

discounts and rebates” to keep the prices of their drugs “secret” and thereby wrongfully profit at the expense of the State and its citizens. (Compl. ¶¶ 1, 54). AstraZeneca denies the allegations.

To begin with, AstraZeneca avers that it plays absolutely no role in the State’s decisions concerning whether and how to reimburse physicians, pharmacists and other providers. The State alone sets the reimbursement levels under various state programs, consistent with the State’s obligations under federal law. The State did so, moreover, with full knowledge, developed over decades, that AWP does not represent an actual average of wholesale prices of drugs. The State’s allegation that the State overpaid for prescription drugs manufactured by AstraZeneca also fails to account for certain federally mandated rebates that AstraZeneca, and all defendants who participate in Wisconsin Medicaid, must extend to the State. These rebates effectively insulate the State from price increases greater than the consumer price index and ensure that the State is given the benefit of price discounts that are comparable, if not better, than the discounts extended to AstraZeneca’s most favored commercial customers.

In addition to the foregoing deficiencies, the Complaint contains allegations that are vague, ambiguous, inflammatory or otherwise improper. AstraZeneca responds to such allegations only to the extent that they may be susceptible to a response, and only where AstraZeneca has information sufficient to form a belief as to such allegations. In many cases, the State has lumped together allegations concerning AstraZeneca with allegations concerning other defendants; with respect to such “group pleading,” AstraZeneca was unable to answer these allegations as to other defendants because relevant information was not in AstraZeneca’s possession or control. Unless expressly admitted, AstraZeneca denies each and every factual allegation in the Complaint, and any factual averment admitted herein is admitted only as to the specific facts and not as to any conclusions, characterizations, implications, innuendos, or

speculation contained in any averment or in the Complaint as a whole. AstraZeneca denies all allegations containing legal arguments and/or conclusions of law on the ground that such allegations do not require a response. Moreover, AstraZeneca specifically denies any allegations contained in headings, footnotes, or unnumbered paragraphs of the Complaint. These comments and objections are incorporated, to the extent appropriate, into each numbered paragraph of this Answer.

Following are AstraZeneca's specific answers and defenses to the State's Complaint.

I. NATURE OF THE ACTION.

1. To the extent the allegations in paragraph 1 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 1 are directed to AstraZeneca, AstraZeneca admits that Plaintiff purports to bring this action as alleged in paragraph 1, but denies the allegations, and specifically denies the existence of or its participation in an "unlawful scheme" or any of the "deceptive practices" alleged. AstraZeneca further denies that the State is entitled to any damages or other form of relief from AstraZeneca.

II. PARTIES AND JURISDICTION.

2. To the extent the allegations in paragraph 2 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 2 are directed to AstraZeneca, AstraZeneca admits only that the State purports to bring this action in its sovereign capacity, but denies that there exist any bases upon which to do so. AstraZeneca denies the remaining allegations.

3. To the extent the allegations in paragraph 3 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 3 are directed to AstraZeneca, AstraZeneca admits that it is a pharmaceutical company, but denies the remaining allegations in paragraph 3. AstraZeneca expressly denies involvement in a “deceptive scheme.”

4-5. The allegations in paragraphs 4 through 5 of the Complaint are directed to parties other than AstraZeneca, and therefore AstraZeneca need not respond to these paragraphs. To the extent a response is required, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 4 through 5, and on that basis denies the allegations.

6. AstraZeneca admits that AstraZeneca Pharmaceuticals LP and AstraZeneca LP are Delaware limited partnerships with their principal place of business located at 1800 Concord Pike, Wilmington, Delaware 19850. AstraZeneca expressly denies that the State has any viable claims relating to it or to any of its products.

7-23. The allegations in paragraphs 7 through 23 of the Complaint are directed to parties other than AstraZeneca, and therefore AstraZeneca need not respond to these paragraphs. To the extent a response is required, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 7 through 23, and on that basis denies the allegations.

24. The allegations in paragraph 24 of the Complaint are conclusions of law as to which no response is required. To the extent a response may be required, AstraZeneca denies

that Plaintiff has any basis in law or fact to maintain this action against AstraZeneca and denies any remaining allegations.

25. The allegations in paragraph 25 are conclusions of law to which no response is required.

III. FACTUAL BACKGROUND.

A. The Market for Prescription Drugs.

26. AstraZeneca admits only that the market for prescription drugs is complex and involves sales to intermediaries before those drugs reach providers. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 26 of the Complaint, and on that basis denies the allegations.

27. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 27 of the Complaint, and on that basis denies the allegations.

28. AstraZeneca states that the process by which a physician determines what prescription pharmaceutical to prescribe is complex, denies that it is fairly summarized in paragraph 28 of the Complaint, and on that basis denies the allegations.

