



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

ANDY BESHEAR
ATTORNEY GENERAL

June 19, 2018

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KENTUCKY 40601
(502) 696-5300
FAX: (502) 564-2894

Mr. David Eager
Kentucky Retirement Systems, Executive Director
1260 Louisville Road
Frankfort, Kentucky 40601

Sent via Email

Dear Mr. Eager:

The opioid epidemic is the greatest challenge facing the Commonwealth of Kentucky. On average, four Kentuckians die each day from a fatal overdose. More children are in kinship and foster care than ever before in our Commonwealth's history. The epidemic is killing our neighbors, destroying our families, and decimating Kentucky's workforce.

Since taking office in January 2016, I have made battling the opioid epidemic one of the primary missions of my office. As part of these efforts, I have initiated litigation against pharmaceutical manufacturers and distributors that have fueled the epidemic, putting billions of dollars of profit ahead of the lives and well-being of Kentuckians. Currently, my office has open litigation against AmerisourceBergen, Cardinal Health, Endo Pharmaceuticals, Johnson and Johnson, McKesson Corporation and Walgreens.

Given the harm these companies have caused our people, I do not believe our retirement systems – funded by state employee contributions and taxpayer funds – should be investing in these companies.

Based on a March 31, 2018, monthly report of pension investment holdings, it appears that Kentucky Retirement Systems holds significant equity investments in all six of these companies: AmerisourceBergen, Cardinal Health, Endo International, Johnson and Johnson, McKesson Corporation and Walgreens.¹ In accordance with your fiduciary duties, and in compliance with 26 USC §§ 401-420 and any other applicable laws, I respectfully request that KRS pledge to divest its holdings in these companies. I believe such a divestment to be faithful to KRS's existing investment policy and to uphold its fiduciary duties to its members.

¹ The Base Market Value of those equity investments are as follows: AmerisourceBergen (\$1,052,106.84), Cardinal Health (\$1,866,171.64), Endo International (\$170,478.00), Johnson & Johnson (\$26,771,432.05), McKesson Corp. (\$2,182,358.05) and Walgreens (\$4,837,774.71). KRS also holds a fixed income security in Endo Pharmaceuticals (\$826,006.00).

MR. DAVID EAGER

June 19, 2018

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My office is continuing to identify, investigate and hold accountable additional companies that contributed to the opioid epidemic. I will continue to inform you with additional information as it becomes relevant to the investment holdings of KRS.

Sincerely,

A handwritten signature in cursive script that reads "Andy Beshear". The signature is written in black ink and is positioned above the printed name and title.

Andy Beshear
Attorney General

Cc: Mark C. Blackwell, Executive Director, KRS Office of Legal Services



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(502) 696-5300
FAX: (502) 564-2894

Mr. Gary L. Harbin, CPA
Kentucky Teachers' Retirement System, Executive Secretary
479 Versailles Road
Frankfort, Kentucky 40601

Sent via Email

Dear Mr. Harbin:

The opioid epidemic is the greatest challenge facing the Commonwealth of Kentucky. On average, four Kentuckians die each day from a fatal overdose. More children are in kinship and foster care than ever before in our Commonwealth's history. The epidemic is killing our neighbors, destroying our families, and decimating Kentucky's workforce.

Since taking office in January 2016, I have made battling the opioid epidemic one of the primary missions of my office. As part of these efforts, I have initiated litigation against pharmaceutical manufacturers and distributors that have fueled the epidemic, putting billions of dollars of profit ahead of the lives and well-being of Kentuckians. Currently, my office has open litigation against AmerisourceBergen, Cardinal Health, Endo Pharmaceuticals, Johnson and Johnson, McKesson Corporation and Walgreens.¹

Given the harm these companies have caused our people, I do not believe our retirement systems – funded by state employee contributions and taxpayer funds – should be investing in these companies.

Based on a March 31, 2018, monthly report of pension investment holdings, it appears that Kentucky Teachers' Retirement Systems holds significant equity investments in all six of these companies: AmerisourceBergen, Cardinal Health, Endo International, Johnson and Johnson, McKesson Corporation and Walgreens. In accordance with your fiduciary duties, and in compliance with 26 USC §§ 401-420 and any other applicable laws, I respectfully request that KTRS pledge to divest its holdings in these companies. I believe such a divestment to be faithful to KTRS's existing investment policy and to uphold its fiduciary duties to its members.

¹ The shares of those equity investments are as follows: AmerisourceBergen (16,550; 106,400), Cardinal Health (3,525), Endo International (33,200), Johnson & Johnson (178,300; 293,228), McKesson Corp. (22,482; 97,400) and Walgreens Boots Alliance (94,950; 206,700).

MR. GARY L. HARBIN, CPA

June 19, 2018

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My office is continuing to identify, investigate and hold accountable additional companies that contributed to the opioid epidemic. I will continue to inform you with additional information as it becomes relevant to the investment holdings of KTRS.

Sincerely,

A handwritten signature in black ink that reads "Andy Beshear". The signature is written in a cursive, flowing style.

Andy Beshear
Attorney General

Cc: Robert Barnes, KTRS Deputy Executive Secretary of Operation and General Counsel