

CVS
CAREMARK | **Healthy Solutions**
2009 Corporate Social Responsibility Report





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Our Vision

We strive to improve the quality of human life.

Our Mission

We provide expert care and innovative solutions in pharmacy and health care that are effective and easy for our customers.

Our Values

Accountability
Respect
Integrity
Openness
Teamwork



Dear Stakeholders,

As we began 2009, the economic forecast was discouraging and we were concerned about the impact that the economic downturn could have on our local communities and on access to health care and the medications people need.

We were pleased, then, by opportunities in 2009 to contribute to the national conversations that took place about economic recovery and about making the U.S. health care system more accessible and more effective. We also were gratified by opportunities to have an immediate impact across all of the communities we serve as a large health care company and employer with the capacity to drive positive social change through our business practices.

Healthy Solutions, our 2009 Corporate Social Responsibility report, describes our continuing efforts across the country to partner with local governments, nonprofits, schools and faith-based organizations to support important community priorities like access to health care and job creation. This report also captures some of the advisory work we did in 2009. In one case, we were invited to testify before the U.S. Senate on our perspective on the government's Welfare to Work program, an initiative with which CVS Caremark has a long history. We also are contributing to the work of President Obama's Economic Recovery Advisory Board as a member of the education and training subcommittee.

At the same time, this report tells the story of how our more than 200,000 CVS Caremark employees responded to other opportunities to serve in 2009: by providing patients with access to high quality and affordable solutions that meet their health care needs, by rolling up their sleeves and volunteering in their communities, by organizing food drives and fund raisers, by helping other health care practitioners better understand how medicine works in the United States and by sharpening our company's overall approach to our Vision of improving the quality of human life.

This was the vision we had when CVS merged with Caremark in 2007: an integrated health care company with the collective expertise, scale and network to improve the delivery, accessibility and affordability of pharmacy services and acute family medical care. Every day we strive to fulfill our Mission by creating solutions that enable people to sustain their health and their well-being.

Along the way, we are maintaining a company culture that truly values and encourages contributions to the communities we serve. In 2009, we built on our practice of hosting free health fairs in urban communities, for example, by also offering more than \$3 million in free flu shots to the unemployed. This initiative saw us partner with the NAACP and with career centers sponsored by the U.S. Department of Labor to ensure better access to flu shots. In addition, our MinuteClinic network of walk-in retail health clinics and CVS/pharmacy stores dramatically increased the public's access to the H1N1 flu vaccine as that pressing public health issue became a national concern in 2009.

While health care remains the primary focus of our company, our Mission calls on us to be responsive to the broader needs of our communities. So, as this report indicates, we are contributing to a healthy environment. We are ensuring that our employees are valued for their contributions. We are providing relief to communities during times of emergency. And we are operating in an ethical, transparent manner. These are our social and environmental responsibilities, and we take these responsibilities very seriously.

CVS Caremark has a long history of giving back to our communities, dating back to our roots as a regional New England retailer. In 2009 we donated more than \$79 million in cash, in-kind contributions and volunteer hours to worthy organizations all across the country. This included a special \$46 million in-kind donation to Feeding America that helped sustain thousands of food banks and shelters serving the millions of Americans struggling with the daily challenge of feeding their families.

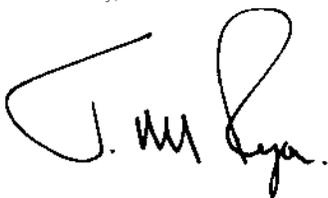
Our commitment to Corporate Social Responsibility took us to some interesting places in 2009. One example is our CVS/pharmacy GreenBagTag program. This program, launched in 2009, provides rewards to customers who forego plastic bags for reusable shopping bags (or who choose to use no bag at all). It was borne from our realization that our ExtraCare program, the nation's largest customer loyalty program, was capable not only of providing savings to customers, but also of creating powerful incentives for socially responsible behavior. Already, our customers have had their GreenBagTags scanned more than 6 million times. Having seen the proof of this concept, we now are designing ExtraCare programs that encourage healthy behaviors like better disease management by customers with chronic conditions.

As our company has grown, we have maintained a steadfast commitment to responsible business practices. Our approach to patient privacy, for example, is now driven by a Privacy Governance Council, a group that we created in 2009 to enhance our privacy and data protection strategy, provide leadership on privacy issues and align the privacy strategy with the core business operations of CVS Caremark. We also made significant investments in diversity management and in technologies that make it easier for our colleagues to communicate and to collaborate, no matter their location.

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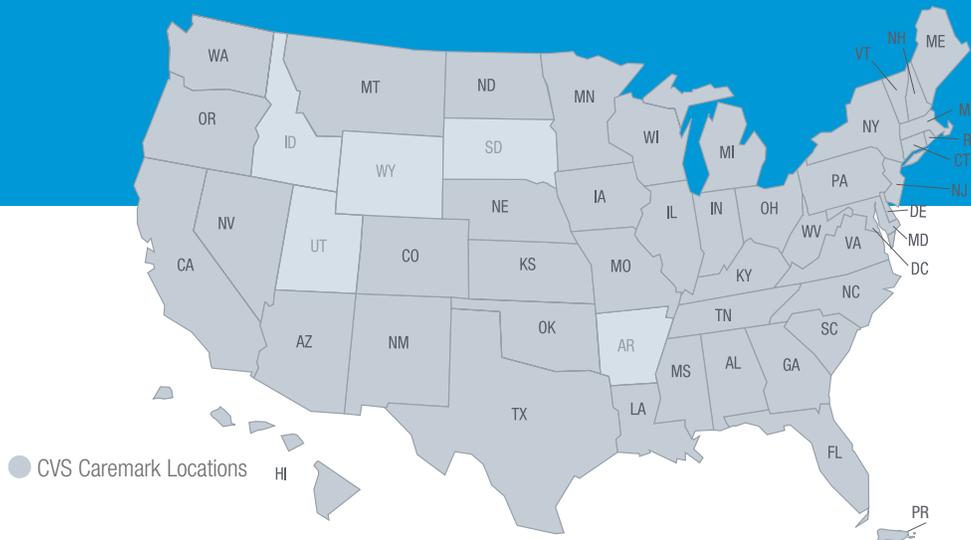
We view these commitments as integral to the way we conduct business. They define who we are as a company and make CVS Caremark a place where our colleagues are proud to work. An essential part of our commitment is communicating our progress, which we do annually through this report summarizing our contributions and our business practices. I hope you will take a few minutes to read this 2009 Corporate Social Responsibility Report, learn more about what we're doing in this regard, and then share your feedback with us.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. M. Ryan'.

Thomas M. Ryan
Chairman and CEO

CVS Caremark Company Profile



CVS Caremark is the largest pharmacy health care provider in the United States. Through our integrated offerings across the entire spectrum of pharmacy care, we are uniquely positioned to provide greater access, to engage plan members in behaviors that improve their health, and to lower overall health care costs for health plans, plan sponsors, and their members. CVS Caremark is a market leader in mail order pharmacy, retail pharmacy, specialty pharmacy, and retail clinics, and is a leading provider of Medicare Part D Prescription Drug Plans. As one of the country's largest pharmacy benefits managers (PBMs), we provide access to a network of more than 64,000 pharmacies, including approximately 7,000 CVS/pharmacy® stores that provide unparalleled service and capabilities. Our clinical expertise includes one of the industry's most comprehensive disease management programs.

We employ approximately 211,000 colleagues in 44 states, the District of Columbia, and Puerto Rico. At year-end 2009, we operated 7,025 retail drugstores, 569 MinuteClinic® locations, 49 retail specialty pharmacy stores, 18 specialty mail order pharmacies, six mail service pharmacies, and our CVS.com® and Caremark.com Web Sites.

Company Data – 2009

Financial Highlights (in millions, except per share figures)

Revenues	\$98,729
Operating profit	6,438
Net earnings	3,696
Diluted earnings per common share	2.56
Stock price at year end	32.21
Market capitalization at year end	44,841

Operational Highlights

Store count at year end	7,025
Retail clinic count at year end	569
Retail specialty pharmacy stores	49
Specialty mail order pharmacies	18
Mail service pharmacies	6
Number of employees	211,000
Facility and store locations	44 States, the District of Columbia and Puerto Rico



Corporate Governance and Business Practices

CVS Caremark has a long-standing commitment to sound corporate governance. Our record is reflected in industry rankings such as the Corporate Governance Quotient (CGQ) in which we outranked 96.9 percent of all companies on the S&P 500 and 100 percent of all companies within our industry group as of April 1, 2010. We believe our ranking is a result of the emphasis we place on being responsive, accountable and transparent to our stakeholders and operating in compliance with laws and regulations.

Our Vision, Mission and Values clearly reflect who we are as a company and how we conduct business. As stated in our Values, we are firmly committed to acting with integrity and holding each other accountable for all aspects of our performance.

As a reflection of the level of commitment the company has to our Mission of providing customers with innovative solutions in pharmacy and health care, FORTUNE Magazine named CVS Caremark the most-admired company in its industry, the Food and Drug Stores sector, as part of the magazine's annual listing of the World's Most Admired companies. The result was driven by FORTUNE's finding that CVS Caremark's approaches to innovation and to delivering value to long-term investors were best-in-class. FORTUNE describes its annual ranking of companies as the "definitive report card on corporate reputations."

CVS Caremark was also included in the 100 Best Corporate Citizens List as ranked by *Corporate Responsibility Magazine*.

Our Policies

In January 2010, our Board of Directors adopted the most recent version of our Corporate Governance Guidelines, which meets or exceeds the listing standards adopted by the New York Stock Exchange (NYSE).

Our Corporate Governance Policies include:

- Annual election of all directors
- Conflict of Interest Policy with annual certification
- Majority voting for uncontested director elections
- Stock ownership guidelines for all directors and officers
- Insider Trading Policy with annual certification
- All stock-based incentive plans have shareholder approval
- Stockholders ratify auditors
- Lead independent director
- Comprehensive Code of Corporate Conduct
- Ethics Hotline

As a reflection of the deep commitment the Company has made to our Mission of providing customers with innovative solutions in pharmacy and health care, FORTUNE Magazine named CVS Caremark the most-admired company in its industry, the Food and Drug Stores sector, as part of the magazine's annual listing of the World's Most Admired companies.



Board Independence

According to our Corporate Governance Guidelines, the majority of directors must meet the NYSE Bright Line requirements for independence as well as our own categorical standards for director independence. The Board determines the independence of each director each March and will re-evaluate its determinations as needed during the year. This year, 11 of the 12 directors on our Board were determined to be independent. Only directors determined by the Board to meet independence standards serve on our Board's Audit, Nominating and Corporate Governance, and Management Planning and Development Committees.

Board Attendance

Directors are expected to attend Board and their respective committee meetings, as well as the annual meeting of stockholders. In 2009, each Director attended at least 75 percent of the Board and committee meetings of which he or she was a member.

Director Orientation and Continuing Education

All new Directors are strongly encouraged to participate in our Director orientation program and receive a comprehensive briefing on the company, its operations and policies. Ongoing learning opportunities are also available to all Directors. The Nominating and Corporate Governance Committee oversees the orientation and continuing education program for Directors.

Lead Director

Our Board believes that, while all Directors are elected by stockholders and all have an equal voice, it is in the best interests of the Company for the Board of Directors to have an independent, non-management Lead Director. The role of Lead Director is independent and separate from the position of Chairman of the Board. The Lead Director presides over meetings of the Board at which the Chairman is not present; has the authority to call and lead non-management Director and independent Director sessions; facilitates communication between the Chairman and independent directors; and advises the Chairman of the Board's informational needs, meeting agendas and meeting schedules.

Stockholder Proposals

In accordance with Securities and Exchange Commission (SEC) rules, we reprint properly submitted stockholder proposals and supporting statements, as they were submitted to us, in our annual proxy statement. Once filed, we look to establish a dialogue with the filing parties in order to better understand their concerns. It is worth noting that among S&P 500 companies including CVS Caremark, an increasing number of stockholder proposals have been filed in recent years.

The CVS Caremark Code of Conduct defines our high ethical standards for business conduct and applies to all CVS Caremark employees and the Board of Directors.

Other Governance Practices

Executive Compensation

CVS Caremark's management and Board of Directors recognize that executive compensation is an important and relevant issue in corporate governance; our policies and programs continue to be designed to ensure an appropriate link between pay, company and individual performance and shareholder returns. With the oversight of the Management Planning and Development Committee, our executive compensation policies and programs are designed to attract, retain and motivate talented leaders to drive Company performance. This Committee also evaluates and monitors our executive compensation strategy to ensure our approach is aligned with best practices among our peer group.

We are committed to a "pay-for-performance" philosophy, and we demonstrate that commitment by delivering a significant portion of our executives' annual compensation in long-term, multi-year "at risk" equity awards whose ultimate value, if any, will depend on the Company's future financial performance. It is not only financial performance that is important to us as a company; customer service and satisfaction metrics are an important factor in the determination of annual incentive award funding not only for executives, but for all annual incentive award recipients. In addition, we have a "claw back" provision that allows the company to recoup annual and long-term incentive awards if it is determined that fraud or financial misconduct, which allowed the

executive to receive an award, had occurred. All of these actions further reinforce a strong alignment of our executives' interests with those of our stockholders.

We will also have an advisory "say on pay" stockholder vote at our annual meeting in 2011 and will continue to monitor developments in this area. Connecticut State Treasurer Denise Nappier recognized CVS Caremark for scheduling this 2011 vote and urged other companies to follow in our footsteps.

Additionally we recently adopted policies that address concerns raised by stockholders at many companies regarding benefits payable under a supplemental executive retirement plan (SERP) and tax gross-up payments available to executives. Under our newly adopted policies (which formalized our existing practices), our SERP plan is now closed, and no excise tax gross-up, or any other kind of tax gross-up, will be offered to additional executive officers in the future. We have only three current executive officers who participate in our SERP and who could receive a gross-up on an excise tax if such a tax were imposed in the event of a termination following a change in control. The remaining limited number of executives who have a change in control agreement are subject to a "best payments clause" in the event of a termination following a change in control and generally would see a cut-back in their severance benefits such that no excise tax would be imposed.



Corporate Compliance & Ethics

CVS Caremark believes complying with the law and promoting high ethical standards are responsibilities shared by everyone in our organization. Having an effective and comprehensive compliance program is critical to fostering a culture of integrity and ethical conduct. CVS Caremark has such a program in place, led by our Chief Compliance Officer, who is responsible for its overall operation and deployment.

We rely on a variety of mechanisms for assessing risk, auditing processes and ensuring that our policies and procedures are being properly followed throughout the organization. In the event there is cause for concern, we take immediate steps to investigate and resolve the matter. Two committees of the Board provide oversight for compliance, and the entire Board would be informed of significant compliance issues.

Code of Conduct

The CVS Caremark Code of Conduct defines our high ethical standards for business conduct and applies to all CVS Caremark employees and the Board of Directors. The Code is intended to provide the information, tools and resources necessary to make good decisions.

Ethics Hotline

CVS Caremark maintains a formalized compliance program, including a dedicated hotline for employees and suppliers to report any wrongdoing or misconduct. We use an independent third-party vendor to manage the Ethics Line.

The Ethics Line is available 24 hours a day, seven days a week and 365 days a year. As an alternative to calling, employees may contact the Ethics Line via mail, e-mail or fax, all of which are confidential. Any matter reported through the hotlines can be made anonymously and without fear of retribution.

Stakeholder Engagement

CVS Caremark benefits from engaging with stakeholders from key external and internal groups. Below are some of the ways we engage and encourage communication with our stakeholders.