29. AstraZeneca states that how and by whom a prescription pharmaceutical is paid for is a complex question, denies that it is fairly answered in paragraph 29 of the Complaint, and on that basis denies the allegations.

30. To the extent the allegations in paragraph 30 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the

extent the allegations in paragraph 30 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies the existence of an “unlawful scheme.”

B. The Purpose of the Medicaid Program and How it Responds to the Complexity of the Drug Markets.

31. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 31 of the Complaint, and on that basis denies the allegations.

32. To the extent paragraph 32 of the Complaint purports to recite laws or regulations, no response is required. To the extent a response is required, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 32 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations.

33. AstraZeneca states that the relevant statutes and regulations governing reimbursement speak for themselves. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 33 of the Complaint, and on that basis denies the allegations.

34. To the extent the allegations in paragraph 34 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 34 are directed to AstraZeneca, AstraZeneca admits only that pharmaceutical industry compendia, including RedBook and First DataBank, periodically publish AWP and WACs for prescription medicines sold in this country and that, prior to 2002,

AstraZeneca provided WAC data along with a “suggested AWP” to various reporting services. AstraZeneca specifically denies that it concealed the true cost of its drugs. By way of further response, AstraZeneca avers that it has been common knowledge and universally understood, including by the State and/or its agents, that AWP does not, and is not intended to, reflect an actual average of wholesale prices. AstraZeneca further avers that, consistent with industry practice for branded products, the AWP for AstraZeneca’s products is and has been a standard 20% or 25% above the list price, or WAC, of AstraZeneca’s products. AstraZeneca denies the remaining allegations in paragraph 34.

35-36. To the extent the allegations in paragraphs 35 and 36 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraphs 35 and 36 are directed to AstraZeneca, AstraZeneca admits only that, prior to 2002, it provided various reporting services with suggested AWPs. AstraZeneca avers that it was the publications, not AstraZeneca, who ultimately determined the AWPs for AstraZeneca’s drugs. AstraZeneca further avers that the use of the term “average wholesale price” is understood in the industry *not* to represent an actual average of prices charged by wholesalers. Finally, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraphs 35 and 36, and on that basis denies the allegations.

37-39. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 37 through 39 of the Complaint, and on that basis denies the allegations.

C. **Defendants' Alleged Corruption of the Government Medicaid Assistance Programs.**

40. To the extent the allegations in paragraph 40 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 40 are directed to AstraZeneca, AstraZeneca denies the allegations, specifically denies that AstraZeneca has reported "false and inflated" AWP, and specifically denies the existence of or involvement in any "scheme." By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices.

41. To the extent the allegations in paragraph 41 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 41 are directed to AstraZeneca, AstraZeneca denies the allegations.

42. To the extent the allegations in paragraph 42 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 42 are directed to AstraZeneca, AstraZeneca denies the allegations.

43. To the extent the allegations in paragraph 43 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the

extent the allegations in paragraph 43 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies inflating average wholesale prices. AstraZeneca further avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices.

44-45. The allegations in paragraphs 44 and 45 of the Complaint are directed to parties other than AstraZeneca, and therefore AstraZeneca need not respond to these paragraphs. To the extent a response is required, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 44 and 45, and on that basis denies the allegations.

46. The allegations in paragraph 46 of the Complaint are directed to parties other than AstraZeneca, and therefore AstraZeneca need not respond to this paragraph. To the extent a response is required, AstraZeneca refers to Payment Reform for Part B Drugs, 68 Fed. Reg. 50, 430, for its content, and otherwise is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 46 of the Complaint, and on that basis denies the allegations.

47. The allegations in paragraph 47 of the Complaint are directed to parties other than AstraZeneca, and therefore AstraZeneca need not respond to this paragraph. To the extent a response is required, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 47, and on that basis denies the allegations.

48. To the extent the allegations in paragraph 48 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the

extent the allegations in paragraph 48 are directed to AstraZeneca, AstraZeneca admits only that Plaintiff attaches Exhibits to the Complaint, which purport to contain pricing information. AstraZeneca denies the remaining allegations in paragraph 48 and specifically denies that it caused “false prices” to be published. AstraZeneca is otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 48, and on that basis denies the allegations.

49. To the extent the allegations in paragraph 49 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 49 are directed to AstraZeneca, AstraZeneca admits only that at times it offers discounts and rebates to certain customers on certain products, and that it may require its customers to keep competitively sensitive pricing information confidential (as would be expected). AstraZeneca denies the remaining allegations and specifically denies that it “misrepresented and inflated” the WAC of its drugs.

IV. DEFENDANTS’ ALLEGED EXACERBATION OF THE COMPLEXITIES OF THE MARKET AND ALLEGED AFFIRMATIVE CONCEALMENT OF THEIR WRONGDOING.

