

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (“Agreement”) is entered into between the following (hereinafter “the Parties”) through their authorized representatives: 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”), through its General Counsel (collectively, “the United States”); Saint Barnabas Corporation, on behalf of its predecessors, and current and former affiliates, divisions, and subsidiaries (“Saint Barnabas”), and the nine hospitals listed in Exhibit I hereto (referred to herein as the “Settling Hospitals”) (Saint Barnabas and the Settling Hospitals are collectively referred to as the “Saint Barnabas Entities”); and Relators Peter Salvatori and Sara Iveson (hereafter the “Salvatori relators”) and Relator James Monahan.

II. PREAMBLE

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

A. Saint Barnabas, headquartered in West Orange, New Jersey, is comprised of both 501(c)(3) non-profit companies that operate health care related activities and other for-profit entities. Saint Barnabas, through its predecessors, subsidiaries, and/or affiliates, operates or has operated the Settling Hospitals during some or all of the period between October 1, 1995 to the present.

B. The Salvatori relators are individual residents of the Commonwealth of Pennsylvania. Relator James Monahan is an individual resident of the State of New Jersey. On November 4, 2002, the Salvatori relators filed a qui tam action that is pending against the Saint Barnabas Entities and that is captioned: U.S. ex rel. Salvatori and Iveson v. [Under Seal], Case No. 02-8309 (E.D. Pa.) (the “Salvatori Action”). On November 27, 2002, relator Monahan filed

a qui tam action that is pending against the Saint Barnabas Entities and that is captioned: U.S. ex rel. Monahan v. [Under Seal], Case No. 2:02CV05702 (D.N.J.) (the “Monahan Action”). The Monahan complaint has twice been amended. The Salvatori and Monahan actions are collectively referred to below as the “Civil Actions.” These actions allege that the Saint Barnabas Entities excessively billed for “outlier” payments, as further described in Paragraph D, below.

C. The Saint Barnabas Entities submitted or caused to be submitted claims for payment to the Medicare Program (“Medicare”), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg; and the TRICARE Program (“TRICARE”), 10 U.S.C. §§ 1071-1110 (collectively the “Government Health Care Programs”).

D. The United States alleges that it has certain civil claims against the Saint Barnabas Entities, as specified in Paragraphs 3, 5, and 6 below, under the False Claims Act, 31 U.S.C. §§ 3729-3733, other federal statutes, and/or common law doctrines, for engaging in the following conduct (hereinafter the “Covered Conduct”): From October 1, 1995 through August 7, 2003, the Saint Barnabas Entities allegedly submitted or caused to be submitted false claims to the Government Health Care Programs for inpatient and outpatient outlier payments based on artificially inflated charges for inpatient and outpatient care. Certain of these claims were submitted by hospitals identified in the relators’ Complaints filed in the Civil Actions.

E. The United States also contends that it has certain administrative claims against the Saint Barnabas Entities for the Covered Conduct.

F. The Saint Barnabas Entities deny the contentions of the United States set out in Paragraphs D and E and the contentions of the relators in the Civil Actions with respect to the Saint Barnabas Entities. This Agreement is neither an admission of liability by the Saint

Barnabas Entities, nor a concession by the United States that its claims are not well founded.

G. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of these claims, the Parties reach a full and final settlement as set forth in this Agreement.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. Saint Barnabas agrees to make payments to the United States that total two hundred sixty five million dollars (\$265 million), inclusive of interest (the "Settlement Amount"). The Settlement Amount shall be paid pursuant to the schedule set forth as Exhibit 2 below, which is incorporated into this Agreement by reference; provided, however, that notwithstanding the dates set forth in that schedule, the first payment need not be made until July 1, 2006. All payments of the Settlement Amount shall be made by electronic funds transfer pursuant to written instructions to be provided by Susan Steele, Civil Chief, Office of the United States Attorney for the District of New Jersey, or her successor or designee. Notwithstanding any provision of this Agreement, to the extent that the first payment of the Settlement Amount (i.e., forty-five million dollars (\$45,000,000)), is not paid by July 1, 2006, interest shall accrue on this initial payment at the rate of 4.625% per annum compounded daily from July 1, 2006 until such time as the initial payment is made.

