

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

In the Matter of:

CVS Corporation, CVS Pharmacies, Inc. and
Procure Pharmacy, Inc

Respondent.

No. 03-47-CP

Hon. GIDDINGS

ASSURANCE OF DISCONTINUANCE

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AG No.
200300473

In the Matter of:
CVS Corporation

SETTLEMENT AGREEMENT
AND ASSURANCE OF VOLUNTARY COMPLIANCE

This Settlement Agreement and Assurance of Voluntary Compliance (hereinafter the "Assurance") is entered into among the states of Alabama, Connecticut,¹ Delaware, Georgia,² Illinois, Maine, Maryland, Michigan, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Vermont, West Virginia, the commonwealths of Kentucky, Massachusetts, and Pennsylvania, and the District of Columbia,³ (collectively, the "Respective States") by and through their Attorneys General (the Attorneys General of the Respective States collectively, the "Attorneys General") and CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies, Inc., ProCare Pharmacy, Inc. and each of their respective subsidiaries that dispense and distribute prescriptions filled in a retail pharmacy (collectively, "CVS") (CVS, the Respective States, and the Attorneys General hereinafter "the Parties").

¹ With regard to Connecticut, it is the Commissioner of the Department of Consumer Protection who is statutorily authorized to accept Assurances of Voluntary Compliance pursuant to the Connecticut Unfair Trade Practices Act. C.G.S. §42-110j. Hereafter, when the entire group is referred to as the "Respective States" or "Attorneys General," such designation, as it pertains to Connecticut, refers to the Connecticut Commissioner of the Department of Consumer Protection.

² With regard to Georgia, the Administrator of the Fair Business Practices Act, appointed pursuant to O.C.G.A. 10-1-395, is statutorily authorized to undertake consumer protection functions, including acceptance of Assurances of Voluntary Compliance for the State of Georgia. Hereafter, when the entire group is referred to as the "Respective States" or "Attorneys General," such designation, as it pertains to Georgia, refers to the Administrator of the Fair Business Practices Act.

³ The District of Columbia is represented by its Corporation Counsel, who is statutorily authorized to represent the District of Columbia in consumer protection actions. D.C. Code § 28-3909. Hereafter, when the entire group is referred to as the "Respective States" or "Attorneys General," such designation, as it pertains to the District of Columbia, refers to its Corporation Counsel.

1. BACKGROUND

1.1 The Attorneys General have conducted an investigation of specific business practices of CVS in connection with the practice of allegedly submitting claims for and accepting and retaining payments for the value of full prescriptions that are only partially filled, i.e., where CVS initially does not fill the entire prescribed amount of medication to the consumer⁴ due to inadequate inventory or for any other reason (hereinafter "partial-fill" or "partial-fill prescription")⁵ and after the prescription is fully billed, the consumer does not return to pick up the balance of the prescription.⁶ As a result of the investigation, the Attorneys General

⁴ Unless specified otherwise herein, the term "consumer" shall refer to the patient, other individual responsible for payment, or both, of a prescription, excluding third-party payers.

⁵ For purposes of this Assurance, if a "partial-fill" or a "partial-fill prescription" is filled and dispensed for a reason other than inadequate inventory, the consumer and/or third-party payer shall be billed appropriately in accordance with the amount of medication dispensed, including any applicable co-payment or deductible amounts.

⁶ CVS will ensure that in the event the mail order operation of PharmaCare Management Services, Inc. ("PharmaCare") does not have adequate inventory to fully fill a prescription upon receipt of an order, PharmaCare will not mail the medication to the consumer until the full amount of the medication can be dispensed. In such circumstances, the third-party payer and/or consumer may be billed before medication is mailed to the consumer. Furthermore, CVS will ensure that in the event the mail order operation of PharmaCare has mailed any medication to a consumer that is returned to PharmaCare and not ultimately delivered to the consumer, PharmaCare shall follow the provisions set forth in paragraph 2.4 of this Assurance.

allege that certain acts and practices of CVS violated the Consumer Protection Statutes⁷ of the Respective States.

1.2 CVS denies the allegations set forth in paragraph 1.1 above and denies that it is liable under any statutes, regulations or common law, or any criminal, civil, or administrative cause of action for any of the practices alleged or referenced in paragraph 1.1 above

1.3 Acceptance and implementation of this Assurance by the Respective States and CVS shall not be considered an admission of a prior violation of the Consumer Protection Statutes.

1.4 In order to avoid the disruption, delay, uncertainty, inconvenience, and expense of protracted litigation of these claims, the Parties have agreed to a full and final settlement as set forth below.

Therefore, CVS desires to enter into this Settlement Agreement and give this Assurance, and the Attorneys General desire to accept it.

⁷ ALABAMA - Deceptive Trade Practices Act, Ala. Code § 8-19-1 *et seq.*; CONNECTICUT - Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110a *et seq.*; DELAWARE - Consumer Fraud Act and Uniform Deceptive Trade Practices Act, 6 Del.C. § 2511 *et seq.* and 2531 *et seq.*; DISTRICT OF COLUMBIA - Consumer Protection Procedures Act, D.C. Code § 28-3901 *et seq.*; GEORGIA - Fair Business Practices Act of 1975, O.G.C.A. § 10-1-390 *et seq.*; ILLINOIS - Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 *et seq.* (1998); KENTUCKY - Consumer Protection Statute, KRS 367.170; MAINE - Maine Unfair Trade Practices Act, 5 M.R.S.A. § 205-A *et seq.*; MARYLAND - Consumer Protection Act, Maryland Commercial Law Code Annotated § 13-101 *et seq.*; MASSACHUSETTS - Consumer Protection Act, M.G.L. c. 93A *et seq.*; MICHIGAN - M.C.L.A. § 445.901 *et seq.*; NEW JERSEY - Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; NORTH CAROLINA - Unfair and Deceptive Trade Practices Act, N.C.G.S. § 75-1.1 *et seq.*; OHIO - Consumer Sales Practice Act, R.C. § 1345.01 *et seq.*; PENNSYLVANIA - Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1 *et seq.*; SOUTH CAROLINA - S.C. St. § 39-5-10 *et seq.*; TENNESSEE - Consumer Protection Act, Tenn. Code Ann. § 47-18-101 *et seq.*; VERMONT - 9 V.S.A. § 2451 *et seq.*; WEST VIRGINIA - West Virginia Consumer Credit and Protection Act, W.Va. Code § 46A-1-101 *et seq.*