50. To the extent the allegations in paragraph 50 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent that allegations in paragraph 50 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies the existence of a “drug pricing scheme,” and specifically denies “purposely concealing” such “scheme” from the State. By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years,

including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices.

51. AstraZeneca admits that prices of pharmaceutical products with NDC numbers are subject to change. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 51 of the Complaint, and on that basis denies the allegations.

52. To the extent the allegations in paragraph 52 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent that allegations in paragraph 52 are directed to AstraZeneca, AstraZeneca denies the allegations, and specifically denies the existence of or its engagement in “marketing schemes which conceal the true price” of drugs.

53. To the extent the allegations in paragraph 53 are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 53 are directed to AstraZeneca, AstraZeneca admits only that it at times offers discounts and rebates for certain customers on certain products, and that it may require its customers to keep competitively sensitive pricing information confidential (as would be expected). AstraZeneca denies the remaining allegations and specifically denies the existence of or its engagement in any “scheme” intended to “create the impression that the ‘wholesale price’ of the drug is higher than it really is.”

54. To the extent the allegations in paragraph 54 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to

form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 54 are directed to AstraZeneca, AstraZeneca denies the allegations. AstraZeneca avers that, consistent with industry practice for branded products, the AWP for AstraZeneca's products is and has been a standard 20% or 25% above the WAC, or list price, of AstraZeneca's products.

55. To the extent the allegations in paragraph 55 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 55 are directed to AstraZeneca, AstraZeneca admits only that at times it offers certain discounts and rebates to certain customers on certain products. AstraZeneca specifically denies obscuring the true price for its drugs and denies the remaining allegations in paragraph 55.

56. To the extent the allegations in paragraph 56 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 56 are directed to AstraZeneca, AstraZeneca denies the allegations except states that in 2003 AstraZeneca entered into a settlement agreement with certain state and federal government entities, including the State of Wisconsin. AstraZeneca refers to the settlement agreements for the terms thereof.

57. To the extent the allegations in paragraph 57 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 57 are directed to AstraZeneca, AstraZeneca denies the

allegations and expressly denies the existence of an “inflated AWP,” “phony price spread,” and “intentionally manipulating the nation’s drug reimbursement system.”

58. To the extent the allegations in paragraph 58 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 58 are directed to AstraZeneca, AstraZeneca admits only that at times it offers certain discounts and rebates for certain customers on certain products, and that it may require its customers to keep competitively sensitive pricing information confidential (as would be expected). AstraZeneca denies the remaining allegations and specifically denies the existence of or participation in any “scheme” or “inflated spread.” By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices.

59. To the extent the allegations in paragraph 59 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 59 are directed to AstraZeneca, AstraZeneca denies the allegations and avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices, and indeed, the federal government has repeatedly instructed the State to this effect. AstraZeneca further states that, consistent with industry practice for branded products, the AWP for AstraZeneca’s products is and has been a standard 20% or 25% above the WAC, or list price, of AstraZeneca’s products.

60. To the extent the allegations in paragraph 60 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 60 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies that it has ever engaged in an “unlawful scheme” or an “insidious, deceptive scheme that is causing Wisconsin and its citizens to pay scores of millions of dollars a year more than they should for their prescription drugs.” By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices and that the federal government has repeatedly instructed the State to this effect. AstraZeneca further states that, consistent with industry practice for branded products, the AWP for AstraZeneca’s products is and has been a standard 20% or 25% above the WAC, or list price, of AstraZeneca’s products.

V. THE ALLEGED INJURY TO GOVERNMENTAL HEALTH PLANS CAUSED BY DEFENDANTS’ ALLEGED FALSE WHOLESALE PRICES.

A. The Wisconsin Medicaid Program.

61. Answering paragraph 61, AstraZeneca admits only that Medicaid is a joint state and federal program which pays for medical care, including prescription drug benefits, for certain Wisconsin citizens. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 61 of the Complaint, and on that basis denies the allegations.

62. AstraZeneca admits that for certain years the Wisconsin Medicaid Program reimbursed pharmacies and physicians for certain drugs at AWP minus a percentage, plus a dispensing fee. AstraZeneca is without knowledge or information sufficient to form a belief as

to whether the Wisconsin Medicaid Program has always reimbursed drugs at AWP minus a percentage, and on that basis denies the remaining allegations.

63. To the extent the allegations in paragraph 63 of the Complaint state legal conclusions, no response is required. AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 63, and on that basis denies the allegations.