2. If the Saint Barnabas Entities fail to make any of the payments described in Paragraph 1, above, at the times specified in Exhibit 2, below, then upon written notice to the Saint Barnabas Entities of this default, the Saint Barnabas Entities shall have ten (10) calendar

days to cure the default. If the default is not cured within the ten-day period, the United States may elect any of the following non-exclusive options: (a) the remaining unpaid principal portion of the Settlement Amount shall become accelerated and immediately due and payable, with interest at a simple rate of 4.625% from July 1, 2006, to the date of default, and at a simple rate of 12% per annum from the date of default until the date of payment; (b) file an action for specific performance of the Agreement; (c) offset the remaining unpaid balance of the Settlement Amount (inclusive of interest) from any amounts due and owing to any of the Saint Barnabas Entities by any department, agency, or agent of the United States; or (d) rescind this Agreement and file suit based on the Covered Conduct. Saint Barnabas, together with its current and former parent corporations, each of its direct and indirect subsidiaries including the Settling Hospitals, brother or sister corporations, divisions, corporations, partnerships or other legal entity in which Saint Barnabas or a Saint Barnabas subsidiary has or had an ownership interest, and the successors and assigns of any of them (hereafter, the “Released Saint Barnabas Entities”), agree not to contest any collection action undertaken by the United States pursuant to this Paragraph, and to pay the United States all reasonable costs of collection and enforcement of this Agreement, including reasonable attorney’s fees and expenses. In the event that the United States opts to rescind this Agreement, the Released Saint Barnabas Entities agree not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (i) are filed by the United States within 120 calendar days of written notification to the Saint Barnabas Entities that this Agreement has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on November 4, 2002, the date the Salvatori case was originally filed.

3. Subject to the exceptions in Paragraph 8 below, in consideration of the

obligations of Saint Barnabas set forth in this Agreement, conditioned upon Saint Barnabas's payment in full of the Settlement Amount, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States (on behalf of itself, its officers, agents, agencies, and departments) hereby releases the Released Saint Barnabas Entities from any civil or administrative monetary claim the United States has or may have 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; or the common law and/or equitable theories of recovery for payment by mistake, unjust enrichment, and fraud, for the Covered Conduct.

4. Within 30 days of the Effective Date of this Agreement, the United States will intervene in the Salvatori Action for the limited purpose of seeking dismissal with prejudice of the claims asserted against the Saint Barnabas Entities in the Salvatori Action that encompass the Covered Conduct. The Salvatori relators shall stipulate to such a dismissal with prejudice. The stipulation of dismissal will be conditioned upon Saint Barnabas's payment in full of the Settlement Amount and receipt of said amount by the United States, and shall specify, if necessary, that the court retains jurisdiction to resolve any ongoing issues regarding the Salvatori relators' entitlement to a share of the Settlement Amount or to the payment of attorneys' fees. Within 30 days of the Effective Date of this Agreement, relator Monahan shall move to dismiss with prejudice his claims asserted against the Saint Barnabas Entities.

5. In consideration of the obligations of Saint Barnabas set forth in this Agreement and the Corporate Integrity Agreement ("CIA") entered into between OIG-HHS and Saint Barnabas, conditioned upon Saint Barnabas's payment in full of the Settlement Amount, and

subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the OIG-HHS agrees to release and refrain from instituting, directing or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against the Saint Barnabas Entities under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 8 below, and as reserved in this Paragraph. Notwithstanding the foregoing, in the event of Default, as defined in Paragraph 2 above, OIG-HHS may exclude the Saint Barnabas Entities from participating in all Federal health care programs until the Saint Barnabas Entities pay the Settlement Amount and reasonable costs as set forth in Paragraph 2, above. In the event of default, the Saint Barnabas Entities waive any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7), and agree not to contest such exclusion either administratively or in any state or federal court. The scope and effect of such exclusion is defined by 42 C.F.R. § 1001.1901. The Saint Barnabas Entities will not be reinstated unless and until the OIG-HHS approves a request for reinstatement pursuant to 42 C.F.R. §§ 1001.3001-1001.3005. OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude the Saint Barnabas Entities from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes OIG-HHS from taking action against entities or persons, or for conduct and practices, for which civil, criminal, or administrative claims have been reserved in Paragraph 8 below.

