

NON-PROSECUTION AGREEMENT

1. The United States Attorney's Office for the Western District of Virginia ("USAO-WDVA") and Patterson Companies, Inc. ("Patterson"), and any and all current and former affiliated entities including, but not limited to, Animal Health International, Inc. ("AHI") (collectively referred to as the "Company") enter into this Non-Prosecution Agreement ("Agreement") to resolve the investigation by the USAO-WDVA of the Company related to possible violations of federal laws relating to the licensing, dispensing, distribution, or sale of veterinary prescription drugs.

2. This Agreement, in conjunction with the Plea Agreement with AHI ("Plea Agreement"), resolves all of the Company's potential federal criminal liability for the offenses covered herein and in the Plea Agreement.

3. The USAO-WDVA enters into this Agreement based on the individual circumstances presented by this case including:

a. Patterson's cooperation with the USAO-WDVA investigation since June 2018, and AHI's subsequent cooperation under the direction of Patterson, as well as the Company's continued cooperation under the direction of the Special Investigation Committee of the Board of Directors of Patterson ("SIC") which was formed in April 2019. Since 2018, the Company has conducted a thorough and robust internal investigation; proactively brought information to the USAO-WDVA's attention, remediated noncompliant activity and implemented control enhancements, including certain licensing, dispensing, distribution and related sales practices company-wide; made factual presentations to the USAO-WDVA; timely and fully produced all requested documents; entered into agreements tolling relevant statutes of limitations; and collected, analyzed, and organized voluminous data and information for the USAO-WDVA.

b. Patterson's voluntary disclosure to the USAO-WDVA of non-compliant licensing, dispensing, distribution, and sales at AHI and Patterson beyond AHI's conduct set forth in the Information and Plea Agreement, and its timely efforts to remediate non-compliant activity and enhance controls and processes to mitigate against future reoccurrence. The additional non-compliant activity involved wholesale distribution of veterinary prescription drugs: (i) without verifying the continued validity of all practitioners' licenses in the receiving state; (ii) without verifying that an alternate location requested by the customer was authorized by state law to receive veterinary prescription drugs; (iii) without verifying that veterinarians licensed in Virginia were also associated with a veterinary establishment registered with the Virginia Board of Veterinary Medicine, (iv) without valid licensure to ship to the state to which the drugs were shipped, and/or (v) to end users in states where drop shipments by wholesalers to end users is not allowed. The additional non-compliant activity was due to prior weaknesses and inconsistencies among AHI and Patterson regulatory functions and processes, as well as system challenges presented by the Company's enterprise resource planning implementation. The Company has since taken extensive

proactive steps to enhance its regulatory function, capabilities and support to guide the business and other control functions on regulatory compliance matters. It has also enhanced its regulatory system controls to address the issues disclosed in the investigation and to verify that veterinary prescription drugs are shipped from facilities with required state licenses and to customers and locations authorized by state law to receive veterinary prescription drugs. Consistent with its approach to the USAO-WDVA, Patterson also disclosed the pending federal investigation to state regulators in all 50 states and continues to engage with state regulators, as appropriate, on matters related to the USAO-WDVA investigation.

c. The Company's enhanced regulatory compliance processes and commitment to implement a compliance program that meets the minimum elements set forth in Attachment C to the Plea Agreement ("Corporate Compliance Program Agreement").

d. The Company's agreement to comply with the terms of the Agreement and Plea Agreement.

e. AHI's admission to and the Company's agreement with the facts and allegations set forth in the Plea Agreement.

f. Although the investigation did not involve controlled substances, the Company's recognition that diversion of controlled substances, including drugs of the type that are prescribed and dispensed by veterinarians, such as buprenorphine and hydrocodone, should be a concern of all distributors and dispensers of those drugs and the Company's ongoing commitment to be proactive in deterring diversion and identifying and notifying authorities of suspicious ordering.

4. The Company agrees it will not take any tax deduction or seek or accept directly or indirectly reimbursement or indemnification from any source for any payments made pursuant to the Plea Agreement.

5. No money paid by the Company will be returned, and the Company expressly agrees to release any and all claims it may have to the money. The Company will not file any claim or otherwise contest the payment of money set forth in this Plea Agreement, and it will not assist anyone in asserting a claim to the money.

