In the matter of
CVS Pharmacy, Inc.

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance ("Assurance") is entered into between the Attorneys General of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, and CVS Pharmacy, Inc., a corporation incorporated under the laws of Rhode Island, on its own behalf and on behalf of its store subsidiaries and affiliates (hereafter referred to as "CVS" or the "Company").

WHEREAS, the undersigned Attorneys General allege that:

- more than 80% of regular adult smokers began smoking as children; and
- every day in the United States more than 2,000 children begin smoking cigarettes, and one third of those children will one day die from a tobacco-related disease; and
- it has been shown that the younger a person begins smoking, the more likely it is that he or she will be unable to quit later in life and will suffer a disease attributable to tobacco use; and
- recent studies indicate that youth demonstrate signs of addiction after smoking only a few cigarettes; and
- the federal Food & Drug Administration ("FDA") data indicates that, as an average among U.S. retailers, one in every four attempts by a person 15 to 17 years old to purchase cigarettes over the counter results in a sale; and
- an estimated 690 million packs of cigarettes are sold illegally to children each year nationwide; and
- more than 400,000 Americans die each year from diseases caused by tobacco use; and

WHEREAS, the Company is a retailer of tobacco products, among other things; and

WHEREAS, an analysis performed by the Attorneys General of compliance check data collected by state and local authorities indicates that retail outlets owned or operated by the Company made tobacco sales to persons under the age of 18 in controlled compliance checks; and

WHEREAS, the Attorneys General claim that such sales, and/or the corporate policies and practices that result in such sales, violate the Consumer Protection statutes[1] and/or other laws of their respective States; and

WHEREAS, the Company does not admit liability for any of the acts or practices described or referred to herein; and

WHEREAS, the Company reaffirms its continuing commitment to responsible marketing of this age-restricted product and to the health and welfare of our nation's youth, and is committed to employing and enhancing tobacco retailing practices that are designed to prevent the sale of tobacco products to minors;

NOW, THEREFORE, the Attorneys General and the Company as part of their efforts to address the nationwide problem of the sale of tobacco products to minors agree as follows:

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[1] § 8-19-1 et seq., Code of Alabama (1975) (AL); A.R.S. § 44-1521 et seq. (AZ); Arkansas Code Annotated 4-88-101 et seq. (AR); Cal. Bus. & Prof. Code § 17200 et seq. (CA); Colorado Consumer Protection Act, §§ 6-1-101 et seq., C.R.S. (2005) (CO); Conn. Gen. Stat. § 42-110a et seq. (2005) (CT); 6 Del. C. Ch. 25, Commerce and Trade; Prohibited Trade Practices (DE); District of Columbia Consumer Protection Procedures Act, D.C. Official Code § 28-3901 et seq. (2001) (DC); Fla. Stat. Ann. §501.201 et seq. (West) (FL); Haw. Rev. Stat. § 481A-1 et seq. (HI); Idaho Code Section 48-601 et seq. (ID); Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 et seq. (IL); Iowa Code § 714.16 (2005) (IA); K.S.A. 50-623, et seq. (KS); KRS 367.110-367.300 (KY); La. Rev. Stat. Ann. §51:1401 et seq. (West) (LA); 5 M.R.S.A. § 203-A, 5 M.R.S.A. § 210, 5 M.R.S.A. §§ 205-A-214 and 10 M.R.S.A. § 1211 (ME); Maryland Annotated Code, Commercial Law Article, §§13-101 et seq. (MD); Michigan Consumer Protection Act, MCL 445.901 et seq. (MI); Minn. Stat. §§ 325F.68-.69 (prevention of consumer fraud) and Minn. Stat. §§ 325D.43-48 (Uniform Deceptive Trade Practices Act) (MN); Miss. Code Ann. 75-24-1 et seq. (MS); Mont. Code Ann. § 30-14-101 et seq., Mont. Code Ann. (2005) (MT); Neb.Rev.Stat. § 87-301 et seq. (Reissue 1999; Cum. Supp. 2004) (NE); Nevada Revised Statutes Chapter 598 (NV); NH Rev.Stat.Ann. 358-A (1995 Michie Butterworth, and Supp. 2005 West) (NH); N.J.S.A. 56:8-1 et seq. (NJ); NMSA 1978 §§ 57-12-1 et seq. (NM); New York Executive Law § 63(12) and General Business Law Article 22-A (NY); Ohio Revised Code Chapter 1345.01 et seq. (OH); 15 O. S. (2001) § 751 et seq. (OK); ORS 646.605, et seq. (OR); Unfair Trade Practices and Consumer Protection Law, 73 P.S. §201-1 et seq. (PA); R.I. General Laws §§ 11-9-13, 11-9-13.1 through 11-9-13.16, and 11-9-14 (RI); S.C. Code Ann., § 39-5-10 et seq. (1976, as amended) (SC); S.D. Codified Laws Chapter 37-24 (SD); Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101 et seq. (TN); Tex. Bus. & Com. Code Ann. §17.41 et seq. (Vernon 2002 and Supp. 2005) (TX); Utah Code Ann. §§ 13-5-1 through 13-5-18 & 13-11-1 through 13-11-23 (UT); Vermont Consumer Fraud Act, 9 V.S.A. § 2451 et seq. (VT); Virginia Consumer Protection Act, Va. Code §§ 59.1-196 through 59.1-207 (VA); Wash. Rev. Code Ann. § 19.86.100 (WA); W. VA Code 46A-1-101 et seq. (WV); Wis. Stat. § 100.18(1) (WI); Wyo. Stat. § 40-12-101 et seq. (WY). For those states in which CVS has no retail outlets as of the date this Assurance is executed, the Assurance shall apply if and when CVS develops or acquires a retail outlet in such state.

