

B. is a for-profit corporation, organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its principal address at 135 Duryea Road, Melville, New York, 11747. Schein, among other things, sells dental supplies to dentists throughout Texas and nationwide.

II. JURISDICTION & VENUE

Pursuant to Tex. Bus. & Com. Code § 15.20(b), this Court has subject matter jurisdiction and may exercise personal jurisdiction over Schein. Venue in this Court is proper.

III. DEFINITIONS

As used herein, and for purposes of this Order only:

- A. "HSD" means the "Henry Schein Dental" division of Henry Schein, Inc.
- B. "Distribution channel" means any method or platform by which dental supplies are sold by a manufacturer or distributor to another distributor, dentist, or other end user, whether in-person, by mail, by brick and mortar retail establishment, through online sales platform, or otherwise.

IV. TERMS

IT IS ORDERED that HSD, directly or indirectly, in connection with the actual or potential purchase or distribution of dental supplies and related products, is permanently enjoined from the following conduct in the State of Texas, unless broader geographic applicability is specifically noted:

- A. Except where legally permitted (for example, a sub-distributor authorized to sell to a particular geography or field), continuing, maintaining, or entering into, any agreement or understanding with any distributor to limit supply of or refuse to sell dental supplies to

any third party, or through or by means of any distribution channel;

- B. Except where legally permitted (such as a vertical distributor/sub-distributor relationship), causing any distributor to limit supply of or refuse to sell dental supplies to any third party, or through or by means of any distribution channel;
- C. Except where legally permitted (for example, providing data, or receiving data from an organization that compiles and aggregates industry data, or a vertical distributor/sub-distributor relationship, or in the context of an actual or potential investment or acquisition or joint venture), requiring, soliciting, requesting, or encouraging any distributor to furnish information to HSD relating to the distributor's sales to any third party;
- D. Except where legally permitted (for example, a sub-distributor authorized to sell to a particular geography or field), having understandings or agreements between or among distributors relating to limiting or refusing the sale of dental supplies and related products to any third party; and/or
- E. Except where legally permitted, advising in writing, declaring, announcing, providing notice, or otherwise intentionally communicating a message to any dental supply distributor that HSD will or may:
 - 1. Contract with or terminate a contract with any dental supply manufacturer;
 - 2. Contract with or terminate a contract with any other dental supply distributor or discounter; and/or
 - 3. Not participate in any marketing event, such as a trade association exhibition;
- F. Except where legally permitted, terminating or giving notice of termination of a then-existing contract with a dental supply manufacturer pursuant to a horizontal agreement with another dental supply distributor(s) because of the manufacturer's decision to contract

or not to contract with any other dental supply distributor or discounter;

PROVIDED, HOWEVER, THAT nothing in this Order shall prohibit HSD from: (1) seeking or entering into a lawful contract with a manufacturer to become the authorized exclusive distributor of a manufacturer's dental products or equipment; (2) terminating or modifying its contractual relationship with a manufacturer of dental products or equipment for any legal reason; (3) acquiring a distributor of dental products doing business in the State of Texas; or (4) making a press release or other public announcement regarding entering into or terminating a relationship with any manufacturer or distributor of dental products or equipment.

PROVIDED FURTHER THAT nothing in this Order shall prohibit HSD from communicating in the normal course of business, including but not limited to emailing advertisements or alerts, distributing brochures, and advertising on HSD's website, catalogs or newsletters, about the dental supplies and products it offers or may no longer offer.

PROVIDED FURTHER THAT this Order shall not reach or prohibit otherwise legal communications or agreements between Schein and any Schein affiliate, subsidiary, joint venture partner or other entity in which Schein or an affiliate has an investment.

IT IS FURTHER ORDERED that Schein shall:

- G. Until the date upon which the State's investigation or any related litigation is concluded, provide full, complete, and prompt cooperation, upon good faith reasonable notice and reasonable request by the State, with the State's investigation and related proceedings and actions against any other person, corporation, or entity. Schein shall use its best efforts to secure the full and truthful cooperation of its current officers, directors, employees, and agents with the State's investigation or any related litigation. Such cooperation shall include, but not be limited to, producing information or documents reasonably requested

by the State, subject to the right to withhold information on grounds of attorney-client privilege, attorney work product, or other applicable privileges or protections, and making its current officers, directors, employees, or agents available for sworn testimony by declaration, sworn statement, or in-court testimony. The State and Schein shall work cooperatively and in good faith to schedule the timing and, if necessary, the location of any requested testimony or declaration. Further, the State and Schein shall work together with respect to any requested un-sworn statements or interviews to reach a mutually agreeable time and place, including telephonic interviews.

Schein's obligation to cooperate is limited to current officers, directors, employees, or agents at the time of any given request. Schein's obligation to cooperate excludes those officers, directors, employees or agents who are not associated with or employed by Schein at the time such cooperation is sought, and over whom Schein exercises no control, as of the time of the request.