64. To the extent the allegations in paragraph 64 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 64 are directed to AstraZeneca, AstraZeneca admits it had access to public information about Wisconsin's Medicaid Program and otherwise denies the remaining allegations in paragraph 64. By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices and that the federal government has repeatedly instructed the State to this effect. AstraZeneca further states that, consistent with industry practice for branded products, the AWP for AstraZeneca's products is and has been a standard 20% or 25% above the WAC, or list price, of AstraZeneca's products. Moreover, AstraZeneca avers that the State had the obligation, as a matter of federal law, to determine an appropriate Medicaid reimbursement rate based on, among other things, the providers' actual acquisition costs, and the State had the opportunity and means to do so by requesting this information from pharmacists and other recipients of Medicaid reimbursement.

65. To the extent the allegations in paragraph 65 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 65 are directed to AstraZeneca, AstraZeneca denies the allegations. AstraZeneca specifically denies “publishing false and inflated wholesale prices” and “keeping their true wholesale prices secret.” By way of further response, AstraZeneca avers that it has been common knowledge and universally understood for years, including by the State and/or its agents, that AWP is a reimbursement benchmark or reference price that does not equal an actual average of wholesale prices and that the federal government has repeatedly instructed the State to this effect. AstraZeneca further states that, consistent with industry practice for branded products, the AWP for AstraZeneca’s products is and has been a standard 20% or 25% above the WAC, or list price, of AstraZeneca’s products. Moreover, AstraZeneca avers that the State had the obligation, as a matter of federal law, to determine an appropriate Medicaid reimbursement rate based on, among other things, the providers’ actual acquisition costs, and the State had the opportunity and means to do so by requesting this information from pharmacists and other recipients of Medicaid reimbursement.

66. To the extent the allegations in paragraph 66 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 66 are directed to AstraZeneca, AstraZeneca denies the allegations.

B. Medicare.

67-70. To the extent the allegations in paragraphs 67 through 70 of the Complaint state legal conclusions, no response is required. AstraZeneca admits that federal law governs the manner in which Medicare Part B reimburses providers for certain drugs, and refers to the relevant statutes governing Medicare for their content. AstraZeneca is without knowledge or information sufficient to form a belief as to whether the summary of laws and procedures set forth in paragraphs 67 through 70 is accurate and complete in all instances. Accordingly, to the extent a response is required of AstraZeneca, AstraZeneca denies the remaining allegations in paragraphs 67 through 70 of the Complaint, and specifically denies that it “falsely reported” AWP’s.

71. To the extent the allegations in paragraph 71 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 71 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies that the remaining 20% of the allowable cost is always paid as a co-payment by the Medicare B beneficiary and that AstraZeneca has published “false and inflated” AWP’s for its drugs.

VI. DEFENDANTS’ ALLEGED CONDUCT WAS INTENTIONALLY IN DISREGARD OF ESTABLISHED LAW.

72-76. To the extent the allegations in paragraphs 72 through 76 of the Complaint state legal conclusions, no response is required. To the extent the allegations in paragraphs 72 through 76 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations,

and on that basis denies the allegations. To the extent the allegations in paragraphs 72 through 76 of the Complaint are directed to AstraZeneca, AstraZeneca denies the allegations.

77. To the extent the allegations in paragraph 77 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 77 are directed to AstraZeneca, AstraZeneca denies the allegations.

VII. ALLEGED HARM TO WISCONSIN AND ITS CITIZENS.

78. To the extent the allegations in paragraph 78 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 78 are directed to AstraZeneca, AstraZeneca denies the allegations, and specifically denies that it engaged in any unlawful activity.

COUNT I — Violation of Wis. Stat. § 100.18(1)

79. Answering paragraph 79, AstraZeneca realleges and incorporates by reference its responses to paragraphs 1 through 78, above.

80-81. To the extent the allegations in paragraphs 80 and 81 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraphs 80 and 81 of the Complaint state legal conclusions, no response is required. AstraZeneca refers to Wis. Stat. § 100.18(1) and Wis. Stat. § 100.264(2) for their content. To the extent the allegations in paragraphs 80 and 81 are directed to AstraZeneca, AstraZeneca denies the allegations.

82. To the extent the allegations in paragraph 82 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 82 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies “falsely inflating [its] wholesale prices.”

AstraZeneca further denies that the State is entitled to a judgment or any other relief as requested in the unnumbered “WHEREFORE” paragraph following paragraph 82 of the Complaint.

COUNT II — Violation of Wis. Stat. §100.18(10)(b)

83. Answering paragraph 83, AstraZeneca realleges and incorporates its responses to paragraphs 1 through 82, above.

84-85. To the extent the allegations in paragraphs 84 through 85 of the Complaint purport to recite laws or regulations, no response is required. To the extent the allegations in paragraphs 84 through 85 are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations. To the extent that the allegations in paragraphs 84 through 85 are directed to AstraZeneca, AstraZeneca denies the allegations.