I. DEFINITIONS

(A) The term "Attorney General" refers to an Attorney General who is a party to this Assurance of Voluntary Compliance, and the term "Attorneys General" refers collectively to all such parties.[2]

(B) The term "business day" means a day which is not a Saturday or Sunday or legal holiday on which banks are authorized or required to close in New York, New York.

(C) The term "Compliance Officer" refers to the person appointed by the Company pursuant to paragraph V.A.1.

(D) The term "electronic age verification devices and systems" means cash registers or computerized point of sale ("POS") systems that assist a clerk in verifying the age of the customer.

(E) The term "Independent Entity" means an entity that is not owned by or affiliated with the Company and which conducts the external compliance checks described in Part IV.A.

(F) The term "minor" means a person under the legal age for purchasing tobacco products in the jurisdiction where the purchase is made or attempted to be made.

(G) The term "person experienced in providing youth access training" means someone who has a thorough understanding and working knowledge of the information and possesses the skills necessary to train others.

(H) The term "smoking paraphernalia" means pipes, cigarette rolling papers, and cigarette rolling machines.

(I) The term "third party sale" means an adult purchasing tobacco products or smoking paraphernalia in order to furnish it to a minor.

(J) The term "tobacco product" is intended to include cigarettes of all kinds (including bidis), cigars, loose tobacco, chewing tobacco, snuff, and any other form of tobacco.

(K) The term "vending machine" means a mechanical or electrical device from which one or more tobacco products are dispensed in exchange for consideration.

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[2] Connecticut is represented by the Commissioner of the Connecticut Department of Consumer Protection, who enters into this Assurance pursuant to the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. Sec. 42-110j, acting by and through his counsel, Richard Blumenthal, Attorney General for the State of Connecticut. In this Assurance, the designation "Attorney General," as it pertains to Connecticut, refers to the Commissioner of the Connecticut Department of Consumer Protection. With regard to Virginia, this document will be titled an "Agreement."

(L) The term "youth access" is used herein as a shorthand reference to age restrictions on tobacco products only.

II. PERSONNEL PRACTICES RELATING TO THE SALE OF TOBACCO PRODUCTS TO MINORS

The Company agrees to commence implementation of the following personnel practices relating to the sale of tobacco products in accordance with Part VI.B.:

A. Hiring

1. Upon hiring, the Company shall inform new employees for positions that involve selling tobacco or supervising anyone who sells tobacco of the importance of compliance with laws relating to youth access. The information the Company provides shall include references to company policies, legal consequences, and health concerns associated with youth access.

