. Rev. Stat. § 480-9, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Hawaii.

f. 740 Ill. Comp. Stat. 10/3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Illinois.

g. Iowa Code § 553.5 *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Iowa.

h. Mass. Gen. L. Ch. 93A, *et seq.*, with respect to purchases in Massachusetts by Plaintiffs who paid/will pay substantially higher prices for delayed-

release esomeprazole magnesium in actions and transactions occurring substantially within Massachusetts.

i. Me. Rev. Stat. Ann. 10, §§ 1102, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Maine.

j. Mich. Comp. Laws Ann. §§ 445.773, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Michigan.

k. Minn. Stat. §§ 325D.52, *et seq.*, and Minn. Stat. § 8.31, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Minnesota.

l. Miss. Code Ann. §§ 75-21-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Mississippi.

m. Neb. Code Ann. §§ 59-802, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Nebraska.

n. Nev. Rev. Stat. Ann. §§ 598A.060, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Nevada by Nevada Plaintiffs, who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium at Nevada pharmacies at supracompetitive prices caused by Defendants' conduct.

o. N.H. Rev. Stat. Ann. §§ 356, 356:2, 356:3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Hampshire.

p. N.M. Stat. Ann. §§ 57-1-2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Mexico.

q. N.C. Gen. Stat. §§ 75-2.1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Carolina.

r. N.D. Cent. Code §§ 51-08.1-03, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Dakota.

s. Or. Rev. Stat. §§ 646.705, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Oregon.

t. 10 L.P.R.A. § 260, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Puerto Rico.

u. R.I. Gen. Laws §§ 6-36-5 et seq. (as amended by 2013 R.I. Pub. Laws, ch. 365), with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Rhode Island.

v. S.D. Codified Laws §§ 37-1-3.2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in South Dakota.

w. Utah code Ann. §§ 76-10-911, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Utah.

x. Vt. Stat. Ann. 9, §§ 2453, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Vermont.

y. W.Va. Code §§ 47-18-4, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in West Virginia.

z. Wis. Stat. §§ 133.03, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Wisconsin by Plaintiffs, in that the actions and transactions alleged herein substantially affected and continue to affect the people of Wisconsin, whereby Plaintiffs in Wisconsin paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Wisconsin pharmacies.

231. Plaintiffs have been injured in their business or property by reason of AstraZeneca's antitrust violations alleged in this Claim. Their injuries consist of: (1) being denied the opportunity to purchase lower-priced generic delayed-release esomeprazole magnesium products, and (2) paying higher prices for delayed-release esomeprazole magnesium products than they would have paid in the absence of AstraZeneca's conduct. These injuries are of the type the laws of the above States and the District of Columbia were designed to prevent, and flow from that which makes Defendants' conduct unlawful.

232. Plaintiffs seek damages and multiple damages as permitted by law for their injuries by AstraZeneca's violations of the aforementioned statutes.

SECOND CLAIM FOR RELIEF
For Attempted Monopolization Under State Law
(Asserted Against AstraZeneca)

233. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding paragraph as though fully set forth herein.

234. AstraZeneca possesses substantial market power (i.e., monopoly power) in the relevant market. AstraZeneca possesses the power to control prices in, prevent prices from falling in, and exclude competitors from the relevant market. Alternatively, AstraZeneca possesses a dangerous probability of achieving monopoly power in the relevant market.

235. With the specific intent to achieve a monopoly, AstraZeneca acquired and willfully maintained its monopoly power in the relevant market using restrictive or exclusionary conduct, rather than by means of greater business acumen, in order to exclude competition for Nexium.

236. The goal, purpose, and effect of AstraZeneca's scheme was to prevent and delay the sale of generic Nexium products in the United States at prices significantly below AstraZeneca's prices for Nexium, thereby effectively preventing the average market price of delayed-release esomeprazole magnesium products from declining dramatically.