86. To the extent the allegations in paragraph 86 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 86 are directed to AstraZeneca, AstraZeneca denies the allegations.

AstraZeneca further denies that the State is entitled to a judgment or any other relief as requested in the unnumbered “WHEREFORE” paragraph following paragraph 86 of the Complaint.

COUNT III — Violation of the Wisconsin Trust and Monopolies Act

87. Answering paragraph 87, AstraZeneca realleges and incorporates by reference its responses to paragraphs 1 through 86, above.

88. To the extent the allegations in paragraph 88 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 88 are directed to AstraZeneca, AstraZeneca admits that at times it offers discounts and rebates to certain customers on certain products, and that it may require its customers to keep competitively sensitive pricing information confidential (as would be expected). AstraZeneca denies the remaining allegations in paragraph 88.

89. To the extent the allegations in paragraph 89 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 89 are directed to AstraZeneca, AstraZeneca denies the allegations, and specifically denies that it engaged in any unlawful activity.

90. To the extent the allegations in paragraph 90 state legal conclusions, no response is required. To the extent the allegations in paragraph 90 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 90 are directed to AstraZeneca, AstraZeneca denies the allegations.

91. To the extent the allegations in paragraph 91 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 91 are directed to AstraZeneca, AstraZeneca denies the allegations and specifically denies engaging in an “unlawful scheme.”

AstraZeneca further denies that the State is entitled to a judgment or any other relief as requested in the unnumbered “WHEREFORE” paragraph following paragraph 91 of the Complaint.

COUNT IV — Violations of Wis. Stat. §49.49(4m)(a)(2) Medical Assistance Fraud

92. Answering paragraph 92, AstraZeneca realleges and incorporates by reference its responses to paragraphs 1 through 91, above.

93. To the extent the allegations in paragraph 93 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraph 93 are directed to AstraZeneca, AstraZeneca admits only that it produces, markets and sells pharmaceutical products, some of which are sold to entities and individuals in the State of Wisconsin. AstraZeneca is otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 93, and on that basis denies the allegations.

94. To the extent the allegations in paragraph 94 of the Complaint state legal conclusions, no response is required. To the extent the allegations in paragraph 94 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies

the allegations. To the extent the allegations are directed at AstraZeneca, AstraZeneca denies the allegations.

95. To the extent the allegations in paragraph 95 of the Complaint state legal conclusions, no response is required. To the extent the allegations in paragraph 95 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations are directed to AstraZeneca, AstraZeneca denies the allegations.

AstraZeneca further denies that the State is entitled to a judgment or any other relief as requested in the unnumbered “WHEREFORE” paragraph following paragraph 95 of the Complaint.

COUNT V— Unjust Enrichment

96. Answering paragraph 96, AstraZeneca realleges and incorporates by reference its responses to paragraphs 1 through 95, above.

97-100. To the extent the allegations in paragraphs 97 through 100 of the Complaint are directed to parties other than AstraZeneca, AstraZeneca is without knowledge or information sufficient to form a belief as to the truth of the allegations, and on that basis denies the allegations. To the extent the allegations in paragraphs 97 through 100 of the Complaint are directed at AstraZeneca, AstraZeneca denies the allegations.

AstraZeneca further denies that the State is entitled to a judgment or any other relief as requested in the unnumbered “WHEREFORE” paragraph following paragraph 100 of the Complaint.

DEMAND FOR JURY

AstraZeneca denies that the State has asserted any viable claims that would necessitate a trial by jury.

AFFIRMATIVE DEFENSES

By alleging the matters set forth below, AstraZeneca does not allege or admit that it has the burden of proof and/or the burden of persuasion with respect to any of these matters or that the State is relieved of its burden to prove each and every element of its claims and the damages, if any, to which it is entitled.

FIRST AFFIRMATIVE DEFENSE

The State fails to state a claim against AstraZeneca upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

The State and/or its agents knew and were aware that AWP was not an average wholesale price or the actual acquisition cost of drugs. Legal and equitable principles preclude this action for damages and injunctive relief, and the Due Process Clauses of the U.S. Constitution and Article I, Section 1 of the Wisconsin Constitution preclude the State from bringing claims and seeking damages as alleged in the Complaint.

THIRD AFFIRMATIVE DEFENSE

Some or all of the State's claims against AstraZeneca arise from the State's failure to follow its federal and state statutory and regulatory obligations to properly establish appropriate reimbursement rates. To the extent that the State established Medicaid reimbursement rates by reference to AWP, the State violated federal law in failing to establish Medicaid reimbursement rates as prescribed by federal law. The State is precluded by federal law from seeking damages, especially by reference to a different, lower AWP as alleged.