2. The Company shall attempt to minimize the use of persons under the legal age for purchasing tobacco in positions that may involve the sale of tobacco products.

3. The Company shall ask all applicants for positions that involve the selling of tobacco or supervising anyone who sells tobacco about past violations of prohibitions on selling or supplying tobacco to minors by that person or anyone under that person's supervision. The Company shall give any such violations consideration in the hiring decision.

B. Training

1. Before assuming any job duties that involve or may involve the sale of tobacco, an employee shall have received the following training in the laws and company policies relating to tobacco and shall be required to provide an acknowledgment in writing or electronically that he/she has read and understands the information.

2. Such training shall be performed by a person experienced in providing youth access training, and shall include, at a minimum, the following components:

(a) A review of applicable federal, state, and local laws relating to youth access;

(b) A review of all Company policies relating to youth access;

(c) An explanation of the health-related reasons that the law and Company policy deem youth access an important matter, which shall include the following topics:

(i) the age of most beginning users (approximately 80% of adult smokers started smoking before the age of 18);

(ii) the fact that nicotine is addictive, and that young people may show signs of addiction after smoking only a few cigarettes or using smokeless tobacco products for only a short time;

(iii) the fact that the younger a person becomes a regular tobacco user, the more likely it is that he or she will become addicted for life and that he or she will suffer serious health damage; and

(iv) the fact that more than 400,000 Americans die each year from tobacco-related diseases;

(d) A review of the Company's disciplinary policies for failure to comply with the Company's policies relating to youth access;

(e) A review of the range of tobacco products and smoking paraphernalia, to which Company policies and/or youth access laws apply;

(f) A review of identification procedures including:

(i) the age that triggers the I.D. requirement (see paragraph III.E.2.);

(ii) acceptable forms of I.D. (as listed in paragraph III.E.7.);

(iii) features of an I.D. that must be checked, with particular emphasis on the government-issued forms of identification most commonly possessed by adults in the market area;

(iv) how to tell if an I.D. may have been altered or is being misused; and

(v) what to do if an I.D. appears altered or misused.

(g) An explanation of the fact that many illegal sales are made to minors who produce I.D.'s showing that they are in fact under the legal age, and the importance of devoting the time and effort needed to perform the necessary calculation to establish that a customer is of legal age;

(h) A review of prescribed methods, practical techniques, and stock phrases (where appropriate) for handling the following recurring situations:

(i) asking for I.D.;

(ii) making the necessary age calculation;

(iii) declining to make a sale based on concerns relating to whether the I.D. has been altered or is being misused;

(iv) declining to make a sale for failure to have an I.D.;

(v) recognizing a potential "third party" sale;

(vi) declining to make a sale that appears to be a "third party" sale;

(vii) declining to make a sale of smoking paraphernalia;

(viii) resisting customer pressure and handling a customer's abusive conduct; and

(ix) contacting the police when appropriate to do so;

(i) Instruction that an employee is not required to make a tobacco sale, and must decline to do so, if the circumstances reasonably suggest that doing so would violate the laws or Company policies regarding youth access; and

(j) Instruction on the proper use of electronic age verification devices and any other systems employed by the Company in connection with age screening for the purchase of tobacco products.

3. In the case of an employee who is eighteen (18) years old or younger, training shall also emphasize the special challenges associated with declining to sell tobacco to underage persons who are friends, acquaintances, and/or peer group members, and on techniques and methods for meeting such challenges.

4. The Company shall use a test (which may be in electronic form, including via an interactive voice response, or "IVR" telephone system) to establish that its employees have fully acquired the knowledge required to perform in accordance with the laws and Company policies relating to youth access. Employees with responsibilities relating to tobacco shall be required to pass this test upon completion of initial training and supplemental training pursuant to paragraph II.B.5. Thereafter the Company shall obtain an acknowledgment in writing or electronically (which may include IVR) every six (6) months from employees with responsibilities relating to the sale of tobacco that he/she has read and understands the laws and Company policies relating to youth access. The Company shall retain for three (3) years the test results and acknowledgments completed by each employee.

