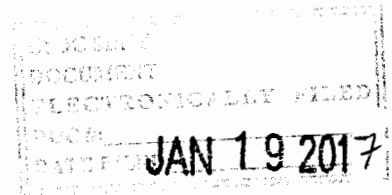


**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**



UNITED STATES OF AMERICA *et al. ex rel.*  
MARC D. BAKER,

Plaintiffs,

v.

WALGREENS, INC.,

Defendant.

12 Civ. 0300 (JPO)

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

WALGREEN CO.,

Defendant.

12 Civ. 0300 (JPO)

**STIPULATION AND ORDER OF SETTLEMENT AND DISMISSAL**

WHEREAS, this Stipulation and Order of Settlement and Dismissal (“Stipulation”) is entered into by and among plaintiff the United States of America (“United States” or “Government”), by its attorney, Preet Bharara, United States Attorney for the Southern District of New York; the *qui tam* relator (“Relator”) in *United States ex rel. Baker v. Walgreens, Inc.*, 12 Civ. 0300 (JPO), by Relator’s authorized representatives; and defendant Walgreen Co. (“Walgreens” and together with the Government and Relator, “Parties”), by its authorized representatives;

WHEREAS, on or about January 13, 2012, Relator filed a *qui tam* complaint against Walgreens in the United States District Court for the Southern District of New York (“Court”),

alleging, *inter alia*, that Walgreens had violated the federal Anti-Kickback Statute (“AKS”), 42 U.S.C. § 1320a-7b, and federal the False Claims Act (“FCA”), 31 U.S.C. §§ 3729 *et seq.*, in connection with its enrollment of persons receiving benefits from federally-funded healthcare programs in its Prescription Savings Club program (“PSC program”) (“Relator Original Complaint”). Relator filed an amended complaint on December 30, 2013 (“Relator Amended Complaint”);

WHEREAS, contemporaneous with the filing of this Stipulation, the Government, through the Office of the United States Attorney for the Southern District of New York, is filing a Notice of Election to Partially Intervene and Complaint-In-Intervention in the above-referenced *qui tam* action (“Government Complaint”), in which it alleges that from January 1, 2007 through December 31, 2010, Walgreens knowingly solicited and allowed persons receiving benefits from the Medicare Part D, Medicaid, and TRICARE programs (“government beneficiaries”) to enroll in the PSC program, in order to induce such persons to self-refer their prescriptions to Walgreens’ pharmacies, in violation of the AKS and the FCA. The conduct described in this paragraph is the “Government Complaint Conduct” for purposes of this Stipulation;

WHEREAS, during the course of discussing a potential resolution of the Government Complaint Conduct, Walgreens disclosed to the Government information reflecting that during the period January 1, 2011 through December 31, 2015, it had also enrolled government beneficiaries in the PSC program, and it sought to negotiate a resolution of any potential claims the Government may have for allegations that from January 1, 2011 through December 31, 2015, Walgreens knowingly enrolled government beneficiaries in the PSC program in order to induce such persons to self-refer their prescriptions to Walgreens’ pharmacies in violation of the AKS and FCA (“Post-2010 Conduct”) together with the Government Complaint Conduct. The Post-

2010 Conduct together with the Government Complaint Conduct shall collectively be referred to as the "Covered Conduct" for purposes of this Stipulation.

WHEREAS, Walgreens and various states that participate in the Medicaid program ("States") intend to enter into separate settlement agreements ("State Settlements"), to resolve claims for the Covered Conduct, and Walgreens has agreed to pay a total of \$3,794,891.47 to the States pursuant to and subject to the execution of the State Settlements; and

WHEREAS, the Parties have, through this Stipulation, reached a mutually-agreeable resolution addressing claims asserted against Walgreens for the Covered Conduct;

NOW, THEREFORE, upon the Parties' agreement, IT IS HEREBY ORDERED that:

#### **TERMS AND CONDITIONS**

1. The Parties agree that this Court has subject matter jurisdiction over this action and consent to this Court's exercise of personal jurisdiction over each of them.
2. Walgreens admits, acknowledges, and accepts responsibility for the following conduct:
  - a. Walgreens launched its Prescriptions Savings Club program ("PSC program") in 2007.
  - b. Since the inception of the PSC program in 2007, customers enrolling in the PSC program ("PSC program members" or "PSC members") have been eligible to receive discounts on thousands of generic and brand-name prescription medications.
  - c. PSC program members have also been eligible for other benefits, including a 10% bonus on purchases of Walgreens' branded products (such as household products, baby care products, most grocery items, and non-prescription medications). Whenever a PSC member makes an eligible purchase and presents his or her PSC membership card, 10% of the pre-tax purchase price of the item is credited to the PSC member's PSC card. The earned credits are then applied to the next eligible purchase the PSC member makes.

- d. During the period January 1, 2007 through December 31, 2010, Walgreens' published materials regarding the PSC program stated that persons receiving benefits from the Medicare and Medicaid programs were not eligible to participate in the PSC program.
- e. In October 2007, Walgreens identified approximately 13,000 PSC program members who it had determined were beneficiaries of the Medicare and Medicaid programs, and it removed those individuals from the PSC program. In an internal news release informing its employees of this removal, Walgreens stated that "any customer who ha[d] any type of 3rd party coverage with a Medicare or Medicaid plan was removed from the [Prescription] Savings Club database," and that "th[is] removal was necessary to comply with State/Federal regulations."
- f. Subsequent to October 2007 and continuing through December 31, 2010, internal Walgreens documents reflect that its stated policy to exclude Medicare and Medicaid beneficiaries from the PSC program was based on, among other things, the prohibition on offering inducements to beneficiaries of government healthcare programs reflected in the federal Anti-Kickback Statute ("AKS"), 42 U.S.C. § 1320a-7b(b), and corresponding state anti-kickback laws.
- g. In a June 2010 submission to one of its state regulators, Walgreens stated that, based on the prohibitions of the AKS, beneficiaries of government healthcare programs were not eligible to become PSC members.
- h. Notwithstanding its stated policy to exclude Medicare and Medicaid beneficiaries from the PSC program, subsequent to October 2007 and continuing through December 31, 2010, Walgreens enrolled hundreds of thousands of Medicare and Medicaid beneficiaries in the PSC program.
- i. Between November 2007 and December 31, 2010, Walgreens also enrolled more than 10,000 TRICARE beneficiaries in the PSC program.
- j. Prior to December 31, 2010, pharmacists at Walgreens' stores nationwide made tens of thousands of notations in Walgreens' internal customer database reflecting that specific Medicare, Medicaid and TRICARE beneficiaries had been enrolled in the PSC program and were using the PSC program to purchase some of their prescription drugs.
- k. At various times between November 2007 and December 31, 2010, Walgreens paid its employees a bonus of between \$1 and \$5 for each customer they enrolled in the PSC program. When paying these bonuses, Walgreens did not verify that the customers its employees had enrolled in the PSC program were not government beneficiaries.

- l. Prior to December 31, 2010, Walgreens did not have effective mechanisms in place to block government beneficiaries from enrolling in the PSC program or to monitor adequately whether government beneficiaries had been allowed to enroll in the PSC program, to ensure compliance with its stated policy to exclude such beneficiaries from the PSC program. As a result, hundreds of thousands of government beneficiaries were enrolled in the PSC program.
- m. Subsequent to December 31, 2010 and continuing through December 31, 2015, Walgreens' internal company policy continued to preclude the enrollment of government beneficiaries in the PSC program, and Walgreens continued to enroll such beneficiaries in the program.

3. Walgreens shall pay the Government \$46,205,108.53 within fourteen (14) business days of the Effective Date (defined below in Paragraph 27), plus interest, which shall be compounded annually at a rate of 2.4% accruing from December 29, 2016, to the date of payment ("Settlement Amount").

4. The payment required by Paragraph 3 above shall be made in accordance with instructions to be provided by the Financial Litigation Unit of the United States Attorney's Office for the Southern District of New York.

5. Walgreens agrees to cooperate fully and truthfully with the United States' investigation relating to the Covered Conduct of individuals and entities not released in this Agreement. Upon reasonable notice, Walgreens shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony relating to the Covered Conduct, consistent with the rights and privileges of such individuals. Walgreens further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf, as

well as complete and unredacted copies of any other non-privileged documents in its possession, custody, or control relating to the Covered Conduct.