2. GENERAL TERMS OF THE ASSURANCE

- 2.1 CVS shall fully comply with all provisions of the Consumer Protection Statutes of the Respective States, including, but not limited to, provisions which prohibit unfair and deceptive acts and practices.
- 2.2 To the extent not already accomplished, within one hundred twenty (120) days⁸ of the Effective Date of this Assurance, CVS shall develop and initiate implementation of written policies and procedures (the "Policies and Procedures") that address the manner in which CVS shall submit claims to consumers and third-party payers for partial-fill prescriptions.
- 2.3 With regard to partial-fill prescriptions, the Policies and Procedures shall provide the following:
- (A) the pharmacist will dispense a partial quantity (suggested 72-hour supply) of the prescription to the consumer;
 - (B) at such time, no bill or request for payment shall be submitted to the consumer or third-party payer and no co-payment or deductible shall be collected from the consumer, however if a cash consumer requests to pay in full at the time the partial quantity is dispensed, CVS may collect the full amount due for the prescription from the consumer;
 - (C) for third-party payer consumers, once the partial-fill prescription has been completely filled in accordance with the prescription, and whether or not the consumer has returned to pick up the balance of the prescription, CVS will

⁸ Unless specifically defined otherwise herein, for purposes of this Assurance, the term "days" shall refer to calendar days.

bill the third-party payer in full. When the consumer returns to collect the balance of the prescription, CVS will collect the applicable co-payment or deductible from the consumer in accordance with CVS's Policies and Procedures;

- (D) for cash consumers, once the consumer has returned to collect the balance of the prescription, CVS will collect the full amount due for the prescription from the consumer, unless the cash consumer paid in full at the time the partial quantity of the prescription was dispensed; and
- (E) if the consumer fails to return to collect the balance of the prescription, the pharmacist shall cancel the prescription and return the unused medication to stock according to CVS's return to stock policy (hereinafter, "RTS Policy").

2.4 The Policies and Procedures shall provide for the following with respect to the RTS Policy upon cancellation of a prescription for failure of the consumer to return to collect the balance of the prescription:

- (A) the pharmacist shall return the unused medication to stock and reconcile the previous billing by deleting the prescription from the in-store claims processing system;
- (B) the pharmacist shall reverse the transaction and reconcile with the applicable third-party payer for any payment made to CVS by such third-party payer;
- (C) if the consumer later returns and requests the balance of the prescription, the balance of the prescription will be dispensed and the third-party payer will be

billed and the co-payment or deductible will be collected in accordance with CVS's Policies and Procedures.

2.5 The Policies and Procedures shall provide that if CVS has mailed any medication to a consumer that is returned to CVS and not ultimately delivered to the consumer, CVS shall follow its mail order RTS procedures, including proper reconciliation with any applicable third-party payer; however, in the event that the customer has opened the medication in such a way that it cannot be readily resold (e.g., where state law prohibits the medication from being returned to stock, the consumer opens the tamper-proof packaging or the consumer opens the manufacturer bottle seal) credit will not be given to the applicable third-party payer and/or consumer unless CVS has committed an error in dispensing the medication.

2.6 The Policies and Procedures shall provide that if a consumer cancels a prescription for any reason after the prescription has been filled, but before the consumer picks it up, the pharmacist shall follow the preceding RTS procedure, including proper reconciliation with any applicable third-party payer.

2.7 The Policies and Procedures shall provide that the pharmacist shall perform, at a minimum, a RTS process every month. During this RTS process, any prescriptions that are not picked up by a consumer after twenty eight (28) days from the dispense date (unless the consumer specifically requests the pharmacist to hold the medication for a longer period of time) shall be returned to stock in accordance with the RTS Policy, and the reconciliation process contained in the RTS Policy must be followed.

2.8 The Policies and Procedures shall require CVS to affirmatively, accurately and clearly provide the following information to the consumer when dispensing a partial-fill prescription:

- (A) the amount of the prescribed medication that has been dispensed and that it is a partial-fill prescription;
- (B) the reason for furnishing a partial-fill prescription;
- (C) that the consumer is not required to pay for the partial-fill prescription (in whole, in part or through any payment of a co-pay or deductible) at the time the partial-fill is received, but shall not state or imply that the partial-fill prescription was provided free or at no cost; and
- (D) instructions regarding the need for the consumer to return to the CVS store to obtain any additional medication actually prescribed to comply with the care instructions of the consumer's physician.

2.9 The Policies and Procedures shall require that if, after following the reconciliation process or through any other means, CVS identifies or learns of an overpayment as a result of a partial-fill prescription, CVS shall, as soon as practicable, but no later than 180 days after completing the reconciliation process, rectify such overpayment in accordance with applicable third-party payer agreements or other repayment policies and practices

2.10 The Policies and Procedures shall also include methods for employees to make complaints and notifications about compliance issues to CVS's management through the Confidential Disclosure Program as required in Section III.F of the Corporate Integrity Agreement ("CIA")

entered into between CVS and the Office of the Inspector General of the Department of Health and Human Services on July 17, 2001.

2.11 CVS may review and change the Policies and Procedures whenever appropriate or required by a change in circumstances or technology, consistent with the Consumer Protection Statutes and the spirit and purposes of this Assurance. However, in making such updates the following restrictions shall apply:

- (A) CVS shall not demand or accept payment(s) from any consumer or entity for the value of a full prescription when only a portion of the prescribed medication is delivered to a consumer, except when a cash consumer requests to pay the value of a full prescription after being advised that such payment is not required.
- (B) CVS shall not require any person to make any statement, in writing or otherwise, which is false, unfair, untrue, deceptive or misleading in order to receive a prescription which the person is desiring CVS to dispense. Without limiting the scope of this paragraph, CVS is specifically prohibited from requiring any person to initial or sign a log or other document indicating they have received the full prescription, if such is not the case.
- (C) CVS shall be prohibited from representing that any consumer is receiving medication "free", "at no cost", "free of charge" (or term or phrase of similar import) when in fact the consumer or any entity will be charged for the medication when the consumer returns to pick up the remaining medication.

(D) CVS shall maintain and enforce a policy requiring that its employees not engage in false, deceptive or misleading acts or practices. In accordance with Section 10 below, the Parties recognize that the following acts or practices would be considered false, deceptive or misleading acts or practices:

- (1) failing to affirmatively inform any person that less medication than the amount actually prescribed was provided to the person when the person does not receive the full prescription at the initial visit to the pharmacy.
- (2) failing to affirmatively instruct any person of the need to return to the CVS store to obtain any additional medication actually prescribed in order to comply with his/her physician's care instructions when the person does not receive the full prescription at the initial visit to the pharmacy.
- (3) making any representations or statements to a consumer that a transaction confers or involves rights, remedies or obligations that it does not have or involve or which are prohibited by law. Without limiting the scope of this section, a pharmacy employee would be in violation of this section, if he/she indicates that a consumer has received his/her full prescription if that is not in fact the case.
- (4) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or qualities that they do not have. Without limiting the scope of this section, a pharmacist would

be in violation of this section if he/she indicates that a consumer has received his/her full prescription if that is not in fact the case.