6. In consideration of the obligations of Saint Barnabas set forth in this Agreement, conditioned upon Saint Barnabas's payment in full of the Settlement Amount, and subject to

Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), TMA hereby releases and agrees to refrain from instituting, directing, or maintaining any administrative action seeking exclusion from the TRICARE Program against the Saint Barnabas Entities under 32 C.F.R. § 199.9 for the Covered Conduct, except as reserved in Paragraph 8, below, and as reserved in this Paragraph. TMA expressly reserves authority to exclude Saint Barnabas together with its current and former parent corporations, each of its direct and indirect subsidiaries, brother or sister corporations, divisions, current or former owners, affiliates, and the successors and assigns of any of them, 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 8 below.

7. The Released Saint Barnabas Entities fully and finally release, compromise, acquit and forever discharge the United States, its agencies, officers, agents, employees, and contractors (and their employees) from any and all claims, causes of action, adjustments, and set-offs of any kind (including, without limitation, any claims for additional outlier payments for the period October 1, 1995 through August 7, 2003) which the Released Saint Barnabas Entities could have asserted, or may assert in the future, against the United States, its agencies, officers, agents, employees, and contractors (and their employees) arising out of or pertaining to the Covered Conduct, including the United States' investigation, prosecution, or settlement thereof.

8. 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 Released Saint Barnabas Entities, the Salvatori relators, and relator Monahan) are any and all of the

following:

- a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (commonly referred to as the Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from the 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 the execution of 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;
- g. Any liability for personal injury or property damage, or for other similar consequential damages, arising from the Covered Conduct;
- h. Any liability for failure to deliver goods or services due;
- i. Any liability against individuals (including current or former trustees, officers, employees, or agents, of Saint Barnabas, the Settling Hospitals, or any other entity);
- j. Any claims of a State arising under Medicaid, or any other provision of law, based on the Covered Conduct; and
- k. Any claims against a Settling Hospital for a time period that the Settling Hospital was not owned by Saint Barnabas.

9. The Salvatori relators and relator Monahan, and their heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree and confirm that this

Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Nothing in this Agreement is intended to address any relator's entitlement to a share of the Settlement Amount or the validity of either of the Civil Actions.

10. Saint Barnabas has provided financial information, including a sworn financial disclosure statement, to the United States ("Financial Information"), which includes the disclosure of the financial condition of the Saint Barnabas Entities. The United States has relied on the accuracy and completeness of the Financial Information in reaching this Agreement. The Saint Barnabas Entities warrant that the Financial Information is complete, accurate, and current. The Saint Barnabas Entities further warrant that they did not own or have an interest in any assets at the time that the Financial Information was provided that was not disclosed to the United States in the Financial Information, except for certain non-material assets that have been sold or acquired in the ordinary course of business, and that the Saint Barnabas Entities have made no intentional misrepresentation in connection with the Financial Information. In the event that the United States learns of (a) assets in which the Saint Barnabas Entities had an interest at the time of this Agreement that were not disclosed in the Financial Information, or (b) a misrepresentation by the Saint Barnabas Entities in connection with the Financial Information, and in the event such non-disclosure or misrepresentation changes the estimated net worth of the Saint Barnabas Entities set forth in the Financial Statements by ten million dollars or more, the United States may, at its option: (i) rescind this Agreement and file suit based on the Covered Conduct or (ii) let the Agreement stand and collect the full Settlement Amount plus one hundred percent (100%) of the value of the net worth of the Saint Barnabas Entities' previously undisclosed asset(s). To the extent that the United States discovers the occurrence of an event encompassed by subparts (a) and (b) of this Paragraph, the Saint Barnabas Entities agree not to

contest any collection action undertaken by the United States pursuant to these provisions. In the event that the United States opts to rescind this Agreement, the Saint Barnabas Entities agree not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that are filed by the United States within 120 calendar days of written notification to the Saint Barnabas Entities that this Agreement has been rescinded, and that relate to the Covered Conduct, except to the extent these defenses were available on the Effective Date of this Agreement.

11. The Released Saint Barnabas Entities, together with their current and former parent corporations, direct and indirect subsidiaries, affiliates, and divisions, and the successors and assigns of any of them, waive and shall not assert any defenses they 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.

12. Any and all payments of the Settlement Amount that Saint Barnabas must make pursuant to this Agreement shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or fiscal intermediary, or any State payer, related to the Covered Conduct. The Saint Barnabas Entities agree not to resubmit to any Medicare carrier or fiscal intermediary, or any State payer, any previously denied claims related

to the Covered Conduct, and agree not to appeal any such denials of claims.