5. The Company shall provide supplemental training to any employee it desires to retain who:

(a) allegedly sells tobacco products to a minor or manages an employee who allegedly sells tobacco products to a minor, after the Effective Date of this Assurance, and the Company receives notice from a governmental agency of the alleged violation;

(b) fails to pass an external compliance check as set forth in Part IV.A.; or

(c) fails to pass the test described in paragraph II.B.4.

6. The Company shall provide all employees who sell tobacco or manage those who sell tobacco periodic refresher training (which may be a shortened version of the initial training described above) at least annually to ensure that they maintain the requisite knowledge, skill, and motivation.

C. Supervision

1. On-site supervisors shall be instructed to monitor staff compliance with youth access laws and policies on an on-going basis.

2. The Company shall minimize the use of persons under the age of 18 as supervisors of employees involved in the sale of tobacco products.

III. TOBACCO RETAILING POLICIES AND PRACTICES

A. Vending Machines

The Company shall not use vending machines to sell tobacco products.

B. Restricted Sales Area

1. The Company shall display tobacco products for sale in only one area of the store, except for those tobacco products that are displayed in the manner required by paragraph III.B.2.

2. Cigarettes, chewing tobacco, and snuff shall be displayed and stored in a manner that requires an employee's assistance in retrieving a product from a restricted access location and does not permit a customer to take possession of the product until the sale is completed.

C. Age Limitation on Sale of Smoking Paraphernalia

The Company shall have a policy requiring that no one under the legal age for purchasing tobacco products is permitted to purchase smoking paraphernalia.

D. Cooperation in Enforcement of Youth Access Laws

The Company shall have a policy requiring that store personnel make every reasonable effort to cooperate in the enforcement of applicable youth access laws.

E. Age Verification

1. The Company shall not sell tobacco products or smoking paraphernalia to minors.

2. The Company shall require its employees to obtain identification before sales are made from persons seeking to purchase tobacco products or smoking paraphernalia who appear to be under the age of 27 (or such higher age as the Company determines appropriate) in accordance with paragraph III.E.7.

3. The Company agrees to implement, to the extent practicable and in accordance with Part VI.B., an electronic age verification device and system by completing the programming of its cash registers to:

(a) lock when a tobacco product is scanned;

(b) prompt the employee to I.D. the customer;

(c) require the clerk to enter the birth date shown on the I.D. for customers seeking to purchase tobacco products who appear to be under the age of 27 (or such higher age as the Company determines appropriate), or, if it cannot be programmed in that manner, display the date on or before which the customer must have been born in order to make a legal tobacco purchase; and

(d) indicate whether the tobacco sale can proceed.

4. The Company shall use the cash register prompts provided for in paragraph III.E.3., so that each person with responsibility for selling tobacco is reminded prior to a sale of tobacco products of the importance of performing proper I.D. checks for tobacco purchases.

5. To the extent that the Company uses electronic age verification devices or systems that have the capacity to store data that would assist in evaluating whether the systems are being properly used by employees responsible for the sale of tobacco products, when appropriate it shall review such data periodically and provide remedial training and support, as necessary, for those employees who appear to need it.

6. Nothing in this assurance authorizes or sanctions the retention of personally identifiable information for marketing or other purposes.

7. Unless otherwise required by law, the Company shall have a policy that only the following forms of photo-I.D. are acceptable for purposes of establishing legal age to purchase tobacco: (a) Driver's License; (b) State-Issued Identification Card; (c) U.S. Passport; (d) Military Identification Card; and (e) U.S. Immigration Card. The I.D. must be current and valid.

F. Sale of Look-Alike Products

The Company shall not offer for sale candy, chewing gum, or like items designed to look like cigarettes.

