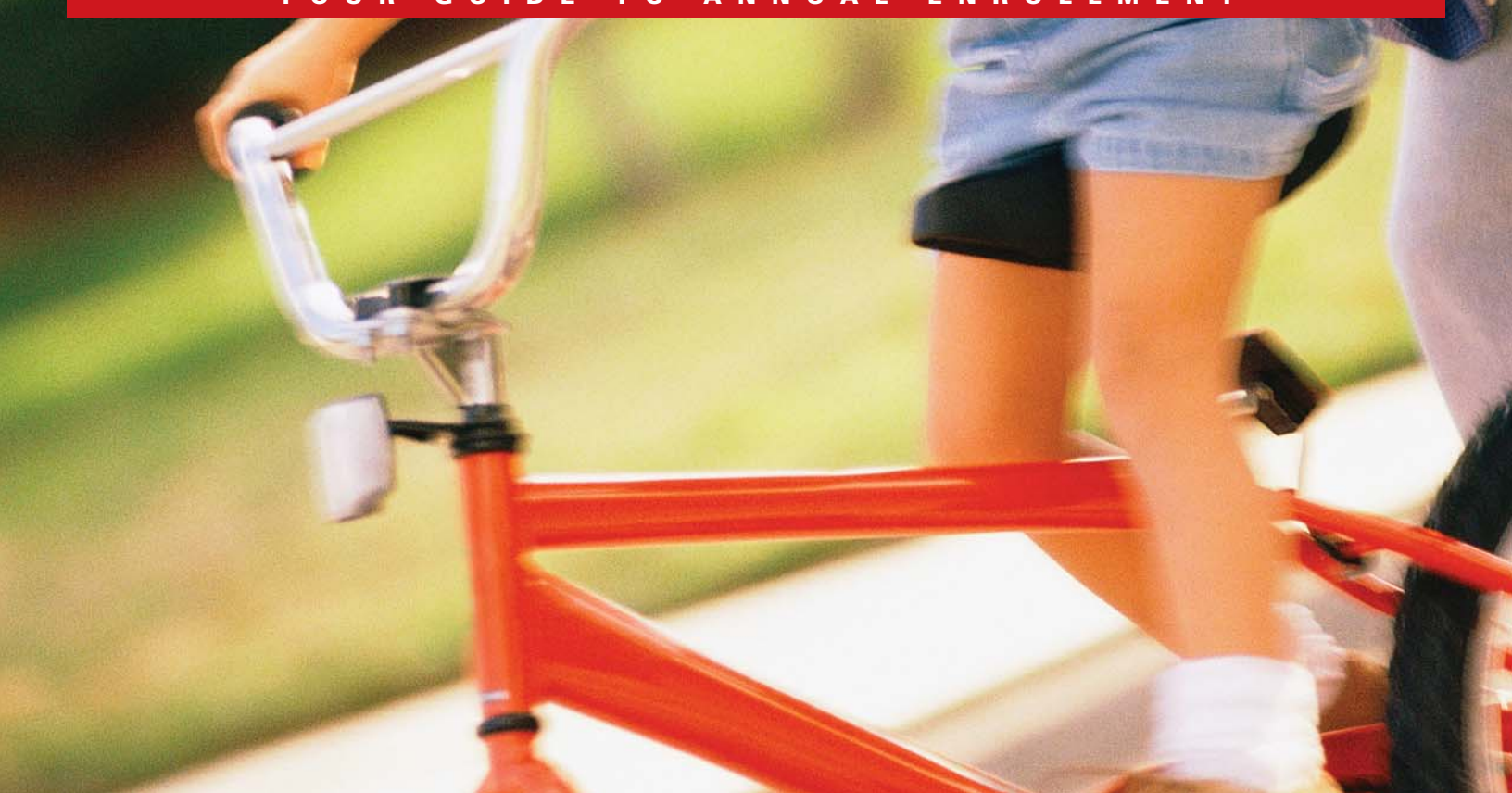




Your Health. **Your Choice.**

YOUR GUIDE TO ANNUAL ENROLLMENT



Enroll in Your CVS Benefits

Now is the time to review your benefits and make enrollment elections for the June 1, 2007 through May 31, 2008 plan year! Before you make your enrollment elections, take the time to review all of your Annual Enrollment information, and your enclosed 2007 Personalized Benefits Statement, which shows:

- Options available to you;
- Associated costs for the options;
- Enrollment codes for the CVS Benefits Line, including your Group Code;
- Your Annual Enrollment period; and
- Your dependent information (if applicable).