6. Nothing in this Agreement or any related documents is an admission by the United States that the amounts paid by the Company are the maximum amounts that could be recovered from the Company in the absence of an accepted plea agreement. If the Company does not comply with all of its obligations under this Agreement, the United States is not precluded from arguing or presenting evidence that the total amount to be paid by the Company should be higher.

7. The Company's obligations under this Agreement shall have a term of 42 months from the date on which the Agreement is executed (the "Term").

8. During the Term, the Company will fully cooperate with the USAO-WDVA.

9. During the Term, the Company shall undertake and abide by the terms of the Corporate Compliance Program Agreement in Attachment C to the Plea Agreement.

10. If the Company complies with all of the terms of this Agreement and the Plea Agreement, the USAO-WDVA will not prosecute the Company for any criminal conduct occurring prior to the entering of this agreement concerning:

a. The subject matter of the Information to which AHI is pleading guilty; or

b. Facts disclosed by the Company to the USAO prior to entering this agreement related to the Company's licensing, dispensing, distribution, or sale of veterinary prescription drugs.

11. However, if the USAO-WDVA, in its sole discretion, determines the Company (a) provided deliberately false, incomplete, or misleading information at any time in connection with this Agreement or (b) violated any provision of this Agreement, then the USAO-WDVA will not be bound to their agreement not to prosecute the Company for the matters covered in paragraph 10. Should the USAO-WDVA determine that the Company has violated any provision of this Agreement, the USAO-WDVA shall provide prompt written notice to the Company addressed to its General Counsel, and to its outside counsel, Amy Conway-Hatcher, Baker Botts LLP, 1299 Pennsylvania Avenue NW, Washington, DC, or to any successor the Company may designate, of the alleged violation and provide the Company with a 45 (forty-five) day period from the date of receipt of notice in which to make a presentation to the USAO-WDVA to demonstrate that no violation occurred, or, to the extent applicable, that the violation should not result in adverse action, including because the violation has been cured by the Company. In the event of a violation, the Company will not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other rule or law, that any statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible in any proceeding brought by the Department of Justice. If, as a result of a violation, the United States charges the Company, the Company hereby waives any statute of limitations defense for any offense not time-barred by the applicable statute of limitations on the date this Agreement is signed, including time protected as the result of existing agreements to toll the applicable statute of limitations.

12. The Company will not, through its present or future directors, officers, employees, agents, (1) make any public statement or (2) make any statement or take any position in litigation in which any United States department or agency is a party, contradicting any statement or provision set forth in the Plea Agreement or its attachments. If the Company makes a public statement that in whole or in part contradicts any such statement or provision, the Company may avoid being in violation of this Agreement by promptly publicly repudiating such statement. For the purposes of this paragraph, the term "public statement" means any statement made or authorized by the Company's directors, officers, employees, or attorneys and includes, but is not limited to, a statement in (1) a press release, (2) public relations material, or (3) the Company's

*Attachment B – Non-Prosecution Agreement with Patterson Companies, Inc.
United States v. Animal Health International, Inc.*

websites. Notwithstanding the above, the Company may avail itself of any legal or factual arguments available (1) in defending litigation brought by a party other than the United States or (2) in any inquiry, complaint, notice of violation, investigation or proceeding brought by a state entity or by the United States Congress. This paragraph does not apply to any statement made by any individual in the course of any actual or contemplated criminal, regulatory, administrative, or civil case initiated by any governmental or private party against such individual.

13. The terms of this Agreement bind the USAO-WDVA and other divisions of the Department of Justice (collectively referred to as the "United States"), except that they do not bind the Tax Division of the Department of Justice or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities. The USAO-WDVA will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

14. The Company and the United States may disclose this Agreement and any other documents used to effectuate the objectives of this Agreement to the public.

15. Nothing in this Agreement resolves, in any way, any liability of any individual.

16. This Agreement and the Plea Agreement set forth all the terms of the agreement between the Company and the USAO-WDVA. No amendments, modifications, or additions to this Agreement will be valid unless they are in writing signed by the USAO-WDVA, the attorneys for the Company, and a duly authorized representative of the Company.