(E) When obtaining information from consumers, CVS shall be required to do so in a truthful, accurate, fair, non-deceptive and non-misleading manner. Without limiting the scope of this paragraph, CVS shall ensure that any logs or other documents that consumers are required to sign are truthful, accurate, fair, non-deceptive and non-misleading.

2.12 Unless otherwise authorized by a third-party payer, CVS shall only collect a single dispensing fee from the third-party payer for any partial-fill prescription.

2.13 In a partial-fill situation, CVS shall not collect any additional co-payment or deductible amounts from consumers that exceed the total co-payment amount applicable to the prescription at issue.

2.14 CVS shall be required to review any and all pertinent pharmacy records if CVS receives two or more complaints or other information indicating that any CVS employee who provides pharmacy services or prepares and/or submits claims for pharmacy services in a Respective State (hereinafter "Pharmacy Employee") has acted in a way inconsistent with any provision of this Assurance in a Respective State. If CVS determines that such Pharmacy Employee's conduct is inconsistent with any provision of this Assurance ("the Incident") in a Respective State, CVS shall promptly discipline, as may be reasonable under the circumstances of such conduct, the Pharmacy Employee for such misconduct. In addition, CVS shall review such other records for a period of ninety (90) days before the Incident to determine ("the Determination") if any other violations of this Assurance occurred at that Pharmacy. Further,

CVS shall report any such findings to the Attorney General of the Respective State in which the complaint(s) arose within twenty (20) days of the Determination.

2.15 To ensure that Pharmacy Employees are fully informed about CVS's responsibilities under this Assurance, CVS shall, for a period of four (4) years from the Effective Date of this Assurance, provide written or computerized training regarding the requirements of this Assurance for Pharmacy Employees (hereinafter the "Training"). The Training shall include information designed to educate all Pharmacy Employees about the requirements of this Assurance. The Training shall also include information regarding the Policies and Procedures described herein at paragraphs 2.1 through 2.13. CVS is not required to provide the Training to those Pharmacy Employees who have received training as required by Section III.D. of the CIA. Within ninety (90) days of the Effective Date of this Assurance, CVS shall provide to each Attorney General of the Respective States a copy of the training materials⁹ regarding partial-fill prescriptions provided to its current Pharmacy Employees, an affidavit by the CVS Corporate Compliance Officer stating and certifying that the training materials have been provided to all Pharmacy Employees, as contemplated herein, and a copy of CVS's procedure for ensuring that all new Pharmacy Employees receive the Training prior to engaging in dispensing prescriptions on behalf of CVS. Each Attorney General of the Respective States shall have the right, upon written request providing at least fourteen (14) calendar days notice, to review the Training actually provided in that Attorney General's state.

⁹ For purposes of this Assurance, "training materials" encompass materials developed by CVS to satisfy the training requirements required in Section III.D. of the CIA.

- 2.16 Within ninety (90) days of the Effective Date of this Assurance, CVS shall provide notice of the provisions of this Assurance to the Audit Committee of the CVS Board of Directors, to its current Pharmacy Employees, and to any new Pharmacy Employee that CVS employs within four (4) years of the Effective Date of this Assurance. The notice may be a summary of Section 2 of this Assurance. For the current and new Pharmacy Employees, the notice may be included within the Training. CVS shall ensure that it has a method in place for all new Pharmacy Employees in the Respective States to receive notice prior to filling prescriptions on behalf of CVS.
- 2.17 The Policies and Procedures shall also include methods for employees to make complaints and notifications about compliance issues to CVS's management through the Confidential Disclosure Program as required in Section III.F. of the CIA.
- 2.18 CVS shall be prohibited from limiting in form or fashion the damages or recovery to which consumers may be entitled under laws of the Respective States.
- 2.19 At the end of three (3) years from the Effective Date of this Assurance, CVS shall have the right to petition the Attorney General of each Respective State for modification of this Assurance based on changed circumstances.

3. PAYMENT TO THE STATES

- 3.1 CVS shall pay, within seven (7) business days after the Effective Date of this Assurance, the sum of Seven Hundred Thousand Dollars (\$700,000.00) to the Respective States. This payment represents a non-punitive payment by CVS to the Respective States. This payment shall be made by providing the Attorney General of Tennessee or his designated representative a cashier's or certified check made payable to State of Tennessee - Office of

the Attorney General & Reporter. The Attorney General of Tennessee will distribute such sum to the Respective States in the amounts shown on Attachment A, attached hereto and incorporated in this Assurance. This sum is to be used by the Respective States for attorney's fees and investigative costs, consumer education, litigation, public protection, consumer protection purposes or local consumer aid funds or any other purpose permitted by state law at the sole discretion of each state's Attorney General¹⁰.

4. RESTITUTION

4.1 In recognition of the impracticability in making restitution to consumers for any of the alleged practices in paragraph 1.1 above due to the nature of the potential claims involved, CVS shall pay within seven (7) business days of the Effective Date of this Assurance an additional sum of Four Hundred Thousand Dollars (\$400,000.00) to the Respective States. This payment, which is non-punitive, shall be made by providing the Attorney General of Tennessee or his designated representative a check made payable to State of Tennessee - Office of the Attorney General & Reporter. The Attorney General of Tennessee will

¹⁰ With respect to the State of Georgia, said payment shall be used for the reimbursement of costs, including monitoring of compliance, and any remainder, at the end of twelve months, shall be delivered to the Georgia Consumer Preventative Education Plan pursuant to O.C.G.A. § 10-1-381. With respect to the State of Delaware, said payment shall be used for the reimbursement of investigative costs and attorney fees, including the monitoring of compliance, and shall be delivered to the Delaware Consumer Protection Fund pursuant to 6 Del.C. 2527. With respect to Maine, said payment shall be used for enforcement of the Maine Unfair Trade Practices Act, pursuant to 5 M.R.S.A. §209. With respect to the State of West Virginia, said payment shall be used for the benefit of consumers in the State of West Virginia and shall be placed in trust and used solely for consumer protection purposes as designated by the Attorney General, including but not limited to, restitution, consumer education, credit or bankruptcy counseling and education, conflict resolution programs, and costs associated with implementing restitution orders. With respect to the Commonwealth of Massachusetts, payment will be to the Local Consumer Aid Fund, pursuant to M.G.L.c. 12 §11G.

distribute such sum to the Respective States in the amounts shown on Attachment A, attached hereto and incorporated herein by reference. Each Respective State shall make a *cypres* distribution(s) of these funds with express conditions ensuring that the funds be used to benefit low income, disabled, or elderly consumers of prescription medications. A Respective State may distribute such funds to a political subdivision(s) thereof or to a state agency or program, a non-profit corporation(s) and/or a charitable organization(s), at the sole discretion of the Attorney General of each Respective State. Funds to be distributed pursuant to this paragraph shall not supplant existing or reasonably anticipated funding.