G. Advertising

1. The Company shall limit tobacco signage to brand names, logos, and prices.

2. The Company shall ensure that all tobacco advertising signage inside the store is confined to the area where tobacco products are sold.

H. Placement of Minimum Age Signs

1. In addition to meeting whatever signage and posting requirements or restrictions may be embodied in local, state or federal law, the Company shall post signs stating that the Company will not sell tobacco products to persons under the minimum age for sale in the State where the store is located and that persons who appear to be under age 27 will be asked for identification before a sale is made.

2. The signs shall be placed at the following locations:

(a) on or at the front entrance window or front door by which a customer may enter the establishment (facing out),

(b) at each cash register at which tobacco products are displayed, and

(c) at each tobacco product display.

3. No later than 270 days after the Effective Date, signs placed in locations pursuant to paragraph III.H.2.(b) shall state that the Company will not sell tobacco products to persons under the minimum age for sale in the State where the store is located and that persons who appear to be under the age of 27 will be asked for identification before a sale is made.

I. Free Samples

The Company shall not permit the distribution of free samples of tobacco products anywhere on store premises, including walkways and any parking area controlled by the Company.

IV. MONITORING

A. External compliance checks

1. The Company shall implement and maintain a program of external compliance checks in the States whose Attorney Generals are parties to this Assurance designed to assist CVS in determining whether individual stores and their employees are in compliance with youth access laws and policies.

2. Compliance checks shall be unannounced. Procedures shall be adopted that ensure that employees whose compliance is being checked (both clerks and supervisors responsible for the performance of the clerks) have no reason to know that a given attempt to purchase tobacco is actually a compliance check.

3. The compliance check will determine whether the employee selling the tobacco product asked the purchaser to produce identification, whether the purchaser provided an acceptable form of identification (see paragraph III.E.7.), whether the employee checked the identification to verify whether the purchaser is of legal age, and whether the sale was

consummated. A passed compliance check is one where the employee completes these tasks and, where appropriate, declines to make the sale.

4. The Company will implement a program to recognize associates who pass external compliance checks; however, there shall be no obligation to provide rewards that have any monetary value.

5. The Company shall arrange for an Independent Entity reasonably acceptable to the Attorneys General to perform compliance checks at a number of its stores that sell tobacco products each year as set forth in Section IV.A.6 below. External compliance checks shall comply with the protocol attached hereto as Exhibit A and shall be conducted in a series of consecutive six (6) month programs, with each subsequent program beginning on the day after the previous program ends.

6. For each six (6) month program, the Independent Entity will (a) conduct compliance checks at each store located in the State of Vermont, and (b) will randomly select (i) fifty percent (50%) of the stores located in the State of New York, provided that each store in the State of New York will be checked at least once annually, and (ii) four hundred sixty-eight (468) stores from one of three (3) geographic sections of other States where external compliance checks will be conducted, provided that all of the stores shall be located in the States whose Attorneys General are parties to this Assurance other than Vermont and New York, and further provided that the three (3) geographic sections shall rotate as the focus of future programs. No store selected to be checked will be identified to the Company, directly or indirectly, until after the check of that store is completed.

7. An external compliance check shall consist of an attempt to purchase tobacco by a person chosen by the Independent Entity who

(a) is not employed by the Company,

(b) is unknown to the staff of the selected store, and

(c) is a person of legal age who is less than 27 years of age.

8. The Company shall instruct the Independent Entity to perform the compliance checks for the purpose of obtaining an accurate and reliable indication of actual employee practices in connection with tobacco sales and not for the purpose of ensuring favorable results. When evaluating the performance of the Independent Entity, the Company shall apply the aforesaid criteria.

9. In the event that a store fails a compliance check or has received notice from a law enforcement agency of an alleged violation of law concerning the sale of tobacco products to minors that occurred after the Effective Date of this Assurance, the Independent Entity shall conduct a second check ("re-check") of the store within sixty (60) days.

10. The Independent Entity shall report promptly the results of the external compliance check to the Compliance Officer, who shall make these results available to the store manager.