FOURTH AFFIRMATIVE DEFENSE

The State was required by federal law to conduct surveys and have statistics and data justifying, and to represent and warrant to the federal government, that its Medicaid reimbursement rates for single source drugs were necessary and appropriate, as a condition to obtaining federal funds. This action, with respect to single source drugs, is inconsistent with and precluded by the State's actions, representations and promises, and assumes that, with respect to single source drugs, the State made false claims to the federal government to obtain federal funds.

FIFTH AFFIRMATIVE DEFENSE

The claims alleged herein, based on the facts alleged, are barred by the State's own negligence or gross negligence. Among other things, the claims disregard the State's obligations under federal law, and they ignore the State's affirmative misstatements and declarations that were intended to cover up and hide from view of the federal regulatory authority, and the State's citizens and taxpayers, the State's failings referred to herein, as well as other inappropriate conduct by the State.

SIXTH AFFIRMATIVE DEFENSE

Any and all actions taken by AstraZeneca with respect to any of the matters alleged in the Complaint were taken in good faith and in accordance with established industry practice.

SEVENTH AFFIRMATIVE DEFENSE

The State's reimbursement rates for drugs for Medicaid recipients were filed with, reviewed, and approved by a federal regulatory agency with authority to do so under the Medicaid Act. Actions in a state court seeking relief, including alleged damages, contending that rates approved by a federal regulatory agency do not apply or are not binding are, as the United

States Supreme Court directed, precluded by the Supremacy Clause. This action is barred by the Supremacy Clause of the United States Constitution.

EIGHTH AFFIRMATIVE DEFENSE

The State's claims are preempted by the Commerce Clause and/or the dormant Commerce Clause of the United States Constitution.

NINTH AFFIRMATIVE DEFENSE

The State's claims are barred, in whole or in part, because they violate AstraZeneca's rights under the Due Process and *Ex Post Facto* clauses of the United States Constitution, as well as the Constitution of the State of Wisconsin, insofar as the State seeks to impose liability retroactively for conduct that was not actionable at the time it occurred.

TENTH AFFIRMATIVE DEFENSE

The State's claims are preempted, in whole or in part, by federal law, including without limitation the Federal Employment Retirement Income and Security Act of 1974, the Federal Medicare Act, and the Federal Medicaid Act, including all amendments to the same and all regulations promulgated thereunder.

ELEVENTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for injunctive relief were mooted by the passage of the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

TWELFTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are barred because AstraZeneca did not directly or indirectly engage in any conduct in violation of state or federal law.

THIRTEENTH AFFIRMATIVE DEFENSE

The State's claims are barred, in whole or in part, by the *Noerr-Pennington* doctrine to the extent that such claims are premised, in whole or in part, on alleged statements or conduct by AstraZeneca in judicial, legislative, or administrative proceedings of any kind or at any level of government.

FOURTEENTH AFFIRMATIVE DEFENSE

The State's claims are barred, in whole or in part, by the filed rate doctrine.

FIFTEENTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are barred because AstraZeneca has complied with all applicable regulations of the federal and state governments.

SIXTEENTH AFFIRMATIVE DEFENSE

The State has no standing or capacity to bring some or all of the claims in the Complaint.

SEVENTEENTH AFFIRMATIVE DEFENSE

To the extent that the State obtains, or is barred from, recovery in any other case predicated on the same factual allegations, the State is barred from seeking recovery against AstraZeneca based on the Complaint pursuant to the doctrines of claim preclusion and issue preclusion, and the prohibitions on double recovery for the same injury.

EIGHTEENTH AFFIRMATIVE DEFENSE

The Department of Justice may lack authorization to bring this action on behalf of the State.

NINETEENTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are barred, in whole or in part, due to the State's failure to join indispensable parties.

TWENTIETH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are misjoined with the State's claims against other defendants and must be severed.

TWENTY-FIRST AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are barred, in whole or in part, by the applicable statutes of limitations and repose, and by the doctrines of laches, estoppel and waiver.

TWENTY-SECOND AFFIRMATIVE DEFENSE

AstraZeneca's statements or actions were not the cause of any injury to, or alleged loss by, the State.

TWENTY-THIRD AFFIRMATIVE DEFENSE

The State's claims are barred, in whole or in part, because any injuries sustained by the State were the result of its own conduct or the intervening or superseding conduct of third parties.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

The State's claims for injunctive relief against AstraZeneca are barred by the doctrines of *in pari delicto* and/or unclean hands.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

To the extent that the State attempts to seek equitable relief against AstraZeneca, the State is not entitled to such relief because the State has an adequate remedy at law.

TWENTY-SIXTH AFFIRMATIVE DEFENSE

The State fails to state with particularity facts to support claims of fraudulent conduct against AstraZeneca contained in the Complaint, in violation of Wis. Stat. § 802.03(2).