Stakeholder	Examples of Engagement
Colleagues	<ul style="list-style-type: none"> • Regular communication via e-mail, voicemail and Town Hall meetings • Employee publications • Code of Conduct and Ethics Hotline • Employee intranet portal • Employee Engagement Survey • Problem solving/issue resolution process • Networking groups • Ongoing training programs and career development initiatives • Wellness programs and initiatives
Customers	<ul style="list-style-type: none"> • Internet sites • Annual tracking studies • Advisory Panels • Customer relations program and hotline • ExtraCare customer loyalty program • Trends Report for PBM customers
Stockholders/Bondholders	<ul style="list-style-type: none"> • Regulatory disclosures and reporting • Stockholder proposals • Annual meeting of stockholders • Annual Analyst/Investor Day • Quarterly earnings conference calls • Presentations at industry conferences • Comprehensive investor relations area on Web site • Information for contacting directors posted on Web site • Communication with individual and institutional investors • Proactive domestic and international road show program • Responsiveness to informational needs of equity and fixed income analysts
Suppliers	<ul style="list-style-type: none"> • Supplier education forums on sustainable packaging • Supplier Summit • Supplier Code of Conduct and Ethics Hotline Access • Supplier Diversity Initiative
Local Communities and Partners	<ul style="list-style-type: none"> • Employee volunteerism initiatives • Charitable giving programs • Community outreach efforts (e.g., pharmacists in the community, CVS Samaritan Vans and disaster relief) • CVS Caremark All Kids Can, our signature program • Partnerships with various nonprofit organizations • Sponsorships of charitable sporting events
Regulators	<ul style="list-style-type: none"> • Site visits and inspections • Regulatory disclosures and reporting



Making Pharmacy Health Care Effective and Easy for Our Customers

At CVS Caremark, our Mission is to provide expert care and innovative solutions in pharmacy and health care that are effective and easy for our customers. Through our retail pharmacies, retail clinics and pharmacy benefit management services, we help our customers access high-quality care and great service, remain adherent to their prescription medication, improve their health outcomes and lower their overall health care costs.

Accessing High-Quality Care and Great Service

Our customers engage with CVS Caremark in our stores, health clinics, retail and mail-order pharmacies and our Web site and we have implemented initiatives and programs designed to address their diverse needs.

We continuously look for ways to improve our customers' experience in our retail stores and pharmacies. Every store is measured on three core performance metrics that are essential to meet – or exceed – our customers' expectations. We refer to these as our "Triple S" factors:

- Stock – having the right products at the right place at the right time
- Shop – ensuring the store is easy to navigate as well as clean, neat and well-maintained
- Service – providing efficient service from colleagues who are professional, helpful and friendly

Our best-performing stores exceed Triple S target scores and their pharmacists and colleagues are highly engaged in their work. They go the extra mile to provide exceptional service and build strong relationships with their customers. To gain a better understanding of the customer experience, we:

- Use a third-party market research firm to continuously measure our performance on many factors, including the service dimensions of Triple S (Stock, Shop and Service).
- Solicit opinions and feedback, on a variety of topics, from the 90,000 customers who comprise our CVS Advisory Panel.
- Maintain a customer relations program through which customers can contact us via a number of channels. We respond to these communications in a timely manner, and we monitor and track customer compliments, issues and suggestions so we can continue to improve our overall service.

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Managing Prescriptions Online

CVS Caremark is committed to continuously improving our customers' experience online, as well as in stores. In 2009, we added innovative new features to CVS.com to enhance the user experience by providing instant access to prescription management tools and important health information. With the introduction of CVS.com Mobile (m.cvs.com), CVS/pharmacy provides customers with a secure, on-the-go pharmacy resource to find store locations and refill, transfer and manage prescriptions. We also launched a mobile-enabled Web site for PBM plan members through www.Caremark.com.

Customers also have convenient access to their health and prescription information through our relationships with Microsoft HealthVault, Google Health and Dossia. CVS Caremark and Google Health have partnered to provide our pharmacy customers with the option to store and manage their prescription information with their other health information within their Google Health accounts on a secure online site. This service enables CVS Caremark customers to upload their prescription information from Caremark.com and CVS.com and add summaries of MinuteClinic visits to their Google Health accounts. Through a collaboration with Microsoft HealthVault, our customers can upload a comprehensive list of prescriptions filled at CVS/pharmacy or CVS Caremark mail-order pharmacy, as well as save copies of their health records, including laboratory tests from visits to MinuteClinic, into their individual HealthVault record. Customers can also upload personal health data with Dossia, including their prescription history. These

records are accessible and portable and may be shared with health professionals to ensure safe patient care.

In 2009, CVS Caremark launched a Spanish version of Caremark.com. The Web site makes it easier for Spanish-speaking CVS Caremark plan members to engage in their health care by providing them with online information and access to help manage their prescription benefits. This launch is the first phase of an ongoing effort to maintain a consistent plan member experience for both English and Spanish-speaking members. The Web site was developed in response to feedback from our clients about the need for an online environment to help Spanish-speaking plan members manage and understand their prescription benefit. From Espanol.Caremark.com, plan members may refill mail service prescriptions and check prescription order status, view prescription history, view drug lists and drug costs, find local pharmacies and manage account and prescription information for family members.

The online pharmacy sections of Caremark.com are fully compliant with Web accessibility standards and we recently made modifications to CVS.com to make it accessible to persons with a wide range of disabilities, including blind computer users who use a screen reader or magnification technology on their computers and those who rely on a keyboard instead of a mouse.



Supporting Seniors

Consumers over the age of 50 are our fastest-growing pharmacy customer group. Seniors are in need of resources to help them more effectively manage their medications so that they can maintain their quality of life. In 2009, we continued our “Prescription for Better Health” campaign with the National Council on Aging (NCOA), providing in-store and community outreach programs that offer free health information on medication management and aging. More than 1,500 “Pack Your Bag” medication review events were sponsored with NCOA and hosted at senior centers in the communities we serve to promote best practices in medication management. Thousands of individual medication consultations took place in 2009 and helped to identify and counsel seniors who were taking expired medications, were not taking medications as prescribed, were at risk for potential drug interactions or who had the opportunity to switch to money-saving generics.

At the start of the annual enrollment period for Medicare Part D, CVS/pharmacy and NCOA sponsored a series of Medicare Part D educational events to urge older adults and their caregivers to review their Medicare Part D options in order to find the lowest-cost plan that meets their needs. As a result, nearly 650,000 Medicare Part D plan comparisons were completed through the CVS/pharmacy Medicare Part D Savings Calculator available on www.cvs.com.

Free Community Health Fairs and Screenings

In 2009, CVS/pharmacy provided free and low-cost medical screenings and services to more than 195,000 people through “A Su Salud” health fairs in cities including Miami, Los Angeles, Dallas/Fort Worth, San Antonio and Houston. Serious health concerns were detected in an alarmingly high percentage of participants in the A Su Salud health fairs. Among the participants 33 percent had high cholesterol, 36 percent had a high to moderate risk of developing osteoporosis, 28 percent had hypertension and 22 percent had diabetes, with more than half being diagnosed with diabetes for the first time.

As an extension of the “A Su Salud” program, in April 2010, CVS/pharmacy introduced “To Your Health” fairs to improve access to preventative care in broader urban communities by providing free screenings for diabetes, blood pressure, cholesterol, bone density and vision. Through “To Your Health,” CVS/pharmacy hopes to address critical health issues among African Americans, who often have higher rates of diabetes and high blood pressure. Nearly 300 “To Your Health” events are scheduled to take place in Atlanta, Philadelphia and Washington, D.C. in 2010.

CVS Caremark Offered \$3 Million in Free Flu Shots to the Unemployed as Part of a Nationwide Flu Vaccination Effort

As part of a broad-reaching effort to keep Americans healthy during the 2009 flu season, CVS Caremark offered 100,000 free seasonal flu shots to the unemployed. The program included distribution of free flu shot vouchers at One-Stop Career Center locations with shots administered at CVS/pharmacy or MinuteClinic. The program was launched after a CVS Caremark 2009 Health IQ study revealed that those who are unemployed and seeking employment were among the least likely to get a flu shot, with only 34 percent reporting they received a flu shot last year, compared to 49 percent of respondents overall.

In addition to offering free seasonal flu vaccinations for the unemployed, seasonal flu shots and H1N1 flu shots were available at MinuteClinic and CVS/pharmacy during flu season for all customers. As a Pharmacy Benefits Manager, CVS Caremark focused on helping engage our clients' plan members with information and interventions to keep them healthy and ultimately reduce health care costs. Some CVS Caremark PBM clients offered a program with seasonal flu shots at no cost to their employees.

Making Our Stores Accessible

CVS Caremark operates more than 7,000 retail stores in 41 states, the District of Columbia and Puerto Rico. In 2009, we expanded access to CVS/pharmacy in California, Nevada and Hawaii through the integration of more than 500 Longs Drugs stores. We also opened 287 new or relocated stores in existing markets. In addition, in early 2010, we launched into new markets in Memphis, Tenn., St. Louis and Puerto Rico. We employ more than 22,000 pharmacists and 45,000 technicians at retail who interact with 1.2 million pharmacy customers and fill more than 1.7 million prescriptions each day.

We provide prompt and efficient service to customers by dispensing all legally prescribed medications and making retail and over-the-counter medicines easily accessible in all locations, except in those rare circumstances where state and federal regulation requires modifications. In those circumstances, we comply with applicable government regulations and company personnel are always available to explain company policy. We have also applied voluntary age restrictions to the sale of certain products, including cough and cold products containing dextromethorphan and compressed air products.

In all of our markets, we are committed to making our stores convenient and inclusive for all customers. We are working to accommodate our customers' needs in such areas as disability access, language translation, and access to product to deliver on our commitment to customer-centric care. We provide

shopping assistance and, in some areas, home-delivery services for customers with disabilities. Throughout our stores, we have Language Line translation services available supporting numerous languages, with Spanish, Mandarin Chinese and Vietnamese being the most commonly use. We provide prescription information printouts in English and Spanish and, in certain markets, we are working to staff our stores with more multilingual employees. We are sensitive to the unique cultures of individual communities. For example, in some cases, the external signage at our stores reflects the languages spoken in that locale and the stores feature products sourced from local vendors and suppliers.

In 2009, as the result of a collaboration between CVS/pharmacy, the American Foundation for the Blind, American Council of the Blind and California Council of the Blind, we implemented functional improvements to benefit customers with visual impairments and other disabilities by installing tactile keypads in all CVS/pharmacy locations.

We strive to make our stores comfortable, navigable and easy to shop, especially for women, by featuring: lower-height shelving; wide, carpeted aisles with a clear pathway to the pharmacy; easy-to-understand store graphics and signage; and dedicated beauty areas with specialized beauty advisors. Existing stores are renovated, on average, at least once every five years, to keep them fresh and appealing for customers and the community.



MinuteClinic treats common ailments such as sore throat and ear, sinus, bladder and bronchial infections.

MinuteClinic

MinuteClinic, the retail health care division of CVS Caremark, has approximately 500 clinics in 25 states. In 2009, MinuteClinic opened its first Washington, D.C. location and added additional clinics in Massachusetts and other markets. Between 2000 to year-end 2009, MinuteClinic generated more than 6 million patient visits and achieved a 95 percent customer satisfaction rate. The MinuteClinic model of care responds to consumer demand and is focused on three principles: delivering high-quality care, providing greater access to care and offering care at low prices.

MinuteClinic medical clinics are staffed by nurse practitioners and physician assistants who specialize in family health care and are trained to diagnose, treat and write prescriptions for common family illnesses. Practitioners adhere to evidence-based clinical guidelines. An electronic medical records system (EMR) guides them through each exam and generates a medical record, education material and a prescription when clinically appropriate. With patient permission, visit summaries are sent to primary care providers via EMR, fax or mail, typically within 24 hours.

MinuteClinic is the first retail health care provider to receive accreditation (2006) and reaccreditation (2009) from The Joint Commission, the national evaluating and certifying agency. In addition, national studies by the Rand Corporation, based on MinuteClinic data, were published in the September 2009 *Annals of Internal Medicine*. The studies found that the quality of care delivered at retail clinics is on par with emergency rooms, urgent

care centers and physician offices. In addition, the costs of treating acute illnesses at retail clinics were 30 to 40 percent lower than in physicians' offices and urgent care centers and 80 percent lower than emergency departments. The average cost for services at MinuteClinic is \$62. Most insurance is accepted at MinuteClinic and about 80 percent of visits are third-party paid.

Most MinuteClinic locations are open seven days a week with weekday evening hours. No appointment is necessary. Services are provided for common ailments such as sore throat and ear, sinus, bladder and bronchial infections. Minor wounds, abrasions and sprains are treated and common vaccines are available at all locations. Prevention and wellness services include college, camp and sports physicals as well as screenings for diabetes, high blood pressure, high cholesterol and weight management. In early 2010, MinuteClinic launched health condition monitoring services to help those with diabetes, high blood pressure, high cholesterol and asthma overcome the challenges of their conditions and monitor their health between visits to a primary care provider.



CVS/pharmacy and the National Caucus and Center on Black Aged hosted a Medicare Part D and medication review event for seniors in Washington, D.C.

URAC Quality Accreditations for Mail Service Pharmacy, Specialty and Accordant

CVS Caremark was awarded accreditations for Mail Service Pharmacy, Specialty Pharmacy and Accordant Health Services case management. An independent, nonprofit organization, URAC is a leader in promoting health care quality through accreditation and certification programs. URAC offers the only third-party, voluntary accreditation program of this scope for the pharmacy benefit management and prescription services industry. All standards were developed by URAC's Pharmacy Advisory Committee, which includes a wide range of stakeholders: employers, consumers, pharmacy consultants, health plans, retail pharmacy, pharmacy benefit management organizations, pharmacy professional organizations, labor and large public purchasing groups. CVS Caremark also holds URAC accreditations in Pharmacy Benefit Management and Drug Therapy Management.

In 2009, CVS Caremark was also awarded Platinum honors for Consumer Health Improvement by URAC. The awards are designed to recognize innovative leadership and successful programs in consumer-focused health care management. CVS Caremark was honored for its Drug Therapy Management program, which was developed to improve the outcome of drug therapy by providing patients with access to specially trained clinical pharmacists for one-on-one medication counseling. Patients with complex

pharmacy needs, such as those on multiple medications who have prescriptions from a number of different health care providers, are encouraged to participate in an individualized counseling session with a clinical pharmacist to review their pharmacy health needs and identify any potential issues with compliance, efficacy, dosing and interactions. Once enrolled in the program, a comprehensive electronic record is developed and kept up to date for the patient, along with an individualized care plan and regular follow-up appointments via phone with their assigned clinical pharmacist.

PBM Client and Member Satisfaction Measures

We continuously strive to exceed customer expectations. Twice a year we conduct a survey to assess client satisfaction with the account teams that serve them and with CVS Caremark services overall. In addition, we continuously monitor satisfaction among members who use our Mail and Specialty pharmacy services and our Customer Care call centers. Results of these surveys provide critical input to service improvement strategies.



Improving Health Outcomes Through Medication Adherence

CVS Caremark is continually testing new communications strategies and new programs to drive adherence among its PBM member population. Non-adherence to essential chronic medications is widely recognized as a barrier to improving public health and a cause of increasing medical costs. Past studies show one-quarter of people receiving prescriptions never fill their first prescription, and patients with chronic diseases such as diabetes and coronary artery disease adhere to their ongoing medication regimen only about half of the time. Non-adherence to essential medications is a frequent cause of preventable hospitalizations and patient illness, with costs to the U.S. health care system estimated at about \$300 billion annually.

In 2009, CVS Caremark announced a three-year collaboration with Harvard and Brigham and Women's Hospital to research pharmacy claims data to better understand patient behavior around medication adherence. Research findings expected in 2010 will shed new light on the reasons why people who receive prescriptions for the treatment of acute and chronic illnesses either never fill their prescriptions or stop taking them prematurely. This major study will also review the effect that e-prescribing and the provision of financial incentives through benefit plan design may have on whether patients follow their prescribed therapy. We are also working with academic leaders from Carnegie Mellon University, Dartmouth College's Tuck School of Business and the University of Pennsylvania's Medical School and Wharton

School of Business in the Behavior Change Research Partnership. These research partners will team with us to develop insights into consumer actions around health challenges by studying how social and emotional factors are affecting the economic decisions consumers make concerning their health care. The collaboration represents another step in our effort to learn more about how we can help patients understand that effective pharmacy care can impact overall medical costs and health outcomes.