5. MONITORING AND COMPLIANCE

5.1 Within one hundred twenty (120) days of the Effective Date of this Assurance, CVS shall submit a written report to the Attorneys General summarizing the implementation status of the requirements under this Assurance (hereinafter "Implementation Report"). This Implementation Report shall include:

- (A) a copy of the Policies and Procedures as defined and required by Section 2 above;
- (B) a description of the Training undertaken pursuant to Section 2 above; and
- (C) a copy of the notice required by Section 2 above.

If any of the materials referenced in this paragraph were previously provided to the Attorneys General, and the materials have not changed since the time they were supplied, the Implementation Report may so indicate and the materials need not be supplied again.

5.2 For a period of four (4) years from the Effective Date of this Assurance, upon written request, CVS, subject to any asserted legal privilege, protection, or defense, shall provide

books, records and documents to any Attorney General of a Respective State, and further, shall informally or formally under oath, provide testimony and other information to any of the Respective States relating to compliance with this Assurance. CVS shall make any requested information available within fifteen (15) business days of the written request, at the Office of the requesting Attorney General or at any time or other location that is mutually agreed to in writing between CVS and the requesting Attorney General. This section shall in no way limit any Respective State's right to obtain documents, information, or testimony pursuant to any federal or state law, regulation, or rule.

6. PRIVATE RIGHT OF ACTION

- 6.1 Nothing in this Assurance shall be construed to affect any private right of action that a consumer or any other person may hold against CVS.

7. REPRESENTATIONS AND WARRANTIES

- 7.1 CVS represents and warrants that the execution and delivery of this Assurance is its free and voluntary act and that this Assurance is the result of good faith negotiations. The Parties warrant that they will implement the terms of this Assurance in good faith. Further, no offers, agreements, or inducements of any nature whatsoever have been made to CVS by any of the Respective States, their attorneys or any employee of any agency of the Respective States to procure this Assurance.
- 7.2 The Parties represent that signatories to this Assurance have authority to act for and bind such Parties.
- 7.3 CVS will not participate, directly or indirectly, in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited in this Assurance or for any other

purpose which would otherwise circumvent any part of this Assurance or the spirit or purposes of this Assurance.

- 7.4 Neither CVS nor anyone acting on its behalf shall state or imply or cause to be stated or implied that the Attorneys General or any other governmental unit of the Respective States approved, sanctioned, or authorized any practice, act, or conduct of CVS.
- 7.5 Acceptance of this Assurance by a Respective State shall not be deemed approval by such State of any of CVS's advertising or other business practices.
- 7.6 In consideration of this Assurance and payment set forth herein and subject to the exceptions contained in paragraph 7.7 below, each Respective State shall release and forever discharge CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies, Inc. and ProCare Pharmacy, Inc. and each of their respective subsidiaries that dispenses and distributes prescriptions filled in a retail pharmacy and each of their divisions, subsidiaries, predecessors and transferees, and each of their current or former directors, officers, and employees from any civil cause of action that the Respective State has or may have pursuant to the statutes referenced in Footnote 7 above, or any regulations or rules promulgated thereunder, that may arise under or relate to the alleged conduct described in paragraph 1.1 above for all periods through the Effective Date of this Assurance.
- 7.7 Notwithstanding any term of this Assurance, specifically reserved and excluded from the scope and terms of paragraph 7.6 above as to any entity or person (including CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies, Inc. and ProCare Pharmacy, Inc. and each of their divisions, subsidiaries, predecessors, and transferees, and each of their current or former directors, officers and employees) are any and all of the following:

- (A) Any criminal liability;
- (B) Any liability to any of the Respective States (or their agencies) for any conduct other than the alleged conduct described in paragraph 1.1 above;
- (C) Any claims based upon such obligations as are created by this Assurance;
- (D) Any civil or administrative liability that CVS has or may have under any state statute, regulation or rule not included in Footnote 7, above; and
- (E) Any private right of action which a person could commence against CVS.

7.8 CVS Corporation, CVS Pharmacies, Inc. and ProCare Pharmacy, Inc. warrant and represent that they are the proper parties to this Assurance. CVS Corporation, CVS Pharmacies, Inc. and ProCare Pharmacy, Inc. further acknowledge that the Respective States expressly rely upon these representations and warranties, and that if there are false, misleading, deceptive, unfair or inaccurate, each State has the right to vacate or set aside this Assurance, and proceed as each State deems appropriate under its laws.

7.9 This Assurance may only be enforced by the Parties hereto.

7.10 The titles and headers to each section of this Assurance are for convenience purposes only and are not intended by the Parties to lend meaning to the actual provisions of the Assurance.

7.11 This document shall not be construed against the "drafter" because all Parties participated in the drafting of this document.

7.12 Except as expressly set forth herein, nothing in this Assurance shall be construed to limit the authority of the Attorneys General to protect the interests of the Respective States or the people of the Respective States. Additionally, except as expressly set forth herein, this Assurance shall not bar any of the Respective States, Attorneys General, District Attorneys

or other governmental entities of a Respective State from enforcing the laws, regulations or rules of a Respective State against CVS.

7.13 The Effective Date of this Assurance is the date upon which CVS executes this Assurance and it shall be binding and effective against CVS thereafter.

7.14 Nothing in this Assurance constitutes an agreement by any of the Respective States concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws.

7.15 CVS waives and will not assert any defenses CVS may have to any criminal prosecution or administrative action relating to the conduct described in paragraph 1.1 above, which defenses may be based, in whole or in part, on the Double Jeopardy or Excessive Fines Clauses of the Constitution or principles set forth in Hudson v. United States, 118 S.Ct. 488 (1997), and Austin v. United States, 509 U.S. 602 (1993), and agrees that the amount that CVS has agreed to pay under the terms of this Assurance is remedial and not punitive in effect or nature for purposes of such criminal prosecution or administrative action.

7.16 This Assurance may not be amended except by written consent of the respective States and CVS.

8. COMPLIANCE WITH ALL LAWS, REGULATIONS AND RULES

8.1 Nothing in this Assurance shall be construed as relieving CVS of the obligation to comply with all state or federal laws, regulations or rules.

9. APPLICABILITY OF ASSURANCE

9.1 The duties, responsibilities, burdens and obligations undertaken in connection with this Assurance shall apply to CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies,

Inc. and ProCare Pharmacy, Inc. and each and every of their respective subsidiaries that dispenses and distributes prescriptions filled in a retail pharmacy.

