

Contents

1. What is the mission of Civica?	2
2. How is Civica organized?	2
3. What are the classes of Civica Members?	2
4. What are the rights of all Members, regardless of membership class?	2
5. What are the differences between the Civica membership classes?	3
6. For what purposes will Membership contributions be utilized?	3
7. What is necessary for Civica to access loan funds committed by Governing & Founding Members? 3	
8. How will Civica assets be distributed in the case of dissolution?	4
9. How will the Corporation be managed?	4
10. What are the Advisory Committees and who comprises each?	4
11. How can new Members be added?	4
12. How might a Member’s affiliation be terminated?	4
13. How long must Members remain active?	5
14. What happens to Member obligations if a Member is terminated or voluntarily withdraws?	5
15. What are the objectives of the MVV Agreement?	5
16. Are Civica Members required to purchase drugs under the MVV Agreement?	5
17. What terms will be included in the Purchase Commitment Form under the MVV Agreement? ..	5
18. How is the annual minimum volume commitment determined? How will volumes commitments be adjusted in the MVV over time?	6
19. How will the initial set of drugs be prioritized and how many will be prioritized?	6
20. How will drug volumes be determined for manufacture?	6
21. What if a Member is not satisfied with their annual drug purchase commitment?	7
22. When does the purchase commitment start?	7
23. What “out clauses” exist for the MVV?	7
24. What happens if the Corporation fails to supply contracted drugs for a period of time?	7
25. What happens if a Member no longer needs its contracted annual commitment?	7

26.	What happens if the Corporation produces more than the MVV?	7
27.	Can a Member resell drugs it will not use?	7
28.	What if a Member has pre-existing contracts in place with manufacturers?.....	7

This FAQ document is intended to provide you with general information about Civica and its applicable governing documents, including its Bylaws, various membership agreements, and the MVV Agreement (as defined below) (collectively, the "Governing Agreements"). Please note that this document is not intended to provide you with legal or tax counsel or constitute legal, tax or financial advice. If you require legal, tax or financial assistance in connection with a proposed membership in Civica, please consult an attorney, tax professional or qualified financial advisor, as appropriate. In the event of any inconsistency between this FAQ document and the Governing Agreements, the terms of the Governing Agreements will control.

1. What is the mission of Civica?

- a. The mission of Civica is to promote the availability of affordable, essential generic drugs, with the vision to be a model generic drug company by providing high-quality Food and Drug Administration-approved products. Civica will seek to balance both the availability and affordability of essential generic drugs.

2. How is Civica organized?

- a. Civica is organized as a Delaware nonstock, nonprofit corporation (the "Corporation") that is not organized for the financial gain of any other entity or person. The Corporation will be operated exclusively to promote social welfare.
- b. Civica does not have any capital stock, and no member of the Corporation (each a "Member" and, collectively, "Members") has or will have a "membership interest" in the organization in the form of equity ownership, meaning that no Member will be able to derive economic benefits from the Corporation except through the products the Corporation produces. The Corporation is designed to be the first-of-its-kind, societal asset to address failures in the generic drug market.

3. What are the classes of Civica Members?

- a. Civica will have three membership classes:
 - i. Governing Members – Civica will have up to 12 Governing Members, including 3 major philanthropies
 - ii. Founding Members – Civica will have up to 15 Founding Members
 - iii. Partnering Members – Civica will have unlimited Partnering Members

4. What are the rights of all Members, regardless of membership class?

- a. No Member will have an equity interest in Civica; Civica is organized as a Delaware nonstock, nonprofit corporation.

- b. All Members will have the option to purchase Civica manufactured drugs on the same terms as any other Member through a Minimum Viable Volume Contract, as set forth in greater detail below (the “MVV Agreement”).
- c. Civica will have a single market price for each of its products that is available to all Members regardless of purchasing scale.
- d. Each Civica Member will be entitled to receive its “fair share” of Civica manufactured drugs per the MVV Agreement; no Member will be able to purchase product allocated to another Member.

5. What are the differences between the Civica membership classes?

- a. Governing Members:
 - i. Civica will have up to 12 Governing Members, including 3 major philanthropies
 - ii. Governing Members are entitled to:
 - 1. Appoint 1 member of the board of directors (the “Board”)
 - 2. Appoint 1 member of the Drug Selection Advisory Committee
 - 3. Appoint 1 member of Medical Trends Advisory Committee
 - iii. Governing Members will collectively select up to 3 at-large members to serve on the Board.
- b. Founding Members:
 - i. Civica will have up to 15 Founding Members
 - ii. Founding Members are entitled to:
 - 1. Appoint 1 member of the Drug Selection Advisory Committee
 - 2. Appoint 1 member of Medical Trends Advisory Committee
- c. Partnering Members:
 - i. Civica will have an unlimited number of Partnering Members
 - ii. Partnering Members will be required to contribute a one-time, non-refundable membership contribution in the amount of \$300 per licensed bed for the facility/system.