The Company acknowledges its acceptance of this Agreement by the signature of its counsel and Officer. A copy of a resolution by the Company's Board of Directors authorizing the Officer to execute this Agreement and all other documents to resolve this matter on behalf of the Company is attached as Addendum 1.

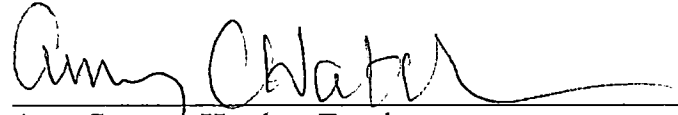


Date: February 12, 2020

Mark S. Walchirk
Authorized Corporate Officer
Patterson Companies, Inc.

Counsel has fully explained to the Board of Directors of the Company the facts and circumstances of the investigation and the consequences of entering into this Agreement. Counsel has reviewed this entire Agreement and documents referenced herein with the client, through its Officer. The Company understands the terms and conditions of this Agreement, and the Company's decision to enter into this Agreement is knowing and voluntary. The Company's execution of and entry into this Agreement is done with Counsel's consent.

Date: 2/13/2020



Amy Conway-Hatcher, Esquire
Kyle Clark, Esquire
Baker Botts L.L.P.
Counsel for AHI and Patterson Companies, Inc.

Date: 2-13-2020



Randy Ramseyer
Assistant United States Attorney

EXHIBIT A

**RESOLUTION OF THE
BOARD OF DIRECTORS
OF
PATTERSON COMPANIES, INC.**

NON-PROSECUTION AGREEMENT

WHEREAS, the Company, together with outside counsel reporting to the Special Investigation Committee of the Board ("SIC Counsel"), has been in discussions with the U.S. Attorney's Office for the Western District of Virginia ("USAO-WDVA") to resolve its investigation into Animal Health International, Inc. by, among other things, having the Company enter into a Non-Prosecution Agreement (the "Agreement");

WHEREAS, SIC Counsel has advised the Board of the terms of the Agreement and the consequences of entering into the Agreement; and

WHEREAS, the Board has determined that it is in the best interest of the Company to enter into the Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the Agreement and authorizes any executive officer of the Company (the "Authorized Officers") and SIC Counsel to execute and deliver the Agreement on behalf of the Company, with such changes thereto as the Authorized Officers may approve, such approval to be conclusively evidenced by the execution of the changed Agreement.

RESOLVED FURTHER, that the Authorized Officers and SIC Counsel are hereby authorized and directed to execute and deliver all other documents necessary to carry out the provisions of the Agreement.

RESOLVED FURTHER, that each Authorized Officer is hereby authorized and directed to acknowledge on behalf of the Company that the Agreement and related documents fully set forth the agreement made between the Company and the USAO-WDVA, and that no additional promises or representations have been made to the Company by any officials of the USAO-WDVA in connection with the Agreement and related documents, other than those set forth in therein.

RESOLVED FURTHER, that each Authorized Officer is hereby authorized and directed to make any payments required in connection with the Agreement.

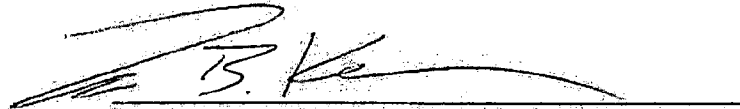
RESOLVED FURTHER, that each Authorized Officer is authorized and empowered, in the name and on behalf of the Company, to make all such arrangements, to do and perform all such acts and things, and to execute and deliver all such documents, certificates and instruments as they may deem appropriate in order to effectuate fully the purpose of the foregoing resolutions, and that any actions taken heretofore and hereafter to accomplish such purposes be, and they hereby are approved, ratified and confirmed.

CERTIFICATE OF SECRETARY

I, Les B. Korsh, hereby certify that I am now, and at all times mentioned herein have been, the duly elected, qualified, and acting Secretary of **PATTERSON COMPANIES, INC.**, a Minnesota corporation (the "Corporation") and, as such officer, I have access to the records of the Company, which records of the Company reflect that:

1. RESOLUTIONS. Attached hereto as Exhibit A is a true and correct copy of resolutions that have been duly adopted by the Board of Directors of the Corporation on February 4, 2020, in compliance with, and not in contravention of, the articles of organization and bylaws of the Corporation; none of such resolutions have been repealed or modified in any respect, and all of such resolutions are in full force and effect on and as of the date hereof, and constitute the only action taken by the Board of Directors of the Corporation with respect to the subject matter hereof.