10. RIGHT TO CURE

10.1 If an Attorney General determines that CVS has failed to comply with the obligations of Sections 2 and 5 of this Assurance in a Respective State and if in that Attorney General's sole discretion the failure to comply does not threaten the health or safety of the citizens or residents of that Respective State, the Attorney General of such Respective State shall notify CVS, in accordance with Section 11.1 below, of such failure to comply and state the specific grounds for the determination. When CVS receives such notification, but before any enforcement action may be commenced or penalty imposed by a Respective State or States for failure to comply with this Assurance, CVS shall have twenty (20) days from its receipt of such notice to demonstrate to the Attorney General's satisfaction that:

- (A) CVS is in full compliance with the Assurance;
- (B) the alleged failure has been cured; or
- (C) the alleged failure to comply cannot be cured within the twenty (20) day period; but that: (i) CVS has initiated action to cure the alleged failure to comply; (ii) CVS is pursuing such action with due diligence; and (iii) CVS has provided to the Attorney General a reasonable timetable for curing the alleged failure to comply.

Nothing herein shall be construed to: (i) exonerate any contempt of or failure to comply with any provisions of this Assurance after its effective date; (ii) to compromise the authority of the Attorney General to initiate a proceeding for any contempt; or (iii) to compromise the authority of any court

to punish as contempt any violation of this Assurance. Further except as otherwise stated in this paragraph, nothing in this subsection shall be construed to limit the authority of the Attorneys General to protect the interests of their Respective State or of the citizens or residents of their Respective State.

11. MISCELLANEOUS PROVISIONS

- 11.1 Any notices required or permitted by this Assurance shall be sent by United States mail, certified mail return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document to the person at the address listed in Exhibit A to this Assurance, attached hereto and made a part hereof.
- 11.2 This Assurance may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.
- 11.3 This Assurance and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with the laws of the Respective States in which any enforcement of this Assurance of any action to determine the rights and obligations hereunder is attempted.
- 11.4 This Assurance and, with respect to the State of Tennessee only, the Agreed Order attached hereto as Exhibit B, constitute the complete agreement between the Parties with respect to the subject matter herein.
- 11.5 Except as expressly provided herein, and with respect to the State of Tennessee only the Agreed Order attached hereto as Exhibit B, each Party shall bear its own attorney's fees, expenses, and costs associated with the negotiating, filing, and approval of this Assurance.

- 11.6 For a period of four (4) years from the Effective Date of the Assurance, CVS shall notify the Offices of the Attorneys General, in writing, of any changes in its corporate structure, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or firm, the creation or dissolution of subsidiaries, or any other changes in CVS's status that may affect compliance with obligations arising out of this Assurance, within sixty (60) days of such change.
- 11.7 The provisions of this Assurance shall be binding upon, and inure to the benefit of, CVS Corporation, CVS Pharmacies, Inc. and ProCare Pharmacy, Inc. and their heirs, successors and assigns.
- 11.8 This Assurance supercedes any and all prior discussions and agreements, oral or written, between the Parties with respect to the subject matter contained herein. Each Party acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Assurance shall be valid or binding. All Exhibits referred to herein are hereby incorporated into this Assurance and made a part hereof.

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[SIGNATURES CONTAINED ON NEXT PAGES]

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF TENNESSEE:



PAUL G. SUMMERS
Attorney General & Reporter
B.P.R. No.6285

12/13/02
Date



MICHAEL K. BASSHAM
Assistant Attorney General
B.P.R. No. 13521

12/13/02
Date

Approved by:

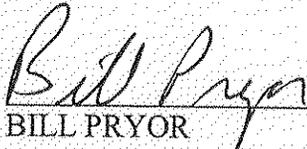


DAVID A. MCCOLLUM
DIRECTOR
Division of Consumer Affairs
of The Department of
Commerce and Insurance
500 James Robertson Parkway
5th Floor, Davy Crockett Tower
Nashville, TN 37243-0600
(615) 741-4737

12/13/02
Date

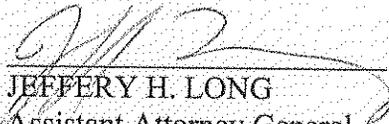
In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procure Pharmacy, Inc.

FOR THE STATE OF ALABAMA:



BILL PRYOR
Attorney General

Date 12/18/02



JEFFERY H. LONG
Assistant Attorney General

Date 12/18/02

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF CONNECTICUT

DEPARTMENT OF CONSUMER PROTECTION
JAMES T. FLEMING
COMMISSIONER

RICHARD BLUMENTHAL
ATTORNEY GENERAL

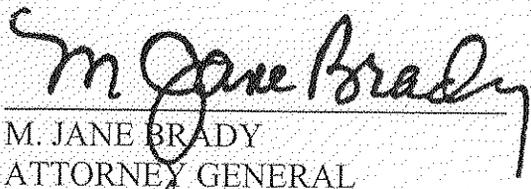
BY:

Mee Carolyn Wong
Mee Carolyn Wong
Assistant Attorney General
110 Sherman Street
Hartford, Connecticut 06105

12/13/02
Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF DELAWARE


M. JANE BRADY
ATTORNEY GENERAL

12/17/02
Date


OLHA M. RYBAKOFF (Bar I.D. # 2337)
Deputy Attorney General
DEPARTMENT OF JUSTICE
820 N. French Street, 5th Floor
Wilmington, Delaware 19801

12/17/02
Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

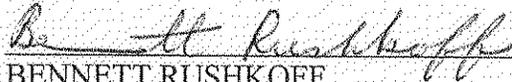
FOR THE DISTRICT OF COLUMBIA:

ARABELLA W. TEAL
Interim Corporation Counsel



CHARLOTTE W. PARKER
Deputy Corporation Counsel
Civil Division

Date: December 17, 2002



BENNETT RUSHKOFF
Senior Counsel

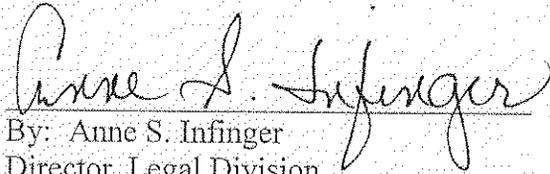
Date: December 17, 2002

Office of the Corporation Counsel
441 4th Street, N.W., Suite 450-N
Washington, D.C. 20001
(202) 727-5173

Attorneys for the District of Columbia

In The Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF GEORGIA
JOHN S. SMITH, III
Administrator, Governor's Office of Consumer Affairs



By: Anne S. Infinger
Director, Legal Division
Governor's Office of Consumer Affairs
2 Martin Luther King, Jr. Drive
Suite 356
Atlanta, Georgia 30334
Georgia Bar No. 382918

December 12, 2002
Date

In the matter of CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

Dated: 12-12-02

THE PEOPLE OF THE STATE OF ILLINOIS,
by JAMES E. RYAN, Attorney General of Illinois



Karen Winberg-Jensen
Assistant Attorney General
Consumer Fraud Bureau
500 South Second Street
Springfield, IL 62706
Telephone: (217) 782-9704

ALBERT B. CHANDLER III
ATTORNEY GENERAL

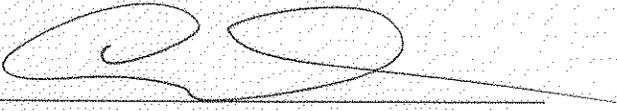


David R. Vandeventer
Assistant Attorney General
Consumer Protection Division
1024 Capital Center Dr.
Frankfort, KY 40601
(502) 696-5389

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF MAINE

G. STEVEN ROWE
Attorney General

A handwritten signature in black ink, appearing to read 'Carlos Diaz', written over a horizontal line.

