



U. S. Department of Justice

Criminal Division

*Fraud Section
Bond Building, 4th Floor
1400 New York Ave., N.W.
Washington, DC 20005*

May 6, 2009

Mr. Paul Gerlach
Sidley Austin, LLP
1501 K Street, N.W.
Washington D.C. 20005

Re: Novo Nordisk A/S

Dear Mr. Gerlach:

This letter sets out the agreement (“the Agreement”) between Novo Nordisk A/S (“Novo”) and the United States Department of Justice, Criminal Division, Fraud Section (“the Department”) relating to illegal conduct committed by Novo in connection with certain United Nations Oil-For-Food contracts. The terms of the Agreement are as follows:

1. **Relevant Parties:** Novo, by Novo’s undersigned attorneys, pursuant to authority granted by Novo’s Board of Directors, enters into this Agreement with the Department, which shall apply to Novo, a Danish corporation with its principal place of business in Bagsvaerd, Denmark.

2. **Charges:** Novo accepts and acknowledges that the United States will file a one-count Criminal Information in the United States District Court for the District of Columbia. The Information charges Novo with conspiracy to commit the following offenses against the United States, in violation of Title 18, United States Code, Section 371: (a) wire fraud, in violation of Title 18, United States Code, Section 1343; and (b) falsification of books and records of Novo, in violation of the books and records provisions of the Foreign Corrupt Practices Act of 1977 (“FCPA”), Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a).

3. **Waiver of Rights:** Novo knowingly waives its right to indictment on the charges described in Paragraph 2 and contained in the Information, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b). In addition, Novo knowingly waives any objection based on venue to the filing of the Information and the Agreement in the United States District Court for the District of Columbia.

4. **Acceptance of Responsibility:** Novo admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, and agents, as set forth in the Statement of Facts attached to the Agreement as Appendix A. Should the Department initiate the prosecutions deferred by this Agreement, Novo agrees that it will neither contest the admissibility of, nor contradict, in any such proceeding, the facts contained in the Statement of Facts.

5. **Monetary Penalty:** Novo agrees to pay a monetary penalty of \$9,000,000 to the U.S. Treasury within ten (10) days of the execution of this Agreement. This amount is a final payment and shall not be refunded: (a) if the Department moves to dismiss the Information pursuant to this Agreement; or (b) should the Department later determine that Novo has breached this Agreement and brings a prosecution against Novo. Further, nothing in this Agreement shall be deemed an agreement by the Department that this amount is the maximum criminal fine that may be imposed in any such prosecution and the Department shall not be precluded in such a prosecution from arguing that the Court should impose a higher fine. The Department agrees, however, that in the event of a subsequent breach and prosecution, it will recommend to the Court that the amount paid pursuant to this Agreement should be offset against whatever fine the Court shall impose as part of its judgment. Novo understands that such a recommendation will not be binding on the Court. Novo acknowledges that no tax deduction may be sought in connection with the payment of this \$9,000,000 penalty.

6. **Basis for Agreement:** The Department enters into this Agreement based upon the following facts and circumstances: (a) Novo conducted a thorough investigation of the criminal conduct described in the Statement of Facts and other possible misconduct; (b) Novo promptly and thoroughly reported all of its findings to the Department; (c) Novo cooperated in the Department's investigation of this matter; and (d) Novo has undertaken, and has agreed to undertake, further remedial measures to ensure that this conduct will not recur.

7. **Cooperation:** This Agreement shall be in effect for three years. During the three-year term of the Agreement, Novo agrees to cooperate fully with the Department and any other authority or agency, domestic or foreign, designated by the Department, in any investigation of Novo or any subsidiary thereof, or any of their present and former directors, officers, employees, agents, consultants, contractors and subcontractors, or any other party, in any and all matters relating to corrupt payments in connection with the operations of Novo or any subsidiary thereof. Novo agrees that their cooperation shall include, but not be limited to, the following:

a. Novo shall continue to cooperate fully with the Department, and with all other authorities and agencies designated by the Department, and shall truthfully disclose all non-privileged information with respect to the activities of Novo and their present and former subsidiaries and affiliates, and the directors, officers, employees, agents, consultants, contractors and subcontractors thereof, concerning all matters relating to corrupt payments in connection with their operations, related false books and records, and related inadequate internal controls about which Novo has any knowledge or about which the Department shall inquire. This obligation of truthful disclosure includes the obligation of Novo to provide to the Department, upon request, any non-privileged document, record, or other tangible evidence relating to such