13. The Saint Barnabas Entities 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. §§ 1395-1395ggg and 1396-1396v, and the regulations and official program directives promulgated thereunder) incurred by or on behalf of the Released Saint Barnabas Entities, or any of their current or former employees, officers or trustees, in connection with the following are unallowable costs on government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and the Federal Employee Health Benefits Program (“FEHBP”):

- (1) the matters covered by this Agreement,
- (2) the United States’ audit(s), civil investigation(s) and litigation of the matters covered by this Agreement,
- (3) The Released Saint Barnabas Entities’ investigation, defense, and corrective actions undertaken in response to the United States’ audit(s), civil investigation(s), and litigation in connection with the matters covered by this Agreement (including attorneys’ fees),
- (4) the negotiation and performance of this Agreement,
- (5) the payments made pursuant or ancillary to this Agreement, including any costs and attorneys’ fees, and
- (6) the negotiation of, and obligations undertaken pursuant to the CIA entered into between OIG-HHS and Saint Barnabas to: (i) retain an independent review organization (“IRO”) to perform annual reviews as described in Section III of the CIA; and (ii)

prepare and submit reports to the OIG-HHS. However, nothing in this Paragraph 13.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to Saint Barnabas. (All costs described or set forth in this Paragraph 13.a. are hereafter, “Unallowable Costs”).

b. Future Treatment of Unallowable Costs: These unallowable costs shall be separately determined and accounted for in non-reimbursable cost centers by the Saint Barnabas Entities, and the Saint Barnabas Entities 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 Saint Barnabas Entities, or any of their current or former employees, officers or trustees, to the Medicare, Medicaid, TRICARE, or FEHBP programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: The Saint Barnabas Entities 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 report, cost statement, information report, or payment request already submitted by any of the Saint Barnabas Entities or any of their current or former employees, officers or trustees, 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 Saint Barnabas Entities agree that the United States, at a minimum, shall

be entitled to recoup from each of the Saint Barnabas Entities 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. If any of the Released Saint Barnabas Entities fail to identify such costs in past filed cost reports in conformity with this Paragraph, the United States may seek an appropriate penalty or other sanction in addition to the recouped amount.

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 Released Saint Barnabas Entities, or any of their current or former employees, officers or trustees, on the effect of inclusion of unallowable costs (as defined in this Paragraph) on the cost reports, cost statement, or information reports of the Released Saint Barnabas Entities, or any of their current or former employees, officers or trustees.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine the books and records of the Released Saint Barnabas Entities to determine that no unallowable costs have been claimed in accordance with the provisions of this Paragraph.

14. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other individual, employee, or entity, except to the extent provided for specifically herein.

15. The Released Saint Barnabas Entities agree that they 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.

The Released Saint Barnabas Entities waive any causes of action against these beneficiaries or their parents, sponsors, legally responsible individuals or any third party payors based upon the claims for payment covered by this Agreement.

16. The Saint Barnabas Entities expressly warrant that they have reviewed their financial situations and that they are currently 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 payments to the United States hereunder. Further, the Parties expressly warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to the Saint Barnabas Entities, within the meaning of 11 U.S.C. § 547(c)(1); and (b) have concluded 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 and do, in fact, represent a reasonably equivalent exchange of value which is not intended to hinder, delay, or defraud any entity to which the Saint Barnabas Entities were or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

17. In the event the Saint Barnabas Entities commence, or a third party commences, within 91 days of the Effective Date of this Agreement, or of any payment made hereunder, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors, (a) seeking to have any order for relief of the Saint Barnabas Entities' debts, or seeking to adjudicate the Saint Barnabas Entities as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for the Saint Barnabas Entities or for all or any substantial part of the Saint Barnabas Entities' assets, the

Saint Barnabas Entities agree as follows:

a. The Saint Barnabas Entities' obligations under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, and the Saint Barnabas Entities shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) the Saint Barnabas Entities' obligations under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548; (ii) the Saint Barnabas Entities were insolvent at the time this Agreement was entered into, or became insolvent as a result of any payment made to the United States hereunder; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to the Saint Barnabas Entities.