IN WITNESS WHEREOF, I duly executed this Certificate this 10th day of February, 2020.



Les B. Korsh
Secretary of Patterson Companies, Inc.

CORPORATE COMPLIANCE PROGRAM AGREEMENT

The following Patterson Companies, Inc. ("Patterson" or the "Company") Corporate Compliance Program Agreement ("Corporate Compliance Program Agreement") has been prepared pursuant to the Non-Prosecution Agreement dated this same date between Patterson and the United States Attorney's Office for the Western District of Virginia ("USAO-WDVA"). Compliance with all the terms and standards of the Corporate Compliance Program Agreement is a condition of the Non-Prosecution Agreement and shall continue for the Term of the Non-Prosecution Agreement ("Term").

Applicability and Purpose

1. This Corporate Compliance Program Agreement shall be incorporated into the Non-Prosecution Agreement by reference, and compliance with the terms of the Corporate Compliance Program Agreement will be a condition of the Non-Prosecution Agreement. The USAO-WDVA acknowledges that the Company has already implemented many of these terms as of the date of the resolution.

2. Any proposed modifications to this Corporate Compliance Program Agreement must be made in writing and signed by the Company and the designated signatory for the USAO-WDVA.

3. The Corporate Compliance Program Agreement does not in any way release the Company from complying with any applicable federal or state statutes and/or regulations, and does not limit the imposition of any sanctions, penalties or any other actions available under those state or federal statutes and regulations.

The Corporate Compliance Program Agreement

4. The Company and the USAO-WDVA agree that the Company shall undertake the following voluntary compliance measures. The Corporate Compliance Program Agreement does and will continue to contain policies and procedures designed to prevent, detect, and correct violations of federal and state statutes and/or regulations concerning federal prescription drug distribution, including but not limited to the Food, Drug, and Cosmetic Act ("FDCA"), 21 U.S.C. § 301 *et seq.* and FDA requirements. These policies and procedures shall be designed to ensure that the Company complies with, among other things, the FDCA's prohibitions against causing the introduction into interstate commerce of a drug that is misbranded or otherwise violates the FDCA.

5. *Compliance Officer.* Prior to the effective date of the Non-Prosecution Agreement, the Company established the position of Chief Compliance Officer ("Compliance Officer") and appointed an individual to serve in the role on an interim basis until such time as the Company can fill the role on a permanent basis. The Company shall maintain a Compliance Officer for the Term. During the Term, the Compliance Officer shall be authorized to oversee compliance with federal and state statutes and/or regulations concerning federal prescription drug distribution, including but not limited to the FDCA, FDA requirements, and the requirements of the Corporate

Compliance Program Agreement. The Compliance Officer is, and shall continue to be, responsible for developing and implementing policies, procedures and practices designed to address compliance with the requirements set forth in this Corporate Compliance Program Agreement, with federal and state statutes and/or regulations concerning federal prescription drug distribution and FDA requirements. The Compliance Officer shall be a member of senior management of the Company, and shall report directly to the Chief Executive Officer of the Company. The Compliance Officer shall make periodic (at least quarterly) reports regarding compliance matters directly to the Patterson Company's Board of Directors (hereinafter the "Board") or any authorized committee thereof, and shall be authorized to report on such matters to the Board at any time. The Compliance Officer shall not be subordinate to the General Counsel or Chief Financial Officer. The Compliance Officer shall be responsible for monitoring the day-to-day compliance activities engaged in by the Company as well as for any obligations created under the Corporate Compliance Program Agreement. Any non-compliance job responsibilities of the Compliance Officer must not interfere with the Compliance Officer's ability to perform the duties outlined in the Corporate Compliance Program Agreement.