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corrupt payments, books and records, and internal controls about which the Department inquires of Novo.

b. Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments and related false accounting and inadequate internal controls in connection with the operations of Novo or any of its present or former subsidiaries or affiliates, Novo shall designate knowledgeable employees, agents, or attorneys to provide to the Department the information and materials described in Paragraph 7(a) above, on behalf of Novo. It is further understood Novo must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the Department's investigation of corrupt payments and related false accounting and inadequate internal controls in connection with the operations of Novo or any of its present or former subsidiaries or affiliates, Novo shall use its best efforts to make available for interviews or testimony, as requested by the Department, present or former directors, officers, employees, agents and consultants of Novo or any of its present or former subsidiaries or affiliates, as well as directors, officers, employees, agents and consultants of contractors and sub-contractors. This includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this paragraph will include identification of witnesses who, to the knowledge of Novo, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, document, record, or other tangible evidence provided to the Department pursuant to this Agreement, Novo consents to any and all disclosures to other government agencies, whether agencies of the United States or a foreign government, of such materials as the Department, in its sole discretion, shall deem appropriate.

8. **Compliance Undertakings:** Novo represents that it will adhere to the requirements of Appendix B hereto and that it has implemented and, where necessary and appropriate, will continue to implement a compliance and ethics program designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of subsidiaries, affiliates, and, where necessary and appropriate, joint ventures, and those of its contractors and subcontractors with responsibilities that include interactions with foreign officials. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not protected from prosecution by Paragraph 9 of this Agreement.

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9. **Government Commitments:** In return for the full and truthful cooperation of Novo and compliance with all the terms and conditions of this Agreement, the Department agrees as follows:

a. The Department will not use any information in the attached Statement of Facts or information Novo disclosed to the Department prior to the date of this Agreement concerning business activities in Iraq under the United Nations Oil-For-Food Program against Novo or any subsidiary or affiliate thereof in any criminal or civil case, except in a prosecution for perjury or obstruction of justice; in a prosecution for making a false statement; in a prosecution or other proceeding relating to any crime of violence; or in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

b. Except as provided in this Agreement, the Department will not bring any criminal or civil case based upon the conduct described in the attached Statement of Facts, or the conduct Novo disclosed to the Department prior to the date of this Agreement concerning business activities in Iraq under the United Nations Oil-For-Food Program against Novo or any subsidiary or affiliate thereof. This paragraph does not provide any protection against prosecution for any corrupt payments, false accounting, or inadequate internal controls, if any, made in the future by Novo or any subsidiary or affiliate thereof, or any directors, officers, employees, agents or consultants, whether or not disclosed by Novo, pursuant to the terms of this Agreement. This paragraph provides protection against prosecution only with regard to those corrupt payments made in the past in connection with the business activities of Novo in Iraq that: (i) are described in the attached Statement of Facts; or (ii) were disclosed to the Department prior to the date of this Agreement. This paragraph does not provide any protection against criminal prosecution of any present or former director, officer, employee, shareholder, agent, consultant, contractor, or subcontractor of Novo or any subsidiary or affiliate thereof for any violations committed by them.

c. In consideration of the actions of Novo in voluntarily conducting an investigation by outside legal counsel regarding the matters described in the attached Statement of Facts and other matters disclosed to the Department, the cooperation of Novo with the investigation conducted by the Department, and the willingness of Novo to: (i) acknowledge responsibility for its behavior and that of its subsidiaries, affiliates and agents; (ii) continue its cooperation with the Department; and (iii) adopt and maintain remedial measures and independently review and audit such measures, the Department agrees that any prosecution of Novo for the conduct set forth in the attached Statement of Facts, and for all other conduct Novo disclosed to the Department prior to the date of this Agreement concerning its business activities in Iraq under the United Nations Oil-For-Food Program, be and hereby is deferred for a period of three (3) years from the date of this Agreement.

10. **Terms of Dismissal:** The Department further agrees that if at the end of the three-year term of this Agreement, Novo is, and has been, in full compliance with all of its obligations under this Agreement, the Department will not continue the criminal prosecution against Novo described in Paragraph 2, will move to dismiss the Information, and this Agreement shall expire.