There are lots of reasons consumers say they do not take their medications, but being busy or simply forgetting top the list. The 2009 CVS Caremark Health IQ Study examined consumer attitudes and behaviors around health care and prescription usage. The study found that nearly three in ten consumers (28 percent) sometimes forget to refill their prescriptions on time, and this is despite the fact that most (86 percent) believe they can stick to a daily medication schedule. In addition, more than half (52 percent) say it would be useful if their pharmacy would remind them when it's time to refill. To help address this need, CVS/pharmacy implemented CVS Ready Fill®, a free program which allows customers to sign up to have their maintenance prescriptions filled automatically and receive a phone call from CVS/pharmacy to remind them that their medication is ready to be picked up. First Fill Counseling® also helps to improve medication adherence for retail customers starting new therapies. In the past year, this face-to-face engagement program has resulted in a 15 percent improvement in adherence.



CVS Caremark's Maintenance Choice program is another example of the company's commitment to providing quality pharmacy health care that is more convenient, accessible and affordable. The program gives eligible PBM plan members the option of picking up their 90-day maintenance prescriptions at CVS/pharmacy rather than receiving them through the mail. Either way, the plan member pays the typically lower mail copay and the health plan sponsor pays the typically lower mail service rate. Maintenance Choice has been shown to result in higher levels of medication adherence versus mandatory mail programs.

Lowering Costs ExtraCare® Program



Through our ExtraCare® program, the largest retail loyalty program in the country, we reward our most loyal customers with savings opportunities. More than 64 million active cardholders enjoy significant savings through ExtraCare® and, in 2009, ExtraCare® cardholders received nearly \$2 billion in savings and rewards on the products they use most. Overall, ExtraCare® continues to grow in popularity as value has increasingly become a key decision maker for where consumers shop, and the program itself saw an increase of 10 million active card users from December 2008 to December 2009. In 2010 we plan to focus on providing additional savings on the products our customers value most.

ExtraCare® Health Card



The ExtraCare® Health card for our CVS Caremark eligible PBM plan members offers savings of 20 percent on CVS Brand products such as pain relievers, cold remedies and first aid supplies that are eligible for reimbursement from Flexible Spending Accounts (FSAs). In 2009, ExtraCare® Health card holders reached 11.5 million.

CVS/pharmacy® Health Savings Pass



More than 400,000 Americans took advantage of the CVS/pharmacy® Health Savings Pass in 2009, a pharmacy health care savings program aimed at helping the uninsured. By purchasing the Health Savings Pass for a \$10 annual enrollment fee, consumers have the opportunity to fill a 90-day prescription for one of more than 400 common generic maintenance medications for only \$9.99 at their local CVS/pharmacy. In addition, the Health Savings Pass provides access to services and screenings at MinuteClinic at a 10 percent discount for self-pay patients up to \$10 per visit.

In our retail operations, we protect patient privacy by maintaining consistent workflow safeguards and by effectively managing pharmacy and patient interactions and pharmacy layout and design.

NACo and NLC Prescription Discount Card Programs

CVS Caremark administers prescription discount card programs for the National Association of Counties (NACo) and the National League of Cities (NLC). These cards are designed to help residents of cities and counties save money on their prescriptions that are not covered by insurance. The free cards are distributed by counties or member cities and may be used at any participating retail pharmacy. While savings may vary by drug and by pharmacy, the average savings is approximately 20 percent. More than 60,000 pharmacies nationwide participate in these programs, including most chain pharmacies and many independents. In 2009, the NACo card was offered in more than 1,300 counties across the U.S. Some 900,000 residences used the program, filled more than eight million prescriptions and saved more than \$100 million. More than 350 cities were enrolled in the NLC discount card program in 2009 and more than 20,000 residences used the program, filled more than 100,000 prescriptions and saved \$1.4 million.

Protecting Our Customers

We understand the responsibility that comes with our role in managing the health of our customers and we are committed to securely maintaining the privacy of our customers' personal and health information. We have extensive procedures, stringent policies and state-of-the-art technology in place company-wide to safeguard protected personal and health information, and we comply with HIPAA privacy requirements and other applicable state and federal laws.

We also adhere to various industry standards and utilize a number of procedures to ensure the security of credit card information, guard against identity theft and prevent fraud. Our Information Security and Risk Management Office defines and implements enterprise-wide policies and has developed a security framework that controls user authentication and authorization and includes intrusion-detection software and firewalls at entry points to the network. Company laptop computers also include encryption software.

Depending on the roles and responsibilities of employees across the organization, privacy (specifically HIPAA) and security training for employees covers policies and procedures, disclosure violations and physical and technical standards, as well as employee responsibilities and sanctions.



Information Security and Privacy Governance

During 2009, the Company expanded its governance and oversight in the areas of Information Security and Privacy. The company established an Information Risk Executive Committee (IREC) supported by two subcommittees, the Privacy Governance Council (PGC) and the Information Risk Steering Committee (IRSC).

Information Risk Executive Committee

The primary purpose of the IREC is to provide executive-level oversight and direction regarding security, privacy and information protection protocols and emerging risks in these areas and the policies and practices that define the security and privacy and information programs. The Committee's scope is enterprise-wide and is co-chaired by CVS Caremark's Chief Information Officer and Chief Compliance Officer with executive business unit leadership representation from Compliance, Human Resources, Information Security, Internal Audit, Legal and Operations.

Information Risk Steering Committee

The IRSC focuses on the technological aspects of the Privacy and Security Program and is chaired by the Chief Information Security Officer. The IRSC is responsible across the enterprise for identifying material internal and external risks to information security and privacy from a technological standpoint, and for implementing safeguards

to address those risks. The membership of the committee includes Compliance, Privacy Practices, Data Center, Legal, Government Affairs, Risk Prevention and Retail Systems.

Privacy Governance Council

The Privacy Governance Council is the primary oversight body for CVS Caremark's privacy policies, practices and program. The Council seeks to promote CVS Caremark's privacy commitments to all stakeholders, especially customers, consumers, employees, patients and business partners. The Council's scope includes all business operations that collect, use, share and retain personal information about individuals and families. Chaired by CVS Caremark's Chief Compliance Officer, the Council has representation from Security Compliance and Risk, Corporate Communications, Customer Care, Marketing, Internal Audit, Legal, PBM Operations, Store Operations, Sales and Account Management and Human Resources.

We also set aside a specially designated area for patient and pharmacist consultation; install privacy shields on computer displays; and provide a physically secure pharmacy entrance for authorized personnel.

Patient Privacy Practices

In our retail operations, we protect patient privacy by maintaining consistent workflow safeguards and by effectively managing pharmacy and patient interactions and pharmacy layout and design. We speak softly in conversations between pharmacy staff and patients; ask customers to provide their address so we can verify their identity and train our staff on our policies and procedures for protecting patient privacy. We also set aside a specially designated area for patient and pharmacist consultation; install privacy shields on computer displays; and provide a physically secure pharmacy entrance for authorized personnel.

We are committed to being an industry leader in privacy matters and place a high priority on protecting our customers' private information. We manage confidential trash disposal through a customized process involving a certified, third-party service that coordinates secure shredding. We provide privacy notices and policies on our Web sites and print our privacy policy in prescription

monographs for first-time customers. We maintain a privacy office that responds to privacy incident reports using a protocol that involves processing, tracking, reviewing, making improvements and when appropriate, retraining or developing a corrective plan.

We also have policies and procedures in place to protect patient privacy at CVS Caremark's mail order and specialty pharmacies and in our MinuteClinic operations that have been adapted to meet the unique workflows of these operations.



Providing Expert Care and Innovation in Prescription Drugs and Retail Products

CVS Caremark is committed to improving health outcomes for our customers by ensuring the prescription medications and products we sell are safe, high quality and cost-effective. We fill or manage more than one billion prescriptions per year, more than any other pharmacy services provider in the United States. In addition, through our CVS/pharmacy retail stores and online at CVS.com, we carry a wide array of products in the categories of health, beauty and household to meet the growing needs and preferences of our customers.

Prescription Quality and Safety

Patient safety is our highest priority at CVS Caremark. Over the past several years we have invested more than \$1 billion in enhancements to our quality assurance process. We continually invest in innovative training, state-of-the-art technology and automation solutions that are integrated into our organized workflows, helping to ensure safety and accuracy in filling prescriptions.

Quality Assurance

All of our pharmacy operations, including mail-order services and retail pharmacies, follow comprehensive quality assurance processes for prescription safety and accuracy.

The dispensing process employed in our prescription mail order service operations includes the following quality assurance measures:

- Enhanced quality control – Bar-coded numbers are assigned to all order forms and prescriptions for automated tracking and to ensure that the proper medications are dispensed.
- Electronic imaging – High-resolution scanned images are made of all hard-copy prescriptions, which eliminates lost correspondence and makes the dispensing process more efficient.
- Quality procedures for compounded prescription items – We follow the highest standards of good pharmacy practice, including compounding medications one prescription at a time.
- Integrated system for eligibility verification and drug utilization review – When orders are received, the plan member's identity is checked against our integrated retail and mail service system to confirm eligibility status and the claim is adjudicated according to the client's plan.
- Final quality assurance check – A separate registered pharmacist verifies all components of each plan member's order prior to packaging. This includes comparing a high-resolution image of the contents in the container to a file image of the prescribed drug, as well as physically examining the container's contents.

Our retail pharmacies also have well-defined processes in place to ensure accurate dispensing, including the following quality assurance dispensing measures:



- On-screen computer messaging – Pharmacy staff are alerted when filling prescriptions to look out for drugs considered to be “High Risk Medications” such as look-alike or sound-alike drug pairs.
- Bar-coded prescription labels – “Accuracy Scan” technology is used to match the National Drug Code (NDC) on the drug manufacturer’s bottle to the NDC on a patient’s prescription label to ensure the correct medication is being dispensed.
- Electronic Prescribing – All CVS/pharmacy locations are enabled to receive electronic prescriptions transmitted directly from prescribers, which eliminates legibility issues during communication between prescribers and pharmacies.
- Automated prescription filling technology, such as robotics.
- Electronic pill imaging – A display of the image and description of the medication at the pharmacist’s workstation is made available during the final prescription verification process.
- Electronic scanning of prescription order – Allows the pharmacist to review a scanned image of the prescriber’s actual written order each time a prescription is filled or refilled. The image can be magnified, rotated and contrasted.
- Upgraded prescription verification computer screen – Provides an electronic image of the prescription, patient date of birth translated into age and highlights for “infant” and “pediatric,” quality-alert messaging, enhanced drug utilization review, product image and easy access to clinical Web sites. We improved the layout and presentation of prescription information in an easy-to-read, organized and logical manner.
- Enhanced telephone order prescription blank – Provides a reminder for pharmacy staff to repeat back and verify the drug, strength, and medication purpose for prescriptions that have been verbally communicated by a physician.
- Pharmacy shelf signage and divider system – Helps pharmacy staff differentiate between look-alike product names, similar packaging and sound-alike medication names.
- Redesigned prescription label – Larger typeface, better highlighting, cleaner layout and a description of the medication make it easier for patients to read and understand their prescription information.
- Enhanced and continual quality assurance training for all pharmacy personnel.
- Pharmacists’ feedback – We share feedback about look-alike and sound-alike drug issues to raise awareness for the potential development of industry solutions.

In 2009 our company began the rollout of RxConnect, a new state-of-the-art pharmacy system that is built on the latest technology. RxConnect provides significant enhancements that will be of immediate value to our pharmacists and will further improve the way we fill prescriptions.



At our specialty pharmacies, we employ an additional, comprehensive review process for medication appropriateness and conduct a complete plan member assessment to help prevent safety, administration or efficacy issues with the prescribed medication.

While our systems and processes make it highly unlikely that an error will occur when filling patients' prescriptions, in the unfortunate event that a prescription incident does occur our pharmacy teams are trained to immediately work with customers and prescribers to resolve any situation that may arise. Once our patient's health care needs are met, we investigate the incident to determine how it occurred, analyze the information and then take the necessary corrective measures to prevent future occurrences.

While the total number of prescriptions we fill has steadily increased, our overall number of prescription errors has declined and we will continually improve our quality assurance measures to minimize the risk of errors.

Pharmaceutical Supply Chain

Nine of CVS Caremark's ten pharmacy distribution centers are accredited by the National Association of Boards of Pharmacy to be a Verified Accredited Wholesale Distributor (VAWD). Our recently opened distribution center in Patterson, Ca., is in the process of gaining this certification. The VAWD program is designed to preserve the safety and integrity of the pharmaceutical supply chain by providing assurances that wholesale distribution facilities operate legitimately, and employ appropriate security and best practices for the distribution of prescription drugs.

CVS Caremark only purchases drugs directly from pharmaceutical manufacturers, their exclusive distributors or from the large national wholesalers that have developed processes to ensure the integrity of the product that they distribute. In addition, CVS Caremark participates in a number of industry groups and initiatives that focus on improving the safety and security of the pharmaceutical supply chain.

Pharmacy Staffing

Proper pharmacy staffing is an important factor in ensuring patient safety and prescription accuracy. Our retail pharmacy workflow system is designed to have the flexibility to safely accommodate a range of pharmacist-to-technician ratios. We use a variety of factors to determine the appropriate staffing ratios for each of our pharmacies, including prescription volume, types of prescriptions to be filled, levels of automation that exist, and state board of pharmacy regulations.

The role of our 25,000 pharmacists is to dispense medicines safely, accurately and efficiently, provide counseling to patients, and oversee pharmacy technicians. Under the direct supervision of pharmacists, technicians perform the non-professional aspects of the prescription-filling process, such as clerical duties, data entry, inventory management and several other administrative functions. They must successfully complete our technician training program, which is comprised of more than 20 training modules, and demonstrate a mastery of tasks necessary for the position. Our rigorous curriculum is designed to meet or exceed the standards of the applicable state board of pharmacy.

e-Prescribing

CVS Caremark is a leading advocate for the adoption and use of e-prescribing technology, because we believe the direct transmission from prescriber to pharmacy leads to improved prescription quality, safety, and ultimately, improved health outcomes. All of our facilities are equipped to accept electronically generated prescriptions.

CVS Caremark provides our PBM data at the point of care through the Surescripts network of e-prescribing vendors. We make information about client formulary, eligibility and patient medication history available through the network. In 2009, more than 75,000 e-prescribers wrote more than 80 million CVS Caremark claims.

We were the first national pharmacy chain to have all retail pharmacies e-enabled. For the 12 months ending February 2010, CVS/pharmacy received more than 43 million electronic prescriptions from prescribers. This reflects an approximately 126 percent increase from the prior 12-month period. In addition, all MinuteClinic locations are e-prescribing enabled. This demonstrates CVS Caremark's commitment to driving the adoption of e-prescribing through all parts of the enterprise – the PBM, retail pharmacy and retail clinics.

Effective Management of Prescription Recalls, Returns and Disposal

We have effective processes in place for immediately managing pharmaceutical recalls and safely handling the return and disposal of medication. To help ensure prescription safety and quality, we comply with all product alerts and recalls.

Safe Consumer Disposal of Prescription Drugs

Proper consumer disposal of unused, unneeded and expired prescription drugs is a complex issue and an industry-wide concern. In 2009, our field teams across the company participated in many local take-back events in support of their communities. The take-back events were coordinated through local municipalities or state agencies including the state of Maine. In April 2010 we also hosted two events in Rhode Island for medication disposal. We invited members of the public to bring their expired or unused medication for proper disposal. At each site, CVS pharmacists staffed a Mobile Pharmacy Unit to identify and catalog the returned drugs. Nearly 500 pounds of old medicines were returned during the events, and later disposed of properly.

Prescription Access and Affordability

CVS Caremark is committed to making pharmacy services accessible and affordable. We work closely with patients and physicians to help identify affordable treatments, share information on innovative therapies, and manage a safe and effective pharmaceutical formulary.

Generic Utilization

A generic equivalent drug contains the same active ingredients as its brand-name counterpart, often at a substantial savings to customers. CVS Caremark has extensive generic substitution programs to provide clinically appropriate medications that save consumers money, and facilitate patient adherence to prescribed therapies. Our retail and PBM pharmacists are trained to counsel patients about generic medications and recommend generic alternatives where appropriate. We also have a number of initiatives aimed at educating customers about the benefits of choosing generics.

