

SETTLEMENT AGREEMENT

This Settlement Agreement (“the Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the U.S. Department of Agriculture (“USDA”) and the Office of Inspector General of the Department of Health and Human Services (“HHS-OIG”) (collectively “the United States”), Abbott Laboratories (“Abbott”), and Scott Millard, Kristine Cooper, and Loren Cooper (collectively “the Relators”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Abbott, an Illinois corporation with its principal place of business in the State of Illinois, manufactured powdered infant formula and nutritional products at its Sturgis, Michigan and Casa Grande, Arizona facilities and sold these products throughout the United States, including in the Western District of Michigan.

B. On October 24, 2022, the Relators filed a *qui tam* action in the United States District Court for the Western District of Michigan captioned *United States et al. ex rel. Scott Millard, Kristine Cooper, and Loren Cooper v. Abbott Laboratories*, No. 1:22-cv-994, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). On November 12, 2025, the Relators filed an Amended Complaint. On August 4, 2025, the United States partially intervened in the Civil Action as to certain claims related to powdered infant formula manufactured at Abbott’s Sturgis, Michigan facility that was purchased with USDA Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”) funds and, on November 13, 2025, the United States filed its Complaint in Intervention. On August 4, 2025, California, Maryland, and Tennessee partially intervened in the Civil Action as to certain claims related to powdered infant formula and nutritional products manufactured at Abbott’s

Sturgis, Michigan facility that were purchased by the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5. On November 21, 2025, Massachusetts, New York, and Connecticut partially intervened in the Civil Action as to certain claims related to powdered infant formula and nutritional products manufactured at Abbott’s Sturgis, Michigan facility that were purchased by the Medicaid Program. On December 1, 2025, those intervening States filed a Complaint in Intervention.

C. Abbott has entered into, or will enter into, separate settlement agreements, described in Paragraph 1 below, with certain States in settlement of the Covered Conduct (“the Medicaid State Settlement Agreements”). States with which Abbott executes a Medicaid State Settlement Agreement in the form to which Abbott and the National Association of Medicaid Fraud Control Units (“NAMFCU”) have agreed, or in a form otherwise agreed to by Abbott and an individual State, shall be defined as “Medicaid Participating States.”

D. The United States and the Medicaid Participating States contend that during the period from January 1, 2018, through December 31, 2022, Abbott submitted or caused to be submitted claims for payment to State agencies using USDA funds and the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5.

E. As set forth below and in the United States’ Complaint in Intervention, the United States contends the following (the “Covered Conduct”):

The United States contends that it has certain civil claims because, during the period from January 1, 2018, through December 31, 2022, Abbott failed to manufacture powdered infant formula and nutritional products at its Sturgis, Michigan and Casa Grande, Arizona facilities in compliance with its federal and state statutory, regulatory, and contractual obligations. Specifically, Abbott misrepresented to USDA, State agencies administering the USDA funded WIC program, and State Medicaid programs that its powdered infant

formula and nutritional products complied with USDA requirements for WIC infant formula and State Medicaid requirements.

F. This Agreement is made in compromise of disputed claims. This Agreement is not an admission of facts or liability by Abbott, nor a concession by the United States that its claims are not well-founded. Abbott denies the allegations of the United States, Relators, and intervening States in the Civil Action and the Covered Conduct.

G. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relators' reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Abbott shall pay to the United States and the Medicaid Participating States, collectively, the sum of \$384,999,040.12, plus interest (the "Settlement Amount"). Payments shall be made as follows:

(a) Abbott shall pay to the United States a sum of \$348,700,868, plus interest at the rate of 4.375% per annum from April 13, 2026 until and including the date of payment, of which \$174,350,434 is restitution (the "Federal Settlement Amount"). The Federal Settlement Amount shall be paid no later than ten (10) days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

(b) Abbott shall pay to the Medicaid Participating States the sum of \$35,491,288.40, plus interest at the rate of 4.375% per annum from May 30, 2026 until and including the date of payment, of which \$17,745,644.20 is restitution (the "Medicaid State Settlement Amount"). The

Medicaid State Settlement Amount shall be paid no later than ten (10) days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by NAMFCU under the terms and conditions of the Medicaid State Settlement Agreements.

(c) Abbott shall pay to the Commonwealth of Massachusetts the sum of \$806,883.72, plus interest at the rate of 4.375% per annum from May 30, 2026 (the “Massachusetts Supplemental WIC Appropriation Settlement Amount”). The Massachusetts Supplemental WIC Appropriation Settlement Amount shall be paid no later than ten (10) days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Commonwealth of Massachusetts under the terms and conditions of the Massachusetts State Settlement Agreement.