6. Subject to the exceptions in Paragraph 9 below (concerning excluded claims) and Paragraph 16 below (concerning bankruptcy proceedings), and conditioned on Walgreens' compliance with the terms of this Stipulation, including full payment of the Settlement Amount as set forth in Paragraph 3 above, the United States releases Walgreens, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative monetary claim that the United States has for the Covered Conduct under the FCA, the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801-3812, and the common law theories of fraud, payment by mistake and unjust enrichment. This Stipulation is not intended to and does not release any allegations or claims other than the Covered Conduct. For purposes of example only and without limitation, this Stipulation does not release any allegations or claims relating to

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7. Conditioned on Walgreens making the required payment set forth in Paragraph 3 above and the payment Walgreens is required to make under the State Settlements, and subject to Paragraph 16 below (concerning bankruptcy proceedings), Relator, for Relator and Relator's heirs, successors, attorneys, agents, and assigns, releases Walgreens, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations;

divisions; current or former corporate owners, directors, officers, and employees; and the corporate successors and assigns of any of them, from: (a) any civil monetary claim that Relator has on behalf of the United States for the Covered Conduct under the FCA, and (b) any claim Relator asserted or could have asserted against Walgreens in the Relator Amended Complaint that arises out of the Covered Conduct; provided, however, that nothing in this Stipulation shall preclude Relator from seeking to recover Relator's expenses, costs, or attorney's fees from Walgreens pursuant to 31 U.S.C. § 3730(d); and provided further that this Stipulation is not intended to and does not release any allegations or claims other than the Covered Conduct. For purposes of example only and without limitation, this Stipulation does not release any allegations or claims relating to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8. In consideration of the execution of this Stipulation by Relator, and the releases by Relator as set forth in Paragraph 7 above, Walgreens, together with its current and former parent corporations, directors, officers, and employees; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, releases Relator, and Relator's heirs, successors, attorneys, agents, and assigns, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Walgreens has asserted, could have asserted, or may assert in the future against Relator, relating to the allegations in the Original Relator Complaint, the Relator Amended Complaint, or the Government Complaint, to the extent such allegations are based on the Covered Conduct; provided, however, that Walgreens reserves and does not

release its right to assert any defenses or claims it may have in response to any claims Relator may assert for expenses, costs or attorneys' fees pursuant to 31 U.S.C. § 3730(d).

9. Notwithstanding the releases given in Paragraph 6 above, or any other term of this Stipulation, the following claims of the Government are specifically reserved and are not released by this Stipulation:

- a. any liability arising under Title 26, United States Code (Internal Revenue Code);
- b. any criminal liability;
- c. except as explicitly stated in this Stipulation, any administrative liability, including mandatory or permissive exclusion from Federal health care programs;
- d. any liability to the Government (or its agencies) for any conduct other than the Covered Conduct;
- e. any liability based upon obligations created by this Stipulation; and
- f. any liability of individuals.

10. Walgreens shall be in default of this Stipulation if Walgreens fails to make the required payment set forth in Paragraph 3 above, or if it fails to comply materially with any other term of this Stipulation that applies to it ("Default"). The Government shall provide written notice of any Default in the manner set forth in Paragraph 26 below. Walgreens shall then have an opportunity to cure the Default within ten (10) calendar days from the date of delivery of the notice of Default. In the event that a Default is not fully cured within ten (10) calendar days of the delivery of the notice of Default ("Uncured Default"), interest shall accrue at the rate of 12% per annum compounded daily on the remaining unpaid principal balance of the Settlement Amount, beginning seven (7) business days after mailing of the notice of Default. In the event of