Informing Physicians about New Therapeutic Options

We provide physicians with information about the newest therapeutic options to help them determine the best treatment for their patients. At times we suggest the substitution of a brand-name equivalent, or recommend a different therapeutic option for patients. Other than a permitted generic substitution, we obtain authorization by the patient's physician before making any change in the prescribed treatment. We understand and respect that physicians are in the best position to make treatment decisions regarding their patients.

Maintaining an Effective Pharmaceutical Formulary

Access to prescription medications is the heart of our business and we offer CVS Caremark plan members a safe and effective prescription drug formulary. We follow rigorous standards to maintain an independent, patient-first approach when deciding which drugs to place on CVS Caremark's approved drug lists.



Our Pharmacy and Therapeutics (P&T) Committee is charged with conducting a clinical review of all drugs, including generics, that are selected for inclusion on – and deletion from – the CVS Caremark Preferred/Primary Drug List.

The decision to add or remove any drug is based first and foremost on the clinical merits of that product. A drug must be FDA approved (or exempt from FDA approval) to be considered for inclusion. The P&T Committee does not have access to, nor does it take into consideration, any information regarding rebates or negotiated discounts with pharmaceutical manufacturers or the net cost of the drug. The Committee does, however, consider drug utilization information in order to evaluate potential disruption to plan members.

P&T Committee members consist of a diverse cross-section of actively practicing physicians and pharmacists as well as a medical ethicist. Voting members of the P&T Committee may not be CVS Caremark employees and they must disclose to the company any financial relationship or conflicts of interest with any pharmaceutical manufacturers. Committee members receive a flat compensation rate for their time and do not benefit from manufacturer rebates or other negotiated discounts.

Product Quality and Safety

It is critically important to us that the products we sell are safe, reliable and of high quality. We are also committed to working with suppliers who meet our standards and are responsible corporate citizens. Thus, we maintain stringent supplier standards and a robust consumer product quality assurance, safety and testing program.

Supplier Ethics Policy

We seek suppliers that share our values, our promise to deliver outstanding service and our commitment to uphold the highest standard and level of integrity. CVS Caremark suppliers are required to adhere to our company's ethical standards, supplier requirements, and business processes, which are published on www.cvssuppliers.com and communicated in our Supplier Ethics Policy. As defined by this policy, suppliers must:

- Comply with our product quality and safety standards and requirements.
- Adhere to standards that restrict child labor and ensure a safe workplace for their workers.
- Pay workers a fair and legal wage and not withhold wages for coercive purposes.
- Conduct business in accordance with established legal and ethical standards.

A generic equivalent drug contains the same active ingredients as its brand-name counterpart, often at a substantial savings to customers. CVS Caremark has extensive generic substitution programs to provide clinically appropriate medications that save consumers money, and facilitates patient adherence to prescribed therapies.

- Adhere to import requirements of United States Customs and Border Protection, and other government or regulatory agencies and programs.

Our Code of Conduct also addresses the procurement process and standards for purchasing only from reputable suppliers.

Supplier Diversity Program

We are dedicated to developing procurement opportunities with a diverse community of suppliers. Our Supplier Diversity Program complements the CVS Caremark commitment to sound business practices and social responsibility to the communities we serve, recognizes the critical role diverse-owned businesses play in our continued success, and in providing outstanding service and solutions to our customers and clients. CVS Caremark corporate culture encourages support of the program to help ensure that all diverse businesses are given a fair opportunity to do business with us. In order to qualify for our Supplier Diversity Program, the supplier should meet the definition of a Minority Women Enterprise and Small Business Enterprise or be certified by authorized governing bodies such as the National Minority Supplier Development Council or Women's Business Enterprise National Council.

Diverse Retail Pharmacy Program

The Diverse Retail Pharmacy Program is a component of the CVS Caremark Supplier Diversity Initiative. The pharmacy program encourages diverse-owned, independent retail pharmacies to become certified diverse-business enterprises in order to expand and establish potential business opportunities with CVS Caremark. Through this program, CVS Caremark actively seeks to establish business relationships with diverse-owned retail pharmacies that want to sustain and grow their businesses.

In recognition of its achievements in supplier diversity, CVS Caremark has received the following awards:

- Buyers Achievement Award for Outstanding Achievement and Support, Institute for Supplier Management
- Anders C. Rasmussen, Jr. Award, Minority Committee of the Chicago Minority Business Development Council, Inc.
- Leaders of Distinction Gold Medal Achievement Award, Saludos Hispanos/Saludos.com



Quality Assurance, Safety and Testing Process

CVS/pharmacy follows a standard process to ensure consumer product quality and safety. We utilize a third-party company to provide the technical expertise and day-to-day management of our quality assurance testing program at all levels – from production to use.

We take customer complaints very seriously and conduct return testing as warranted on products that do not meet our customers' expectations for quality or CVS Caremark's performance and safety standards. If we discover a product is unsafe, we remove the product from our store shelves and discontinue sale. Moving forward, we will expand upon our continuous process improvement program based on customer and employee feedback.

CVS Brand Products

Our goal when developing a CVS Brand product is to meet or exceed national brand performance. We measure our success in achieving this goal through several vehicles including CVS sponsored in-home testing. We also seek to improve products based on customer feedback. Last year, for example, we developed medication dosage cups that were easier to read and modified blister packs to make them easier for the customer to open.

The manufacturing of CVS Brand products is contracted through third-party vendors who are required to comply with all applicable laws and regulations. All CVS Brand products are

evaluated at least annually and reviewed for their adherence to specifications and performance. Prior to acceptance as a CVS Brand product, potential new store products must demonstrate compliance through rigorous testing with all quality standard requirements as detailed in our Test Requirements protocol. This protocol specifically states animal testing is prohibited. In addition to testing, the supplier must have on file the documentation to substantiate that their products are not tested on animals or use adulterated materials.

A Technically Advanced Quality Assurance program was developed with the assistance of a third party to ensure CVS Brand products meet regulatory requirements as to safety, identity, strength, quality and purity characteristics. We employ a pre-clearance, supplier qualification and ongoing quality monitoring program to assure compliance and continuous improvement.

Imported Products

All imported consumer products, in the form of final production samples, are tested for quality, safety and performance prior to our purchase.

To ensure our global supply chain partners are in compliance with our Supplier Ethics Policy and abide by social, legal and trade security standards, CVS Caremark utilizes a third party auditing firm to monitor supplier adherence and conduct audits of foreign factories from which we directly purchase imports. We believe that our social accountability standards are consistent with standards set by the International Labour



Organization and our security standards reflect guidelines established by Customs-Trade Partnership Against Terrorism.

Overseas CVS Caremark consumer product suppliers are subject to random factory audits that assess compliance with ethical, security and legal standards, including:

- Monitoring & Documentation
- Management Systems
- Child Labor
- Forced or Compulsory Labor
- Health & Safety
- Right to Collective Bargaining
- Non-Discrimination
- Disciplinary Practices
- Harassment or Abuse
- Compensation & Benefits
- Hours of Work
- Sub-Contracting
- Environmental
- Home Work
- Access Control
- Procedural Security
- Personnel Security
- Education & Training
- Container Security

In 2009, our third-party inspection firm audited foreign factories for adherence to our social compliance and security standards. All factories received a satisfactory score or above on either the initial or subsequent audit. Any issues identified during the process were called out in a suggested Corrective Action Plan. We will continue to enhance and expand our audit requirements in 2010.

Cosmetics, Personal Care and Environmentally-Friendly Products

Cosmetics Safety

Our cosmetic supplier partners are actively engaged in and provide industry-wide thought leadership on ingredient and product safety. We require our cosmetics vendors to supply CVS/pharmacy with products that comply with:

- Our Cosmetics Safety Policy
- List of banned substances including hexachlorophene, mercury compounds, chlorofluorocarbons, bithionol, chloroform, halogenated salicylates, vinyl chloride, zirconium and methylene chloride
- Applicable regulations, including those governing product composition and ingredient restrictions, such as volatile organic compound (VOC) content
- Packaging requirements, such as child-resistant packaging on specific products

We use the following processes to evaluate vendor compliance and ensure cosmetics safety:

- Products must be formulated to ensure they present no risk of contamination and each production batch must be tested to meet FDA requirements and CVS specifications.
- Product ingredients are identified and each ingredient is evaluated based on available safety information before it is considered for sale.



CVS/pharmacy Cosmetic Safety Policy

Our Company is dedicated to improving the lives of those we serve through innovative and high-quality health and pharmacy services. That is why we are dedicated to staying abreast of new conclusive research related to cosmetic safety, to assessing findings that demonstrate a linkage between certain health and environmental risks and specific chemical ingredients used in beauty and personal care products, and to evaluating how these findings impact the products we sell.

- Colorants are confirmed to ensure they are acceptable for use by FDA requirements related to cosmetics use.
- Testing is performed to assess and confirm skin compatibility, including determination that the final product formulation will not cause irritation, and substantiate product clinical claims.
- Documentation is reviewed to confirm products contain no bovine spongiform encephalopathy (BSE) derived materials and no materials are from at-risk countries known for BSE.
- Tests for lead, bisphenol A, and phthalates are conducted to ensure they are below or absent as dictated by regulatory requirements.

To further ensure safety and promote education across the retail industry, our Product Development Managers participate in industry-wide and professional organizations and consult with third-party experts on specific questions related to ingredient and product safety. Our third party quality assurance labs keep us apprised of current and potential legislation that would impact our protocols, as well as developments around the world that may eventually impact U.S. standards. We also have developed partnerships with premium cosmetic companies, including Mana and Hatch, leaders in cosmetic-related research and technology.

Natural Beauty Products

In 2009 we continued our practice of providing our customers with a wide range of natural beauty products. CVS/pharmacy promotes and carries natural beauty brands, some that meet European Union (EU) standards and some that have signed the Compact for Safe Cosmetics including: Avalon® Natural Products, Burt's Bees®, Giovanni® Organic Cosmetics, Yes to Carrots™ and Weleda.

CVS/pharmacy Healthy Skincare Centers offer an array of dermatologist-supported and clinically tested skincare lines. Our experienced Beauty Advisors also offer skin analysis that helps our customers determine the best skincare regimen for their needs.

Earth Essentials Products

Our line of natural and environmentally friendly products called Earth Essentials is completely biodegradable and includes paper products made with 100 percent recycled fibers and plates and bowls made entirely from natural and renewable sugarcane. The selection of paper products is made with recycled fiber and includes napkins, toilet tissue and paper towels. Our Earth Essentials paper towels and napkins are even recommended by Greenpeace.

In 2009, we dedicated our resources to developing an eco-friendly line of cleaning products. In early 2010, we launched the Earth Essentials line of cleaning products, which are designed to be both effective and Earth-friendly. Our cleaners are made with natural renewable ingredients and are packaged in recyclable bottles.

We are committed to:

- Providing our customers with innovative products from around the world that have been hand-selected and tested to meet or exceed regulatory standards.
- Building relationships with partners who educate us on scientific research and developments related to ingredients of concern in cosmetic products.
- Continuously evaluating our CVS/pharmacy Brand and private label products based on new research findings.
- Partnering with our cosmetic suppliers to ensure proper protocols are used to ensure cosmetic safety.
- Developing action plans to replace ingredients of concern in our branded and private label products when safer alternatives are available and prompting similar action by our supplier partners.
- Educating consumers on our cosmetic safety standards and on product evaluation tools that will enable them to take an active role in maintaining good health.

Features of these products include:

- Natural biodegradable ingredients
- No harsh chemicals or fumes
- No phosphates or phthalates
- Not tested on animals

The line includes an all-purpose cleaner, bathroom cleaner, glass/surface cleaner and dishwashing liquid.

Product Integrity

Money Back Guarantee

All CVS Brand products and all beauty products are 100 percent satisfaction guaranteed or your money back. If you are dissatisfied for any reason, you can return the CVS Brand or beauty product (opened or unopened) along with your receipt or invoice and we will refund the full purchase price – no questions asked.

Managing Product Recalls and Returns

At CVS/pharmacy, we have an immediate response plan and process in place for effectively managing product integrity-related recalls, including:

- Notifying internal and external stakeholders.
- Removing products from the shelves at all of our stores, distribution centers and our Web site.

- Ensuring that technological solutions are activated to block accidental sales.
- Educating colleagues on recalls.
- Posting retail recall posters, when appropriate.
- Returning recalled items for proper disposal.

Across the enterprise, we have similar, comprehensive procedures in place for managing pharmaceutical recalls and market withdrawals.

Removal of Expired Products

We have a stringent product removal policy and train our store employees to be vigilant when it comes to expiration dates. Our stores carry as many as 30,000 different types of products, and often have well over 100,000 individual items on their shelves – each of which must be checked manually. While no labor-intensive process of this kind is immune from error, we strive to achieve 100 percent compliance with our policies. In 2009, we instituted enhanced policies and procedures to monitor for and remove expired and soon-to-expire products, and we will continue to take all appropriate steps to address this important issue.

Building Career Paths, Empowering Colleagues

As one of the nation's largest health care companies, CVS Caremark has built a track record not only as a great place to work but as a company that has developed a true specialty in the area of job creation and workforce development. Partnering with federal, state and local officials, with local nonprofit groups focused on job training and with the deans of pharmacy schools and others in higher education, we have developed programs that are recognized nationally as models for recruiting and training colleagues from all walks of life and for building true career paths in the communities where our facilities are located.

Our workforce investments and our impact as a creator of good jobs in local communities have been recognized by the Center for American Progress, Boston College's Sloan Center on Aging and Work, the National Council on Aging and media outlets ranging from *Disabilities Magazine* and *CBS Evening News* to *BusinessWeek* and *U.S. News and World Report*.

In July 2009, the company testified before the Senate HELP Subcommittee on Employment and Workplace Safety to describe our efforts related to the federal Welfare to Work program. The company also is participating in President Obama's Economic Recovery Advisory Board, on a subcommittee tasked with advising the White House on workforce development strategies as part of its overall approach to economic recovery.

Workforce Initiatives

Our collaborative approach to recruitment and training supports our hiring needs while providing underserved populations with job opportunities. These initiatives include:

- CVS Regional Learning Centers
- Welfare to Work
- Pathways to Pharmacy
- Job Corps Pharmacy Technician Training Programs
- Workforce Development Partnership Programs

CVS Regional Learning Centers

One-Stop Career Centers, established by the federal government in 1998, provide assistance for job seekers. In 2000, CVS/pharmacy joined forces with the One-Stop Career Center in Washington, D.C. by adding a CVS Regional Learning Center inside the center – creating the first government/corporate One-Stop partnership in the nation. Since then we have opened five more Regional Learning Centers in major cities.

Welfare to Work

We began our Welfare to Work training program in 1996, and have since hired more than 65,000 people who had been on public assistance. In 2009, more than 5,000 people were hired through this program. More than 60 percent of colleagues hired

“CVS is a leader in promoting diversity in the workplace and has long been committed to the recruitment, training and retention of older workers in jobs and careers at all levels within the company. Hiring needs differ from store to store, but no matter the location, the commitment to hiring older workers is consistent across CVS.”

– Boston College’s Sloan Center on Aging and Work (March 2010)



since the program’s inception are still actively employed, and a majority of them have been promoted more than once. One example that we shared with Congress in 2009 was the story of Debra Autry, a lead technician at a CVS/pharmacy location in Akron, Ohio. Debra came to CVS/pharmacy via the Welfare to Work training program. She started out as a part-time crew member, but her commitment to customer service quickly led to promotions – and to a career. In the 13 years she has been with the company, Debra has been promoted four times, completing the entire pharmacy technician program and receiving her National Pharmacy Technician Certification (CPhT). Debra’s daughter also now works for CVS/pharmacy, where she is a shift supervisor while finishing school. Her career goal is to become a MinuteClinic nurse practitioner.

Having seen successes like this in our stores, we seek every opportunity to partner with communities to find the next great jobs development partnership, working with schools, adult education providers, faith-based and community organizations and local workforce development agencies to develop new strategies for matching our company’s need for great customer-focused colleagues with the real need in so many of the communities we serve for new job opportunities.