2. Conditioned upon the United States receiving the Federal Settlement Amount and as soon as feasible after receipt, the United States shall pay \$69,000,000 to Relators by electronic funds transfer (the “Relators’ Share”).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States’ receipt of the Federal Settlement Amount, the United States releases Abbott, together with its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, transferees, current or former corporate owners, and the corporate successors and assigns of any of them from any civil or administrative monetary claim, the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, fraud, or breach of contract.

4. Subject to the exceptions in Paragraph 5 below, and upon the United States' receipt of the Federal Settlement Amount, Relators and their heirs, beneficiaries, successors, attorneys, agents, and assigns, fully and finally release, waive, and forever discharge Abbott, together with its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, transferees, current or former owners, and the corporate successors and assigns of any of them, as well as current and former directors, officers, employees, representatives, servants, agents, consultants, and attorneys, individually and collectively, from any civil monetary claim the Relators have the ability to bring on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733, and any claims, allegations, demands, actions or causes of action whatsoever, known or unknown, fixed or contingent, in law or in equity, in contract or in tort, under any federal or state statute or regulation, or under common law, that they, their heirs, beneficiaries, successors, attorneys, agents, and assigns otherwise would have standing to bring, including, without limitation, any and all claims that the Relators asserted or could have asserted in the Civil Action.

5. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory or permissive exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. Relators and their heirs, beneficiaries, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relators' receipt of the Relators' Share, Relators and their heirs, beneficiaries, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Relators and their heirs, beneficiaries, successors, attorneys, agents, and assigns, release Abbott, together with its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, transferees, current or former corporate owners, and the corporate successors and assigns of any of them, as well as current and former directors, officers, employees, representatives, servants, agents, consultants, and attorneys, individually and collectively, from any liability to Relators arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

8. Abbott waives and shall not assert any defenses Abbott may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

9. Abbott fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Abbott has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

10. Abbott agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Abbott, its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Abbott's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

- (4) the negotiation and performance of this Agreement;
- (5) the payment Abbott makes to the United States pursuant to this Agreement and any payments that Abbott may make to Relators, including costs and attorneys' fees

are unallowable costs for government contracting purposes and under the Medicaid Program (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Abbott and Abbott shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by Abbott or any of its subsidiaries or affiliates to the Medicaid Program.

c. Treatment of Unallowable Costs Previously Submitted for Payment:

Abbott further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicaid fiscal agents, any Unallowable Costs (as defined in this paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Abbott or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the Unallowable Costs. Abbott agrees that the United States, at a minimum, shall be entitled to recoup from Abbott any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Abbott or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Abbott or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Abbott's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

11. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraphs 4, 5, 7, 8, and 13 (waiver for beneficiaries paragraph), below.

12. Abbott agrees that it waives and shall not seek payment for any of the billings covered by this Agreement from any beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

13. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). The dismissal shall be with prejudice as to Relators as to all claims and all parties in the Civil Action. With respect to the United States, the dismissal shall be with prejudice as to the Covered Conduct and without prejudice as to any other conduct or causes of action.

14. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

15. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.
16. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Western District of Michigan. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.
17. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
18. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.
19. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
20. This Agreement is binding on Abbott's successors, transferees, agents, and assigns.
21. This Agreement is binding on Relators' successors, transferees, heirs, beneficiaries, agents, and assigns.
22. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.
23. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

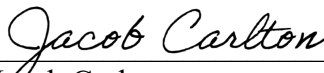
DATED: 9/14/26

BY: 
Erin Colleran
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United States Department of Justice

DATED: 9/11/26

BY: 
Asha Natarajan
Trial Attorney
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DATED: 9/11/2026

BY: 
Jacob Carlton
Whitney Schnurr
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Western District of Michigan

DATED: 9/11/2026

BY: 
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Assistant Inspector General for Legal Affairs
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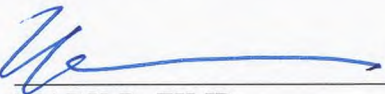
ABBOTT LABORATORIES – DEFENDANT

DATED: 9/8/26

BY: 

DAVID E. MENDELSON
Divisional Vice President and
Associate General Counsel Litigation
Abbott Laboratories

DATED: 9.11.2026

BY: 

MARK R. FILIP
ELIZABETH S. HESS
BRIGHAM Q. CANNON
MARK E. SCHNEIDER
Kirkland & Ellis LLP
Counsel for Abbott Laboratories

RELATORS

DATED: 9-10-2026 BY: Scott Millard
Scott Millard

DATED: _____ BY: _____
Kristine Cooper

DATED: _____ BY: _____
Loren Cooper

DATED: _____ BY: _____
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DATED: _____

BY: _____
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DATED: 9/10/26

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DATED: 9-10-26

BY: Loren Cooper
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