Use this Guide to Annual Enrollment, Your 2007 Personalized Benefits Statement, and the decision-support tools on the *CVS Healthcare Hub* (www.cvshealthcarehub.com) to help you make your benefit elections. When you're ready to enroll, call the CVS Benefits Line at 1-888-861-4363 during the Annual Enrollment period listed on Your 2007 Personalized Benefits Statement.

Do You Have to Enroll

Review Your 2007 Personalized Benefits Statement to find out. It shows the options available to you in 2007/2008 and your default coverage if you don't enroll. And keep in mind:

If you're currently enrolled in the Kaiser health maintenance organization (HMO), you do not need to enroll during this year's Annual Enrollment unless you want to change your medical coverage; however, if you want to participate in the Health Care and/or Dependent Care Flexible Spending Accounts (FSAs) for 2007/2008, you must enroll.

If you are currently enrolled in any other option, including the Medical Choice Health Reimbursement Account (HRA) option, administered by Definity Health, you must enroll. If you do not enroll, you will receive no medical coverage as of June 1, 2007.

What's New

Before you enroll, take notice of these changes to your CVS benefits:

- **CVS Medical Choice Options.** There may be changes to the CVS Medical Choice options available to you in 2007/2008. For an overview of the medical plan options available to you and the coverage amounts for each, see page 10. **Please note that if your current option is no longer available and you do not enroll, you will not have medical coverage effective June 1, 2007.**
- **Higher Coverage Amount Available for Both Supplemental Term Life and Accidental Death and Dismemberment (AD&D) Insurance.** This year, eligible employees can elect coverage from one to **eight** times their basic annual salary—which is four times higher than the amounts previously offered to most employees. See page 13 for more information.
- **Higher Coverage Amount Available for Spouse Life Insurance.** You have the option to elect coverage for your spouse in amounts between \$10,000 and **\$100,000**—which is \$50,000 more than the amount previously available to most employees. See page 13 for more information.
- **NEW! Flexible Spending Account (FSA) Debit Card.** If you enroll in the Health Care and/or Dependent Care FSA this year, you will enjoy the convenience of the new Benefits MasterCard® debit card—offered to you by Altus Benefit Administrators, our FSA administrator. See page 12 for more information.



Costs for Your 2007 CVS Benefits

See your enclosed 2007 Personalized Benefits Statement for the costs associated with all your CVS benefits. And remember, by participating in the FSAs, you can reduce your out-of-pocket costs by paying for certain expenses with tax-free dollars. And, participating in an FSA is easier than ever with the new Benefits MasterCard! See page 12 for more information.

Do You Have to Enroll?

Annual Enrollment is the time for you to make benefit changes for the upcoming year so you can get the most out of your CVS benefits. Do you have to enroll?

YES, IF:	NO, IF:
<ul style="list-style-type: none"> You are adding or dropping coverage for a dependent 	<ul style="list-style-type: none"> Your health care coverage needs have not changed and your current medical plan option is being offered in the upcoming year
<ul style="list-style-type: none"> Your current medical plan option is not being offered in the upcoming plan year, or you want to change your medical plan option to one that better meets your needs in terms of cost and coverage 	<ul style="list-style-type: none"> You have confirmed by using the tools in the <i>CVS Health Plan Decision Toolkit</i> on the <i>CVS Healthcare Hub</i> that your current elections—including your medical plan option—will continue to meet your needs and offer the most cost-effective available coverage
<ul style="list-style-type: none"> You want to enroll in coverage you don't currently have 	<ul style="list-style-type: none"> You are not interested in enrolling in coverage for benefits you didn't elect last year
<ul style="list-style-type: none"> You want to continue to participate or elect to participate for the first time in the Health Care and/or the Dependent Care Flexible Spending Accounts (FSAs) for 2007/2008 	<ul style="list-style-type: none"> You do not want to participate or continue to participate in the Health Care or Dependent Care FSA

HIPAA Privacy Notice

CVS and its business associates protect your individually identifiable health information. Review the HIPAA Privacy Notice available under the CVS Benefit Answers section of the *CVS Healthcare Hub* to learn more.

If you decide to enroll, you can make your elections by calling the CVS Benefits Line at 1-888-861-4363 during your Annual Enrollment period (listed on your enclosed 2007 Personalized Benefits Statement). If you choose not to enroll, and Your 2007 Personalized Benefits Statement indicates that your medical plan option is being offered in 2007/2008, your current elections will carry over into the 2007/2008 plan year, **with the exception of your FSA elections**. Remember, FSA elections **do not** automatically carry over—you must make a new election each year.