Pathways to Pharmacy

We are pleased to report that Our Pathways to Pharmacy program, founded in partnership with the America’s Promise Alliance of community groups and schools in 2000 to help disadvantaged

youth take a first step toward a career in pharmacy, has reached and actually surpassed its goal of introducing one million children to pharmacy as a potential career. By the end of 2009, we also had reached our goal of generating \$4 million in internship wages, partly thanks to the expansion in 2009 to include new Pathways to Pharmacy programs in Tennessee, North Carolina, Ohio, Texas and Indiana. Ultimately, the program creates opportunities for future employment with CVS Caremark. Training and funding opportunities are also offered to our colleagues to help them become pharmacy technicians and pharmacists.

Job Corps Pharmacy Technician Training Programs

Since 1999, CVS/pharmacy has teamed up with Job Corps to establish pharmacy technician training programs in a number of locations. Job Corps is a free education and vocational training program, administered by the U.S. Department of Labor, that helps economically challenged young people get a better job and take charge of their lives.

Through these programs, CVS/pharmacy has trained more than 1,500 young people to become pharmacy technicians, and of those, 95 percent have passed the national certification test to become certified pharmacy technicians. Many of the participants are now working in CVS/pharmacy locations. In 2009, more than 50 young people participated in this program.

Bob Gill became a pharmacist at the CVS/pharmacy in Port St. Joe, Fla., in December 2008. He had retired in April 2005 after working for 27 years as a pharmacist at one of Florida's largest hospitals, serving for most of that time as the hospital's director of pharmacy.

As a retiree, he became a volunteer fireman and president of the local civic club. He enjoyed golfing and volunteering his time for building projects around town.

But with the economic downturn he decided to go back to work. Luckily for our customers in Port St. Joe, he chose CVS/pharmacy, through our Mature Workers program. He came back to work part-time – just enough, he says, to supplement his savings while also enjoying his later years in life.



Bob Gill was featured on CBS Evening News.

Other Initiatives

In addition, CVS Caremark has a number of other programs aimed at meeting our pharmacy staffing needs, as well as supporting individuals' professional and personal goals. These initiatives include the following:

Pharmacy Interns

Almost five years ago, CVS/pharmacy took a basic intern program and upgraded it to meet the changing demands facing pharmacists. The program provides pharmacy students with a support network and matches them with the right mentors and preceptors. Among our pharmacy interns, about 80 percent become CVS pharmacists after they graduate.

CVS Career Prescriptions for Success

CVS Career Prescriptions for Success is a program designed to build interest in pharmacy jobs, especially in areas where unemployment is high. Participants have the opportunity to apprentice as pharmacy associates or technicians. The program also provides assistance and training to current workers to help them advance their careers.

Mature Workers

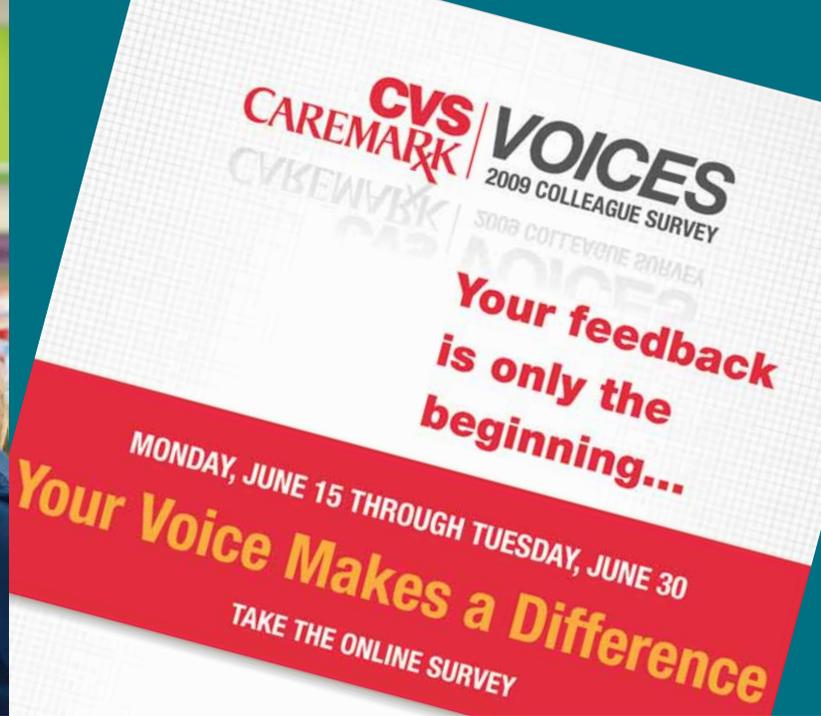
At CVS Caremark, mature workers are an important asset to our workforce and our business. They contribute to our customers' in-store experience, help set an example for our younger workforce and serve as mentors to their less-experienced colleagues.

Through our mature worker partnerships and programs, we have increased the number of colleagues who are 50 or older. Today, roughly one in five CVS Caremark employees is aged 50 or older. Some of our mature workers have been with the company for years, while others have joined the company as a second career – sometimes choosing to work just part-time.

We offer a flexible snowbird program, which allows our colleagues to temporarily transfer to a different CVS/pharmacy location on a seasonal basis. In 2009, more than 1,200 colleagues, most of them mature workers, were "snowbird employees."

Prescriptions for Homeownership

CVS Caremark helps to strengthen local communities in major metropolitan areas across the country through our Prescriptions for Homeownership program, which is designed to aid our long-standing employees in the purchase of their first home. We provide eligible employees with \$500 to use for the purchase of a home, and partner with American First Credit Union and local faith-based organizations to offer employees special loan products with flexible features and down payment and closing cost assistance. To



prepare employees for the challenges of homeownership, we also conduct financial literacy and homebuyer education workshops at local CVS training centers. Since the program's founding in 2005, we have helped 100 employees close on new homes. We are adding new communities to this program in 2010.

Moving Ahead

Expansion of current recruiting and retention programs will be our focus in the future. In 2010, we plan to:

- Continue expansion of Pathways to Pharmacy to new locations
- Increase use of Prescriptions for Homeownership program among our employees

A Great Place to Work

At CVS Caremark, our colleagues have a special responsibility to play a direct role in improving the quality of life for our patients, customers and plan members. With health care costs cited by consumers and businesses alike as a major challenge, our colleagues' ability to deliver good advice on important health care matters is as important as ever.

Given this, we support our colleagues by fostering a respectful and supportive work environment, and by making the investments in workplace life that enable colleagues to deliver on our health care

mission. We closely measure our results through the feedback we receive directly from our colleagues.

Listening to Our Colleagues

Listening to our colleagues' feedback is an important part of our culture. Employee feedback is solicited regularly, both formally and informally, with an eye toward understanding how policies and processes can be improved as they affect patients, clients, plan members and colleagues. Various channels exist for colleagues to provide feedback, including our annual employee engagement survey and our Compliance and Integrity program.

Employee Engagement Survey

Just as feedback from patients, clients and customers helps us refine our approach to great customer service, our employee engagement survey shows us how we're doing from the perspective of our colleagues. It is critically important that our colleagues understand our company Vision, Mission and Values and that they understand how they and their teams can impact our success. Higher levels of engagement are associated with increased productivity, longer retention rates and a better customer experience – all factors that contribute to our long-term growth and success.

We use the survey's results to understand what colleagues value most in their workplace, to identify opportunities for improvement and to track our progress over time.



In 2008, to tap into the expertise and perspectives of our colleagues nationwide, we conducted our first company-wide survey since the CVS Caremark merger. In 2009, we saw employee participation increase, with approximately 91 percent of our total workforce providing their feedback. Overall, the results of the 2009 survey found that:

- 86 percent of colleagues say they are proud to work for CVS Caremark.
- 89 percent of colleagues are willing to give extra effort to help CVS Caremark succeed.
- 64 percent of colleagues feel they have sufficient access to career-development opportunities.

The survey results are shared internally. To ensure anonymity, tailored results are only provided to managers with five or more direct reports. Managers then develop a customized action plan for their specific store or department to address key focus areas uncovered by the survey.

Ongoing Dialogue

Beyond our annual survey, we encourage feedback in other ways. For instance, after our new store colleagues complete their orientation process, we solicit their first impressions of the company culture. We also used employee focus groups in 2009 to get more detailed feedback on our colleagues' perspectives on the quality of their working lives at CVS Caremark. At the conclusion

of their focus group work, most of the colleagues who participated volunteered for additional opportunities to contribute to the effort to keep CVS Caremark a great place to work.

Moving Ahead

In 2010, we will continue to expand our employee engagement efforts by:

- Creating additional opportunities for our colleagues to provide constructive feedback.
- Conducting employee focus groups to further identify what a best place to work means to our colleagues and how we can achieve it.

Compliance and Integrity Program

As a company with a health care mission, we understand how important it is that our colleagues conduct themselves with the highest integrity. To ensure that this hallmark of the CVS Caremark culture perseveres as our company continues to grow, we encourage open dialogue on issues related to compliance. As part of our Compliance and Integrity Program our colleagues can report their concerns by:

- Anonymously calling the confidential CVS Caremark Ethics Line. A separate line is also available for those who are deaf and hard of hearing
- Faxing, e-mailing or writing to the Office of Compliance and Integrity

In March 2009, CVS Caremark colleagues saw the company roll out an important new “place” for them to interact with each other, to discuss company news and to store and search for the information they need on a daily basis – myLife, an intranet portal that now ties together colleagues from every part of the company. myLife includes video Q&A sessions with company executives, “one stop shopping” access to information from every department in the company and opportunities to discuss the company news of the day with colleagues from office locations nationwide. In its first year alone, CVS Caremark colleagues registered more than 30 million myLife page views, making it the true communications and knowledge center for the company.



Offering Competitive Benefits

Our company offers a comprehensive benefits package that includes personalized health care and investment options. Wages paid reflect the knowledge and experience required for a specific job.

Our part-time colleagues are eligible for a limited benefits package that includes medical, dental, vision and life insurance that are paid for by the colleague on a pre-tax basis. Full-time colleagues, those working an average of 30 hours per week or more (23 hours per week in Calif.), are offered a full benefits package, which includes a 401(k) and Employee Stock Ownership plan; comprehensive medical, prescription and dental coverage with contributions payable on a pre-tax basis, including prescription coverage; flexible spending accounts; tuition reimbursement; and an employee discount at our stores.

Wellness Program: WellRewards

CVS Caremark received the Best Employers for Healthy Lifestyles award at the National Business Group on Health's Leadership Summit in Washington, D.C. in June 2009. The “Gold Award” recognized the impact our wellness programs have made on our colleagues' decisions to make healthier choices.

In 2009, we expanded our Your Health Matters wellness program and gave it a new name – WellRewards. The WellRewards plan is designed to improve the quality of our colleagues' health and the health of their dependents.

WellRewards is part of a 2008 through 2010 plan that sets “CVS Healthy” goals for our company and employees in areas including smoking cessation, nutrition, flu shots, physical activity and stress management. The plan is regularly updated to include new initiatives and to address health issues as they occur.

Overall, our strategy is twofold: encourage colleagues to be good consumers of health care and help them make healthier lifestyle choices. Colleagues are educated about making better decisions through a variety of resources, including a Care Advocate Team of dedicated nurses, decision support tools, self-directed DVD programs, a quarterly wellness newsletter, health assessments and disease management programs. Our programs utilize several methods to help colleagues improve health behaviors, including seminars, coaching, incentives for community weight loss solutions, cafeteria “stop-bys,” online health improvement programs, and Shape Up the Nation exercise competitions. We use a variety of communication methods to inform and encourage employees to participate in WellRewards. In addition to printed materials, such as posters, brochures and mailers, we provide information to employees online and on the company intranet, myLife.

We also support Wellness Committees comprised of “champions” from each of our locations with more than 100 employees. Each of these locations has a Wellness Station that includes a bulletin board with various monthly health topics, a blood pressure machine and a scale. In locations with e-mail access, we broadcast a monthly calendar of events promoting upcoming wellness programs, such as exercise classes, biometric screenings and wellness campaigns. In several locations, we also utilize internal television screens to



“CVS . . . aims to cultivate the talent of its entry-level workers while providing quality services to its customers.”

– Center for American Progress report: “A New National Approach to Career Navigation for Working Learners” (March 2010)

broadcast health improvement initiatives in high-traffic areas.

The company’s wellness investments helped colleagues improve their health in several key areas in 2009:

- **Smoking Cessation.** We exceeded our initial 2009 goal of 20 percent participation in our Healthy & Smoke Free program, with 24 percent of our colleagues who smoke participating. Of these colleagues, we expect 50 percent to stop smoking and 50 percent of those who stop to stay smoke-free for six months. As an additional incentive, we are launching a direct cash incentive for smoking cessation in 2010.
- **Mammograms and colon-cancer screenings.** With our goals for mammograms and colon-cancer screenings both set for increases of 5 percent annually, we saw mammogram rates increase by 33 percent and our colon-cancer screening rate grow by 116 percent in 2009.
- **Prenatal care and maternity.** To help our colleagues who are pregnant or new mothers better understand their ability to support the wellness of their babies, we launched a new program, Destination: Healthy Baby! in 2009.
- **Healthy eating.** CVS Caremark colleagues learned how to become healthier eaters through *Am I Hungry?*, a new approach to weight management that is not a diet but rather an approach to understanding not just what you’re eating, but why you’re eating. Colleague response

to this 2009 program at our company headquarters was so positive that we are expanding the program in 2010 to include a series of telephone seminars for colleagues across the company.

In early 2010, we launched the Wellness Review, a health assessment maintained by an independent third party that allows employees to accrue credits toward their health care costs for getting an annual physical, preventive screenings, taking medication as prescribed, taking part in CVS Caremark wellness programs, online wellness activities and various community programs or even for being a “wellness champion.” The company offered a \$180 annual savings for taking the Wellness Review and set a 2010 goal of 40 percent participation. We exceeded the goal with 69 percent of colleagues participating in the Wellness Review.

Training and Career Development

Whether they work in our stores, our call centers, our corporate offices or any other location, all CVS Caremark colleagues receive regular training, which is an important part of the company’s culture of lifelong learning and skill development. Nearly 50 training and development programs exist across the company, including our Emerging Leaders Program. These programs allow us to evolve as a company and to retain and benefit from the expertise of seasoned employees who depend on training as an important way to advance their careers. Like other companies, CVS Caremark understands the importance of retaining talented,



dedicated colleagues. One way we try to achieve this is through internal promotions, which allow colleagues to pursue their career goals while contributing to the continual improvement of our company. Colleagues can work on their own development through CVSLEARNet, an online resource that helps them access, track and manage their career goals at CVS Caremark. These investments in our colleagues have created a strong culture of internal promotions – in 2009, for example, more than 80 percent of open field management positions were won by internal candidates.

Emerging Leaders Program

First introduced in 2001, the Emerging Leaders Program is designed to develop the skills of our high-performing store managers, pharmacists and pharmacy supervisors and other field managers who are potential candidates for promotion. Participants attend development sessions that focus on leadership competencies and building functional skills and knowledge. They are also provided with on-the-job development opportunities to further enhance their leadership skills. Throughout this process they have access to coaching and development experiences to support their training.

Most colleagues who are promoted to field management positions are graduates of the Emerging Leaders Program. In 2009, the Emerging Leaders Program prepared 150 colleagues for District Manager, Region Manager and Pharmacy Supervisor roles.

The company also launched a new colleague development program in 2009 – the Leadership Forum, a company-wide leadership-development curriculum for high-potential colleagues at the senior director to vice president level. This program is designed to prepare the next generation of CVS Caremark leaders.

Recognizing and Rewarding Hard Work

We have a number of recognition programs to reward and inspire our colleagues. Employee recognition is at the center of our efforts to engage the hearts and minds of our people.

Paragon Award

Each year, we recognize our company's best and brightest store and operations colleagues with the CVS Caremark Paragon Award. This award, the highest honor a colleague can achieve within our company, is reserved for individuals who make remarkable contributions on the job or in their community. Our Paragons, as they are called, have embraced their role in helping to improve the quality of human life and inspire others to do the same. The example they set each day helps our entire organization to succeed. In September 2009, nine colleagues were recognized with the CVS Caremark Paragon Award – two from the PBM, six from retail and one from MinuteClinic.