237. By engaging in the foregoing conduct, AstraZeneca has intentionally and wrongfully attempted to monopolize the relevant market in violation of the following state laws:

a. Arizona Rev. Stat. §§ 44-1403, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Arizona.

b. Cal. Bus. & Prof. Code §§ 17200, *et seq.*, and California common law with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in California.

c. D.C. Code §§ 28-4503, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in the District of Columbia.

d. Fla. Stat. §§ 501.201, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Florida.

e. Haw. Rev. Stat. § 480-9, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Hawaii.

f. 740 Ill. Comp. Stat. 10/3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Illinois.

g. Iowa Code § 553.5 *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Iowa.

h. Mass. Gen. L. Ch. 93A, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Massachusetts by Plaintiffs who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium in actions and transactions occurring substantially within Massachusetts.

i. Me. Rev. Stat. Ann. 10, §§ 1102, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Maine.

j. Mich. Comp. Laws Ann. §§ 445.773, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Michigan.

k. Minn. Stat. §§ 325D.52, *et seq.*, and Minn. Stat. § 8.31, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Minnesota.

l. Miss. Code Ann. §§ 75-21-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Mississippi.

m. Neb. Code Ann. §§ 59-802, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Nebraska.

n. Nev. Rev. Stat. Ann. §§ 598A.060, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Nevada by Nevada Plaintiffs, who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium at Nevada pharmacies at supracompetitive prices caused by Defendants' conduct.

o. N.H. Rev. Stat. Ann. §§ 356, 356:2, 356:3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Hampshire.

p. N.M. Stat. Ann. §§ 57-1-2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Mexico.

q. N.C. Gen. Stat. §§ 75-2.1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Carolina.

r. N.D. Cent. Code §§ 51-08.1-03, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Dakota.

s. Or. Rev. Stat. §§ 646.705, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Oregon.

t. 10 L.P.R.A. § 260, et seq., with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Puerto Rico.

u. R.I. Gen. Laws §§ 6-36-5 et seq. (as amended by 2013 R.I. Pub. Laws, ch. 365), with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Rhode Island.

v. S.D. Codified Laws §§ 37-1-3.2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in South Dakota.

w. Utah code Ann. §§ 76-10-911, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Utah.

x. Vt. Stat. Ann. 9, §§ 2453, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Vermont.

y. W.Va. Code §§ 47-18-4, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in West Virginia.

z. Wis. Stat. §§ 133.03, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Wisconsin by Plaintiffs, in that the actions and transactions alleged herein substantially affected and continue to affect the people of Wisconsin, whereby Plaintiffs in Wisconsin paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Wisconsin pharmacies.

238. Plaintiffs have been injured in their business or property by reason of AstraZeneca's antitrust violations alleged in this Claim. Their injuries consist of: (1) being denied the opportunity to purchase lower-priced generic delayed-release esomeprazole magnesium products, and (2) paying higher prices for delayed-release esomeprazole magnesium products than they would have paid in the absence of AstraZeneca's conduct. These injuries are of the type the laws of the above States and the District of Columbia were designed to prevent, and flow from that which makes Defendants' conduct unlawful.

239. Plaintiffs seek damages and multiple damages as permitted by law for their injuries by AstraZeneca's violations of the aforementioned statutes.

THIRD CLAIM FOR RELIEF
For Conspiracy to Monopolize Under State Law
(Asserted Against AstraZeneca and Ranbaxy; AstraZeneca and Teva; AstraZeneca and Dr. Reddy's, and All Defendants)

240. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding paragraph as though fully set forth herein.

241. At all relevant times, AstraZeneca possessed substantial market power (i.e., monopoly power) in the relevant market. AstraZeneca possessed the power to control prices in, prevent prices from falling in, and exclude competitors from the relevant market.

242. Through the overarching anticompetitive scheme, including the Exclusion Payment Agreements with Ranbaxy, Teva, and Dr. Reddy's, Defendants knowingly and intentionally conspired to maintain and enhance AstraZeneca's monopoly power in the relevant market by blocking and delaying market entry of delayed-release esomeprazole magnesium. The unlawful Exclusion Payment Agreements between Defendants allocated 100% of the delayed-release esomeprazole magnesium market in the United States; delayed the sales of generic Nexium products; and fixed the price at which Plaintiffs would pay for delayed-release esomeprazole magnesium at the higher, branded price.