11. In the event the Company attains an external compliance check performance measure of ninety percent (90%) or higher for any six (6)-month period, the Company may reduce the number of random external checks conducted in the subsequent six (6)-month period by twenty-five percent (25%). In the event that the Company attains a ninety percent (90%) rate on external compliance checks for any two consecutive six (6)-month periods, the Company may eliminate the requirement to conduct external checks. Otherwise, the requirement for external compliance checks shall terminate six (6) years from the Effective Date. For purposes of this Section, results in each of the distinct areas where compliance checks are to be conducted pursuant to Section IV.A.6 (i.e., Vermont, New York, and all other States) shall be examined independently, and compliance checks shall be reduced or eliminated hereunder only in the particular area based on attainment of the ninety percent (90%) rate in that particular area.

B. Forbearance from Institution of Legal Proceedings

The Attorneys General agree not to institute legal proceedings based on any tobacco sales that are made during external compliance checks conducted pursuant to this Assurance.

V. REPORTS

A. Compliance Officer

1. The Company shall designate a Compliance Officer, who shall be a corporate senior-level employee responsible for ensuring compliance with the terms of this Assurance and for taking the steps necessary to improve the Company's compliance with youth access laws.

2. Each store manager shall be instructed to report all violations of federal, state, and local laws concerning the sale of tobacco products to minors occurring at the store to the Company's corporate offices within ten (10) days of receipt of notice of the alleged violation. The Compliance Officer shall maintain a record of all reported alleged violations and their dispositions for three (3) years.

3. Upon request of an Attorney General, the Compliance Officer shall cooperate in providing access to information relating to this Assurance, including but not limited to store-specific data on compliance with youth access laws, provided, however, that this Assurance does not require the Company to provide access to information in its possession that is protected from disclosure by the attorney-client privilege or the attorney work product doctrine or other similar privileges and/or confidentiality protections under the laws of the States that are signatories hereto.

B. Reports by the Independent Entity

1. The Company shall require by contract that the Independent Entity report the results of its compliance checks to a person designated by the participating Attorneys General to receive such reports.

2. The Independent Entity shall send reports to the designated representative of the participating Attorneys General at the same time they are sent to the Company.

VI. MISCELLANEOUS PROVISIONS

A. Written Policies

1. Company policies relating to tobacco shall be in writing or electronic form, and they shall embody the standards and practices set forth in this Assurance. The Company shall provide a copy of those policies to each employee who sells tobacco within one hundred twenty (120) days of the Effective Date or upon hiring if that occurs thereafter.

2. Company training policies intended to prevent underage tobacco sales shall be no less stringent or comprehensive than policies intended to prevent underage alcohol sales. This includes the areas of employee training and discipline. It is understood that differences in law may require differences in policy.

3. Within one hundred twenty (120) days of the Effective Date, the Company shall provide to a person designated by the Attorneys General a copy of the policies it adopts in order to comply with this Assurance. Thereafter it shall provide copies of any material changes or modifications to such policies to a person designated by the Attorneys General within thirty (30) days of such change or modification.

B. Implementation

1. Except as otherwise indicated, the Company agrees to adopt and implement the practices set forth in this Assurance within sixty (60) days of the Effective Date, except that the compliance checks conducted pursuant to Part IV.A. and the training conducted pursuant to Part II.B. shall commence within one hundred twenty (120) days of the Effective Date.

2. Current employees in positions subject to the training provisions of Part II.B. shall receive such training within one hundred fifty (150) days of the Effective Date.

C. Payment

The Company agrees to pay, within thirty (30) days of the Effective Date, the sum of $250,000.00, made payable to such accounts and addresses as the Attorneys General may direct. Such sum is to be divided by the States as they may agree and is to be used by the individual States for attorneys fees or costs of investigation, or it shall be placed in or applied to consumer education, public protection, or local consumer aid funds, including for implementation of programs designed to decrease possession and use of tobacco by minors, or for any other purpose authorized by state law at the sole discretion of each State's Attorney General or as otherwise required by law.

D. Applicability

This Assurance shall be binding on the Company, its subsidiaries, successors, and assigns and shall apply in the States that are signatories hereto.