Award-Winning Transportation Safety

CVS Caremark's commitment to the safety of our colleagues was reflected in two prestigious national safety awards administered by the American Trucking Association and the National Private Truck Council in 2009.

CVS/pharmacy won the American Trucking Association's 2009 President's Trophy in the "Under 25 Million Miles" category – the highest safety award available to motor carriers in the United States. CVS/pharmacy's transportation operations were judged the most outstanding among all companies in its category on the basis of its safety record, its safety programs and its community outreach activities.

The National Private Truck Council in 2009 also named Ralph Haynes, a CVS/pharmacy driver based in Knoxville, Tenn., a "Driver All-Star" for his commitment to safety. Honored during the NPTC's National Safety Conference, our "All Star" driver received this national recognition for his performance in the areas of customer service, safety and compliance. Ralph was just one of 12 private fleet drivers to be selected in 2009.

Respecting Colleagues' Rights

Our workplace policies provide for equal employment opportunities, and strictly prohibit discrimination or harassment on the basis of age, gender, gender identity or expression, marital status, sexual orientation, race, color, religion, national origin, veteran status, military status, disability or any other characteristic protected by federal, state or local law.

Environmental Health and Safety

We are committed to creating a safe environment for our associates and customers by reducing the risk of injuries. Safety programs for our facilities, including stores, mail-order facilities and distribution network sites, are intended to meet or exceed regulatory standards wherever we do business.

The Environmental Health and Safety department in 2009 launched a comprehensive safety program for all CVS/pharmacy retail locations, following this up with safety audits in our retail locations to ensure awareness of the company's safety policies. In 2010, the Environmental Health and Safety department at CVS Caremark again will continue to upgrade its Retail Safety program based on the 2009 audit findings, using CVSLEARNet to distribute updates as needed. Additionally, the Environmental Health and Safety department will identify and leverage synergies within all corporate departments to create an overall Corporate Safety Program.

Leveraging Many Perspectives for a Common Mission

We believe a commitment to managing diversity means being inclusive of all people. Our collective differences and similarities make us a better company and help us better meet the needs of the diverse customers we serve.

CVS Caremark Diversity Profile

66.2%	Women in total workforce
37.3%	People of color in total workforce
39.5%	Percentage of women and people of color in senior management positions (directors and above)
82%	Percentage of colleagues responding to employee engagement survey who agree or strongly agree with the following statement, "CVS Caremark today has a diverse workforce."



A Reflection of Our Communities

We employ pharmacists and other colleagues from all walks of life and who reflect the communities we serve. Our recruitment strategies involve reaching out to universities, community partners and other institutions serving minority populations. We also engage recruitment agencies that specialize in sourcing diverse talent and senior managers have a performance goal measuring the diversity of their candidate slates.

Our Progress in Managing Diversity

Since 2001, our company's Diversity Council, a group of individuals representing different functions across the enterprise, has helped to guide our overall diversity strategy. This has included efforts to attract and retain women and people of color. In addition, the Council has launched and developed a number of initiatives including diversity awareness training for all leaders managing people, employee and customer surveys and the inclusion of diversity metrics within the performance goals of all managers and above.

In 2009, the company expanded its Diversity Council to include representation from additional departments including Information Systems, Workforce Initiatives and the PBM.

In 2010, the company will take the important step of launching the Diversity Management Executive Steering Committee. This senior executive-level body will incorporate diversity management at the highest level of our company's strategic decision-making.

Another new team, the Diversity Management Leadership Council consisting of directors and above, will be responsible for executing on the operational elements of the company's diversity management strategy as set forth by the Diversity Management Executive Steering Committee.

Area Diversity Management Leadership Teams

In 2005, our research clearly indicated that our colleagues measure the company's commitment to managing diversity based on the leadership practices they observed from their local management. As a result, Area Diversity Management Leadership Teams were formed in 2006 with the purpose of driving accountability to senior field management for leading diversity management efforts.

Currently, there are nine teams comprised of senior managers in the field who meet regularly, within their respective markets, to incubate new ideas, ensure equitable treatment of all colleagues, foster inclusive behaviors and lead by example. After launching the first corporate diversity management leadership team in the IS department at the Customer Support Center in 2008, we saw results in 2009 that confirmed the effectiveness of this approach. In one example, a series of Asian Pacific American Heritage Month events in May 2009 led directly to more effective communication and collaboration.

In addition to existing CVS leadership development programs, we offered colleagues in 2009 opportunities for professional and leadership development through partner organizations focused on diversity.

Diversity Management Training and Communication

Beginning in 2007, we committed to offering more diversity management training opportunities for our colleagues and developed a specific diversity curriculum in 2008 as part of the customer service skills training. Colleagues began receiving this training as part of their orientation process in 2009.

Empowering Colleagues through New Resource Groups

In 2010, we will expand the authority and scope of our well-established Employee Networking Groups that have been supporting the diverse needs and interests of CVS Caremark colleagues. In 2009, there were 11 Employee Networking Groups in our major retail markets, and five at our corporate headquarters in Woonsocket, R.I. serving women, African Americans, Latinos, Asians, mature workers and GLBT colleagues. Membership in each group is open to any colleague who supports the mission of a given group. These groups create annual business plans focusing on individual career development, mentoring opportunities and community volunteerism.

Recognizing the potential for these groups to serve as resources not just for those colleagues but for our entire organization, the company is preparing to recast these teams in 2010 as Colleague Resource Groups, granting them expanded opportunities to

influence the company's strategic decisions related to managing diversity in our workforce, workplace and marketplace. We also will expand these groups to include two additional Colleague Resource Groups focused on issues of importance to veterans and to colleagues with disabilities.

Empowering Colleagues to Progress in Their Careers

In addition to existing CVS leadership development programs, in 2009 we offered colleagues opportunities for professional and leadership development through partner organizations focused on diversity including The Linkage Diversity Conference, Women Unlimited and Network of Executive Women conferences and events.

The work of one of our employee groups, the Women's Success Network, earned CVS Caremark recognition from Leading Women of Southeastern New England (SENE). The "Leading Women to the Top™" Award recognized CVS Caremark for having a measurable impact on advancing women. The award was presented at Leading Women of SENE's third-annual "Candid Conversations from the C-Suite" event.

The work of one of our employee groups, the Women's Success Network, earned CVS Caremark recognition from Leading Women of Southeastern New England (SENE). The "Leading Women to the Top™" Award recognized CVS Caremark for having a measurable impact on advancing women.



Moving Ahead

As our approach to managing diversity is enhanced in 2010, we remain focused on building on our successes in the following areas:

- Work to ensure that we provide focused hiring, development and advancement opportunities to diverse colleagues across our company
- Embed diversity management skills and practices into business units and departments through coaching, communication, training, collaboration and key work initiatives
- Execute on our new diversity-management infrastructure: Colleague Resource Groups, the Enterprise Diversity Management Leadership Council and the Diversity Management Executive Steering Committee
- Broaden colleague participation in company-sponsored diversity events
- Integrate or expand supplier diversity initiatives across the enterprise

In Our Community

As a company with a long tradition of partnering with patients, customers and communities to manage health care issues and improve the quality of life, CVS Caremark put a special focus on community outreach and engagement in 2009, knowing that our resources could help make a real difference in people's lives as they faced economic challenges. In all, we made \$79 million in targeted cash, in-kind contributions and volunteer hours including a special 2009 donation to Feeding America's national network of local food banks.

- Our corporate giving programs included monetary grants, in-kind donations, volunteerism, in-store fundraising, our CVS Samaritan Van, and funding for health care research. We also provided support through grants to deserving organizations from our foundation, the CVS Caremark Charitable Trust.
- As catastrophic events struck in early 2010, we responded by providing \$100,000 to support recovery from the historic flooding that inundated much of our company's home state of Rhode Island and \$175,000 to support earthquake relief in Haiti. CVS Caremark employees also donated \$141,000 to the American Red Cross for Haiti relief, an amount that the company matched in addition to its initial commitment, making for a total company donation of more than \$450,000 toward relief efforts in Haiti.

While the company supports a variety of important issues and causes, our principal focus is helping to make life easier for children with disabilities. The company's signature CVS Caremark All Kids Can™ program, developed with input from customers, colleagues and nonprofit organizations, encourages inclusion of children of all abilities, providing support in the form of grants and other resources to partner organizations that serve children with disabilities and their families.

CVS Caremark Corporate Giving

CVS Caremark Community Grants Program

To further the strategic goals of CVS Caremark All Kids Can™ in 2009, the CVS Caremark Community Grants program awarded monetary support to nonprofit organizations for programs targeting children with disabilities, focusing on health and rehabilitation services and public schools promoting a greater level of inclusion in student activities and extracurricular programs.

Additionally, grants targeted organizations that provide uninsured individuals with needed care, in particular programs where the care received is of higher quality and delivered by providers who participate in accountable community health care programs. In 2009, we awarded 674 CVS Caremark Community Grants, totaling more than \$1.4 million.

“CVS Caremark has helped Easter Seals change lives significantly – delivering tens of thousands of hours of direct services to children living with disabilities across America in addition to funding life-changing solutions through assistive technology and other supports.”

– James E. Williams, Jr.,
President and Chief Executive Officer, Easter Seals Inc



In-kind Donations

CVS Caremark makes in-kind donations of products, services and other resources. In 2009, our product donations were in the millions of dollars and most of our in-kind donations were targeted to Feeding America (formerly America’s Second Harvest).

Volunteerism

Our colleagues have shown a strong desire to help their communities, and CVS Caremark supports their efforts. Since we first launched CVS Caremark All Kids Can™ in 2006, our colleagues have embraced opportunities to actively participate in this program and, in 2009, together they logged thousands of volunteer hours. Among other activities, we engage our colleagues through participation in company-sponsored projects and programs in their communities, such as Easter Seals Walk With Me events, Boundless Playgrounds projects and VSA arts programs. In one example, when the company asked employees to assist Feeding America in its ambitious mission to feed millions of low-income Americans facing hunger through its network of more than 200 food banks nationwide, some 2,000 CVS Caremark colleagues answered the call by volunteering at food banks, conducting food drives and collecting donations. On one day alone, for example, colleagues at 150 Northern California CVS/pharmacy stores partnered with a local TV station to collect 54,000 pounds of food through an in-store food drive. Between their volunteerism

and their donations to local communities through the United Way and other company fundraising initiatives in 2009, CVS Caremark employees made a total community impact worth \$3.3 million in 2009.

CVS/pharmacy Samaritan Vans

For nearly 30 years, the sight of a CVS/pharmacy Samaritan Van on the highway has been a welcome relief for motorists in distress. In 2009, we assisted nearly 65,000 motorists across the country as we provided free roadside assistance to commuters in nine major cities. We underwrite the annual cost of the CVS/pharmacy Samaritan Van program, which totaled nearly \$2 million in 2009.

In 2009, the CVS/pharmacy Samaritan Van helped 603 people walking along the roadway who were relocated to safe locations and 19,032 motorists stopped along the roadway and requiring automotive assistance. Forty animals also were rescued from roadways, provided veterinary care when needed, and placed with rescue organizations or returned to their owners. A total of 529,333 miles were traveled in response to reported incidents. CVS/pharmacy Samaritan Van drivers also provided 190,788 incident reports to media outlets and traffic management centers.



The 2009 ALS Therapy Alliance in-store campaign raised \$4.4 million for ALS research.

In-Store Fundraising

St. Jude Thanks and Giving Campaign

St. Jude Children's Research Hospital is a pediatric treatment and research facility that has changed the way the world treats children with cancer and other catastrophic diseases. CVS Caremark participates in the St. Jude Thanks and Giving® Campaign, an in-store point-of-sale fundraising program. During this three-week campaign that extends through the holiday season, our store colleagues contribute and encourage customers to add \$1 to their purchase at the register in support of St. Jude's life-saving research.

In 2009, together with our customers we raised \$6.1 million for St. Jude, bringing our fundraising total to more than \$19 million dollars since 2004. As part of this fundraising effort, CVS Caremark formally announced the fulfillment of its commitment of \$16 million for the expansion of the hospital's Rehabilitation Center, which opened in the summer of 2009 as the newly named CVS Caremark Rehabilitation Services Center. The center represents the realization of a long-term vision to improve rehabilitation services by enhancing the department's clinical care, research and educational capabilities in order to become a world leader in pediatric oncology rehabilitation. CVS Caremark was named 2009 Corporate Partner of the Year by St. Jude.

ALS Therapy Alliance "Researching a Cure"

Since 2002, CVS Caremark has supported the ALS Therapy Alliance's research efforts to find a cure and treatment for amyotrophic lateral sclerosis (ALS), also known as Lou Gehrig's disease.

In 2009, CVS Caremark teamed up with the ALS Therapy Alliance for the seventh consecutive year to raise money in the fight against ALS. This year's ALS Therapy Alliance "Researching a Cure" in-store campaign, which ran from June 7 to June 27, was a huge success, raising \$4.4 million. Our colleagues are credited with much of the success, as their enthusiasm inspired many of our customers to support the cause. Since launching the annual campaign in 2002, more than \$19.3 million has been raised, \$1 at a time.

Volunteer Challenge Grants

In 2009, our CVS Caremark colleagues volunteered thousands of hours for community service projects. We recognize and reward this commitment to community through our Volunteer Challenge Grants program. The Challenge Grants program enhances the impact of our colleagues' volunteerism by providing financial support through our Charitable Trust to nonprofit organizations where colleagues volunteer regularly. A total of 340 grants ranging from \$250 to \$2,500 and totaling nearly \$235,000 were distributed in 2009.



The Woonsocket, R.I. YMCA was awarded a \$10,000 grant from the CVS Caremark Charitable Trust to support a swimming and safety instruction program for children with autism.

CVS Caremark Charitable Trust

The CVS Caremark Charitable Trust, a private foundation, is funded solely through contributions from CVS Caremark. The Charitable Trust uses these funds to make grants directly to nonprofit organizations that are focused on serving children with disabilities and to help advance the vision of our CVS Caremark All Kids Can™ program. The Trust also supports nonprofits providing health care to the uninsured. In 2009, grants were awarded to 92 nonprofit organizations from around the country supporting children with disabilities and those who are under-insured or uninsured. Additional Trust grants are provided to pharmacy schools, the CVS Caremark Volunteer Challenge Grants Program and scholarship programs for our colleagues' children for total giving of \$6.3 million in 2009. The Trust also is partnering with Harvard University and Brigham and Women's Hospital to provide the most comprehensive review of the issue of prescription adherence and compliance to date. (For more on medication adherence, see p. 20.)

The following programs were supported by the CVS Caremark Charitable Trust in 2009:

Pharmacy Scholarships and Building Projects

As the leading pharmacy health care company in the U.S., we believe we have a responsibility to cultivate students who want to pursue a career in the field of pharmacy. We provide financial support for scholarships and building projects at pharmacy schools across the country and in 2009 awarded \$700,000 in grants from

the CVS Caremark Charitable Trust to continue this work. As it has been in years past, this support was complemented by significant investments in programs encouraging students from all walks of life to consider careers in pharmacy science through scholarships, internships and other opportunities.

CVS Caremark Employee Scholarship

We distribute annual scholarships funded by the CVS Caremark Charitable Trust to children of our colleagues. Applications are reviewed by an independent panel of judges based on academic achievement, as well as other indications of talent and leadership qualities, including extracurricular activities, work experience and community service. In 2009, we provided \$424,000 toward the college or university tuition of 179 children of our employees.

CVS Caremark All Kids Can™

Established in 2006, CVS Caremark All Kids Can™ is focused on serving the six million children with disabilities across the country. The program, which started as a five-year commitment of \$25 million to help create opportunities for children of all abilities to learn, play and succeed, has now seen contributions of more than \$56 million to our nonprofit program partners and the participation of thousands of our employees in CVS Caremark All Kids Can™ initiatives. In 2009, the program awarded more than \$14 million in grants to local, regional and national nonprofit partners, which comprised 60 percent of CVS Caremark's total financial corporate giving.



