CIVIL SETTLEMENT AGREEMENT

I. PARTIES

This Civil Settlement Agreement (Agreement) is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) and the TRICARE Management Activity ("TMA" or "TRICARE") (collectively the "United States"); and CVS Albany, L.L.C., Stores 6048 and 6050, and New Jersey CVS Pharmacy, L.L.C., Store 0356, ("the Companies") (hereafter referred to as "the Parties"), through their authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. The Companies are located and operate in the States of New York and New Jersey.

B. The United States contends that the Companies submitted or caused to be submitted claims for payment to the TRICARE Program (TRICARE), 10 U.S.C. §§ 1071-1110a, and the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1.

C. The United States contends that it has certain civil claims, as specified in Paragraph 2, below, against the Companies, for engaging in the following conduct from on or about September 20, 2005 through July 31, 2009:

i. During the relevant time period, the Companies submitted claims for payment to the TRICARE and Medicare Programs for prescription medications that were filled by Athanasios Mastrokostas, a pharmacist,

while he was excluded from participating in federal health care programs. (hereinafter referred to as the "Covered Conduct").

D. The United States also contends that it has certain administrative claims against the Companies for engaging in the Covered Conduct.

E. This Agreement is made in compromise of disputed claims. This Agreement is neither an admission of liability by the Companies, nor a concession by the United States that its claims are not well founded. The Companies deny the allegations of the United States as set forth herein and any liability or wrongdoing related to those allegations.

F. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

1. The Companies agree to pay to the United States $969,230.00 (the "Settlement Amount"). The Companies agree to pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office, District of New Jersey. The full payment of the Settlement Amount shall be due within 30 calendar days of the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 5 (concerning excluded claims), below, in consideration of the obligations of the Companies set forth in this Agreement, conditioned upon the Companies' full payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies, and departments) agrees to release the Companies, together with their current and former parent corporations, direct and indirect subsidiaries, brother or sister

corporations, divisions, affiliates; current or former owners, officers, directors, employees (with the exception of Mastrokostas), agents, and servants; and the successors and assigns of any of them from any civil or administrative monetary claim the United States has or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; any statutory provision creating a cause of action for civil damages or civil penalties for which the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. Part O, Subpart I, Section 0.45(d); and the common law theories of payment by mistake, unjust enrichment, disgorgement, restitution, conversion and fraud.

3. OIG-HHS expressly reserves all rights to institute, direct, or to maintain any administrative action seeking exclusion against the Companies and/or their officers, directors, and employees from Medicare, Medicaid, and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) under 42 U.S.C. § 1320a-7(a) (mandatory exclusion), or 42 U.S.C. § 1320a-7(b) or 42 U.S.C. 1320a-7a (permissive exclusion).

4. In consideration of the obligations of the Companies set forth in this Agreement, conditioned upon the Companies full payment of the Settlement Amount, TMA agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from the TRICARE Program, against the Companies under 32 C.F.R. § 199.9 for the Covered Conduct, except as reserved in Paragraph 5, below, and as reserved in this Paragraph. TMA expressly reserves authority to exclude the Companies from the TRICARE PROGRAM under 32 C.F.R. §§ 199.9(f)(1)(i)(A), (f)(1)(i)(B), and (f)(1)(iii), based upon the Covered Conduct.

Nothing in this Paragraph precludes TMA or the TRICARE Program from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 5, below.

5. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including the Companies) are the following of the United States:

a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory and permissive exclusion from Federal health care programs;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon such obligations as are created by this Agreement;

f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and

g. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. The Companies waive and shall not assert any defenses the Companies may have to any criminal prosecution or administrative action relating to the Covered Conduct, which defenses may be based in whole or in part on a contention that, under the Double Jeopardy

Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

7. The Companies fully and finally release the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that the Companies have asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

8. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary, TRICARE carrier or payer, or any state payer, related to the Covered Conduct; and the Companies agree not to resubmit to any Medicare carrier or intermediary, TRICARE carrier or payer, or any state payer any previously denied claims related to the Covered Conduct, and agree not to appeal any such denials of claims.

9. The Companies agree to the following:

a. Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official

program directives promulgated thereunder) incurred by or on behalf of the Companies, their present or former officers, directors, employees, shareholders, and agents in connection with the following shall be "unallowable costs" on government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP):

(1) the matters covered by this Agreement;

(2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;

(3) the Companies' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);

(4) the negotiation and performance of this Agreement and any plea agreement;

(5) the payments the Companies make to the United States pursuant to this Agreement, including any costs and attorneys fees.

b. Future Treatment of Unallowable Costs: If applicable, these unallowable costs shall be separately determined and accounted for by the Companies, and the Companies shall not charge such unallowable costs directly or indirectly to any contracts with the United States or any state Medicaid program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by the Companies or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: If applicable, the Companies further agree that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any unallowable costs (as defined in this Paragraph) included in payments previously sought from the United States, or any state Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by the Companies or any of their subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. The Companies agree that the United States, at a minimum, shall be entitled to recoup from the Companies any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by the Companies or any of their subsidiaries or affiliates on the effect of inclusion of unallowable costs (as defined in this Paragraph) on the Companies or any of their subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine or reexamine the Companies' books and records to determine that no unallowable costs have been claimed in accordance with the provisions of this Paragraph.

10. This Agreement is intended to be for the benefit of the Parties, only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 11, below.

11. The Companies waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

12. The Companies warrant that they have reviewed their financial situations and that they currently are solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and shall remain solvent following their payment to the United States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to the Companies, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which the Companies were or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1).

13. Each Party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

14. The Companies represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

15. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement is the United States District Court for the District of New Jersey.

16. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for any reason in any subsequent dispute.

17. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

18. The individuals signing this Agreement on behalf of the Companies represent and warrant that they are authorized by the Companies to execute this Agreement. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

19. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

20. This Agreement is binding on the Companies' successors, transferees, heirs, and assigns.

21. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

22. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE BLOCKS ON FOLLOWING PAGES]

THE UNITED STATES OF AMERICA

PAUL J. FISHMAN
United States Attorney
District of New Jersey

DATED: 1/10/11

BY: _____
ALEX KRIEGSMAN
Assistant United States Attorney

DATED: 1/7/11

BY: _____
GREGORY E. DEMSKE
Assistant Inspector General for
Legal Affairs
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

LAUREL C. GILLESPIE
Deputy General Counsel
TRICARE Management Activity
United States Department of Defense

DATED: _____

BY: _____
DENNIS A. DYKE
Assistant General Counsel

THE UNITED STATES OF AMERICA

PAUL J. FISHMAN
United States Attorney
District of New Jersey

DATED:_____ BY: _____
ALEX KRIEGSMAN
Assistant United States Attorney

DATED:_____ BY: _____
GREGORY E. DEMSKE
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LAUREL C. GILLESPIE
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DATED: 22 DEC 2010 BY: _____
GERALD A. WESLEY
Acting Deputy General Counsel

CVS Albany, L.L.C., Stores 6048 and 6050, New Jersey CVS Pharmacy L.L.C., Store 0356

CVS ALBANY, L.L.C., Stores 6048 and 6050; NEW JERSEY CVS PHARMACY, L.L.C., Store 0356

DATED:_____ BY: _____
Zenon P. Lankowsky, President

FOLEY & LARDNER, LLP

DATED:_____ BY: Heidi A. Sorensen 12/20/2010
Heidi A. Sorensen, Esq.
Counsel for CVS Albany, L.L.C., Stores 6048 and 6050, New Jersey CVS Pharmacy L.L.C., Store 0356