TWENTY-SEVENTH AFFIRMATIVE DEFENSE

AstraZeneca has made no assertion, representation or statement of fact which is “untrue,” “deceptive” or “misleading,” as required under sections 100.18(1) and 100.18(10)(b) of the Wisconsin Statutes.

TWENTY-EIGHTH AFFIRMATIVE DEFENSE

As to any assertion, representation or statement of fact which the State claims was made or caused to be made by AstraZeneca, AstraZeneca had no reasonable grounds to believe and did not believe at the time the assertion, representation or statement was made or caused to be made that the assertion, representation or statement was untrue, deceptive or misleading.

TWENTY-NINTH AFFIRMATIVE DEFENSE

Section 100.18(10) of the Wisconsin Statutes does not provide for a cause of action separate and distinct from section 100.18(1) of the Wisconsin Statutes.

THIRTIETH AFFIRMATIVE DEFENSE

The State’s claims under sections 100.18 and 133.05 of the Wisconsin Statutes are barred, in whole or part, to the extent the claims involve the insurance business.

THIRTY-FIRST AFFIRMATIVE DEFENSE

The State has no authority to seek restitution for third parties based on any alleged violation of section 49.49(4m)(a)(2) of the Wisconsin Statutes.

THIRTY-SECOND AFFIRMATIVE DEFENSE

AstraZeneca has not knowingly made or caused to be made any false statement or representation of a material fact, as required to sustain a claim under section 49.49(4m)(a)(2) of the Wisconsin Statutes.

THIRTY-THIRD AFFIRMATIVE DEFENSE

The State Department of Justice may have failed to consult with the Governor of the State of Wisconsin and/or the Department of Agriculture, Trade and Consumer Protection before commencing this suit.

THIRTY-FOURTH AFFIRMATIVE DEFENSE

The State did not rely on the allegedly fraudulent statements or representations of AstraZeneca.

THIRTY-FIFTH AFFIRMATIVE DEFENSE

Any alleged misconduct by AstraZeneca was not a substantial factor in the State's decision to buy or use AstraZeneca products.

THIRTY-SIXTH AFFIRMATIVE DEFENSE

Any discounts which were provided by AstraZeneca were earned discounts and therefore appropriate business decisions.

THIRTY-SEVENTH AFFIRMATIVE DEFENSE

Any rebate, refund, commission or discounts offered by AstraZeneca had no effect on any competitor and did not have any effect on competition.

THIRTY-EIGHTH AFFIRMATIVE DEFENSE

The State's unjust enrichment claims are barred, in whole or in part, because AstraZeneca did not collect or retain any money belonging to the State as a result of any alleged overpayments, as required to sustain a claim under Wisconsin law.

THIRTY-NINTH AFFIRMATIVE DEFENSE

The State's unjust enrichment claims are barred, in whole or in part, by contracts to which the State and AstraZeneca are parties.

FORTIETH AFFIRMATIVE DEFENSE

The State's unjust enrichment claims are barred, in whole or in part, because the State has no authority to bring such claims either on behalf of the State or on behalf of Medicare Part B participants.

FORTY-FIRST AFFIRMATIVE DEFENSE

The State's unjust enrichment claims are barred because AstraZeneca has not accepted or retained any benefits under circumstances where it would be inequitable for AstraZeneca to do so.

FORTY-SECOND AFFIRMATIVE DEFENSE

The State's claims are barred, in whole or in part, to the extent that the State has released, settled, entered into an accord and satisfaction or otherwise compromised its claims.

FORTY-THIRD AFFIRMATIVE DEFENSE

The State's Medicaid-related claims relating to the drug Zoladex® have been dismissed with prejudice, with the exception of any claims the State has arising out of the reporting of AWP for Zoladex® to First DataBank or any other national reporting service for use in Medicaid reimbursement submitted subsequent to September 4, 2003.

FORTY-FOURTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca are barred, in whole or in part, because it has suffered no damages as a result of the matters alleged in the Complaint.

FORTY-FIFTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for damages are barred, in whole or in part, because it failed to mitigate its damages, if any.

FORTY-SIXTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for damages are barred, in whole or in part, because it would be unjustly enriched if allowed to recover any portion of the damages alleged in the Complaint.

FORTY-SEVENTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for damages are barred, in whole or in part, by the doctrine of consent and/or ratification to the extent that the State has paid for products manufactured, marketed and sold by AstraZeneca after the filing of the State's original Complaint.

FORTY-EIGHTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for damages are barred, in whole or in part, because they are speculative and remote.