243. The goal, purpose and/or effect of the Exclusion Payment Agreements was to maintain and extend AstraZeneca's monopoly power in the United States market for delayed-release esomeprazole magnesium. The Exclusion Payment Agreements prevented and/or delayed generic competition to Nexium and enabled AstraZeneca to continue charging supracompetitive prices for Nexium without a loss of sales sufficient to make those prices unprofitable.

244. Defendants specifically intended that the Exclusion Payment Agreements would maintain AstraZeneca's monopoly power in the relevant market, and injured Plaintiffs thereby.

245. Defendants each committed at least one overt act in furtherance of the conspiracy.

246. As a direct and proximate result of Defendants' unlawful restraint of trade and unlawful maintenance and conspiracy to maintain AstraZeneca's monopoly power, Plaintiffs paid artificially inflated prices for their delayed-release esomeprazole magnesium requirements as described herein, and were harmed as a result.

247. By engaging in the foregoing conduct, Defendants have intentionally and wrongfully engaged in a conspiracy to monopolize the relevant market in violation of the following state laws:

a. Arizona Rev. Stat. §§ 44-1402, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Arizona.

b. Cal. Bus. Code §§ 16700, *et seq.*, and Cal. Bus. Code §§ 17200, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in California.

c. D.C. Code Ann. §§ 28-4503, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in the District of Columbia.

d. Fla. Stat. §§ 501.201, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Florida.

e. Haw. Rev. Stat. § 480-9, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Hawaii

f. 740 Ill. Comp. Stat. 10/3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Illinois.

g. Iowa Code § 553.3 *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Iowa.

h. Kan. Stat. Ann. §§ 50-101, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Kansas.

i. Mass. Gen. L. Ch. 93A, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Massachusetts by Plaintiffs who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium in actions and transactions occurring substantially within Massachusetts.

j. Me. Rev. Stat. Ann. 10, § 1101, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Maine.

k. Mich. Comp. Laws Ann. §§ 445.772, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Michigan.

l. Minn. Stat. §§ 325D.52, *et seq.*, and Minn. Stat. §§8.31, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Minnesota.

m. Miss. Code Ann. §§ 75-21-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Mississippi.

n. Neb. Code Ann. §§ 59-802, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Nebraska.

o. Nev. Rev. Stat. Ann. § 598A.060, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Nevada by Nevada Plaintiffs, who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium at Nevada pharmacies at supracompetitive prices caused by Defendants' conduct.

p. N.H. Rev. Stat. Ann. §§ 356, 356:2, 356:3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Hampshire.

q. N.M. Stat. Ann. §§ 57-1-2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Mexico.

r. New York General Business Law § 340, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New York.

s. N.C. Gen. Stat. §§ 75-2.1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Carolina.

t. N.D. Cent. Code § 51-08.1-02, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Dakota.

u. Or. Rev. Stat. §§ 646.705, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Oregon.

v. 10 L.P.R.A. § 260, et seq., with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Puerto Rico.

w. R.I. Gen. Laws §§ 6-36-7, *et seq.*, (as amended by 2013 R.I. Pub. Laws, ch. 365), with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Rhode Island.

x. S.D. Codified Laws Ann. § 37-1-3.2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in South Dakota.

y. Utah code Ann. §§ 76-10-911, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Utah.

z. Tenn. Code Ann. §§ 47-25-101, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Tennessee by Plaintiffs, in that the actions and transactions alleged herein substantially affected Tennessee, whereby Plaintiffs in Tennessee paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Tennessee pharmacies.

aa. Vt. Stat. Ann. 9, § 2453, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Vermont.

bb. W.Va. Code §§ 47-18-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in West Virginia.

cc. Wis. Stat. § 133.03, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Wisconsin by Plaintiffs, in that the actions and transactions alleged herein substantially affected and continue to affect the people of Wisconsin, whereby Plaintiffs in Wisconsin paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Wisconsin pharmacies.

248. Plaintiffs have been injured in their business or property by reason of Defendants' antitrust violations alleged in this Claim. Their injuries consist of: (1) being denied the opportunity to purchase lower-priced generic delayed-release esomeprazole magnesium products, and (2) paying higher prices for delayed-release esomeprazole magnesium products than they would have paid in the absence of Defendants' conduct. These injuries are of the type the laws of the above States, and the District of Columbia were designed to prevent, and flow from that which makes Defendants' conduct unlawful.