The State and Schein agree to work together to establish the admissibility of documents where possible, including providing a written declaration regarding the authenticity and/or admissibility of Schein's documents as business records, admissions, or otherwise;

- H. Continue the electronic antitrust training contained in the biennial Worldwide Business Standards Training to all HSD employees. Institute stand-alone antitrust training to all HSD sales team members which shall be given on a biennial basis beginning in 2019. HSD will provide the State with a description of the training and copies of any training materials associated with the program for each such training. However, there is no obligation to provide the State with privileged materials, and the State agrees that production of training materials will not waive any applicable privilege. HSD is

permitted to conduct tiered training or otherwise structure the training such that it provides relevant, necessary information regarding antitrust laws appropriate to the level of the particular employee with more intensive training for managerial-level employees;

- I. Within sixty (60) days after the date this Order becomes final, provide a copy of this Order to each HSD executive, manager, or officer, and to any HSD employee with responsibility for sales or pricing of dental supplies or responsibility for communications with dental supply distributors or manufacturers in the State of Texas, and require each such person to sign a statement acknowledging receipt of the Order, representing that the person has read and understands the Order, and acknowledging that non-compliance with this Order may subject HSD to penalties for violation of the Order;
- J. For a period of two (2) years, maintain and furnish to the State on a twice yearly basis, a log of all oral and written communications, relating in whole or in part to the distribution or sale of dental supplies in the United States, between or among: (1) the HSD employees with the following titles as of the date of this Order and their successors or functional equivalents: President; General Manager; Area Vice President, Sales – West; and Zone and Regional Managers, Sales covering Texas; and Vice President for Merchandise Marketing, Dental; and (2) any person employed by or associated with another dental supply distributor. The log shall include an identification (by name, employer, and job title) of the author and recipients of and all participants in the communication, the date, time, and a good faith estimate of the duration of the communication, the medium of the communication, and a description of the subject matter of the communication. The following communications between the identified HSD employees and an employee of another dental supply distributor may be excluded from the log:

1. Privileged communications including, but not limited to, communications regarding litigation;
2. Public communications, including but not limited to speaking engagements or publications sponsored by trade associations, public interest groups or charity groups;
3. Purely administrative communications in lawful furtherance of a trade association, public interest group, or charity group event made by an actual or potential participant in that trade association, public interest group, or charity group event or meeting;
4. Communications regarding employment of individuals at or from HSD, including communications between in-house or outside counsel of HSD and in-house or outside counsel of another dental supply distributor or manufacturer relating to disputes or the resolution of disputes over the hiring of employees, unless those communications involve the establishment or modification of a policy or company-wide agreement among or between dental supply distributors or manufacturers about the hiring and employment of individuals in the dental supply distributor industry;
5. Communications related to the potential sale or acquisition of HSD or another dental supply distribution, or related businesses;
6. Communications with an affiliate, subsidiary, joint venture partner or other entity in which Schein or an affiliate has an investment, or sub-distributor of Schein related to such business relationships; and
7. Purely social and family related communications among or between former

colleagues and business acquaintances; and

- K. Provide to the State annually, on or before the anniversary of the entry of this Order, a written statement as to the fact and manner of Schein's compliance with this Order.

V. FURTHER TERMS

- A. Except where otherwise noted, this Order shall remain in force for a period of five (5) years after the date on which this Order becomes final.
- B. Schein shall notify the State promptly of any change in Schein's status, such as an acquisition, merger, consolidation, dissolution, assignment, or sale resulting in the emergence of a successor corporation that may affect compliance obligations arising out of this order.
- C. Schein shall pay the Attorney General \$300,000 for reimbursement of the reasonable and necessary costs and fees associated with the State's investigation of Schein's business practices and in lieu of civil penalties.

VII. MISCELLENEOUS

- A. *Legal Exposure and Effect.* This Order is not intended to and does not give any legal rights or remedies of any nature to any third party.
- B. *Notices.* All notices required by this Order shall be sent by certified or registered mail, return receipt requested, postage prepaid or by hand delivery to:

As to the State:

David Ashton
Assistant Attorney General, Antitrust Section
Office of the Attorney General
P.O. Box 12548
Austin, TX 78711

As to Schein:

John P. McDonald
Locke Lord LLP
2200 Ross Ave.
Suite 2800
Dallas, TX 75201

and

Henry Schein, Inc.
ATTN: Office of the General Counsel
135 Duryea Road
Melville, NY 11747

- C. *Governing Law.* This Order shall be governed by and interpreted according to the laws of the State of Texas, excluding its conflicts of law provisions.
- D. *Retention of Jurisdiction.* The Court retains jurisdiction for five (5) years following the date this Order becomes final to enable any party to apply to the Court for such further orders and directions as may be necessary and appropriate for the interpretation, modification, and enforcement of this order.
- E. *No Admission or Finding of Liability.* Schein has denied and continues to deny these allegations and all allegations contained in the Petition as well as any liability or wrongdoing. Schein's agreement to entry of this Order is not an admission of liability or wrongdoing or of any allegation contained in this Order or in the Petition. This Order does not constitute a finding or conclusion that Schein has violated any law. This Order may not be offered or received into evidence in any action as evidence or admission of liability or of any factual allegation, whether such action arises before or after the entry of this Order. Nothing in this Order affects or limits Schein's right to take any legal or factual position in any other litigation or proceeding.

F. *Release of Claims.* In exchange for Schein's agreements, the State has released Schein from all claims of the State in its sovereign capacity on account of all matters related to its Petition. The release includes all claims the State brought or could have brought in its enforcement capacity based on the allegations in its Petition, as well as the ability of the State to sue on behalf of any party for the allegations contained in its Petition.

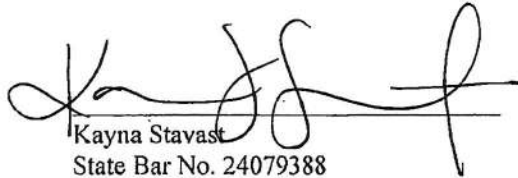
IT IS SO ORDERED, this 3rd day of August, 2017



JUDGE PRESIDING

APPROVED AND ENTRY REQUESTED:

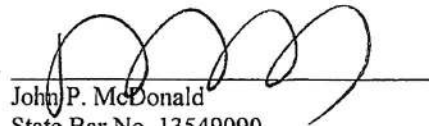
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