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11. **Breach of Agreement:** If the Department determines, in its sole discretion, that Novo, at any time during the three-year term of this Agreement, has committed any crime which would constitute a felony under federal law; has at any time provided deliberately false, incomplete, or misleading information to the Department; or has otherwise breached this Agreement, Novo shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge. Any such prosecution may be premised on information provided by Novo. Novo acknowledges that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if Novo breaches this Agreement and this matter proceeds to judgment. Novo further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of its discretion. In the event of a breach:

a. Novo agrees that any prosecution (except for any prosecution arising out of the pending investigation by the United States Attorney's Office for the Eastern District of New York into matters related to Novo Nordisk Inc.'s relationships with pharmacies and health care providers in the United States) that is not time-barred by the applicable statute of limitations on the date of this Agreement may be commenced against Novo or any subsidiary or controlled affiliate thereof, in accordance with this Agreement, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the termination of this Agreement plus one year. Thus, by signing this agreement, Novo, on behalf of itself and all of its subsidiaries and controlled affiliates, agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date of this Agreement (except as noted above) shall be tolled for the term of this Agreement, plus one year. By this Agreement, Novo, expressly intends to and does waive any rights with respect to the statute of limitations discussed herein.

b. All statements made by or on behalf of Novo to the Department or to the Court, including the attached Statement of Facts, and any testimony given by Novo before a grand jury or any tribunal, at any legislative hearings, or to the Securities and Exchange Commission ("SEC"), whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against Novo.

c. Novo shall 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 federal rule, that statements made by or on behalf of Novo prior or subsequent to this Agreement, or any leads derived there from, should be suppressed. The decision whether conduct or statements of any individual will be imputed to Novo for the purpose of determining whether Novo has violated any provision of this Agreement shall be in the sole discretion of the Department.

12. **Successor Liability:** Novo agrees that in the event it, during the term of this agreement, sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, merger, or transfer, it shall include in any contract for sale, merger or transfer a provision

binding the purchaser or any successor in interest thereto to the obligations described in this Agreement.

13. **Public Statements:** Novo expressly agrees that it shall not, through present or future attorneys, directors, officers, or any other person authorized to speak for it, make any public statement, in litigation or otherwise, contradicting either the acceptance of responsibility by Novo set forth above or any fact contained in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights below by Novo, constitute a breach of this Agreement and Novo thereafter shall be subject to prosecution as set forth in Paragraph 11 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to Novo for the purpose of determining whether it has breached this Agreement shall be in the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Novo and it may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. Consistent with the obligations of Novo, set forth above, Novo shall be permitted to raise defenses and to assert affirmative claims in civil and regulatory proceedings and non-U.S. criminal proceedings relating to the matters set forth in the Statement of Facts. This paragraph is not intended to apply to any statement made by any current or former employee of Novo in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of Novo.

14. **Statements to the Media:** Novo agrees that if Novo or any of its direct or indirect affiliates or subsidiaries issues a press release in connection with this agreement, Novo shall first consult with the Department to Determine whether (a) the text of the release is true and accurate with respect to matters between the Department and Novo; and (b) the Department has no objection to the release. Statements at any press conference concerning this matter shall be consistent with this press release.

15. **Agreement Binding on Parties Only:** It is understood that this Agreement is binding on Novo and its subsidiaries and controlled affiliates and the Department, but does not bind any other federal agencies, or any state or local law enforcement or regulatory agencies, although the Department will bring the cooperation of Novo and its compliance with its obligations under this Agreement to the attention of such agencies and authorities if requested to do so by Novo.

16. **Notice:** Any notice to Novo under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service or registered or certified mail, in each case addressed to Ole F. Ramsby, Senior Vice President, General Counsel (or his successor) Novo Nordisk A/S, Novo Alle, DK-2880 Bagsvaerd, Denmark, with a copy to Paul V. Gerlach, Sidley Austin LLP, 1501 K Street, N.W., Washington, D.C. 20005. Notice shall be effective upon actual receipt by Novo. Notice to the Department shall be made to Mark F. Mendelsohn (or his successor), Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, N.W., Washington, D.C. 20005.


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17. Complete Agreement: This Agreement sets forth all the terms of the Agreement between Novo, and its subsidiaries and affiliates, and the Department. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for Novo, and a duly authorized representative of Novo.