249. Plaintiffs seek damages and multiple damages as permitted by law for their injuries by Defendants' violations of the aforementioned statutes.

FOURTH CLAIM FOR RELIEF
For Conspiracy and Combination in Restraint of Trade Under State Law
(Asserted Against AstraZeneca and Ranbaxy; AstraZeneca and Teva; AstraZeneca and Dr. Reddy's, and All Defendants)

250. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

251. By entering the Exclusion Payment Agreements, AstraZeneca engineered an agreement with, between and among the Generic Defendants not to compete with each other and to delay generic entry, which constituted a continuing illegal contract, combination and conspiracy in restraint of trade.

252. In or about April 2008 AstraZeneca and Ranbaxy entered into the AstraZeneca/Ranbaxy Exclusion Payment Agreement, a continuing illegal contract, combination and conspiracy in restraint of trade under which AstraZeneca agreed to pay Ranbaxy substantial consideration in exchange for Ranbaxy's agreement to delay bringing its generic version of Nexium to the market, the purpose and effect of which were to: (a) allocate 100% of the market for delayed-release esomeprazole magnesium in the United States; (b) prevent the sale of generic versions of Nexium in the United States, thereby protecting Nexium from any generic competition; and c) fix the price at which Plaintiffs would pay for delayed-release esomeprazole magnesium at supracompetitive levels.

253. Subsequently, in January 2010 and January 2011 respectively, AstraZeneca entered into additional unlawful Exclusion Payment Agreements with Teva and Dr. Reddy's. The purpose and effect of these additional Agreements was also to: (a) allocate 100% of the market for delayed-release esomeprazole magnesium in the United States; (b) prevent the sale of generic versions of Nexium in the United States, thereby protecting Nexium from any generic

competition; and (c) fix the price at which Plaintiffs would pay for delayed-release esomeprazole magnesium at supracompetitive levels.

254. The purpose and effect of the payments flowing from AstraZeneca to Generic Defendants under the Agreements was to delay generic competition to Nexium and there is no legitimate, non-pretextual business justification for the Exclusion Payments that outweighs their harmful effects. Nor were the payments or market restraining Agreement terms beyond the exclusionary reach of the relevant patents necessary to achieving any conceivable procompetitive purpose.

255. The Exclusion Payment Agreements covered a sufficiently substantial percentage of the relevant market to harm competition.

256. Defendants are per se liable for the Agreements or, in the alternative, are liable under a "quick look" rule of reason standard.

257. As a direct and proximate result of Defendants' unlawful restraint of trade and unlawful maintenance and conspiracy to maintain AstraZeneca's monopoly power, Plaintiffs paid artificially inflated prices for their delayed-release esomeprazole magnesium requirements as described herein, and were harmed as a result.

258. By engaging in the foregoing conduct, Defendants have intentionally and wrongfully engaged in a combination and conspiracy in restraint of trade in violation of the following state laws:

a. Arizona Rev. Stat. §§ 44-1402, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Arizona.

b. Cal. Bus. Code §§ 16700, *et seq.*, and Cal. Bus. Code §§ 17200, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in California.

c. D.C. Code Ann. §§ 28-4502, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in the District of Columbia.

d. Fla. Stat. §§ 501.201, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Florida, and this conduct constitutes a predicate act under the Florida Deceptive Practices Act.

e. 740 Ill. Comp. Stat. 10/3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Illinois.

f. Iowa Code § 553.2 *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Iowa.

g. Haw. Rev. Stat. § 480-1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Hawaii.

h. Kan. Stat. Ann. §§ 50-101, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Kansas.

i. Mass. Gen. L. Ch. 93A, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Massachusetts by Plaintiffs who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium in actions and transactions occurring substantially within Massachusetts.

j. Me. Rev. Stat. Ann. 10, § 1101, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Maine.

k. Mich. Comp. Laws Ann. §§ 445.772, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Michigan.