6. For what purposes will Membership contributions be utilized?

- a. The Corporation will utilize contributions from Members to fund certain startup costs, including the hiring of advisors (including accountants and legal advisors) and employees, business operation expenses and capital expenditures in accordance with the initial budget delivered to each Governing Member prior to Closing.

7. What is necessary for Civica to access loan funds committed by Governing & Founding Members?

- a. The Corporation must deliver to each Governing and Founding Member by February 1 of each fiscal year an annual budget setting forth the amount of proceeds of the Loans to be drawn down for the fiscal year, including the intended use of such proceeds. In addition, the applicable credit agreement will include customary funding conditions (including covenant compliance, confirmation of accuracy of representations and warranties, etc.)

8. How will Civica assets be distributed in the case of dissolution?

- a. Upon liquidation, dissolution or winding down of the Corporation, after the satisfaction of all senior liabilities, the Corporation will distribute all remaining assets to the Members on a pari passu basis based on the amount of Loans (including accrued interest) provided by the Members until obligations are paid in full.
- b. Thereafter, remaining assets will be distributed to one or more charitable organizations in accordance with applicable law, and no Member (subsidiary or affiliate) may receive any such assets without approval of two-thirds of the members of the Board.

9. How will the Corporation be managed?

- a. The business and operations of the Corporation will be managed by or under the direction of the Board. The Board will hire a management team to direct the day-to-day operations of the Corporation.

10. What are the Advisory Committees and who comprises each?

- a. Civica will establish two (2) committees, the Drug Selection Advisory Committee and Medical Trends Advisory Committee and will each be comprised of up to 27 Members nominated by the Governing and Founding Members.
- b. The Drug Selection Advisory Committee will advise the Board with respect to the selection of drugs to be manufactured or contract manufactured.
- c. The Medical Trends Advisory Committee will advise the Board with respect to developments and trends in the medical and pharmacological industries.

11. How can new Members be added?

- a. A majority of the Governing Members will have the right to admit new Members (or replace vacancies), whether as Governing or Founding Members, provided that the number of Governing Members will not exceed 12 and the number of Founding Members will not exceed 15.
 - i. To exceed these numbers of Governing or Founding Members, the Corporation must obtain approval of two-thirds of the Board and 90% of the Governing Members.
- b. A majority of the Board will have the right to admit new Partnering Members.

12. How might a Member's affiliation be terminated?

- a. Unless a majority of the Board approves otherwise, a Member's membership will be automatically terminated upon the occurrence of any of the following events:
 - i. The Member's dissolution
 - ii. The Member's failure, uncured within 15 days of notice, to abide by the Certificate of Incorporation, the Bylaws, or the Member's Membership Agreement upon affirmative vote of the majority of Governing Members
 - iii. A permitted transfer of the Member's membership interest (who also assumes Member's MVV obligations)
 - iv. Termination of the Member's MVV Agreement for any reason

13. How long must Members remain active?

- a. Governing and Founding Members may voluntarily withdraw any time following the 5-year anniversary of Closing, and Partnering Members may voluntarily withdraw at any time. However, each drug-by-drug purchase commitment made under the MVV Agreement will continue until the contract term for each drug is completed.

14. What happens to Member obligations if a Member is terminated or voluntarily withdraws?

- a. Each Governing Member's right to appoint a member of the Board is automatically terminated.
- b. Each Member's commitment to make Loans remains in full force and effect until Member has funded its pro rata portion of all Loans called by the Corporation before the 7-year anniversary of Closing.
- c. Member will not be eligible for readmission for at least three (3) years without the consent of a majority of the Board.
- d. If a Member is terminated as a result of a dissolution of the Member, then the MVV Agreement shall terminate and no longer be in effect. If the Member is terminated or voluntarily withdraws in any other circumstance, such Member's existing purchase commitments under MVV Agreement will survive until satisfied in full, but such Member will have no further obligation to undertake any new purchase commitments under its MVV.

15. What are the objectives of the MVV Agreement?

- a. The MVV Agreement is designed to allow Civica to establish itself in the marketplace, allowing the Corporation to safely enter and compete in non-competitive, monopoly-dominated generic drug markets.
- b. Organize drug-by-drug supply chains with sufficient committed volume to secure existing capacity and bring up new capacity as required.
- c. Create market stability with manufacturers by securing key assets such as FDA ANDA licenses, helping ensure that Civica can bring up other manufacturing partners as needed.

16. Are Civica Members required to purchase drugs under the MVV Agreement?

- a. No – the MVV does not require Members to commit to purchase any one or more drugs produced by Civica. Each Member will have the option to commit to purchase individual Civica produced drugs on the terms offered by Civica by executing a Purchase Commitment Form specific to each drug.