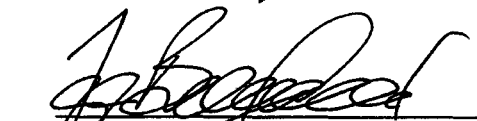
AGREED:

FOR NOVO:

PAUL V. GERLACH
Sidley Austin LLP
Counsel for Novo-Nordisk A/S



LARS REBIÉN SØRENSEN
Chief Executive Officer
Novo-Nordisk A/S



JESPER BRANDGAARD
Executive Vice President and
Chief Financial Officer
Novo-Nordisk A/S

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FOR THE DEPARTMENT OF JUSTICE:

STEVEN A. TYRRELL
Chief, Fraud Section

By: 

JONATHAN E. LOPEZ
Senior Trial Attorney, Fraud Section

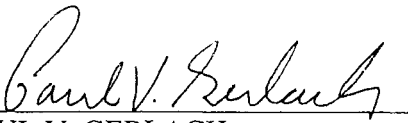
Criminal Division
United States Department of Justice
1400 New York Avenue, N.W.
Washington, D.C. 20005

Filed at Washington, D.C., on this _____ day of _____, 2009.

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AGREED:

FOR NOVO:



PAUL V. GERLACH
Sidley Austin LLP
Counsel for Novo-Nordisk A/S

LARS REBIEN SØRENSEN
Chief Executive Officer
Novo-Nordisk A/S

JESPER BRANDGAARD
Executive Vice President and
Chief Financial Officer
Novo-Nordisk A/S

FOR THE DEPARTMENT OF JUSTICE:

STEVEN A. TYRRELL
Chief, Fraud Section

By:

JONATHAN E. LOPEZ
Senior Trial Attorney, Fraud Section

Criminal Division
United States Department of Justice
1400 New York Avenue, N.W.
Washington, D.C. 20005

Filed at Washington, D.C., on this _____ day of _____, 2009.

OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with counsel for Novo Nordisk A/S ("Novo"). I understand the terms of this Agreement and voluntarily agree, on behalf of Novo, to each of its terms. Before signing this Agreement, I consulted with counsel for Novo. Counsel fully advised me of the rights of Novo and of the consequences of entering into this Agreement.

I have carefully reviewed this Agreement with the Board of Directors of Novo. I have advised and caused investigative and outside counsel for Novo to advise the Board fully of the rights of Novo, of possible defenses, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf Novo in any way to enter into this Agreement. I am also satisfied with counsel's representation in this matter. I certify that I am an officer of Novo and that I have been duly authorized by Novo to execute this Agreement on behalf of Novo.

Date: 7 May 2009

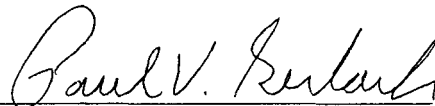
By: Lars R. Sørensen
LARS REBIEN SØRENSEN
Chief Executive Officer
Novo-Nordisk A/S *LOM*

Jesper Brandgaard
JESPER BRANDGAARD
Executive Vice President and
Chief Financial Officer
Novo-Nordisk A/S *LOM*

CERTIFICATE OF COUNSEL

I am counsel for Novo Nordisk A/S (“Novo”) in the matter covered by this Agreement. In connection with such representation, I have examined relevant documents and have discussed this Agreement with the Board of Directors. Based on my review of the foregoing materials and discussions, I am of the opinion that: (1) Novo’s representative has been duly authorized to enter into this Agreement on behalf of Novo; and (2) this Agreement has been duly and validly authorized, executed, and delivered on behalf of Novo and is a valid and binding obligation of Novo. Further, I have carefully reviewed this Agreement with the Board of Directors and General Counsel of Novo. I have fully advised them of the rights of Novo, of possible defenses, and of the consequences of entering into this Agreement. To my knowledge, the decision by Novo to enter into this Agreement is an informed and voluntary one.

Date: May 6, 2009



PAUL V. GERLACH
Sidley Austin, LLP
Counsel for Novo-Nordisk A/S

APPENDIX A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section (the "Department") and Novo Nordisk A/S ("Novo"), and the parties hereby agree and stipulate that the information in this statement of facts is true and accurate. As set forth in Paragraph 4 of the Agreement, Novo admits, accepts and acknowledges that it is responsible for the acts of its officers and employees that are set forth below. Should the Department initiate the prosecution that is deferred by the Agreement, Novo agrees that they will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding.