TOOLS & RESOURCES TO HELP YOU DECIDE

Take advantage of some of the tools and resources CVS provides to help you make the right decisions about your CVS benefits:

- Your enrollment materials**, including this guide, your enclosed 2007 Personalized Benefits Statement, and the *Your Health. Your Choice.* newsletter (which was mailed to your home in late March) are all great resources.
- The tools on the *CVS Healthcare Hub*** (www.cvshealthcarehub.com), including the Medical Expense Estimator, the People Like Me Tool, and the Health Care FSA Estimator, can help you make smart decisions about your benefits.

Your CVS Benefits

If you are an eligible employee as of June 1, 2007, you can choose coverage under the following CVS benefits:

HEALTH CARE BENEFITS <i>Learn more on pages 8 - 12</i>	INSURANCE BENEFITS <i>Learn more on pages 13 - 14</i>	ADDITIONAL BENEFITS <i>Learn more on page 14</i>
<ul style="list-style-type: none"> • Medical/Prescription • Dental • Vision • FSAs 	<ul style="list-style-type: none"> • Life Insurance • Accidental Death & Dismemberment (AD&D) Insurance • Disability Insurance • Auto & Home Insurance 	<ul style="list-style-type: none"> • CVS Legal Services Plan • ING Travel Assistance • GM Supplier New Vehicle Purchase Program • GE Marketplace • LifeScopeEAP

What Coverage Level Do You Need?

You can cover your spouse, same-sex domestic partner, and eligible dependents for medical/prescription, dental, and/or vision benefits:

IF YOU NEED...	COVERAGE LEVEL YOU SHOULD CHOOSE...
<ul style="list-style-type: none"> • Coverage for yourself only • Coverage for yourself and one dependent, such as your spouse or child • Coverage for more than one dependent 	<ul style="list-style-type: none"> • Individual coverage • Individual + 1 coverage • Family coverage

Your Paycheck Contributions

The paycheck contributions you make for your benefits will be made on either a pre-tax or post-tax basis.

PRE-TAX BENEFITS** <i>You do not pay federal income or Social Security tax on amounts you pay toward the cost of these benefits</i>	POST-TAX BENEFITS
<ul style="list-style-type: none"> • Medical/Prescription • Dental • Vision • Health Care and Dependent Care FSAs 	<ul style="list-style-type: none"> • Short- and Long-Term Disability • Supplemental Term Life Insurance • Supplemental AD&D Insurance • CVS Legal Services

**Federal regulations prohibit domestic partner deductions on a pre-tax basis.

You can change your pre-tax benefits only if you have a qualifying event (see sidebar to the right). You can enroll or change your post-tax benefits (except CVS Legal Services) anytime during the year by calling the CVS Contact Support Center at 1-866-528-7272. Enrolling in disability or life insurance or increasing your life insurance coverage will require proof of good health.



Changing Coverage Due to a Qualifying Event

Internal Revenue Service (IRS) regulations do not allow benefit coverage changes for benefits paid on a pre-tax basis during the year unless you experience a qualifying event (i.e., marriage, divorce, change in employment status, birth or adoption, or gain or loss of coverage).

If you experience a qualifying event during the year, you must call the CVS Contact Support Center within 30 days of the qualifying event. If you do not call within 30 days of the event, you must wait until the next Annual Enrollment period to change your benefit elections. (Note: If you experience a qualifying event, you may be required to provide proof.)



Are Your Dependents Eligible for Coverage?

Before you enroll your dependents this year, be certain that they are eligible for coverage. *Enrolling dependents who are not eligible for coverage is strictly prohibited.* Some examples of ineligible dependents include a divorced spouse, your girlfriend/boyfriend, or opposite-sex domestic partner.

This is your opportunity to remove ineligible dependents from coverage without future financial consequences relating to covering ineligible dependents. This year, an audit will be performed of all dependents enrolled under CVS plans. If you have ineligible dependents enrolled for coverage, you will be required to pay CVS for all claims incurred on behalf of your ineligible dependents and you will not be eligible for future coverage under the CVS plans until all amounts are paid.

Who Is Eligible

You are eligible if you are an active full-time employee working in the United States, are employed by CVS Corporation (or a company affiliate controlled by CVS Corporation), and work an average of at least 30 hours per week.