E. Modifications

1. The parties reserve the right to discuss the viability of any or all of these provisions as they are implemented, having due regard for changes in laws and regulations, as well as changes in equipment, technology, or methodology of retail sales over time. In particular, to the extent that unlawful underage sales continue to occur in spite of the Company's compliance with the provisions of this Assurance, the States expressly reserve any and all enforcement options available for addressing such non-compliance, including without limitation the right to renew discussions with the Company for the purpose of establishing additional and/or different practices, policies, or procedures designed to eliminate or further reduce underage tobacco sales.

2. Any modifications to this Assurance shall be by written agreement of the affected parties.

F. Scope of Agreement

1. This Assurance hereby releases and resolves any and all claims of the Attorneys General as may arise from Consumer Protection jurisdiction (pursuant to the statutes set forth in footnote 1) over the Company's acts and practices relating to tobacco sales to minors occurring prior to the Effective Date. Nothing herein shall release any other claims of any state agencies or local jurisdictions in connection with a past or future underage sale of tobacco at a particular retail location, including fines, administrative penalties, permit suspensions, or any other remedy, sanction, or penalty that may be available to state or local authorities under applicable law.

2. Prior to seeking enforcement of this Assurance, a signatory Attorney General shall contact the Compliance Officer and provide written notification of the alleged violations and shall provide the Company reasonable opportunity to attempt to resolve the State's concerns. If a mutually agreeable resolution is not reached, the Attorneys General agree to provide the Company thirty (30) days advance written notice prior to instituting any proceedings under the States' Consumer Protection jurisdiction alleging a violation of this Assurance. The Attorneys General agree not to file an action alleging a violation of this Assurance based on isolated, inadvertent errors in complying with this Assurance.

G. Counterparts

This Assurance may be executed in counterparts.

H. Conflict with Applicable Laws

No provision of this Assurance is intended or shall be interpreted to authorize conduct in violation of applicable local, state, or federal law, which law supersedes any and all terms of this Assurance in conflict with such law.

I. Effective Date

This Assurance shall take effect on March 15, 2006, by which date the signature of CVS and all of the Attorneys General of the States identified below shall have been affixed.

Dated: March 8, 2006

CVS PHARMACY, INC.

By:_____
Zenon P. Lankowsky
Vice President and General Counsel

BILL LOCKYER
Attorney General
State of California
ALAN LIEBERMAN
Deputy Attorney General

J. JOSEPH CURRAN, JR.
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[Signature Pages to Follow Exhibit A –
Protocol for Compliance Checks]

Exhibit A – Protocol for Compliance Checks

Part IV.A. of the Assurance of Voluntary Compliance (the "Assurance") requires that CVS arrange for an Independent Entity reasonably acceptable to the Attorneys General to perform compliance checks consistent with this Protocol at a number of its stores that sell tobacco products each year as set forth in Part IV.A.6 of the Assurance (and as may be reduced as set forth in Part IV.A.11 of the Assurance).

1. General Principles Underlying Protocol.

a. Compliance checks conducted pursuant to this Protocol shall be carried out in a manner that is designed to provide a reliable and realistic assessment of how CVS employees perform when presented, in the usual course of business, with typical young persons attempting to purchase cigarettes.

b. Each compliance check is to be conducted in a manner that is designed not to reveal to CVS employees and managers in the store being checked that the attempted purchase of cigarettes is pursuant to a compliance check or that compliance checks may be simultaneously occurring at CVS stores in the vicinity.

c. Persons who attempt to purchase cigarettes during compliance checks ("checkers") are to be trained by the Independent Entity to ensure that each checker is able to perform compliance checks in a competent and confident manner. Such training shall include role-playing. The Independent Entity shall develop written training protocols for checkers and for those who supervise checkers, and shall make those protocols available to CVS and the Attorneys General upon request.

d. Compliance checks shall be conducted in accordance with applicable federal, state, and local laws and regulations.

e. Unless otherwise defined in this Protocol, all terms used herein shall have the meanings given to them in the Assurance.