If this matter were to proceed to trial, the United States would prove beyond a reasonable doubt, by admissible evidence, the facts alleged in this Statement of Facts and the Criminal Information being filed against Novo. This evidence would establish the following:

I. The United Nations Oil-for-Food Program

1. On or about August 6, 1990, days after the Republic of Iraq's invasion of Kuwait, the United Nations ("U.N.") adopted Security Council Resolution 661, which prohibited U.N. member-states from transacting business with Iraq, except for the purchase and sale of humanitarian supplies. Resolution 661 prohibited virtually all direct financial transactions with the government of Iraq.

2. On or about April 15, 1995, the U.N. adopted Security Council Resolution 986, which served as a limited exception to the Iraq sanctions regime in that it allowed Iraq to sell its oil. However, Resolution 986 required that the proceeds from oil sales be used by the Iraqi government to purchase humanitarian supplies, including but not limited to food, for the Iraqi

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people. Hence, this program became known as the Oil-for-Food Program. Payments made to the Iraqi government which were not approved by the U.N. and which were outside the strict contours of the OFFP were prohibited.

3. The rules of the OFFP required that the proceeds of all sales of Iraqi oil be deposited into a U.N.-controlled escrow account at the New York branch of Banque Nationale de Paris ("BNP-Paribas"). That escrow account funded the purchase of humanitarian goods by the Iraqi government.

4. Under the rules of the OFFP, a supplier of humanitarian goods contracted with a ministry or other department of the Iraqi government to sell goods to the government. Once that contract was finalized, the contract was submitted to a U.N. Committee ("the 661 Committee") which reviewed the contracts to ensure that their terms complied with all U.N. OFFP and Iraqi sanction regulations. The 661 Committee accepted the contracts, rejected them or asked the supplier to provide additional information upon which the committee could make a decision.

5. If a contract was approved by the 661 Committee, a letter of credit was issued by BNP-Paribas to the supplier's bank stating that the supplier would be paid by the OFFP for the relevant goods once certain conditions were met, including delivery of the goods to Iraq and inspection of the goods by a U.N. contractor. Once those conditions were deemed by the U.N. to have been met, the U.N. would direct BNP-Paribas to release payment to the supplier.

6. On or about December 10, 1996, the first Iraqi oil exports under the U.N. OFFP began. The OFFP continued from in or about December 1996 until the United States invasion of Iraq on or about March 19, 2003. From in or about December 1996 through March 2003, the United States government prohibited United States companies and individuals from engaging in

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transactions with the government of Iraq, unless such transactions were authorized by the U.N. pursuant to the OFFP.

7. Beginning in approximately August 2000, the Iraqi government demanded that suppliers of humanitarian goods pay a kickback, usually valued at 10% of the contract price, to the Iraqi government in order to be awarded a contract by the government. These kickbacks violated U.N. OFFP regulations and U.N. sanctions which prohibited payments to the Iraqi government which were not expressly approved by the U.N. and which were not contemplated by the guidelines of the OFFP.

8. Often, these kickbacks were termed "after sales service fees" ("ASSFs"), but did not represent any actual service being performed by the supplier. These ASSFs were usually included in the contract price submitted by the supplier to the U.N. without disclosing to the U.N. that the contract contained an extra 10 percent, which would be returned to the Iraqi government. Including the 10 percent in the contract price allowed the supplier to avoid paying the 10 percent out of its profits; instead, the suppliers caused the U.N., unknowingly, to fund the kickbacks to the Iraqi government.

9. Some suppliers labeled the ASSFs as such, thereby leading the U.N. to believe that actual after-sales services were being provided by the supplier. Other suppliers disguised the ASSFs by inserting fictitious line items into the contracts for goods or services that were not being provided. Still other suppliers simply inflated their contract prices by 10% to account for the payments they would make, or cause to be made, to the Iraqi government.