Carlos Diaz
Assistant Attorney General
Maine Bar Registration No. 8015
Office of the Attorney General
Consumer Protection Division
6 State House Station
Augusta, Maine 04333
(207) 626-8800

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF MARYLAND

J. JOSEPH CURRAN, JR.
Attorney General



WILLIAM D. GRUHN
Assistant Attorney General
200 Saint Paul Place
Baltimore, Maryland 21202
(410)576-6556

12/13/02.
Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

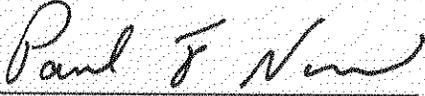
COMMONWEALTH OF MASSACHUSETTS

Thomas F. Reilly
Attorney General

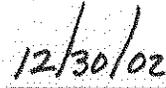
By: 
Diane L. Lawton, BBO #555584
Assistant Attorney General
Consumer Protection and Antitrust Division
One Ashburton Place, 19th Floor
Boston, Massachusetts 02108
(617) 727-2200

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

For the STATE OF MICHIGAN



Paul F. Novak
Assistant Attorney General
Michigan Department of Attorney General
Consumer Protection Division
6th Floor, G. Mennen Williams Building
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 335-5809



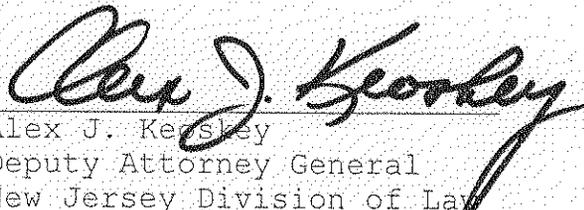
Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF NEW JERSEY

DAVID SAMSON
ATTORNEY GENERAL OF NEW JERSEY

By:

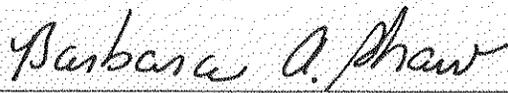

Alex J. Kershey
Deputy Attorney General
New Jersey Division of Law
Consumer Affairs Prosecution Section
P.O. Box 45029
Newark, New Jersey 07101
(973) 648-7457

Date:

12/16/02

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF NORTH CAROLINA
ROY COOPER
Attorney General



Barbara A. Shaw
Assistant Attorney General
Office of the North Carolina Attorney General
Consumer Protection Division
P. O. Box 629
Raleigh, North Carolina 27602
(919) 716-6030

December 11, 2002

Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF OHIO

Betty D. Montgomery
Attorney General

A handwritten signature in black ink, appearing to read "M. S. Ziegler", is written over a horizontal line. The signature is fluid and cursive.

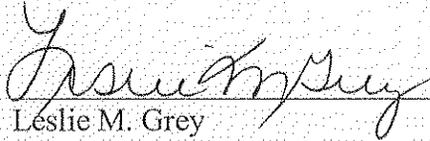
Michael S. Ziegler
Assistant Attorney General
Office of the Ohio Attorney General
Consumer Protection Section
30 East Broad Street, 14th Floor
Columbus, Ohio 43215

December 10, 2002

Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE COMMONWEALTH OF PENNSYLVANIA
D. MICHAEL FISHER
Attorney General



Leslie M. Grey
Deputy Attorney General
Office of the Attorney General
Erie Regional Office, Bureau of Consumer Protection
1001 State Street, Suite 1009
Erie, PA 16501

12/16/02

Date

In the Matter of CVS Corporation

CHARLES M. CONDON
Attorney General of the State of South Carolina



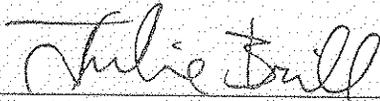
C. HAVIRD JONES, JR.
Senior Assistant Attorney General
Office of the Attorney General
P. O. Box 11549
Columbia, SC 29211
(803) 734-3680

December 9, 2002.

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL



by: Julie Brill

Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001
(802) 828-3658

12/13/02
Date

In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR THE STATE OF WEST VIRGINIA, by
DARRELL V. McGRAW, JR.
Attorney General
By Counsel

Charli Fulton

Charli Fulton (West Virginia State Bar #1314)
Senior Assistant Attorney General
State of West Virginia Office of the Attorney General
Consumer Protection/Antitrust Divisions
Post Office Box 1789
Charleston, West Virginia 25326-1789
(304) 558-8986

Dec. 9, 2002
Date

ATTACHMENT - A

1. Pursuant to Paragraph 3.1 of the Settlement Agreement and Assurance of Voluntary Compliance between the Respective States and CVS, the Attorney General of the State of Tennessee or his designated representative shall make distribution of the non-punitive payment by CVS to the Respective States, as instructed by the Respective States, as follows:

A. Tennessee -	\$125,000.00
B. Georgia -	\$67,500.00
C. Illinois -	\$67,500.00
D. Alabama -	\$27,500.00
E. Connecticut -	\$27,500.00
F. Delaware -	\$27,500.00
G. District of Columbia -	\$27,500.00
H. Kentucky -	\$27,500.00
I. Maine -	\$27,500.00
J. Maryland -	\$27,500.00
K. Massachusetts -	\$27,500.00
L. Michigan -	\$27,500.00
M. New Jersey -	\$27,500.00
N. North Carolina -	\$27,500.00
O. Ohio -	\$27,500.00
P. Pennsylvania -	\$27,500.00
Q. South Carolina -	\$27,500.00
R. Vermont -	\$27,500.00
S. West Virginia -	\$27,500.00

2. Pursuant to Paragraph 4.1 of the Settlement Agreement And Assurance of Voluntary Compliance between the Respective States and CVS, the Attorney General of the State of Tennessee or his designated representative shall make distribution of the monies designated for cy pres distribution to the Respective States, as instructed by the Respective States, as follows:

A. Alabama -	\$19,780.82
B. Connecticut -	\$18,366.94
C. Delaware -	\$10,719.12
D. District of Columbia -	\$13,546.89
E. Georgia -	\$30,063.59
F. Illinois -	\$15,025.03
G. Kentucky -	\$15,089.30
H. Maine -	\$11,811.67
I. Maryland -	\$21,451.77
J. Massachusetts -	\$31,156.13
K. Michigan -	\$24,986.46
L. New Jersey -	\$22,287.24
M. North Carolina -	\$29,549.45