l. Minn. Stat. §§ 325D.51, *et seq.*, and Minn. Stat 8.31, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Minnesota.

m. Miss. Code Ann. §§ 75-21-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Mississippi.

n. Neb. Code Ann. §§ 59-801, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Nebraska.

o. Nev. Rev. Stat. Ann. § 598A.060, *et seq.*, ., with respect to purchases of delayed-release esomeprazole magnesium in Nevada by Nevada Plaintiffs, who paid/will pay substantially higher prices for delayed-release esomeprazole magnesium at Nevada pharmacies at supracompetitive prices caused by Defendants' conduct.

p. N.H. Rev. Stat. Ann. §§ 356, 356:2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Hampshire.

q. N.M. Stat. Ann. §§ 57-1-1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New Mexico.

r. New York General Business Law § 340, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in New York.

s. N.C. Gen. Stat. §§ 75-1, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Carolina.

t. N.D. Cent. Code § 51-08.1-02, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in North Dakota.

u. Or. Rev. Stat. §§ 646.705, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Oregon.

v. 10 L.P.R.A. § 251, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Puerto Rico.

w. R.I. Gen. Laws §§ 6-36-4 et seq. (as amended by 2013 R.I. Pub. Laws, ch. 365), with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Rhode Island.

x. S.D. Codified Laws Ann. § 37-1-3.2, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in South Dakota.

y. Utah code Ann. §§ 76-10-911, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Utah.

z. Tenn. Code Ann. §§ 47-25-101, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Tennessee by Plaintiffs, in that the actions and transactions alleged herein substantially affected Tennessee, whereby Plaintiffs in Tennessee paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Tennessee pharmacies.

aa. Vt. Stat. Ann. 9, § 2453, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in Vermont.

bb. W.Va. Code §§ 47-18-3, *et seq.*, with respect to Plaintiffs' purchases of delayed-release esomeprazole magnesium in West Virginia.

cc. Wis. Stat. § 133.03, *et seq.*, with respect to purchases of delayed-release esomeprazole magnesium in Wisconsin by Plaintiffs, in that the actions and transactions alleged herein substantially affected and continue to affect the people of Wisconsin, whereby Plaintiffs in Wisconsin paid and will continue to pay substantially higher prices for delayed-release esomeprazole magnesium at Wisconsin pharmacies.

259. Plaintiffs have been injured in their business or property by reason of Defendants' antitrust violations alleged in this Claim. Their injuries consist of: (1) being denied the opportunity to purchase lower-priced generic delayed-release esomeprazole magnesium products, and (2) paying higher prices for delayed-release esomeprazole magnesium products than they would have paid in the absence of Defendants' conduct. These injuries are of the type the laws of the above States and the District of Columbia were designed to prevent, and flow from that which makes Defendants' conduct unlawful.

260. Plaintiffs seek damages and multiple damages as permitted by law for their injuries by Defendants' violations of the aforementioned statutes.

FIFTH CLAIM FOR RELIEF
Restitution for Unjust Enrichment
(Fifty States and the District of Columbia, Except Ohio and Indiana)
(Asserted Against AstraZeneca)

261. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

262. As the intended and expected result of their conscious wrongdoing as set forth in this Complaint, AstraZeneca benefited from the revenue it has generated from Nexium sales.

263. AstraZeneca's financial benefit—totaling billions of dollars—resulting from its unlawful and inequitable acts is traceable to overpayments for Nexium by Plaintiffs.

264. The economic benefit of payments made by Plaintiffs during the conspiracy is a direct and proximate result of AstraZeneca's anticompetitive behavior restricting competition as set forth above.

265. The benefit held by the AstraZeneca rightfully belongs to Plaintiffs who paid these inequitable sums to AstraZeneca, when AstraZeneca used illicit and inequitable measures to prevent entry of generic Nexium into the market.

266. It would be inequitable for AstraZeneca to retain any of the monopoly profits it garnered on Nexium sales at the expense of Plaintiffs.

267. It would be futile for Plaintiffs to seek a remedy from any party with whom they had or have privity of contract. It would be futile for Plaintiffs to exhaust any remedy against the immediate intermediary in the chain of distribution from which it indirectly purchased Nexium, as those intermediaries are not liable and would not compensate Plaintiffs for unlawful conduct caused by AstraZeneca.