an Uncured Default, Walgreens agrees to the entry of the consent judgment attached hereto as Exhibit A and that the Government may take action to collect on the consent judgment. In the event of an Uncured Default, Walgreens further agrees that the United States, at its option, may (a) rescind this Stipulation and reinstate the Government Complaint, as well as any claims that could be asserted for the Covered Conduct (in the event the Government Complaint is reinstated, Relator could also reinstate the claims in the Relator Amended Complaint that are based on the Covered Conduct); (b) seek specific performance of this Stipulation; (c) offset the remaining unpaid balance of the Settlement Amount (including interest) from any amounts due and owing Walgreens by any department, agency, or agent of the United States; or (d) exercise any other rights granted by law, or under the terms of this Stipulation, or recognizable at common law or in equity. Walgreens shall not contest any offset imposed or any collection undertaken by the Government pursuant to this Paragraph, either administratively or in any Federal or State court. In addition, Walgreens shall pay the Government all reasonable costs of collection and enforcement under this Paragraph, including attorneys' fees and expenses. In the event that the United States opts to rescind this Stipulation pursuant to this Paragraph, Walgreens shall not 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 relate to the Covered Conduct.

11. Relator, and Relator's heirs, successors, attorneys, agents, and assigns, shall not object to this Stipulation but agree and confirm that the terms of this Stipulation are fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Subject to any claims that Relator may have under 31 U.S.C. § 3730(d) and the separate Stipulation and Order of Settlement and Release between Relator and the United States

addressing Relator's share of the Settlement Amount, Relator, for Relator and Relator's heirs, successors, attorneys, agents, and assigns, releases, waives, and forever discharges the United States, its agencies, officers, agents, employees, and servants, from any claims, known or unknown, arising from the filing of the Relator Amended Complaint, to the extent the Relator Amended Complaint raises claims based on the Covered Conduct, and from any claims under 31 U.S.C. § 3730, to the extent such claims are based on the Covered Conduct.

12. Walgreens waives and shall not assert any defenses Walgreens 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 Stipulation bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Stipulation 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.

13. Walgreens fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Walgreens has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, or servants, related to the Covered Conduct, the United States' investigation, prosecution and settlement of the Covered Conduct, and the United States' investigation (as of the Effective Date) of the Covered Conduct.

14. This Stipulation 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 as otherwise provided herein.

15. Walgreens represents and warrants that it has reviewed its financial situation, that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and that it reasonably believes as of the date hereof that it shall remain solvent following compliance with its obligations under this Stipulation. Further, the Parties warrant that, in evaluating whether to execute this Stipulation, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Walgreens within the meaning of 11 U.S.C. § 547(c)(1); and (b) have concluded that these mutual promises, covenants, and obligations due, 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 Walgreens was or became indebted to on or after the date of this Stipulation, within the meaning of 11 U.S.C. § 548(a)(1).

16. If Walgreens commences, or a third party commences, any case, action, or other proceeding under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking an order for relief of Walgreens' debts, or seeking to adjudicate Walgreens as bankrupt or insolvent; or (b) seeking appointment of a trustee, custodian, or other similar official for Walgreens or for all or any substantial part of Walgreens' assets, Walgreens agrees as follows:

a. Walgreens' obligations under this Stipulation may not be avoided pursuant to 11 U.S.C. § 547, and Walgreens shall not argue or otherwise take the position in any such case, action, or proceeding that (i) Walgreens' obligations under this Stipulation may be avoided under 11 U.S.C. § 547; (ii) Walgreens was insolvent at the time this Stipulation was entered into;

or (iii) the mutual promises, covenants, and obligations set forth in this Stipulation do not constitute a contemporaneous exchange for new value given to Walgreens.

b. If Walgreens' obligations under this Stipulation are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the Government, at its sole option, may rescind the releases in this Stipulation and reinstate the Government Complaint or bring any civil and/or administrative claim, action, or proceeding against Walgreens that would otherwise be covered by the releases in Paragraph 6 above (in the event the Government Complaint is reinstated, Relator could also reinstate the claims in the Relator Amended Complaint that are based on the Covered Conduct). Walgreens agrees that (i) any such claim, action, or proceeding brought by the Government or Relator would not be subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the case, action, or proceeding described in the first clause of this Paragraph, and Walgreens shall not argue or otherwise contend that the claim, action, or proceeding is subject to an automatic stay; (ii) Walgreens shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any claim, action, or proceeding that is brought by the Government or Relator within 60 calendar days of written notification that the releases in this Stipulation have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the date Relator initially filed the above-referenced action; and (iii) the Government has a valid claim against Walgreens for the full Settlement Amount, and the Government may pursue the claim in the case, action, or proceeding described in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. Walgreens acknowledges that the agreements in this Paragraph are provided in exchange for valuable consideration provided in this Stipulation.

