

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Attorney’s Office for the District of Arizona and on behalf of the Office of Inspector General (“OIG-HHS”) of the Department of Health and Human Services (“HHS”) (collectively “the United States”), and Rural/Metro Corporation (“Rural/Metro”); SW General Inc., dba Southwest Ambulance (“Southwest”); Southwest Ambulance of Casa Grande Inc., dba SWARA (“Southwest Casa Grande”); Southwest Ambulance of Tucson Inc., dba Kords Ambulance (“Southwest Tucson”); Corning Ambulance Service Inc., dba Rural/Metro (“Corning”); Eastern Paramedics Inc., dba Rural/Metro (“Eastern”); and Rural Metro of Oregon, Inc. (“Rural Metro Oregon”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Rural/Metro is a Delaware corporation that, through various companies it owns and operates, including those listed in recitals B through G, below, provides private ambulance and fire protection services in Arizona and approximately 20 other states.

B. Southwest is an Arizona corporation that provides emergency and non-emergency medical transport services in Arizona.

C. Southwest Casa Grande is an Arizona corporation that provides emergency and non-emergency medical transport services in Arizona.

D. Southwest Tucson is an Arizona corporation that provides emergency and non-emergency medical transport services in Arizona.

E. Corning is a New York corporation that provides emergency and non-emergency medical transport services in New York.

F. Eastern is a Delaware corporation that provides emergency and non-emergency medical transport services in New York.

G. Rural Metro Oregon is a Delaware corporation that provides emergency and non-emergency medical transport services in Oregon.

H. The United States contends that Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon 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. §§ 1395-1395kkk-1.

I. The United States contends that it has certain civil claims against Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon arising from their billing Medicare, or causing Medicare to be billed, from January 1, 2007, through December 31, 2011, for transporting patients from one hospital to another on an emergency basis using CPT[®] codes A0427 and A0429 with modifier HH when, in fact, the calls were not emergencies and, therefore, should have been billed with CPT[®] codes A0426 or A0428 with modifier HH. That conduct is referred to below as “the Covered Conduct.”

J. This Agreement is neither an admission of liability by Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Rural/Metro shall pay to the United States \$2,802,112 (“the Settlement Amount”) no later than 20 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the District of Arizona.

2. Subject to the exceptions in paragraph 3 (concerning excluded claims) below, and conditioned upon Rural/Metro’s full payment of the Settlement Amount, the United States releases Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon, together with their current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former owners; and officers, directors, and affiliates; and the successors and assigns of any of them from any civil monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

- b. Any criminal liability;
- c. Any administrative liability, including mandatory or 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 obligations 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;
- g. Any liability for failure to deliver goods or services due; and
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon waive and shall not assert any defenses they may have to any criminal prosecution or administrative action relating to the Covered Conduct that 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.

5. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon has asserted, could have asserted, or may assert in the future against the United States, and its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. 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 contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, or carrier) or any state payer related to the Covered Conduct. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon also agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct and agree not to appeal any such denials of claims.

7. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon agree to the following:

a. Unallowable Costs Defined: 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 Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning,

Eastern, Rural Metro Oregon, and their present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audits and civil investigations of the matters covered by this Agreement;
- (3) the investigation, defense, and corrective actions undertaken by Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon in response to the United States' audits and civil investigations in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment Rural/Metro makes to the United States pursuant to this Agreement;

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits ("FEHB") Program (hereinafter referred to as "Unallowable Costs").

b. Future Treatment of Unallowable Costs: If applicable, Unallowable Costs shall be separately determined and accounted for by Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon; and Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon 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 Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, Rural Metro Oregon, or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHB Programs.

c. Treatment of Unallowable Costs Previously Submitted for

Payment: If applicable, Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon 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 FEHB 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 Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, Rural Metro Oregon, 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. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon agree that the United States, at a minimum, shall be entitled to recoup from Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon 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 United States Attorney's Office for the District of Arizona and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, Rural Metro Oregon, or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, Rural Metro Oregon, 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 re-examine the books and records of Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

8. 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 9 (waiver for beneficiaries paragraph), below.

9. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon 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 based upon the claims defined as the Covered Conduct.

10. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon warrant that they have reviewed their financial situation and that upon consummation of Rural/Metro's plan of reorganization, they will be solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and that the payment to the United States of the Settlement Amount shall not render such parties insolvent. 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 Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon, 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 Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

11. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon agree as follows:

a. The obligations of Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon under this

Agreement may not be avoided pursuant to 11 U.S.C. § 547, and Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon shall not argue or otherwise take the position in any case, proceeding, or action that: (i) the obligations of Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon became insolvent as a result of the payment made to the United States; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon.

b. If the obligations of Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon 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 claim, action, or proceeding against Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon for the claims that would otherwise be covered by the release provided in paragraph 2, above. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon agree that (i) any such claims, actions, or proceedings brought by the United States are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this paragraph, and Rural/Metro, Southwest,

Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon 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 30 calendar days of written notification to Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, or Rural Metro Oregon that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on August 21, 2013; (iii) the United States has a valid claim against Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon for treble damages and penalties under the False Claims Act; and (iv) the United States may pursue its claim in any case, action, or proceeding.

c. Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon acknowledge that their agreements in this paragraph are provided in exchange for valuable consideration provided in this Agreement.

12. The Parties shall bear their own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

13. The Parties and signatories to this Agreement represent that they freely and voluntarily enter into this Agreement without any degree of duress or compulsion.

14. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Arizona. For purposes of construing this Agreement, 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 that reason in any subsequent dispute.

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

16. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

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

18. This Agreement is binding on the successors, transferees, heirs, and assigns of Rural/Metro, Southwest, Southwest Casa Grande, Southwest Tucson, Corning, Eastern, and Rural Metro Oregon.

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

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

THE UNITED STATES OF AMERICA

DATED: 12/23/13

BY: *Lon R. Leavitt*
LON R. LEAVITT
Assistant United States Attorney
District of Arizona

DATED: 12/23/13

BY: *Robert K. DeConti*
ROBERT K. DeCONTI
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
U.S. Department of Health and Human Services

RURAL/METRO CORPORATION

DATED: 12-19-13

BY:



SCOTT A. BARTOS

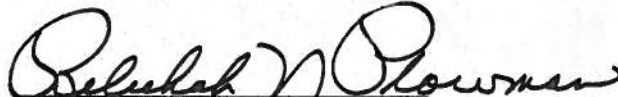
President and Chief Executive Officer

Rural/Metro Corporation

On behalf of Rural/Metro Corporation; Southwest
General, Inc., doing business as Southwest
Ambulance; Southwest Ambulance of Casa Grande,
Inc.; Southwest Ambulance of Tucson, Inc.;
Corning Ambulance Service, Inc.; Eastern
Paramedics, Inc.; and Rural/Metro of Oregon, Inc.

DATED: 12/19/13

BY:



REBEKAH N. PLOWMAN

Jones Day

Counsel for Rural/Metro Corporation; Southwest
General, Inc., doing business as Southwest
Ambulance; Southwest Ambulance of Casa Grande,
Inc.; Southwest Ambulance of Tucson, Inc.;
Corning Ambulance Service, Inc.; Eastern
Paramedics, Inc.; and Rural/Metro of Oregon, Inc.