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II. Novo Nordisk A/S

Relevant Entities and Individuals

10. **NOVO NORDISK A/S (“Novo”), was headquartered in Bagsvaerd, Denmark, and was an international manufacturer of insulin, medicines, and other pharmaceutical supplies.**

11. **Novo was publicly traded on the New York Stock Exchange. It issued and maintained a class of publicly-traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l) and was required to file periodic reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Novo was an “issuer” within the meaning of the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. § 78dd-1(a). By virtue of its status as an issuer, Novo was required to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Novo and its subsidiaries, which were incorporated into the books of Novo.**

12. **“Company X” was a Jordanian company that acted as both an agent and distributor for Novo in connection with sales made through the U.N. OFFP.**

13. **“Agent A,” a Jordanian citizen, was the owner of Company X.**

14. **“Employee B,” a British citizen, was employed by Novo as the business director of its Regional Office Near East (“RONE”), based in Athens, Greece.**

15. **“Employee C,” a Danish citizen, was employed in Novo’s Accounts Receivable Department.**

Novo's Kickback Scheme

16. From in or about January 2001 through in or about April 2003, Novo obtained and performed approximately €22 million worth of contracts to supply insulin and other medicines pursuant to the OFFP with the State Company for Drugs and Medical Appliances ("Kimadia"), a state-owned company which was part of the Ministry of Health of the government of Iraq. To obtain these contracts, Novo paid and agreed to pay approximately \$1.4 million in kickbacks to the government of Iraq.

17. In order to generate funds to pay the kickbacks to the Iraqi government, and to conceal those payments, Novo inflated the price of the contracts by approximately 10 percent before submitting them to the U.N. for approval.

18. After the U.N. approved the Novo contracts, BNP-Paribas issued letters of credit, via international wire communications, to banks used by Novo. These letters of credit authorized Novo to be paid the amount specified in the contracts, which included the 10 percent kickbacks to be paid to the Iraqi government.

19. In order to pay the 10 percent kickbacks to the Iraqi government, Novo increased the commission it paid to Company X from 10 percent per contract to 20 percent per contract. Company X, in turn, used the excess funds to pay the kickbacks to the Iraqi government on behalf of Novo.

Contracts 901385, 901386, and 901403

20. On or about May 26, 2001, Employee B, on behalf of Novo, executed two contracts, referenced by the U.N. as Contracts 901385 and 901386, with Kimadia to supply insulin for €1,220,062.80 and €420,750.00, respectively, which included an extra 10 percent to be used to pay a kickback to the Iraqi government.

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21. On or about June 3, 2001, Employee B, on behalf of Novo, executed a contract, referenced by the U.N. as Contract 901403, with Kimadia to supply repaglimide for €2,465.36, which included an extra 10 percent to be used to pay a kickback to the Iraqi government.

22. On or about June 7, 2001, Agent A sent, to the attention of Employee B at Novo, the original contracts for Contracts 901385, 901386, and 901403, and wrote that "the contracts have included additional 10% (over and above the 10% already added before)."

23. On or about August 8, 2001, Agent A sent, to the attention of Employee B at Novo, a chart containing Contracts 901385, 901386, and 901403 and indicated that €149,420.00, which constituted 10 percent of these three contracts, should be transferred to Company X.

24. On or about August 17, 2001, Employee B sent an email to Employee C instructing Employee C to transfer €149,420.00 to Agent A at Company X.

25. On or about October 2, 2001, BNP-Paribas issued letters of credit, via international wire communication, to Danske Bank A/S Copenhagen, the bank used by Novo. These letters of credit authorized Novo to be paid the amounts in Contracts 901385 and 901386, which included the 10 percent kickbacks to be paid to the Iraqi government.

26. On or about October 16, 2001, BNP-Paribas issued a letter of credit, via international wire communication, to Danske Bank A/S Copenhagen, the bank used by Novo. This letter of credit authorized Novo to be paid the amount in Contract 901403, which included the 10 percent kickback to be paid to the Iraqi government.

27. In or about November 2001, Novo caused Company X to pay the Iraqi government approximately \$128,536 in kickbacks in connection with Contracts 901385, 901386, and 901403.

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28. On or about December 21, 2001, Novo caused its products purchased pursuant to Contract 901403 to be delivered to Iraq, prompting a company based in Geneva, Switzerland, that provided commercial inspection services on behalf of the U.N. in Iraq ("the inspection company") to send a facsimile from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Novo for Contract 901403.

29. On or about February 14, 2002, Novo caused its products purchased pursuant to Contract 901386 to be delivered to Iraq, prompting the inspection company to send a facsimile from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Novo for Contract 901386.

30. Beginning on or about April 26, 2002, and continuing until September 24, 2002, Novo caused its products purchased pursuant to Contract 901385 to be delivered to Iraq, prompting the inspection company to send facsimiles from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. These notifications, in turn, triggered payment by the U.N. to Novo for Contract 901385.