6. *Compliance Committee.* Prior to the effective date of the Non-Prosecution Agreement, the Company formed a Compliance Committee (hereafter "Compliance Committee") which, in conjunction with the Compliance Officer, assists in the implementation and enhancement of the compliance program. The Company shall maintain the Compliance Committee for the Term. The Compliance Committee shall include, at a minimum, the Compliance Officer and other members of senior management necessary to meet the requirements of the Corporate Compliance Program Agreement (e.g., senior executives of relevant departments, such as legal, regulatory, audit, human resources, and operations.) The Compliance Committee shall support the Compliance Officer in fulfilling his/her responsibilities (e.g., shall assist in the analysis of the Company's risk areas and shall oversee monitoring of internal and external compliance-related audits and investigations). The Compliance Committee shall meet at least quarterly.

7. *Board of Directors Compliance Obligations.* Prior to the effective date of the Non-Prosecution Agreement, the Board formed a committee responsible for overseeing the Company's compliance program ("Board Committee"). The Company shall maintain the Board Committee for the Term. The Board Committee shall consist of no less than three (3) non-employee directors, including at least one (1) member of the Special Investigation Committee formed in response to the USAO-WDVA investigation for a minimum of twelve (12) months from the date of this Non-Prosecution Agreement. The Board Committee shall oversee the Company's compliance program, including at a minimum:

- a. the Company's obligations under the Corporate Compliance Program Agreement
- b. receiving updates about adoption and implementation of policies, procedures and practices designed to ensure compliance with the FDCA and FDA requirements, and
- c. evaluating the effectiveness of the compliance program.

8. The Company shall continue to evaluate its current business to ensure that it is not currently receiving, distributing or handling misbranded or unapproved federal prescription drugs. Should the Company find it is receiving, distributing, or handling misbranded or unapproved federal prescription drugs, it shall take necessary steps to remediate any such conduct.

9. The Company shall continue to enhance its current training program to ensure that pertinent employees are familiar with the requirements of the FDCA and FDA requirements that could potentially apply to the Company's conduct.

10. The Company will put in place processes to (a) encourage employees to report suspected non-compliant activities by the Company, customers, or others and to (b) acknowledge or otherwise recognize employees for reporting confirmed non-compliant activity, as appropriate.

11. The Company will maintain, or as necessary establish, policies and procedures designed to ensure effective investigation of any complaints and/or potential deficiencies relating to compliance with federal and state statutes and/or regulations concerning federal prescription drug distribution, including but not limited to the FDCA and FDA requirements. Such policies and procedures shall include, but are not limited to:

a. Training and providing guidance to all pertinent employees as to the requirement to report all information regarding potential non-compliance with federal and state statutes and/or regulations concerning federal prescription drug distribution or FDA requirements to the Compliance Officer, who in turn will review and determine whether corrective actions are required; and

b. Tracking allegations and remediation action plans regarding potential non-compliance with federal and state statutes and/or regulations concerning federal prescription drug distribution or FDA requirements to identify issues that may require corrective actions.

12. Within 60 days of the end of the Company's fiscal year, the Company's Chief Executive Officer will certify, under oath, to (a) the United States Attorney's Office during the Term and (b) the United States Probation Office for any period during which Animal Health International, Inc. is on probation, that (1) the Company fully complied with all federal laws and regulations pursuant to the Food, Drug, and Cosmetic Act ("FDCA") in the preceding year (or, in the instance of the first such certification, the period from execution of the Non-Prosecution Agreement through the end of the Company's fiscal year 2020), or in the alternative, (2) list all non-compliant activity and the steps taken by the company to remedy such non-compliant activity. Any listing of non-compliant activity shall not be considered by the government or the Probation Officer as a *per se* violation of the terms of probation or the Non-Prosecution Agreement. Instead, other factors will be taken into account, including whether the conduct violated policies the Company has adopted, whether the Company provided training addressing the subject matter of the reported conduct, whether it was an isolated or systemic occurrence, the Company's response, and any remedial actions taken after the Company learned of the conduct reported.

Non-Compliance

13. The Corporate Compliance Program Agreement is part of the Non-Prosecution Agreement and adherence to it will be an enforceable condition. Deliberate, intentional or knowing failure to comply with any part of the Corporate Compliance Program Agreement is a violation of the Non-Prosecution Agreement.