b. If the Saint Barnabas Entities' obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action, or proceeding against the Saint Barnabas Entities for the claims that would otherwise be covered by the releases provided in Paragraphs 3, 5, and 6 above. The Saint Barnabas Entities agree that (i) any such claims, actions, or proceedings brought by the United States (including any proceedings to exclude any of the Saint Barnabas Entities from participation in Medicare, Medicaid, or other Federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceeding described in the first clause of this Paragraph, and that the Saint Barnabas Entities shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) the Saint Barnabas Entities shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative

claims, actions, or proceeding that are brought by the United States within 120 calendar days of written notification to the Saint Barnabas Entities that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of this Agreement; and (iii) the United States has a valid claim against the Saint Barnabas Entities for the Covered Conduct, and the United States may pursue its claims in the cases, actions, or proceedings referenced in the first clause of this subparagraph, as well as in any other case, action, or proceeding.

c. The Saint Barnabas Entities acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

18. Except as expressly provided to the contrary in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

19. This Agreement is governed by the laws of the United States. The United States and the Saint Barnabas Entities agree that the exclusive jurisdiction and venue for any dispute arising between the United States and the Saint Barnabas Entities under this Agreement will be in the United States District Court for the District of New Jersey. Notwithstanding the terms of this Paragraph, disputes arising under the CIA shall be resolved exclusively under the dispute resolution provisions in the CIA.

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

21. The individuals signing this Agreement on behalf of the Settling Hospitals represent and warrant that they are authorized by the Settling Hospitals to execute this Agreement. The individuals signing this Agreement on behalf of Saint Barnabas represent and

warrant that they are authorized by Saint Barnabas 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. The individuals signing this Agreement on behalf of the Salvatori relators and relator Monahan represent and warrant that they are authorized by those respective relators to execute this Agreement.

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

23. This Agreement is binding on the successors, transferees, heirs, and assigns of the Saint Barnabas Entities.

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

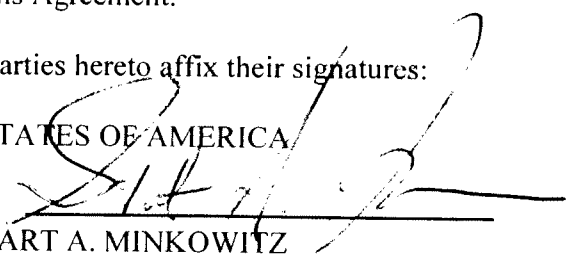
25. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

26. The captions, headings and arrangement of the Paragraphs and provisions used in this Agreement are for convenience only and do not in any way limit, define or modify the terms, provisions, conditions, or covenants of this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures:

FOR THE UNITED STATES OF AMERICA

DATED: 6-14-06

BY: 
STUART A. MINKOWITZ
Assistant United States Attorney
District of New Jersey

DATED: _____

PATRICK L. MEEHAN
United States Attorney

warrant that they are authorized by Saint Barnabas 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. The individuals signing this Agreement on behalf of the Salvatori relators and relator Monahan represent and warrant that they are authorized by those respective relators to execute this Agreement.

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

23. This Agreement is binding on the successors, transferees, heirs, and assigns of the Saint Barnabas Entities.

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

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

26. The captions, headings and arrangement of the Paragraphs and provisions used in this Agreement are for convenience only and do not in any way limit, define or modify the terms, provisions, conditions, or covenants of this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures:

FOR THE UNITED STATES OF AMERICA

DATED: _____

BY: _____
STUART A. MINKOWITZ
Assistant United States Attorney
District of New Jersey

DATED: 6/14/06

PATRICK L. MEEHAN
United States Attorney

BY: Virginia A. Gibson
VIRGINIA A. GIBSON
Chief, Civil Division
Assistant United States Attorney
Eastern District of Pennsylvania

DATED: _____

BY: _____
DANIEL SPIRO
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

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

DATED: _____

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

FOR SAINT BARNABAS CORPORATION

DATED: _____

BY: _____
BARRY OSTROWSKY
Executive Vice President and General Counsel
Saint Barnabas Health Care System

FOR THE SETTLING HOSPITALS

BY: _____
VIRGINIA A. GIBSON
Chief, Civil Division
Assistant United States Attorney
Eastern District of Pennsylvania

DATED: 6/14/06

BY: Daniel A. Spiro
DANIEL SPIRO
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 15 Jun 2006
/u