FORTY-NINTH AFFIRMATIVE DEFENSE

The State's claims against AstraZeneca for damages are barred, in whole or in part, because of the impossibility of ascertaining and allocating the alleged damages.

FIFTIETH AFFIRMATIVE DEFENSE

AstraZeneca is entitled to a set-off, should any damages be awarded against it, for the entire amount of all damages or settlement amounts recovered by the State with respect to the same alleged injuries.

FIFTY-FIRST AFFIRMATIVE DEFENSE

Any damages, forfeiture or penalties recoverable by the State from AstraZeneca are limited by the applicable statutory ceilings.

FIFTY-SECOND AFFIRMATIVE DEFENSE

The State fails to allege facts or a cause of action against AstraZeneca sufficient to support a claim for prejudgment interest.

FIFTY-THIRD AFFIRMATIVE DEFENSE

AstraZeneca denies that it has engaged in any conduct that entitles the State to recover the penalty assessments demanded by the State and avers that the State's Complaint fails to state a claim upon which penalty assessments may be awarded to the State.

FIFTY-FOURTH AFFIRMATIVE DEFENSE

The claims contained in the Complaint, which seek the recovery of penalty assessments under Wisconsin law, violate the Fourth, Fifth, Sixth, Eighth and Fourteenth Amendments to the Constitution of the United States of America on the following grounds:

- a) it is a violation of the Due Process and Equal Protection Clauses of the Fourteenth Amendment of the United States Constitution to impose penalty assessments, which are penal in nature, against a civil defendant upon the State's satisfying a burden of proof which is less than the "beyond a reasonable doubt" burden of proof required in criminal cases;
- b) the procedures pursuant to which any penalty assessments would be awarded fail to provide a reasonable limit on the amount of the award against AstraZeneca, which violates the Due Process Clause of the Fourteenth Amendment of the United States Constitution;
- c) the procedures pursuant to which any penalty assessments would be awarded fail to provide specific standards for the amount of the award of penalty assessments, which violates the Due Process Clause of the Fourteenth Amendment of the United States Constitution;

d) the procedures pursuant to which any penalty assessments would be awarded result in the imposition of different penalties for the same or similar acts, and thus violate the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution;

e) the procedures pursuant to which any penalty assessments would be awarded permit the imposition of penalty assessments in excess of the maximum criminal fine for the same or similar conduct, which thereby infringes the Due Process Clause of the Fifth and Fourteenth Amendments and the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution; and

f) the procedures pursuant to which any penalty assessments would be awarded permit the imposition of excessive fines in violation of the Eighth Amendment of the United States Constitution.

FIFTY-FIFTH AFFIRMATIVE DEFENSE

The recovery of penalty assessments by the State in this action would violate Article I, sections 1, 6, 7, 8 and 11 of the Wisconsin Constitution on the following grounds:

a) it is impermissible to impose penalty assessments, which are penal in nature, upon a civil defendant upon the State satisfying a burden of proof less than the “beyond a reasonable doubt” burden of proof required in criminal cases;

b) the procedures pursuant to which any penalty assessments would be awarded fail to provide a reasonable limit on the amount of the award against AstraZeneca;

c) the procedures pursuant to which any penalty assessments would be awarded are unconstitutionally vague;

d) the procedures pursuant to which any penalty assessments would be awarded fail to provide specific standards for the amount of the award of such penalty assessments;

e) the award of penalty assessments in this case would constitute a deprivation of property without due process; and

f) the procedures pursuant to which any penalty assessments would be awarded permit the imposition of an excessive fine.

FIFTY-SIXTH AFFIRMATIVE DEFENSE

AstraZeneca hereby adopts by reference any additional applicable defense pled by any other defendant not otherwise pled herein. AstraZeneca hereby gives notice that it intends to rely upon any other and additional defense that is now or may become available or appear during, or as a result of, the discovery proceedings in this action and hereby reserves its right to amend its answer to assert such defense.

WHEREFORE, AstraZeneca requests that this Court: (1) dismiss the State of Wisconsin's Complaint with prejudice and enter judgment in favor of AstraZeneca against the State; (2) award AstraZeneca its costs and expenses; and (3) award AstraZeneca such other and further relief as the Court may deem just and proper.

August 11, 2006

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, BARBARA A. NEIDER, hereby certify that on August 11, 2006, a true and correct copy of the foregoing Answer of Defenses of Defendant AstraZeneca Pharmaceuticals LP and AstraZeneca LP to the State of Wisconsin's Second Amended Complaint was served upon all counsel of record via electronic service pursuant to Case Management No. 1 by causing a copy to be sent to Lexis/Nexis File & Serve for posting and notification and by filing the original with the Dane County Circuit Court and a copy upon the Honorable William F. Eich via e-mail.

s/s Barbara A. Neider
Barbara A. Neider