If you are scheduled to work less than 30 hours per week when you are hired, you become eligible on the first day of the second month following 26 weeks of continuous, active employment, provided you averaged and maintained at least 23 hours per week during your initial 26 weeks of continuous, active employment.

Eligibility for benefits is re-evaluated twice annually. You may not enroll for coverage if you do not maintain the minimum hour requirement. The plan administrator will determine whether an employee meets the eligibility requirements.

Temporary employees, seasonal employees, leased employees, and independent contractors are excluded from coverage unless the specific agreement provides for coverage under the plan. If you have questions about your eligibility, please call the CVS Contact Support Center at 1-866-528-7272.

ELIGIBLE DEPENDENTS

You can elect medical/prescription, dental, vision, and/or life insurance coverage for your eligible dependents. If you want to cover a newly eligible dependent, you must request enrollment within 30 days of your dependent becoming eligible; otherwise, you must wait until the next Annual Enrollment period. Please note that you cannot be covered under CVS benefits as both an employee and a dependent, and you must be enrolled in a plan to cover a dependent under that plan.

ELIGIBLE DEPENDENTS

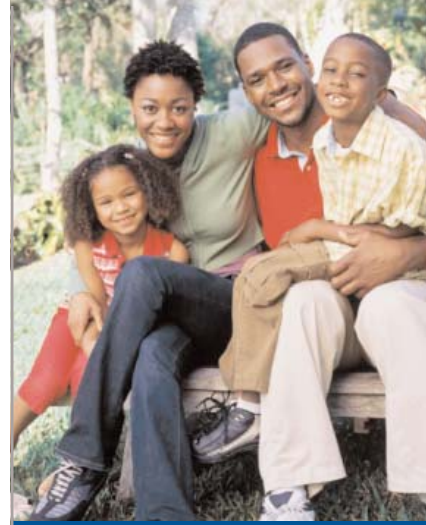
- **SPOUSE** Your legal spouse who is a resident of the United States.
- **DOMESTIC PARTNER** Your same-sex domestic partner, provided your affidavit is signed and approved. (**Note:** To enroll a same-sex domestic partner or make changes to existing coverage for a same-sex domestic partner, you must complete and submit a CVS Domestic Partner Enrollment Form [see page 15].)
- **CHILDREN** Your biological, legally adopted, or stepchild(ren), or your same-sex domestic partner's biological or legally adopted child(ren). This also includes any child who meets the criteria, as set forth in Internal Revenue Code Section 152, of a qualifying child. To enroll a qualifying child, you must complete and submit a Qualifying Child Affidavit, available through CMD Services at <http://cvsbenefits.cmdservices.com>.

DEPENDENTS MUST LIVE WITH YOU AND BE ONE OF THE FOLLOWING:

- Financially dependent on you, unmarried, and under age 19.
- Full-time students who are between the ages of 19 and 23 (coverage ends when the student graduates or reaches age 23) and enrolled in an accredited secondary school or university for at least 12 credit hours per semester.*
- Older than age 19, with a physical or mental handicap (as determined by the carrier) incapable of self-sustaining employment, and dependent on you for more than half of his/her support and maintenance (you must provide proof of the ongoing handicap as often as requested by your plan carrier). The child must be disabled prior to age 19 or become disabled while covered as a dependent by a CVS plan.
- A child who is the subject of a Qualified Medical Child Support Order (QMCSO).

Generally, any of the benefits you elect will remain in effect for an entire plan year (June 1 through May 31), unless you have a qualifying event. This applies even if you have not elected coverage.

** You will be required to certify any and all full-time students twice per year. Instructions will be mailed to you at the appropriate times.*





Your Health Care **Benefits**

Read this section to find out more about your CVS health care benefits:

- Medical/Prescription
- Dental
- Vision
- FSAs

Take Action: Select a Blue Cross of California PCP by May 3, 2007

If you enroll in a Blue Cross of California medical plan option—either the HMO option, the POS 90% option, or the POS 80% option—you must select a primary care physician (PCP) by May 3, 2007. You can select a PCP by calling Blue Cross of California at 1-866-406-0980 and speaking with a customer service representative, available Monday through Friday, from 6 a.m. to 12 a.m. Pacific time. You can also select a PCP using the Blue Cross of California's Web site, which you can link to from the *CVS Healthcare Hub*.