BY: Laurel C. Gillespie
LAUREL C. GILLESPIE
Deputy General Counsel
TRICARE Management Activity
United States Department of Defense

DATED: _____

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

FOR SAINT BARNABAS CORPORATION

DATED: _____

BY: _____
BARRY OSTROWSKY
Executive Vice President and General Counsel
Saint Barnabas Health Care System

FOR THE SETTLING HOSPITALS

BY: _____
VIRGINIA A. GIBSON
Chief, Civil Division
Assistant United States Attorney
Eastern District of Pennsylvania

DATED: _____

BY: _____
DANIEL SPIRO
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

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

DATED: 6/14/06

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

FOR SAINT BARNABAS CORPORATION

DATED: _____

BY: _____
BARRY OSTROWSKY
Executive Vice President and General Counsel
Saint Barnabas Health Care System

FOR THE SETTLING HOSPITALS

BY: _____
VIRGINIA A. GIBSON
Chief, Civil Division
Assistant United States Attorney
Eastern District of Pennsylvania

DATED: _____

BY: _____
DANIEL SPIRO
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

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

DATED: _____

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

FOR SAINT BARNABAS CORPORATION

DATED: 6/14/06

BY: 
BARRY OSTROWSKY
Executive Vice President and General Counsel
Saint Barnabas Health Care System

FOR THE SETTLING HOSPITALS

DATED: 6/14/06

BY: 
JOHN BONAMO, M.D.
Executive Director
Saint Barnabas Medical Center

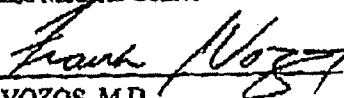
DATED: _____

BY: _____
KATE COYNE
Executive Director
Union Hospital

DATED: 6/14/06

BY: 
THOMAS BIGA
Executive Director
Clara Maass Medical Center

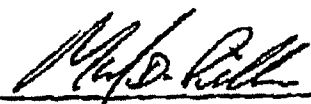
DATED: 6/14/06

BY: 
FRANK VOZOS, M.D.
Executive Director
Monmouth Medical Center

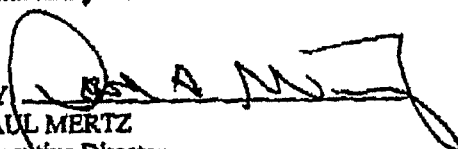
DATED: _____

BY: _____
JOSEPH HICKS
Executive Director
Kimball Medical Center

DATED: 6/14/06

BY: 
MARK PILLA
Executive Director
Community Medical Center

DATED: 6/14/06

BY: 
PAUL MERTZ
Executive Director
Newark Beth Israel Medical Center

DATED: _____

BY: _____
JOHN BONAMO, M.D.
Executive Director
Saint Barnabas Medical Center

DATED: _____

BY: Kate W. Coyne
KATE COYNE
Executive Director
Union Hospital

DATED: _____

BY: _____
THOMAS BIGA
Executive Director
Clara Maass Medical Center

DATED: _____

BY: _____
FRANK VOZOS, M.D.
Executive Director
Monmouth Medical Center

DATED: _____

BY: _____
JOSEPH HICKS
Executive Director
Kimball Medical Center

DATED: _____

BY: _____
MARK PILLA
Executive Director
Community Medical Center

DATED: _____

BY: _____
PAUL MERTZ
Executive Director
Newark Beth Israel Medical Center

DATED: _____

BY: _____
JOHN BONAMO, M.D.
Executive Director
Saint Barnabas Medical Center

DATED: _____

BY: _____
KATE COYNE
Executive Director
Union Hospital

DATED: _____

BY: _____
THOMAS BIGA
Executive Director
Clara Maass Medical Center

DATED: _____

BY: _____
FRANK VOZOS, M.D.
Executive Director
Monmouth Medical Center

DATED: 6/14/06

BY: JOE HICKS
JOSEPH HICKS
Executive Director
Kimball Medical Center

DATED: _____

BY: _____
MARK PILLA
Executive Director
Community Medical Center

DATED: _____

BY: _____
PAUL MERTZ
Executive Director
Newark Beth Israel Medical Center

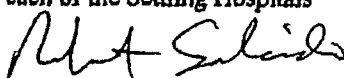
DATED: 6/14/06

BY: 
PAUL MERTZ
Executive Director
Irvington General Hospital

DATED: _____

BY: _____
MARK OLINSKY, Esq.
Sills Cummis Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: 
ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