268. The economic benefit of overcharges and monopoly profits derived by AstraZeneca through charging supracompetitive and artificially inflated prices for Nexium is a direct and proximate result of AstraZeneca's unlawful practices.

269. AstraZeneca is aware of and appreciates the benefits it obtained inequitably from Plaintiffs.

270. AstraZeneca should be compelled to disgorge all incremental proceeds they obtained inequitably as a result of the unjust conduct alleged herein in a common fund for the benefit Plaintiffs.

271. A constructive trust should be imposed upon all sums AstraZeneca obtained inequitably that are traceable Plaintiffs.

272. Plaintiffs have no adequate remedy at law.

SIXTH CLAIM FOR RELIEF
Unfair and Deceptive Practices Under State Laws
(Thirty-Seven States and the District of Columbia)
(Asserted Against All Defendants)

273. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

274. Defendants engaged in unfair competition or unfair, unconscionable, deceptive or fraudulent acts or practices in violation of the state consumer protection statutes listed by, among other things, entering into the Exclusion Payment Agreements, through which AstraZeneca engineered an agreement with, between and among the Generic Defendants not to compete with each other and to delay generic entry, which constituted a continuing illegal contract, combination and conspiracy in restraint of trade.

275. In or about April 2008 and at times prior to the formal execution thereof AstraZeneca and Ranbaxy entered into the AstraZeneca/Ranbaxy Exclusion Payment Agreement, a continuing illegal contract, combination and conspiracy in restraint of trade under which AstraZeneca agreed to pay Ranbaxy substantial consideration in exchange for Ranbaxy's agreement to delay bringing its generic version of Nexium to the market, the purpose and effect of which were to: (a) allocate 100% of the market for delayed-release esomeprazole magnesium in the United States; (b) prevent the sale of generic versions of Nexium in the United States, thereby protecting Nexium from any generic competition; and c) fix the price at which Plaintiffs would pay for delayed-release esomeprazole magnesium at supracompetitive levels.

276. Subsequently, in January 2010 and January 2011 respectively, AstraZeneca entered into additional unlawful Exclusion Payment Agreements with Teva and Dr. Reddy's. The purpose and effect of these additional Agreements was also to: (a) allocate 100% of the market for delayed-release esomeprazole magnesium in the United States; (b) prevent the sale of generic versions of Nexium in the United States, thereby protecting Nexium from any generic competition; and (c) fix the price at which Plaintiffs would pay for delayed-release esomeprazole magnesium at supracompetitive levels.

277. As a direct and proximate result of Defendants' anticompetitive, deceptive, unfair, unconscionable, and fraudulent conduct, Plaintiffs were deprived of the opportunity to purchase generic versions of Nexium and were forced to pay supracompetitive prices for delayed-release esomeprazole magnesium.

278. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Alaska Stat. § 45.50.471, *et seq.*

279. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Ariz. Rev. Stat. § 44-1522, *et seq*.

280. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Ark. Code § 4-88-101, *et seq*.

281. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Cal. Bus. & Prof. Code §17200, *et seq*.

282. Defendants have engaged in unfair competition or unfair or deceptive acts or practices or has made false representations in violation of Colo. Rev. Stat § 6-1-105, *et seq*.

283. Defendants have engaged in unfair competition or unfair or deceptive acts or practices or made false representations in violation of D.C. Code § 28-3901, *et seq*.

284. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Fla. Stat. § 501.201, *et seq*.

285. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Haw. Rev. Stat. § 480, *et seq*.

286. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Idaho Code § 48-601, *et seq*.

287. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of 815 ILCS § 505/1, *et seq*.

288. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Ind. Code §§ 24-5-0.5-1, *et seq*.

289. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Kan. Stat. § 50-623, *et seq*.

290. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of La. Rev. Stat. Ann. § 51:1401, *et seq*.

291. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Mass. Gen. L. Ch. 93A, *et seq*.

292. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of 5 Me. Rev. Stat. § 207, *et seq*.

293. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Mich. Stat. § 445.901, *et seq*.

294. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Minn. Stat. § 325D.43, *et. seq*., Minn. Stat. § 325F, *et seq*., and Minn. Stat. § 8.31, *et seq*.

295. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Miss. Code. Ann. § 75-24-1, *et seq*.

296. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Vernon's Missouri Stat. § 407.010, *et seq*.

297. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Mont. Code Ann. § 30-14-101, *et seq*.

298. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Neb. Rev. Stat. § 59-1601, *et seq*.

299. 243. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Nev. Rev. Stat. § 598.0903, et seq

300. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of N.H. Rev. Stat. § 358-A:1, *et seq*.

301. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of N.M. Stat. § 57-12-1, *et seq*.

302. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of N.Y. Gen. Bus. Law § 349, *et seq*.

303. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of N.C. Gen. Stat. § 75-1.1, *et seq*.

304. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of N.D. Cent. Code § 51-15-01, *et seq*.

305. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Or. Rev. Stat. § 646.605, *et seq*.

306. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of 73 Pa. Stat. § 201-1, *et seq*.

307. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of S.C. Stat. Ann. § 39-5-10, *et seq*.

308. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of S.D. Code Laws § 37-24-1, *et seq.*

309. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Utah Code § 13-11-1, *et seq*.

310. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Va. Code Ann § 59.1-196, *et seq*.

311. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of 9 Vt. § 2451, *et seq*.

312. Defendants have engaged in unfair competition or unfair or deceptive acts or practices in violation of Wis. Stat. § 100.18; Wis. Stat. §§ 100.20, *et. seq*.

313. Defendants have engaged in unfair competition or unfair, deceptive or fraudulent acts or practices in violation of W.Va. Code § 46A-6-101, *et seq*.

314. Defendants have engaged in unfair competition or unfair, deceptive or fraudulent acts or practices in violation of Wyo. Stat. Ann.§§ 40-12-101, *et seq*.

315. Plaintiffs purchased Nexium from retail pharmacies in each of these jurisdictions.

316. Plaintiffs have been injured in their business and property by reason of Defendants' anticompetitive, unfair, or deceptive acts alleged in this Count. Their injury consists of paying higher prices for Nexium prescription drugs than they would have paid in the absence of these violations. This injury is of the type the state consumer protection statutes were designed to prevent and proximately results from Defendants' unlawful conduct.

VII. DEMAND FOR JUDGMENT

WHEREFORE, Plaintiffs demand judgment for the following relief:

A. Declare that the conduct alleged herein is in violation of the statutes set forth above;

B. Enter joint and several judgments against Defendants in favor of Plaintiffs;

C. Award Plaintiffs damages in an amount not less than $6 billion, including, but not limited to, overcharge damages in connection with purchases of certain quantities of

- brand-name Nexium that would have been made at lower prices absent the Agreements;
- brand-name Nexium that would have been substituted with purchases of generic delayed-release esomeprazole magnesium absent the Agreements; and
- generic delayed-release esomeprazole magnesium that will be made at inflated prices due to the Agreements;

and, where applicable, treble, multiple, punitive, and/or other damages, in an amount to be determined at trial, including interest;

D. Award Plaintiffs their costs of suit, including reasonable attorneys' fees as provided by law; and

E. Grant such other further relief as is necessary to correct for the anticompetitive market effects caused by the unlawful conduct of Defendants, and as the Court deems just.

VIII. DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury.

Dated: June 11, 2014

Respectfully submitted,

LOWEY DANNENBERG COHEN & HART, P.C.

By: **/s/ Gerald Lawrence**

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VERIFICATION

I, Gerald Lawrence, hereby state that I am an attorney for the Plaintiffs and that I am authorized to make this Verification on behalf of the Plaintiffs; that the parties which I represent lack sufficient knowledge or information upon which to make this Verification and/or that this Verification is made on behalf of parties from whom a verification could not be obtained; and that the facts set forth in the foregoing Complaint are true and correct to the best of my knowledge, information, and belief.

I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904 (relating to unsworn falsification to authorities).

Dated: June 11, 2014

/s/ Gerald Lawrence
Gerald Lawrence, Esquire