Connor Gordon with his award winning submission.

Our Impact

CVS Caremark All Kids Can™ aims to raise awareness about the importance of inclusion; improve the ability of children with disabilities to learn, play and interact with peers; and strengthen the capacity of our partner organizations through grants and other resources.

Our Partners

To advance the work of CVS Caremark All Kids Can™ in 2009, we continued to work closely with our lead nonprofit partners: Easter Seals, VSA arts and Boundless Playgrounds and with two partners that have helped us increase awareness of disability and inclusion issues through the powerful medium of television – the Award Winning PBS KIDS GO!™ Series ARTHUR® and ABC's "Extreme Makeover: Home Edition."

CVS Caremark, PBS Engage Kids Through ARTHUR Collaboration

The CVS Caremark collaboration with the PBS KIDS GO!™ Series ARTHUR in 2009 received widespread recognition for its unique approach to involving children in the national conversation about diversity and inclusion for people of all abilities. This CVS Caremark All Kids Can™ initiative launched in 2008 by asking kids to create a new "friend" to join the cast of characters on ARTHUR, PBS's most popular children's show. After receiving 8,500 submissions from children across the country, CVS Caremark and PBS announced in 2009 that 11-year-old Connor Gordon of Savage, Minn., had

won for his submission of "Lydia Fox," a "new kid" at Arthur's school who uses a wheelchair and likes to play basketball. When he submitted his drawing of Lydia, Connor wrote that she "uses a wheelchair because she had a spinal injury when she was 7 since she dove into the shallow end of a swimming pool." Other children who were finalists suggested characters including a hearing-impaired girl who dances ballet, a girl with Down Syndrome who loves to do gymnastics and a boy who uses a cane and loves to travel with his camera, taking pictures of his friends.

CVS Caremark's partnership with PBS was recognized by the *Boston Business Journal*, which named CVS Caremark the "Innovation Partner of the Year" in its annual Corporate Citizenship Awards. The PBS Development Advisory Committee honored the partnership for its creative use of public television as an educational vehicle. The effort also was recognized as a finalist in the PR News 2009 Corporate Social Responsibility campaign of the year.

Pitching In With ABC's "Extreme Makeover: Home Edition"

We continued our partnership with ABC's "Extreme Makeover: Home Edition" in 2009, supporting families caring for loved ones with disabilities. As in years past, the effort saw CVS Caremark mustering resources ranging from medical equipment and employee volunteers to financial contributions. For one 2009 case, we traveled to Tallahassee, Fla., to help a family that includes six adopted children from China with special needs as their father was stricken with cancer that ultimately



CVS Caremark mustered resources ranging from medical equipment and employee volunteers to financial contributions to support families helped by ABC's "Extreme Makeover: Home Edition."

proved fatal only days after the family was welcomed back to their new home. Our efforts also included a trip to North Carolina to help another family cope with the impacts of Gulf War Syndrome, multiple sclerosis and other medical challenges. For this family, we provided medical equipment including a state-of-the-art mechanical lift, a wheelchair and a hospital bed. Inspired by the family's commitment to helping veterans with disabilities, we also donated \$40,000 to the local Greenville Disabled Veterans Chapter to help defray the cost of hospital transportation, clothing and food for area veterans.

Improving Outcomes for Children with Disabilities

Through CVS Caremark All Kids Can™, we are focused on improving outcomes related to access and services for children with disabilities, and building broader awareness about the importance of inclusion for all kids.

In 2009, we again engaged an independent auditor for CVS Caremark All Kids Can™. Since the program's inception, CVS Caremark All Kids Can™ has positively impacted the lives of approximately 5.3 million people, including children with disabilities and their parents, caregivers, siblings and teachers. In 2009 alone, we served nearly 280,000 children and had an indirect effect on more than 2.5 million people in their support system, according to the auditor's findings.

This assessment includes four impact measures that will help enhance our ability to determine the program's success including social impact, employee impact, grantee impact and company impact.

Easter Seals

Easter Seals, the nation's leading non-profit provider of services for individuals with autism, developmental disabilities, physical disabilities and other special needs, has been a CVS Caremark All Kids Can™ national partner since the program's launch. Nearly \$10 million has been given to the organization, including more than \$1.3 million from the CVS Caremark All Kids Can™ Fund to support services for children living with autism and other disabilities in 30 cities nationwide. In 2009, the CVS Caremark Charitable Trust awarded \$310,000 in CVS Caremark All Kids Can™ program grants to 12 Easter Seals affiliates. Among other things, this support is being used to train and certify Easter Seals therapists in delivering evidence-based intensive early intervention services – including Applied Behavior Analysis and Early Intensive Behavioral Intervention – to help young children with autism.



VSA encourages children of all abilities to share their creativity.

VSA

VSA is a national nonprofit that promotes access to the arts for all people and encourages youth to express themselves through artwork. Our partnership launched in 2007 and expanded in 2009 as we joined together in a comprehensive national campaign to expand arts-based programming for children with disabilities. The All Kids Can...Create! campaign is one component of our three-pronged initiative with VSA:

Call to Create

VSA issues a nationwide call for art that encourages children and youth to share their creativity. Representative pieces are selected for inclusion in an exhibition in Washington, D.C. that tours nationally for two years. In June 2009, the "Celebrating Who I Am" exhibition of artwork created by 51 children with and without disabilities was seen by millions of travelers in Union Station in Washington, D.C. A representative group of 11 young "Celebrating Who I Am" artists traveled to the nation's capital to receive special recognition on Capitol Hill.

Call to Innovate

Through VSA affiliates, teaching artists work with students and their teachers in eight-week residency programs. In 2009, we placed artist-in-residence programming in 10 cities, from Scottsdale, Ariz., to Boston, Mass.

Call to Participate

Our colleagues volunteer with VSA state affiliates on community activities and events that raise awareness about the importance of art for all. In 2009, dozens of our colleagues participated in activities and events that took place in 22 states including South Carolina, Connecticut and Texas.

Boundless Playgrounds

Boundless Playgrounds is the first national nonprofit to create barrier-free playgrounds for all children to enjoy. We have been working closely with the organization since 2005 to bring more playgrounds to children across the country, contributing approximately \$1 million every year to the effort. With the scheduled spring 2010 completion of four playgrounds that broke ground in 2009, a total of 50 playgrounds nationwide will have been completed through the support of the CVS Caremark All Kids Can program.

In 2009, we supported the construction of 22 new Boundless Playgrounds in communities across the country including Houston, Boston and Macon, Ga. We will continue supporting this important work in 2010, with additional Boundless Playgrounds projects scheduled for Raleigh, N.C., Oklahoma City and Azle, Texas.

Our collaborative effort with Boundless Playgrounds was recognized in 2009 by the U.S. Chamber of Commerce's Business Civic Leadership Center as a finalist for its Partnership Award – a recognition of noteworthy ethical leadership in the business community.



Courtesy of George Ross's DIGIT4Photocconcept

The CVS Caremark Downtown 5K is the largest road race in Rhode Island.

Charitable Events

We also sponsor charitable events as a way to raise awareness and funds for nonprofit organizations that support children, families, education and wellness.

CVS Caremark Charity Classic

As the title sponsor of the Charity Classic, one of the most prestigious and largest charitable sporting events in New England, CVS Caremark has supported communities in Southern New England since 1999. The CVS Caremark Charity Classic has helped raise and distribute more than \$13 million in charitable donations, including \$1.3 million raised in 2009, to various nonprofit organizations. Among the 86 organizations that received funding from the Classic were Boys & Girls Clubs of Providence, American Heart Association and City Year.

CVS Caremark Downtown 5K

The CVS Caremark Downtown 5K is the largest road race in Rhode Island. In September 2009, participants of all levels, abilities and ages came to Providence to compete, have fun and celebrate the tenth anniversary of this Rhode Island tradition. The 2009 CVS Caremark Downtown 5K raised \$200,000 that was awarded to more than 50 youth-focused nonprofit organizations and schools in Southern New England. A record-breaking 10,000 registered runners, walkers and wheelchair athletes participated in the race. To further promote health care and to emphasize the importance of physical activity for children, the CVS Caremark Downtown 5K also awarded \$500 grants supporting the physical education programs of 10 area schools that won random drawings. Elementary, middle and high school teams who participated in the 2009 CVS Caremark Youth Races or High School Inspirational 3K qualified to participate in the drawings.

We also sponsor charitable events as a way to raise awareness and funds for nonprofit organizations that support children, families, education and wellness.



A Healthy Environment

Since our founding, we have been serving the health and wellness needs of our patients and customers. Today with growing concern that certain environmental factors may influence the quality of our personal health, that commitment is more important than ever.

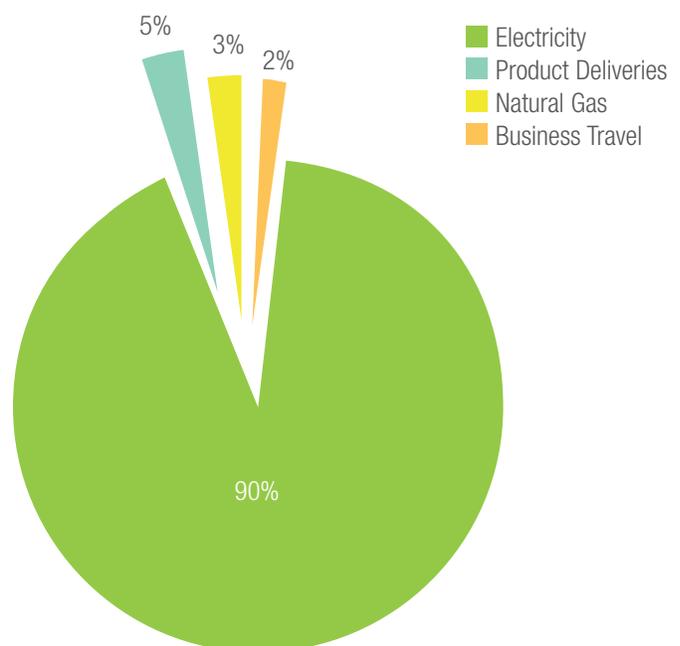
In 2008 we declared an Environmental Commitment Statement and announced the establishment of an Environmental Leadership Council. The Council is charged with guiding the company's efforts in addressing our environmental impacts and in seeking more sustainable solutions. Our initiatives to date have ranged from lowering our energy usage to reducing the impacts associated with plastic bags.

Measuring Our Carbon Footprint

Two years ago, we set out to measure and evaluate the impact of our carbon footprint, track and report our progress at reducing emissions, and prioritize opportunities to reduce and manage the impact of our business operations.

The findings of our carbon footprint were reported for the first time in the 2008 CVS Caremark CSR Report. We measured our carbon footprint with the help of the Massachusetts Institute of Technology (MIT), and calculated it in accordance with the specifications of the Greenhouse Gas Protocol, published by the World Resources Institute, and the World Business Council for Sustainable Development (WBCSD).

Reported below are the findings of our most recent carbon footprint based on 2009 data. While absolute carbon emissions increased by 9.5 percent compared to 2008 emissions, it should be noted that our boundaries for 2009 expanded significantly to include more than 500 Longs Drug stores that were acquired by CVS Caremark in late 2008.



The 2009 carbon footprint for CVS Caremark is approximately 1.73 million metric tonnes of carbon dioxide equivalent emissions.

CVS Caremark Environmental Commitment

As a company dedicated to improving the lives of those we serve through innovative and high-quality health and pharmacy services, we understand the need for a healthy environment, and are committed to fostering a culture of environmental responsibility within our company and throughout our supply chain.

In all aspects of our business, we will strive to:

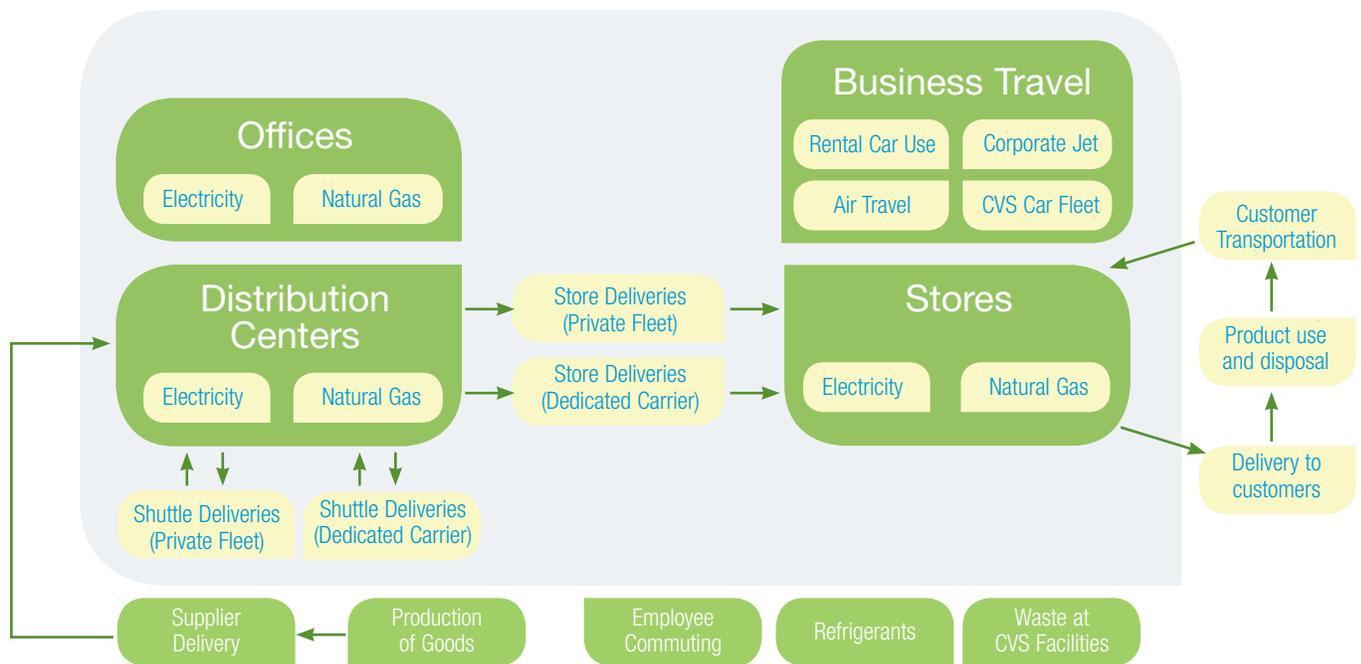
- Utilize natural resources as efficiently as possible.
- Minimize our carbon footprint throughout our supply chain and enterprise.
- Reduce our waste streams by leveraging opportunities to reduce, reuse and recycle materials.
- Consider the lifecycle impacts of our products and work with our suppliers to do the same.
- Heighten consumer awareness of healthy and sustainable products.
- Engage our colleagues in efforts to minimize the company's environmental footprint.

At CVS Caremark, we are committed to reducing our footprint in a manner that benefits our customers, our employees and the planet. We understand and acknowledge the impact our business has on the environment, and are focused on managing the energy and waste generated by our business operations.

Our green initiatives are governed by our Environmental Leadership Council, a cross-functional team of senior leaders representing the

entire enterprise – from store design and logistics to merchandising and our mail-order pharmacy. Established in 2008, the Council is responsible for defining and implementing CVS Caremark's environmental strategy, establishing short- and long-term priorities and recommending future actions to advance the company's environmental commitment.

CVS Caremark Carbon Footprint Boundary





We are currently seeking LEED certification for the state-of-the-art call center on our Rhode Island campus that opened in late 2009.

Our Impact

The 2009 carbon footprint for CVS Caremark is approximately 1.73 million metric tonnes of carbon dioxide equivalent emissions, 90 percent of which is generated by the consumption of electricity. The remaining emissions result from product deliveries (5 percent), natural gas usage in facilities (3 percent) and business travel (2 percent). While our 2009 total emissions increased by 9.5 percent over 2008 emissions, our square footage also increased. To understand whether our emissions reduction initiatives have been effective, we also evaluate our emissions on a per-square-foot basis, which remained flat in 2009 compared to 2008.