17. Walgreens agrees 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 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Walgreens, including its present or former officers, directors, employees, shareholders and agents, in connection with:

(1) the matters covered by this Stipulation;

(2) the United States' audit(s) and civil and/or criminal investigation(s) of matters covered by this Stipulation;

(3) Walgreens' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and/or criminal investigation(s) in connection with matters covered by this Stipulation (including attorneys' fees);

(4) the negotiation and performance of this Stipulation; and

(5) any payments Walgreens makes to the United States pursuant to this Stipulation and any payments Walgreens may make to Relator, including expenses, costs and attorneys' fees,

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

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Walgreens, and Walgreens 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 Walgreens or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment:

Walgreens further agrees that within 90 days of the Effective Date of this Stipulation, it 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 Walgreens or any of its 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. Walgreens agrees that the United States, at a minimum, shall be entitled to recoup from Walgreens 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 Walgreens or any of its subsidiaries or affiliates on the effect of inclusion of

Unallowable Costs (as defined in this Paragraph) on Walgreens or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Stipulation shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Walgreens' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

18. Except as set forth in Paragraph 7 above (which preserves Relator's rights against Walgreens to seek reasonable expenses, costs, and attorneys' fees), each Party shall bear its own legal and other costs incurred in connection with this matter.

19. Any failure by the Government to insist upon the full or material performance of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and the Government, notwithstanding that failure, shall have the right thereafter to insist upon the full or material performance of any and all of the provisions of this Stipulation.

20. This Stipulation is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Stipulation is the United States District Court for the Southern District of New York. For purposes of construing this Stipulation, this Stipulation shall be deemed to have been drafted by all Parties to this Stipulation and shall not, therefore, be construed against any Party in any subsequent dispute.

21. This Stipulation constitutes the complete agreement between the Parties with respect to the subject matter hereof. This Stipulation may not be amended except by written consent of the Parties.

22. The undersigned counsel and any other signatories represent and warrant that they are fully authorized to execute this Stipulation on behalf of persons and the entities indicated below.

23. This Stipulation is binding on and inures to the benefit of Walgreens and any successor entities.

24. This Stipulation is binding on and inures to the benefit of Relator's successors, transferees, heirs, and assigns.

25. This Stipulation may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Stipulation. E-mails that attach signatures in PDF form or facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Stipulation.

26. Any notices or requests pursuant to this Stipulation shall be in writing and shall be delivered by hand, express courier, or email transmission followed by postage-prepaid mail, and shall be addressed as follows:

IF TO THE UNITED STATES:

Christopher B. Harwood  
Assistant United States Attorney  
United States Attorney's Office  
Southern District of New York  
86 Chambers Street, Third Floor  
New York, New York 10007  
Email: [christopher.harwood@usdoj.gov](mailto:christopher.harwood@usdoj.gov)

IF TO WALGREENS:

Rick Robinson  
Norton Rose Fulbright US LLP  
799 9th Street NW, Suite 1000  
Washington, D.C. 20001  
Email: [rick.robinson@nortonrosefulbright.com](mailto:rick.robinson@nortonrosefulbright.com)



27. The Effective Date of this Stipulation is the date upon which the Stipulation is approved and entered by the Court.

28. Upon receipt of the payment described in Paragraph 3 above and the payment Walgreens is required to make under the State Settlements, the United States and Relator shall file pursuant to Rule 41(a)(1) a notice of dismissal with prejudice of the claims released by the United States in paragraph 6 above and the claims released by Relator in paragraph 7 above, respectively. No other claims shall be deemed to be dismissed, with prejudice or otherwise, as to either party. Moreover, neither the aforementioned notice of dismissal nor this Stipulation shall be deemed to release or dismiss, or shall release or dismiss, any allegations or claims other than those set forth in paragraphs 6 and 7 above. For purposes of example only and without limitation, this Stipulation and the aforementioned notice of dismissal shall not be deemed to release or dismiss, and shall not release or dismiss, any allegations or claims relating to