N. Ohio -	\$37,132.99
O. Pennsylvania -	\$31,027.60
P. South Carolina -	\$23,122.71
Q. Tennessee -	\$19,909.35
R. Vermont -	\$10,654.85
S. West Virginia -	\$14,318.09

Exhibit A

Unless otherwise agreed by the respective states and CVS in writing subsequent to the Effective Date of the Assurance, all notifications and reports required under the terms of the Assurance shall be in writing and delivered to the following persons:

CVS Corporation
One CVS Drive
Woonsocket, RI 02895
Attn: Zenon P. Lankowsky, Esq.
Vice President & General Counsel and Corporate Compliance Officer
Phone: 401.765.1500, ext. 3550
FAX: 401.765.7887

CVS Corporation
One CVS Drive
Woonsocket, RI 02895
Attn: Robert A. Giamattei
Policies and Procedures Coordinator
Phone: 401.770.5460
FAX: 401.770.2509 and (without duplication) to

CVS Corporation
One CVS Drive
Woonsocket, RI 02895
Attn: Corporate Compliance Officer
Phone: 401.765.1500

and to

Charles H. Roistacher
Powell, Goldstein, Frazer & Murphy LLP
100 1 Pennsylvania Avenue, N.W.
Suite 600 South
Washington, D.C. 20004-2505
Phone: 202.624.7218
FAX: 202.624.7222

and to

Sara Kay Wheeler
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, N.E.
16th Floor
Atlanta, Georgia 30303-1740
Phone: 404.572.6905
FAX: 404.572.6999

Summer Martin
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, N.E.
16th Floor
Atlanta, Georgia 30303-1740
Phone: 404.572.6910
FAX: 404.572.6999

IN THE CHANCERY COURT OF DAVIDSON COUNTY, TENNESSEE
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

STATE OF TENNESSEE,)
)
Petitioner,)
)
v.) No. _____
)
CVS CORPORATION of)
Woonsocket, Rhode Island,)
CVS PHARMACIES, INC.,)
PROCARE PHARMACY, INC.)
)
Respondents.)

AGREED ORDER

This cause came to be heard on the State of Tennessee's Petition and the Settlement Agreement and Assurance of Voluntary Compliance (hereinafter the "Assurance"), attached hereto as Exhibit A given by CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies, Inc., ProCare Pharmacy, Inc. and each and every of their respective subsidiaries that dispenses and distributes prescriptions filled in a retail pharmacy (collectively, "CVS") to the State of Tennessee, by and through the Attorney General and Reporter Paul G. Summers and the Director of the Division of Consumer Affairs of the Department of Commerce and Insurance, (collectively, "the State"), (CVS) and the State are collectively referred to as "the Parties"). The Court is of the opinion that the Assurance should be approved. By agreement of the Parties as evidenced by signature of counsel below, the Court further finds as follows:

1. JURISDICTION

1.1 Jurisdiction of this Court over the subject matter herein and over CVS for the purposes of entering into and enforcing the Assurance and this Agreed Order in the State of



Tennessee is admitted. Jurisdiction is to be retained by this Court for the purpose of enabling the Parties to apply for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of the Assurance or this Agreed Order in the State of Tennessee, including enforcement of compliance therewith and assessment of penalties for violation(s) thereof.

2. VENUE

- 2.1 Pursuant to Tenn. Code Ann. § 47-18-107, venue as to all matters between the Parties relating hereto or arising out of the Assurance is solely in the Chancery Court of Davidson County, Tennessee.

3. REPRESENTATIONS

- 3.1 The State has expressly relied upon CVS's representations set forth in the attached Assurance. If they are misleading, deceptive, false, incomplete, unfair or inaccurate, the State has the right to move to vacate or set aside this Agreed Order and the Assurance and request that CVS be held in contempt, if the State so elects.
- 3.2 In consideration of this Agreed Order and the Assurance and payment set forth therein, and subject to the exceptions contained in paragraph 7.7 of the Assurance, the State of Tennessee shall release and forever discharge CVS Corporation of Woonsocket, Rhode Island, CVS Pharmacies, Inc., ProCare Pharmacy, Inc. and each of their respective subsidiaries that dispenses and distributes prescriptions filled in a retail pharmacy and each of their divisions, subsidiaries, predecessors and transferees, and each of their current or former directors, officers, and employees from any civil cause of action that the State has or may have pursuant to the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq.* or any regulations or rules promulgated thereunder

for, or that may arise under or relate to, the alleged conduct described in paragraph 1.1 of the Assurance for all time periods through the Effective Date of the Assurance.

4. PRIVATE RIGHT OF ACTION

- 4.1 Pursuant to Tenn. Code Ann. § 47-18-107 and 47-18-109, nothing in the Assurance shall be construed to affect any private right of action that a consumer or any other person may hold against CVS.

5. PENALTY FOR FAILURE TO COMPLY

- 5.1 Pursuant to paragraph 10.1 of the Assurance, if the Attorney General determines that CVS has failed to comply with the obligations of Sections 2 and 5 of the Assurance and if in the Attorney General's sole discretion the failure to comply does not threaten the health or safety of the citizens of the State of Tennessee, the Attorney General shall notify CVS, in accordance with paragraph 11.1 of the Assurance, of such failure to comply and state the specific grounds for the determination. When CVS receives such notification, but before any enforcement action may be commenced or penalty imposed by the State for failure to comply with the Assurance, CVS shall have twenty (20) days from its receipt of such notice to demonstrate to the Attorney General's satisfaction that:

- (A) CVS is in full compliance with the Assurance;
- (B) the alleged failure has been cured; or
- (C) the alleged failure to comply cannot be cured within the twenty (20) day period, but that: (i) CVS has initiated action to cure the alleged failure to comply; (ii) CVS is pursuing such action with due diligence; and (iii) CVS has provided to the Attorney General a reasonable timetable for curing the alleged failure to comply.

Nothing herein shall be construed to: (i) exonerate any contempt of or failure to comply with any provisions of the Assurance or this Order after the date of its entry, (ii) to compromise the authority of the Attorney General to initiate a proceeding for any contempt, (iii) or to compromise the authority of this court to punish as contempt any violation of the Assurance or this Order. Further, except as expressly set forth in this paragraph 5.1, nothing in this paragraph shall be construed to limit the authority of the Attorney General to protect the interests of the State or of the people of the State of Tennessee.

5.2 As provided in Tenn. Code Ann. § 47-18-107, the Attorney General has the burden of proving CVS's failure to comply with the terms of the Assurance and, if applicable, whether such failure was done in a knowing manner, as defined in the statute.

5.3 Pursuant to Tenn. Code Ann. § 47-18-107, CVS understands that, upon execution and filing of this Order and the Assurance, any subsequent failure to comply with the terms of the Assurance is *prima facie* evidence in any court or judicial proceeding, of a violation of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq.* provided, however, nothing in this paragraph 5.3 shall relieve the Parties of their obligations and rights arising under paragraph 5.1 herein.