DATED: _____

BY: _____
PETER SALVATORI
Relator

DATED: _____

BY: _____
SARA C. IVESON
Relator

DATED: _____

BY: _____
JOHN E. RILEY, Esq.
Valra & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

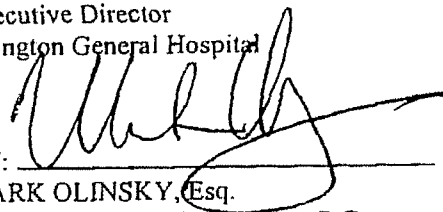
DATED: _____

BY: _____
JAMES T. MONAHAN
Relator

DATED: _____

BY: _____

PAUL MERTZ
Executive Director
Irvington General Hospital



DATED: _____

BY: _____

MARK OLINSKY, Esq.
Sills Cummis Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: _____

ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

DATED: _____

BY: _____

PETER SALVATORI
Relator

DATED: _____

BY: _____

SARA C. IVESON
Relator

DATED: _____

BY: _____

JOHN E. RILEY, Esq.
Vaira & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

DATED: _____

BY: _____

JAMES T. MONAHAN
Relator

DATED: _____

BY: _____
PAUL MERTZ
Executive Director
Irvington General Hospital

DATED: _____

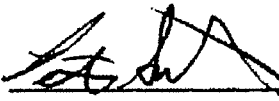
BY: _____
MARK OLINSKY, Esq.
Sills Cummis Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: _____
ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

DATED: 6-14-06

BY: 
PETER SALVATORI
Relator

DATED: _____

BY: _____
SARA C. IVESON
Relator

DATED: _____

BY: _____
JOHN E. RILEY, Esq.
Vaira & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

DATED: _____

BY: _____
JAMES T. MONAHAN
Relator

DATED: _____

BY: _____
PAUL MERTZ
Executive Director
Irvington General Hospital

DATED: _____

BY: _____
MARK OLINSKY, Esq.
Sills Cunniff Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: _____
ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

DATED: _____

BY: _____
PETER SALVATORI
Relator

DATED: June 14, 2006

BY: Sara C. Iveson
SARA C. IVESON
Relator

DATED: _____

BY: _____
JOHN E. RILEY, Esq.
Vain & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

DATED: _____

BY: _____
JAMES T. MONAHAN
Relator

DATED: _____

BY: _____
PAUL MERTZ
Executive Director
Irvington General Hospital

DATED: _____

BY: _____
MARK OLINSKY, Esq.
Sills Cummis Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: _____
ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

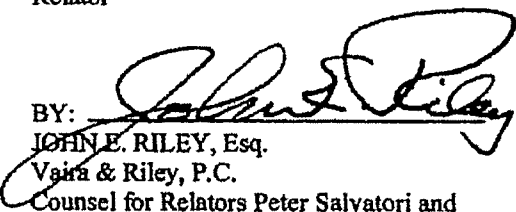
DATED: _____

BY: _____
PETER SALVATORI
Relator

DATED: _____

BY: _____
SARA C. IVESON
Relator

DATED: 6/14/06

BY: 
JOHN E. RILEY, Esq.
Veira & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

DATED: _____

BY: _____
JAMES T. MONAHAN
Relator

DATED: _____

BY: _____

PAUL MERTZ
Executive Director
Irvington General Hospital

DATED: _____

BY: _____

MARK OLINSKY, Esq.
Sills Cummis Epstein & Gross, P.C.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

DATED: _____

BY: _____

ROBERT SALCIDO, Esq.
Akin Gump Strauss Hauer & Feld, L.L.P.
Counsel for Saint Barnabas Corporation
and each of the Settling Hospitals

FOR THE RELATORS

DATED: _____

BY: _____

PETER SALVATORI
Relator

DATED: _____

BY: _____

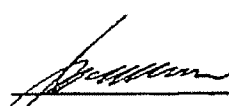
SARA C. IVESON
Relator

DATED: _____

BY: _____

JOHN E. RILEY, Esq.
Vaira & Riley, P.C.
Counsel for Relators Peter Salvatori and
Sara C. Iveson

DATED: 8/14/06

BY:  _____

JAMES T. MONAHAN
Relator

DATED: June 14, 2006

BY: Marc S. Raspanti
MARC S. RASPANTI, Esq.
Miller, Alfano & Raspanti, P.C.
Counsel for Relator James T. Monahan