Your Medical/Prescription Drug **Benefits**

This year, before you choose your medical plan option (which includes prescription drug benefits), take these steps:

- Step #1. Get started.** Carefully think about your and your family's health care needs for the upcoming year. What types of health care services do you use? How often? Are your health care needs changing this year? Use the People Like Me Tool in the *CVS Health Plan Decision Toolkit* at www.cvshealthcarehub.com to see which options other CVS employees choose and why.
- Step #2. Compare your options.** Read all the materials in your Annual Enrollment packet and link to your medical carrier's Web site from the *CVS Healthcare Hub* to get information about the health care services you received last year.
- Step #3. Gather the information.** Visit the CVS Healthcare Hub and use the online decision-making tools—including the *CVS Health Plan Decision Toolkit*—to compare the different medical plan options side by side. You'll need the Group Code from your enclosed 2007 Personalized Benefits Statement.

After you take these steps, choose a medical plan option that gives you a good balance between paycheck contributions and out-of-pocket costs. And remember, lower paycheck contribution amounts generally mean higher out-of-pocket costs, and higher paycheck contribution amounts generally mean lower out-of-pocket amounts. Would you rather pay more out of your paycheck or out of your pocket when you receive care?

Your 2007 Personalized Benefits Statement shows the medical plan options for which you are eligible, as well as their associated costs.

Let the *CVS Healthcare Hub* Help You Choose

Before you enroll, visit the *CVS Healthcare Hub* at www.cvshealthcarehub.com and access the *CVS Health Plan Decision Toolkit*. The Toolkit features easy-to-use tools that can help you minimize the dollars you spend on health care, while maximizing the value of the dollars you do spend.

- ❑ **The Medical Expense Estimator** can help you estimate your total annual paycheck contributions and project out-of-pocket costs for each medical plan option you want to compare, including your spouse's employer's medical plan options.
- ❑ **The Health Plan Comparison Charts** provide detailed, side-by-side comparisons of all the medical plan options for which you are eligible.
- ❑ **The People Like Me Tool** provides examples of how people with insurance and coverage needs similar to yours choose their medical plan option.
- ❑ **The Health Care FSA Estimator** makes it easy for you to add up your eligible expenses so you can easily see how much to set aside in a Health Care FSA—and how much you can save in federal income taxes based on the amount you contribute to the account and your tax rate.

Plus, the *CVS Healthcare Hub* gives you access to services that can help you get healthy and stay healthy, **links to carrier resources and related services**, and **helpful articles** that can help you maximize your health care dollars and get better health care results.

Visit the *CVS Healthcare Hub* at www.cvshealthcarehub.com

What You Should Know About Prescription Drug Coverage

- ❑ Each medical plan option includes prescription coverage.
- ❑ You and your dependents must be enrolled in a medical plan option in order to receive prescription coverage. You cannot elect prescription coverage only.
- ❑ To ensure your safety, certain prescription drugs now require **Prior Authorization**. Prior Authorization confirms that the medication you are taking is appropriate for your condition. A list of drugs that require Prior Authorization is available on the *CVS Healthcare Hub*. (Click on "Get the Best Care" and then "Choose a Prescription Drug." From there you can click on the "Drugs That Require Prior Authorization" link at the bottom of the page.)
- ❑ CVS makes periodic changes to the prescription preferred drug formulary, so it's a good idea to visit the *CVS Healthcare Hub* to view an updated formulary list. PharmaCare, the CVS prescription drug administrator, will mail a new wallet card formulary list to your home in early June. And, if you are taking a medication whose formulary status has changed, you will receive a letter from PharmaCare.
- ❑ You can track and manage your prescription drug benefits by visiting the PharmaCare Web site at www.pharmacare.com/members (see page 11 for more information about the PharmaCare Web site's tools and resources).



Coordination of Benefits

If you and your dependents have coverage under another plan, your benefits under the other plan and your CVS-sponsored medical and dental plan benefits will be coordinated. This process is known as non-duplication of benefits. Here's how it works:

- The plan administrator reviews claims to determine how much the CVS plan would have paid if it were the primary plan.
- The amount is compared to what your other plan has paid:
 - If the CVS benefit is greater, the CVS plan will pay the difference.
 - If the CVS benefit is a lesser or equal amount, no additional benefits will be paid.

Ultimately, the CVS plan (in coordination with the other plan) will not pay more than it would have if it had been the primary plan. If you have coverage under both a CVS plan and another benefit plan, be sure to review the coordination of benefits rules that govern your plans as it may not benefit you to have more than one plan.

After You Enroll, Be Sure to Choose Your PCP!