2. General Characteristics of Persons Employed as Checkers.

a. The Independent Entity shall verify that the age of each checker, when he or she conducts compliance checks, complies with paragraph IV.A.7. of the Assurance.

b. Each checker shall not appear to be older or younger than the average person of his or her age, shall dress in the manner appropriate to his or her age group and social group, and shall not alter his or her appearance with the intent of appearing older or younger.

c. At least 40%, but not more than 60%, of compliance checks nationwide shall be conducted by a checker who is female. Persons used as checkers may include otherwise suitable persons who have previously used or currently use cigarettes, but a checker may not be used to perform a check at any store from which the checker purchased cigarettes in the past.

3. Instructions to Checkers and Conduct of Compliance Checks.

Compliance checks in which the checker is less than 27 years of age but is not an underage person shall be conducted as follows:

a. The checker shall have no I.D. in his or her possession during the compliance checks, but shall have a sum of money sufficient to pay for the cigarettes that the checker will attempt to purchase, and for the food item, if applicable, that the checker will purchase.

b. At least 60% and not more than 75% of compliance checks shall be conducted on weekends or between 3:00 pm and 8:00 pm on weekdays.

c. The checker shall enter the store alone.

d. The checker shall select a food item popular with youth (e.g. a popular soft drink, snack, or small food package). The food item shall vary from one compliance check to another.[1]

e. The checker shall approach a check-out counter where cigarettes may be purchased, request from the cashier a single pack of cigarettes, and place the food item, if applicable, on the counter. The brand of cigarettes requested shall vary among compliance checks.[2]

f. If the cashier requests I.D., the checker shall state that he or she does not have an I.D. in his or her possession but is old enough to buy cigarettes, and shall state his or her actual age.

g. The checker shall not attempt to persuade the cashier to sell the cigarettes by taking steps other than those expressly set forth in this protocol.

h. If the cashier provides the requested cigarettes, the checker shall pay for them and the food item, if applicable, obtain the receipt and whatever change is owed, and promptly leave the store.

i. If the cashier declines to make the sale, the checker shall purchase only the food item and obtain the receipt, if applicable, and leave the store.

j. Regardless of whether a purchase of cigarettes occurs, the checker shall attempt to make a mental note of the cashier's name and general appearance.

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[1] Compliance checks will sometimes dispense with the purchase of a food item in order to ensure that the checks do not become discernable as such by store personnel.

[2] This Protocol assumes that cigarettes will be maintained in a format that requires an employee's assistance in retrieving them from a restricted access location, as required by the Assurance. Any non-compliance with that requirement discovered during a compliance check shall be brought to the attention of CVS's Compliance Officer referred to in Part V.A. of the Assurance within ten (10) days of the inspection.

4. Following the Compliance Checks.

a. Immediately following each compliance check, the checker shall complete a report form that includes, at a minimum, the following items:

i. the checker's name, sex, and date of birth;
ii. the date and time of the compliance check;
iii. the address of the CVS store checked;
iv. the name or a brief description of the CVS cashier involved;
v. the brand of cigarettes requested;
vi. whether I.D. was requested;
vii. what statements were made if I.D. was requested;
viii. whether the cigarettes requested were purchased;
ix. comments regarding any other noteworthy aspects of the transaction.

b. The checker shall provide the receipt to the Independent Entity, who shall provide a copy of it to CVS within ten (10) days of the compliance check.

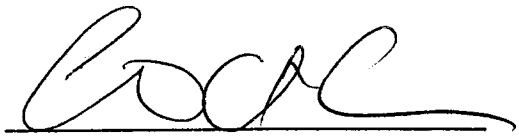
c. The Independent Entity shall retain for at least two years each written report prepared pursuant to this Protocol.

d. Any cigarettes purchased in connection with a compliance check shall be retained by the Independent Entity for at least six months and shall thereafter be destroyed.

In the Matter of CVS Pharmacy, Inc.

Dated: 3-1-06

THOMAS J. MILLER
Attorney General of the State of Iowa



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[Participating States would have comparable signature pages.]