17. What terms will be included in the Purchase Commitment Form under the MVV Agreement?

- a. Each Civica Purchase Commitment Form will contain the following terms:
 - i. Required duration of the purchase commitment (e.g., 3 years, 5 years, 10 years)
 - ii. Expected annual minimum volume purchase commitment for each participating Member (based on each Member's historical pro rata usage volume relative to the other Members)

- iii. Optional volume purchase commitment range (e.g., in excess of pro rata minimum commitment allocation)
 - iv. Dosage forms, delivery mechanisms, packaging, labeling, etc.
 - v. Unit pricing with a single market price for all Members
 - vi. Inflation escalators (e.g., cap at CPI)
 - vii. Distribution options
 - viii. Manufacturing schedules (e.g., expected annual production estimates based on ramp up of production capacity)
 - ix. Other terms as deemed necessary
- b. Members will be required to enter into a separate Purchase Commitment Form for each drug produced by Civica and offered to Members.

18. How is the annual minimum volume commitment determined? How will volumes commitments be adjusted in the MVV over time?

- a. The Civica management team, working with the Drug Selection and Medical Trends Advisory Committees, will develop drug specific supply chains, negotiating favorable pricing with contract manufacturers and other suppliers based on minimum expected Civica Member purchase commitments. The Civica management team will recommend to the Board and the Board will authorize a certain minimum volume commitment, expressed as a percentage of each Member’s annual purchases, that each Member will need to agree to if they choose to commit to purchase a specific Civica produced drug.
- b. The MVV Agreement will require annual adjustments to Member purchase commitments by drug to accommodate changes in organizational structures and practice patterns.
- c. The MVV Agreement will require Civica Members to submit projections of their needs annually to a third-party clean-room company contracted by Civica. This third-party clean-room company will assist Civica in setting annual unit purchase commitments by Member by drug for Civica produced drugs.
- d. The MVV Agreement will have a purchase commitment schedule that details each individual Member’s purchase commitments. This purchase commitment schedule will be updated annually through a passive amendment process, until drug-by-drug purchase commitments expire. Upon receipt of the annual passive amendment to the MVV Agreement and purchase commitment schedule, Civica Members will have 60 days to dispute their annual purchase commitment adjustment.

19. How will the initial set of drugs be prioritized and how many will be prioritized?

- a. Prior to the Closing, the initial Governing Members will agree upon an initial list of 10 generic drugs to ensure alignment prior to Closing and to guide appropriate revisions to the business plan and 1-year budget.

20. How will drug volumes be determined for manufacture?

- a. Members will submit semi-annually, agreed-upon generic drug unit purchase information by dosage form to a third-party clean-room company contracted by the Corporation and approved by the Board. Aggregated data will be used to inform Civica’s

management team's negotiations with potential manufacturers (e.g., volume discounts based on expected Member demand) in coordination with the Drug Selection and Medical Trends Advisory Committees.

21. What if a Member is not satisfied with their annual drug purchase commitment?

- a. If the purchase schedule is not satisfactory upon receipt, Members will have 60 days to dispute their annual purchase commitment adjustment.

22. When does the purchase commitment start?

- a. Purchase commitments will commence on the date when the Corporation successfully ships the applicable product to Members. Purchase commitments continue for the duration stated in the applicable Purchase Commitment Form from that date forward and are calculated in months.

23. What "out clauses" exist for the MVV?

- a. The MVV will provide appropriate relief from individual drug purchase commitments due to certain non-recurring events including, but not limited to:
 - i. Failure to supply
 - ii. Voluntary or involuntary product recalls
 - iii. Adverse FDA action
 - iv. Force majeure

24. What happens if the Corporation fails to supply contracted drugs for a period of time?

- a. Member commitments resume as contracted upon repair of the disruption and normal operations occur. The commitment would be reduced for the applicable period by any additional third-party purchases that a Member made during the disruption period to address the shortfall.

25. What happens if a Member no longer needs its contracted annual commitment?

- a. The MVV Agreement is structured as a take-or-pay arrangement, meaning that Members will be responsible under contract to pay for drugs up to their total annual commitment, whether they order the product or not. However, a Member may offset its purchase commitments to another Member should such other Member agree to receive and pay for product before it ships.

26. What happens if the Corporation produces more than the MVV?

- a. Should Civica produce more product than is necessary to meet aggregate Member purchase commitments, the excess product will be offered first to Members and then sold on the open market.

27. Can a Member resell drugs it will not use?

- a. Drugs cannot be resold, subcontracted, or assigned except as agreed among Members.

28. What if a Member has pre-existing contracts in place with manufacturers?

- a. The MVV contract will allow individual Members to structure their purchase commitments where the Member has pre-existing contract obligations with generic drug manufacturers, GPOs, or other situations that require additional time to expire, adjust, or renegotiate.