What We Measure

The boundary set for our carbon footprint calculation was based on available data and industry standards, as defined by the WBCSD. We included energy used in all CVS/pharmacy stores, distribution centers and offices as well as emissions from business travel and product deliveries controlled by CVS Caremark. Emissions resulting from Longs Drug stores were also included this year for the first time. However, emissions resulting from use of refrigerants at the company's facilities have not been included in our 2008 and 2009 carbon footprints. We are continuing to work on capturing this data and plan to include it in future calculations.

Moving Ahead: Setting a Reduction Goal

We previously stated our intent to work toward setting a long-term carbon reduction goal. In the past year as part of that process we have recognized the need for more inclusive boundaries in measuring our carbon footprint that encompass additional emission-generating activities as well as a need to formalize a way to account for future acquisitions. As a next step, in 2010 we plan to participate in the Carbon Disclosure Project and devote ourselves to establishing a process for target setting. We will keep our stakeholders abreast of our progress.

Our Approach to Energy Usage

Improving energy efficiencies across our enterprise remains a priority for CVS Caremark. Because the majority of our operations are focused on retail, many of our environmental initiatives are tied to reducing our energy consumption and achieving greater efficiencies for our store operations.

In 2009, we focused on several initiatives to better manage our energy consumption. These include:

- Investing in more efficient lighting systems
- Integrating our first energy management systems
- Installing new roofs designed to reflect heat
- Evaluating alternative energy sources, where feasible
- Building new facilities to LEED standards and/or with environmental considerations
- Reducing fuel consumption in our distribution network

2009 projected annual MWh savings resulting from three of our largest DC lighting projects

Orlando, Fla.

2,640 annual MWh saved

Novi, Mich.

3,480 annual MWh saved

Somerset, Pa.

1,850 annual MWh saved

Improvements to Lighting

In 2009, we continued efforts to reduce energy consumption across our distribution network and retail facilities by managing our usage during peak power demands and introducing more efficient lighting sources in five distribution centers. Engaging and educating our facility managers and engineers on energy efficiency and the importance of conservation remained a priority.

Distribution Centers

This year, we upgraded lighting concepts at five facilities: Orlando, Fla.; Novi, Mich.; Somerset, Pa.; Bessemer, Ala.; and Conroe, Texas. At the same time we replaced the metal halide, high-pressure sodium and T-12 lighting with T-8 and T-8 HO fluorescent lighting. We also utilized motion sensors to avoid unnecessary lighting during times of inactivity.

As we look ahead, we will continue to identify and address lighting efficiencies across our distribution network in facilities where opportunities to achieve business and environmental benefits exist. Over the next year we expect to initiate lighting projects in five additional facilities.

Retail Stores

Our ongoing initiatives are aimed at increasing energy efficiencies through the use of LED lighting in our CVS/pharmacy stores and phasing out noncritical lighting. In 2009, we removed the backlighting on cosmetic display shelves and incorporated more LED lighting sources for outdoor signs at select stores.

Integrated Energy Management

CVS Caremark operates different types and sizes of facilities in climates that range from the cold temperatures of Maine to the heat of Arizona. The carbon footprint evaluation process has improved our understanding of the different energy usage patterns that occur in our stores, distribution centers and administrative offices across the country. However, in order to closely monitor and adjust our energy usage on both a micro and macro level, we have tested and begun installing sophisticated energy management tools.

In 2009 we deployed a centrally operated, computer-controlled energy management system for 50 stores in Florida. This new system is enabling us to cluster energy data so we can identify usage trends, information that we will leverage during the next phase of roll-out. In 2010, we will expand the system to 250 stores and continue to evaluate the benefits.

In our Rhode Island administrative facilities, we upgraded our energy management system in 2009, which now allows us to control energy usage remotely for more than 1 million square feet of office space. We expect to see the benefits of lower energy usage in 2010.

Sustainable Building Design and Construction

Through the U.S. Green Building Council, our teams have participated in LEED (Leadership in Energy and Environmental Design) training programs and learned about efficient building materials and technologies. We are now incorporating LEED

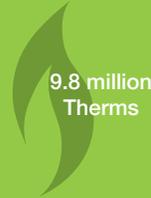
Total Energy Use in 2009

2009 Total Electricity Usage



Data represents total electricity consumption (in megawatt hours) at CVS distribution centers, stores and administrative locations.

2009 Total Natural Gas



Data represents total natural gas consumption at CVS distribution centers, stores and administrative locations.

2009 Total Fuel Consumption



Data represents total fuel consumption for deliveries, car fleet, employee travel, company-owned cars and air fleet.

standards, ENERGY STAR principles and sustainable best practices in our design and construction of new CVS/pharmacy stores and other company buildings.

Our approach to building construction is focused on keeping our footprint and ongoing operations sustainable and appropriate for each local environment. Among other elements, our new store design process includes aligning sites with existing public transportation points, installing bike racks, planting native vegetation, ensuring preferred parking stalls for hybrid vehicles, and providing recycling containers for use by customers and store staff.

In early 2010, we opened a LEED-certified CVS/pharmacy store in the newly constructed Jefferson Square shopping center in La Quinta, Calif.. The shopping center achieved LEED Gold, and represents the first LEED-certified project in the city's history.

We are currently seeking LEED certification for three administrative facilities within our Rhode Island campus. This includes a state-of-the art call center that opened in late 2009. It was designed with health-wise, environmentally friendly features, including:

- A white roofing system that keeps heating and cooling costs in check
- Office fixtures and workstations made from recycled materials
- Lighting sensors that automatically turn lights off in unoccupied areas

- Shower/changing facilities and secure bicycle storage to encourage employee fitness
- Ergonomic workstations

Alternative Energy Sources

We have been exploring the feasibility of different types of alternative energy. In certain geographic regions, we believe the feasibility of wind-powered and/or solar-generated electricity is promising. In 2009 we analyzed the return-on-investment of solar projects within our Hawaii operations and have decided to move forward and install solar panels on our new store in Pearl City, Hawaii.

Fuel cell technology is another option we are evaluating. We have successfully tested it as an energy source for fork lift equipment in our North Smithfield, R.I. distribution center and now have plans to install fuel cell infrastructure in our Chemung, N.Y. distribution center, which is presently under construction.

Environmentally Preferred Roofs

In 2009, we replaced existing black rubber roofs on two large facilities with FiberTite white ethylene propylene diene monomer (EPDM) membrane and installed polyiso insulation of R-value 30, environmentally preferred materials that help to reflect heat and lower energy consumption. The existing roof materials were removed and the insulation recycled.



Recycling is another method we use to reduce the amount of solid waste generated by our business operations.

Moving Ahead: Sustainable Design and Construction

We will continue to incorporate environmental considerations and adopt LEED standards in our building design and construction. In 2010 we plan to:

- Seek LEED certification for three administrative facilities in our Rhode Island campus
- Continue construction of a new distribution center in Chemung, N.Y. that will be LEED certified, have a state-of-the-art energy management system, and utilize fuel cell technology as an energy source
- As existing roofs wear out, replace them with environmentally preferred materials that promote energy savings
- Continue efforts to find alternative energy sources for suitable facilities

Enhancements to Transportation Equipment and Distribution Processes

We have taken a proactive approach to managing fuel consumption for both cost and environmental reasons. Our efforts are focused on improving efficiencies within our distribution network by:

- Maintaining a fleet of modern, fuel-efficient vehicles
- Having an aggressive refresh program of both tractors and trailers

- Ensuring our drivers maintain a speed that is optimal for safety and the environment
- Working with our truck vendor on alternative, environmentally-conscious options
- Using new electric-powered, refrigerated trailers and forklifts
- Enforcing a no-idling policy at our distribution centers to reduce fuel consumption, noise, and air pollution

We had already taken steps to reduce the driving speed on our private fleet units by setting a maximum of 63 miles per hour. We also achieved additional efficiencies by consolidating our deliveries, resulting in the elimination of 6,541 routes across our network. The benefits of these efforts in 2009 translated to a reduction of nearly 1.2 million fewer miles driven and a savings of 218,730 gallons of fuel conserved. From an environmental perspective, 2,260 tonnes of CO² emissions were also avoided.

Reducing and Managing Waste

Reducing waste and improving efficient use of materials across our footprint is a priority for CVS Caremark. We consistently review and re-examine existing processes to identify new ways we can reduce, reuse and recycle – the heart of our approach to minimizing our waste stream.

CVS/pharmacy's GreenBagTag

We wanted to encourage our customers to help reduce the annual usage of approximately 100 billion plastic shopping bags in the U.S., and reward them in the process. In 2009, we introduced the GreenBagTag, a 99-cent purchase that enables consumers to accrue Extra Bucks every time they use a reusable shopping bag or carry their items out and decline plastic bags. The GreenBagTag is scanned at checkout, along with a customer's ExtraCare card. After four scans, \$1 in Extra Bucks is awarded to the shopper for future savings.

Already, our customers have had their GreenBagTags scanned more than 6 million times.

Beginning in April 2010, CVS/pharmacy will donate 5 cents to World Wildlife Fund (WWF) for every GreenBagTag sold. Our commitment runs for 12 months with a minimum donation of \$100,000 and a maximum of \$125,000 to WWF to help support the future of nature around the world.



A Commitment to Reduce

We utilize a variety of measures to reduce waste and focus on opportunities to minimize impact at each stage in the lifecycle of CVS products – from creation and distribution to use and disposal. Evaluating and implementing ways to reduce unnecessary packaging and material inputs is a first step in this process.

In working with our vendors, improvements were made in 2009 to reduce packaging in consumer products. These included removing inner cardboard packaging on 41 items and reducing overall cardboard usage on 475 new items. We also reduced the amount of plastic used in packaging of 17 items, and streamlined the overall packaging designs for 18 separate items.

Within our administrative operations, we are discovering opportunities to reduce our use of paper. For instance, colleagues in our Mail Pharmacy and Inventory Control Operations teamed up to decrease the volume of paper used for tracking and managing inventory throughout our system. They moved to handheld scanning devices, a technology that maintains an electronic paper trail. Annual paper savings is estimated at 22 tons, which equates to 528 trees per year.

A Commitment to Reuse

Over the past few years, increasing numbers of consumers have been seeking alternatives to plastic shopping bags as a way to reduce waste. We first responded by creating an eco-designed reusable shopping tote and introduced it to consumers in 2008. We have now taken this to the next level with the availability of more artfully designed, eco-friendly reusable shopping bags to attract consumers. In addition, we introduced the GreenBagTag

in 2009 – a program that rewards customers when they forego plastic shopping bags altogether.

Beyond our latest initiatives, reusing materials is nothing new for CVS/pharmacy. For more than 30 years, we have been utilizing reusable plastic totes to move product from our distribution centers to our retail stores, thus replacing the need for corrugated boxes. Each tote, on average, is used 250 times.

CVS Caremark Greenbox

CVS Caremark Specialty Pharmacy makes it possible for patients who are prescribed specialty pharmaceuticals with cold-chain storage requirements to have the opportunity to pick up their prescription at their local CVS/pharmacy. This alternate delivery system is enhanced due to an environmentally-friendly thermal management shipping system, called Greenbox. This delivery system is based on state-of-the-art technology, utilizing reusable and recyclable organic-based materials. The Greenbox can be used up to 100 times, and in 2009, 83 percent of specialty deliveries sent to stores used the Green Box.

A Commitment to Recycle

Recycling is another method we use to reduce the amount of solid waste generated by our business operations. Our efforts in this area include:

- Recycling cardboard packaging and pallets at every distribution center



We've also added some stylish new bags to our reusable bag offerings that are made from 100 percent recycled bottles.

- Using the multiple bailers installed in each distribution center to compress corrugate and prepare it for recycling
- Maintaining a national account for recycling compressed corrugate
- Placing recycling bins in workspaces and conference rooms to collect and recycle paper
- Ensuring our cafeterias collect and recycle paper, cans and plastic bottles
- Exploring opportunities to recycle stretch wrap film at multiple facilities operated by our Logistics group

In 2009 we conducted a pilot with a waste management vendor at our North Smithfield, R.I. distribution center to test the feasibility of moving to a single-source recycling approach. We are currently in the process of evaluating the results and determining next steps. The benefit of a single-source recycling approach is that all recyclables are captured together, which eliminates the need to sort materials and may encourage more recycling in our work environments.

Managing and Disposing of Hazardous Waste

At CVS Caremark, we take our responsibility seriously when it comes to the safe and proper disposal of hazardous materials.

We have a comprehensive process in place for the handling and disposal of hazardous waste. This includes:

- Using our Web-based visibility tool to accurately identify products containing substances of concern and then determining appropriate protocols and regulations for safely handling, storing and transporting these products through our distribution network
- Segregating products containing substances of concern into protected areas within our distribution centers
- Keeping our transportation department informed of regulations and requirements that govern the safe transport and shipping of sensitive products
- Using a combination of national and regional third-party providers to safely dispose of our hazardous waste
- Training our associates on the appropriate process for handling and disposal of hazardous materials
- Reporting incidents involving hazardous materials, should they occur in our facilities
- Conducting annual reviews of all safety systems

In 2009, we instituted a contaminate bin system to better manage and collect materials of concern. Our processes have effectively ensured we are complying with regulations and avoiding potential spills or improper handling and disposal of waste.

About this Report

CVS Caremark's 2009 Corporate Social Responsibility (CSR) Report provides an overview of the company's social and environmental commitments, and offers progress updates on the company's CSR-related initiatives and goals. There may be certain events or activities referenced in this report that were initiated in 2009 but came to fruition in early 2010.

CVS Caremark recognizes the value of universally accepted standards for this type of voluntary reporting. The Global Reporting Initiative (GRI), one of the most accepted frameworks in the world, served as a general guide in determining content and performance metrics to include in the 2009 Report. More information on GRI is available at www.globalreporting.org.

As part of this year's reporting process, we commissioned a third party to help us identify and prioritize the company's material issues. The process for this is described below.

Materiality Assessment

The process for determining materiality involved gathering inputs from various internal and external sources, and then evaluating and prioritizing the issues found based on their relevance and importance to the company and significance to stakeholders. The sources used in this process included:

- Internal documents and plans that articulated the company's business objectives and strategies, policies, programs and risk factors
- Communications prepared by the company for external release

- Feedback and insights from employees and customers
- Shareholder communications and any actions filed against the company
- Traditional media coverage
- Online and social media outlets
- Industry trade groups
- General trending issues of relevance

After reviewing these sources, we compiled a matrix of issues and prioritized each one based on the following criteria:

- The importance of the issue to and potential impact on CVS Caremark
- The importance of the issue to and potential impact on our stakeholders
- The amount of reasonable control CVS Caremark has over a particular issue

Based on the assessment and a review of the GRI Guidelines, the material issues of greatest importance to CVS Caremark and its stakeholders, of which the company has a reasonable level of control over, fall into six categories: Corporate Governance, Environment, Workplace, Products, Customers and Community.



Reporting Year

CVS Caremark fiscal year 2009 (January 1, 2009 to December 31, 2009), unless otherwise noted.

Information Integrity

CVS Caremark management is responsible for the preparation and integrity of the information in this report. The metrics and goals in this report are established and measured by the groups responsible for achieving them. Through a system of internal controls, including a review process involving internal subject matter experts, we believe this report accurately and fairly represents our CSR activities, programs and results for the fiscal year ending December 31, 2009. The report was reviewed and approved by members of CVS Caremark senior management. However, this report has not been externally audited or verified by an independent third party.

Your Feedback

This report is an important tool for communicating our corporate social responsibility performance and progress. Your feedback is important to us as we continue to look for ways to improve our reporting and provide you with the information you need. Please submit your feedback to CSR@cvs.com.

Preparation of this Report

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This report contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For these statements, the company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The company strongly recommends that you become familiar with the specific risks and uncertainties outlined under the caption "Cautionary Statement Concerning Forward-Looking Statements" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

This 2009 CVS Caremark Corporate Social Responsibility Report was printed on ENVIRONMENT® Paper, containing 100% post consumer fiber, manufactured with renewable energy resources and Processed Chlorine Free. This paper is Green Seal™ and Forest Stewardship Council™ (FSC) certified ensuring responsible forest management.





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