5.4 Pursuant to Tenn. Code Ann. § 47-18-107, CVS understands that any proven violation of the terms of the Assurance shall be punishable by a civil penalty of not more than One Thousand Dollars (\$1,000.00) for each violation, in addition to any other appropriate penalties and sanctions, including but not limited to contempt sanctions and the imposition of attorneys' fees and civil penalties. CVS agrees to pay all court costs and

reasonable attorneys' fees associated with any successful petitions to enforce the Assurance and Order against CVS.

- 5.5 Any paraphrasing of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq.*, is not intended to alter the statutory language or requirements.
- 5.6 This Agreed Order and the Assurance may only be enforced by the Parties hereto.
- 5.7 Pursuant to paragraph 2.16 of the Assurance, CVS has agreed to provide a notice to all current Pharmacy Employees and to any new Pharmacy employee that CVS employs within four (4) years of the effective date of the Assurance in the State of Tennessee and to the current Audit Committee of the CVS Board of Directors of the provisions of Section 2 of the Assurance and of the provisions of this Order or a summary thereof. As permitted by state law, any person having notice of an injunction who violates that injunction shall be subject to the jurisdiction of this court and subject to all remedies and penalties available at law.
- 5.8 At any time, CVS shall be permitted to come before this Court and seek a declaration that its actions and business practices are in full conformity with the Assurance and this Agreed Order.

6. FILING OF ASSURANCE

- 6.1 CVS waives its right to appear at any hearing on the State's Petition or to approve the Assurance and this Agreed Order. CVS specifically agrees that the State may obtain approval of the Assurance in an *ex parte* hearing. CVS has agreed to pay all costs of filing the Petition, this Agreed Order and the Assurance. The Assurance is made a part of and is incorporated into this Agreed Order.

7. COURT COSTS

7.1 All costs associated with the filing and distribution of the Assurance and any other incidental costs or expenses incurred thereby shall be borne by CVS. No costs shall be taxed against the State as provided by Tenn. Code Ann. § 47-18-116. Further, no discretionary costs shall be taxed to the State.

7.2 Except as expressly provided herein or in the Assurance, each Party shall bear its own attorney's fees associated with the filing of the Petition, this Agreed Order and the Assurance.

It is therefore

ORDERED that the Settlement Agreement and Assurance of Voluntary Compliance attached hereto as Exhibit A is incorporated herein by reference, and hereby made a part of this Order be, and the same hereby is, approved, and it is further

ORDERED that paragraphs 2.1 through 2.14 and paragraphs 2.17 and 2.18 of the Assurance shall constitute a permanent injunction under Tennessee law, and it is further

ORDERED that CVS shall comply with the terms thereof unless rescinded by the Parties or modified by this Court for good cause shown, and it is further

ORDERED that as set forth in the Assurance between CVS Corporation and the State of Tennessee, CVS is required to pay the amount of \$125,000.00 (One Hundred, Twenty-Five Thousand and No/100ths) to the State of Tennessee. This amount shall be provided to the State of Tennessee for attorney's fees and investigative costs, consumer education, litigation, public protection, consumer protection purposes or local consumer aid funds or any other purpose permitted by state law at the sole discretion of the Attorney General. These monies represent a non-punitive payment by CVS to the State of Tennessee.

ORDERED that as set forth in the Assurance between CVS Corporation and the State of Tennessee, CVS also is required to pay the amount of \$19,909.35 (Nineteen Thousand, Nine Hundred Nine and 35/100ths Dollars to the State of Tennessee. This amount shall be provided to the State of Tennessee in recognition of the impracticability in making restitution to consumers for any of the alleged practices in paragraph 1.1 of the Assurance due to the nature of the potential claims involved and the passage of time. The State of Tennessee shall make a *cy pres* distribution(s) of these funds with express conditions ensuring that the funds be used to benefit low income, disabled, or elderly consumers of prescription medications. The State of Tennessee may distribute such funds to a political subdivision(s) thereof or to a state agency or program, a non-profit corporation(s) and/or a charitable organization(s), at the sole discretion of the Attorney General. Funds to be distributed pursuant to this paragraph shall not supplant existing or reasonably anticipated funding. These monies represent a non-punitive payment by CVS to the State of Tennessee.

Costs shall be taxed to Respondent. Further, no discretionary costs shall be taxed to the State.

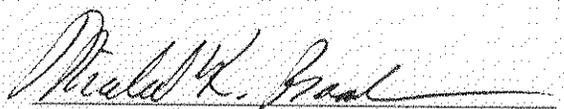
CHANCELLOR

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

FOR THE STATE OF TENNESSEE:

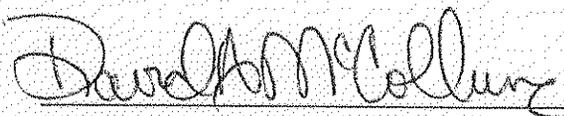


PAUL G. SUMMERS
ATTORNEY GENERAL & REPORTER
B.P.R. No. 6285



MICHAEL K. BASSHAM
ASSISTANT ATTORNEY GENERAL
B.P.R. No. 13521
Tennessee Attorney General's Office
Antitrust Division
425 - 5th Avenue North, 3rd floor
Nashville, TN 37243
(615) 741-6421

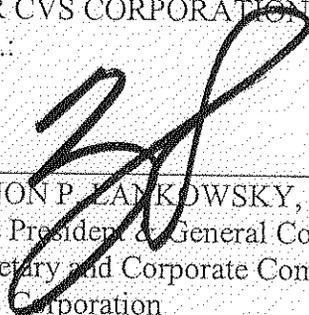
Approved by:



DAVID A. McCOLLUM
DIRECTOR
Division of Consumer Affairs
of The Department of
Commerce and Insurance
500 James Robertson Parkway
5th Floor, Davy Crockett Tower
Nashville, TN 37243-0600
(615) 741-4737

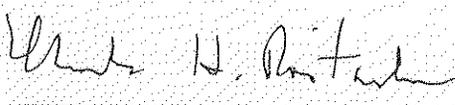
In the Matter of:
CVS Corporation, CVS Pharmacies, Inc. and Procare Pharmacy, Inc.

FOR CVS CORPORATION, CVS PHARMACIES, INC. AND PROCARE PHARMACY,
INC.:



ZENON P. LANKOWSKY, Esq.
Vice President & General Counsel, Corporate
Secretary and Corporate Compliance Officer
CVS Corporation
Counsel of CVS

1/3/03
Date



CHARLES H. ROISTACHER, Esq.
SARA KAY WHEELER, Esq.
SUMMER H. MARTIN, Esq.
Attorneys for CVS Corporation
Powell, Goldstein, Frazer & Murphy LLP

1/2/03
Date