Eight Additional Contracts

31. In addition to Contracts 901385, 901386, and 901403, between in or about January 2001 and in or about April 2002, Novo entered into at least eight other contracts with Kimadia in return for which Novo caused Company X to pay kickbacks to the Iraqi government on behalf of Novo. The total value of the kickbacks paid to the Iraqi government in connection

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with these 11 contracts was approximately \$1.44 million. The details of these eight additional contracts, on which kickback payments were made, were as follows:

Contract Number	Date of Execution	Buyer	Contract Value	Items Purchased	Kickback Paid
802046	Jan. 30, 2001	Kimadia	€ 2,052,736.00	Insulin	\$166,318.00
802047	Jan. 30, 2001	Kimadia	€ 317,407.00	Insulin	\$26,194.00
1000720	Sept. 15, 2001	Kimadia	€ 1,384,548.00	Insulin	\$115,572.00
1000803	Sept. 24, 2001	Kimadia	€ 881,375.00	NovoSeven	\$72,834.00
1001491	Oct. 4, 2001	Kimadia	€ 805,200.00	Norditropin	\$64,431.00
1100115	Feb. 4, 2002	Kimadia	€ 17,877.75	Kliogest	\$1,403.00
1100882	April 15, 2002	Kimadia	€ 2,138,117.53	NovoSeven	\$223,108.00
1101024	April 27, 2002	Kimadia	€ 12,942,438.30	Insulin	\$639,550.00

Books and Records

32. From in or about 2001 through in or about 2003, Novo mischaracterized its payments of kickbacks to the Iraqi government through Company X on its books and records as commission payments to Company X when Novo was aware that a substantial portion of the money it had paid to Company X was being paid as kickbacks to the Iraqi government in exchange for being awarded contracts with the Iraqi government.

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APPENDIX B

In order to address potential deficiencies in Novo's internal controls, policies and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Novo and its subsidiaries and affiliates (collectively, "Novo") agree to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies and procedures.

Where necessary and appropriate, Novo agrees to adopt new or modify existing internal controls, policies and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that Novo makes and keeps fair and accurate books, records and accounts; and (b) a rigorous anti-corruption compliance code, standards and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but ought not be limited to, the following elements:

1. A clearly articulated corporate policy against violations of the FCPA and other applicable anti-corruption laws;
2. A system of financial and accounting procedures, including a system of internal accounting controls, designed to ensure the maintenance of fair and accurate books, records and accounts;
3. Promulgation of a compliance code, standards and procedures designed to reduce the prospect of violations of the FCPA, other applicable anti-corruption laws, and Novo's compliance code. These standards and procedures should apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of Novo in a

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~~foreign jurisdiction, including agents, consultants, representatives, distributors, teaming partners, and joint venture partners (collectively referred to as "agents and business partners").~~

4. The assignment of one or more senior corporate officials of Novo to the implementation and oversight of compliance with policies, standards and procedures regarding the FCPA and other applicable anti-corruption laws. Such corporate official(s) shall have the authority to report matters directly to the Audit Committee of the Board of Directors of Novo.

5. Mechanisms designed to ensure that Novo's policies, standards and procedures regarding the FCPA and other applicable anti-corruption laws are effectively communicated to all directors, officers, employees and, where necessary and appropriate, agents and business partners. This should include: (a) periodic training for all directors and officers, and, where necessary and appropriate, employees, agents and business partners; and (b) annual certifications with regard to this training by all directors and officers, and, where necessary and appropriate, employees, agents and business partners.

6. An effective system for reporting suspected criminal conduct and/or violations of the compliance policies, standards, and procedures regarding the FCPA and other applicable anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners.

7. Appropriate disciplinary procedures to address, among other things, violations of the FCPA, other applicable anti-corruption laws, and Novo's compliance code, standards and procedures by Novo's directors, officers, and employees.

8. Appropriate due diligence requirements pertaining to the retention and oversight of agents and business partners.

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9. Where necessary and appropriate, standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the FCPA and other applicable anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the FCPA and other applicable anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any violation of anti-corruption laws or breach of representations and undertakings related to such matters.

10. Periodic testing of the compliance system, policies, and procedures designed to evaluate their effectiveness in detecting and reducing violations of anti-corruption laws and Novo's compliance code, policies, and procedures.

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