[REDACTED]

[REDACTED]

[REDACTED]

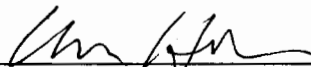
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Agreed to by:

**THE UNITED STATES OF AMERICA**

Dated: New York, New York  
January 18, 2017

PREET BHARARA  
United States Attorney for the  
Southern District of New York

By:   
CHRISTOPHER B. HARWOOD  
Assistant United States Attorney  
86 Chambers Street, Third Floor  
New York, New York 10007  
Telephone: (212) 637-2728  
Facsimile: (212) 637-2786

*Attorney for the United States of America*

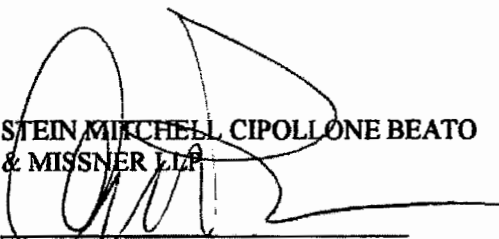
**RELATOR**

Dated: January 13, 2017

By:   
MARC D. BAKER

*Relator*

Dated: January 13, 2017

By:   
STEIN MITCHELL CIPOLLONE BEATO  
& MISSNER LLP

ANDREW M. BEATO  
JED WULFEKOTTE  
MERYL GRENADIER  
1100 Connecticut Ave, NW Suite 1100  
Washington, DC 20036  
Telephone: (202) 737-7777  
Facsimile: (202) 296-8312

*Attorneys for Relator*

WALGREEN CO.

Dated: January 17, 2017

NORTON ROSE FULBRIGHT US LLP

By:



RICK ROBINSON

799 9th Street NW, Suite 1000

Washington, D.C. 20001

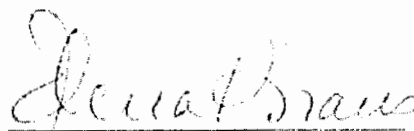
Telephone: (202) 662-4534

Facsimile: (202) 662-4643

*Attorneys for Walgreen Co.*

Dated: January 17, 2017

By:

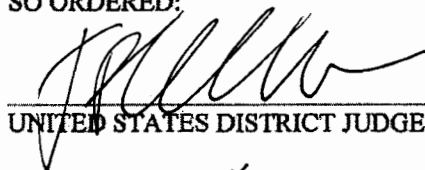


ELENA KRAUS

Senior Vice President and General Counsel

*Walgreen Co.*

SO ORDERED:



UNITED STATES DISTRICT JUDGE

Dated: Jan. 18, 2017

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA *et al. ex rel.*  
MARC D. BAKER,

Plaintiffs,

v.

WALGREENS, INC.,

Defendant.

12 Civ. 0300 (JPO)

**CONSENT JUDGMENT**

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

WALGREEN CO.,

Defendant.

12 Civ. 0300 (JPO)

Upon the consent of plaintiff the United States of America and defendant Walgreen Co.

("Walgreens") it is hereby

ORDERED, ADJUDGED and DECREED: that plaintiff the United States of America is awarded judgment in the amount of \$46,205,108.53 as against Walgreens, as well as post-judgment interest at the rate of 12% per annum compounded daily.

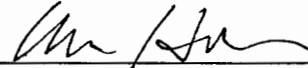
Agreed to by:

**THE UNITED STATES OF AMERICA**

Dated: New York, New York  
January 18, 2017

PREET BHARARA  
United States Attorney for the  
Southern District of New York

By:



CHRISTOPHER B. HARWOOD  
Assistant United States Attorney  
86 Chambers Street, Third Floor  
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Dated: January 17, 2017

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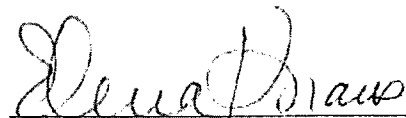
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ELENA KRAUS

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SO ORDERED:



UNITED STATES DISTRICT JUDGE

Dated: Jan. 18, 2017