DATED: _____

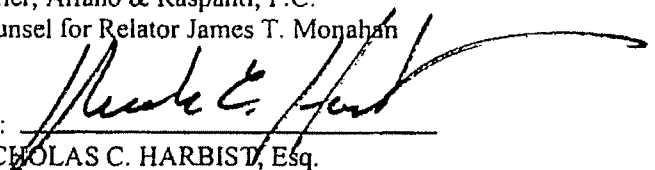
BY: _____
NICHOLAS C. HARBIST, Esq.
Blank Rome, LLP
Counsel for Relator James T. Monahan

DATED: _____

DATED: 6/14/06

BY: _____

MARC S. RASPANTI, Esq.
Miller, Alfano & Raspanti, P.C.
Counsel for Relator James T. Monahan

BY:  _____

NICHOLAS C. HARBIST, Esq.
Blank Rome, LLP
Counsel for Relator James T. Monahan

EXHIBIT I

The following hospitals, all of which are New Jersey-based hospitals that have been owned and controlled by Saint Barnabas Corporation during at least part of the time period relevant to this Agreement, are designated as the “Settling Hospitals” for purposes of this Agreement:

- | | | | |
|-----|--|-----|---|
| (a) | Clara Maass Medical Center
1 Clara Maass Drive
Belleville, NJ 07109 | (i) | West Hudson Hospital
formerly located at:
206 Bergen Avenue
Kearny, NJ 07032 |
| (b) | Community Medical Center
99 Highway 37 West
Toms River, NJ 08755 | | |
| (c) | Irvington General Hospital
formerly located at:
832 Chancellor Avenue
Irvington, NJ 07111 | | |
| (d) | Kimball Medical Center
600 River Avenue
Lakewood, NJ 08701 | | |
| (e) | Monmouth Medical Center
300 Second Avenue
Long Branch, NJ 07740 | | |
| (f) | Newark Beth Israel Medical Center
201 Lyons Avenue
Newark, NJ 07112 | | |
| (g) | Saint Barnabas Medical Center
94 Old Short Hills Road
Livingston, NJ 07039 | | |
| (h) | Union Hospital
1000 Galloping Hill Road
Union, NJ 07083 | | |

EXHIBIT II

Payments of the Settlement Amount shall be made on or before the dates set forth below:

- (a) On July 1, 2006, the sum of forty five million dollars (\$45,000,000.00);
- (b) On July 1, 2007, the sum of forty million dollars (\$40,000,000.00);
- (c) On October 1, 2007, the sum of forty million dollars (\$40,000,000.00);
- (d) On January 1, 2008, the sum of six million dollars (\$6,000,000.00);
- (e) On April 1, 2008, the sum of six million dollars (\$6,000,000.00);
- (f) On July 1, 2008, the sum of six million dollars (\$6,000,000.00);
- (g) On October 1, 2008, the sum of six million dollars (\$6,000,000.00);
- (h) On January 1, 2009, the sum of seven million dollars (\$7,000,000.00);
- (i) On April 1, 2009, the sum of seven million dollars (\$7,000,000.00);
- (j) On July 1, 2009, the sum of seven million dollars (\$7,000,000.00);
- (k) On October 1, 2009, the sum of seven million dollars (\$7,000,000.00);
- (l) On January 1, 2010, the sum of eight million dollars (\$8,000,000.00);
- (m) On April 1, 2010, the sum of eight million dollars (\$8,000,000.00);
- (n) On July 1, 2010, the sum of eight million dollars (\$8,000,000.00);
- (o) On October 1, 2010, the sum of eight million dollars (\$8,000,000.00);
- (p) On January 1, 2011, the sum of eight million dollars (\$8,000,000.00);
- (q) On April 1, 2011, the sum of eight million dollars (\$8,000,000.00);
- (r) On July 1, 2011, the sum of eight million dollars (\$8,000,000.00);
- (s) On October 1, 2011, the sum of eight million dollars (\$8,000,000.00);
- (t) On January 1, 2012, the sum of eight million dollars (\$8,000,000.00);
- (u) On April 1, 2012, the sum of eight million dollars (\$8,000,000.00);
- (v) On July 1, 2012, the sum of eight million dollars (\$8,000,000.00).