Remember, if you enroll in a Blue Cross of California medical plan option, you must select a PCP by May 3, 2007. See page 8 for more information.

Your Medical Plan Options Side by Side

The chart below gives a high-level overview of your new medical plan options, side by side. **Please note:** CVS is no longer offering the Medical Choice Health Reimbursement Account (HRA). Keep in mind that under certain options your primary care physician (PCP) must coordinate your care in order to receive benefits from the plan. For more detailed information, visit the *CVS Healthcare Hub*—your number one resource for information about your CVS health care benefits.

	KAISER HMO OPTION	BLUE CROSS OF CALIFORNIA HMO OPTION	BLUE CROSS OF CALIFORNIA POS 90% OPTION			BLUE CROSS OF CALIFORNIA POS 80% OPTION		
	In HMO Network	In HMO Network	In HMO Network	In PPO Network	Out of PPO Network*	In HMO Network	In PPO Network	Out of PPO Network*
COSTS YOU PAY								
Copayments for Office Visits	You pay... \$20 PCP/\$20 specialist**	You pay... \$15 PCP/\$30 specialist	You pay... \$15 PCP/\$30 specialist	CVS pays 70%; you pay the remaining 30% after deductible	CVS pays 60%; you pay the remaining 40% after deductible	You pay... \$25 PCP/\$30 specialist	CVS pays 70%; you pay the remaining 30% after deductible	CVS pays 50%; you pay the remaining 50% after deductible
<i>Note: Your PCP must coordinate your care in order for you to qualify for benefits under the HMO options</i>			<i>Note: Your PCP must coordinate your in-network care in order for you to qualify for in-network benefits under the POS options; your PCP does not need to coordinate out-of-network care</i>					
Plan Year Deductible***	None	None	None	\$1,000 per individual; \$2,000 per family	None	\$1,000 per individual; \$2,000 per family	None	\$1,000 per individual; \$2,000 per family
Prescription Drugs								
Retail	You pay \$7.50 generic; \$20.50 preferred brand; \$45.50 non-preferred brand							
Mail order	You pay \$18.75 generic; \$51.25 preferred brand; \$113.75 non-preferred brand							
COSTS YOU SHARE WITH CVS								
Coinsurance Percentage	CVS pays 100%	CVS pays 100%	CVS pays 90%, you pay 10%	CVS pays 70%; you pay the remaining 30% after deductible	CVS pays 60%; you pay the remaining 40% after deductible	CVS pays 80%, you pay 20%	CVS pays 70%; you pay the remaining 30% after deductible	CVS pays 50%; you pay the remaining 50% after deductible
LIMITS ON YOUR COSTS								
Out-of-Pocket Maximum***	\$1,500 per individual; max of \$3,000 per family	\$1,000 per individual; max of \$3,000 per family	\$1,000 per individual; max of \$3,000 per family	\$5,000 per individual; max of \$15,000 per family	\$1,000 per individual; max of \$3,000 per family	\$5,000 per individual; max of \$15,000 per family	\$5,000 per individual; max of \$15,000 per family	\$5,000 per individual; max of \$15,000 per family
Overall Lifetime Maximum Benefits	None	None	None	\$5,000,000 per member	None	\$5,000,000 per member	\$5,000,000 per member	\$5,000,000 per member

* If you go out-of-network, reasonable and customary (R&C) charges will apply. These are typical charges for services in your area. Expenses in excess of R&C charges do not count toward your deductible or out-of-pocket maximum.

** For the Kaiser HMO only, copayment amounts you pay will count toward your out-of-pocket maximum.

*** Deductible and out-of-pocket maximum amounts are separate. Amounts you pay toward your deductible are not included in the out-of-pocket maximum amount shown. Paycheck contributions do not count toward your out-of-pocket maximum.

Your Medical Plan Carrier

Your carrier offers comprehensive information and services to help you manage your health, resolve billing issues, and provide answers to questions about your coverage. The carrier administering your CVS medical plan option will be determined by your **home zip code**. For more information about the medical carriers for your region, see Your 2007 Personalized Benefits Statement or visit the *CVS Health Plan Decision Toolkit* on the *CVS Healthcare Hub*. The Health Plan Comparison Charts identify the carrier in your area.

REGISTER ON YOUR MEDICAL CARRIER'S WEB SITE AND THE PHARMACARE WEB SITE

YOUR MEDICAL CARRIER'S WEB SITE

Your medical carrier's Web site offers you access to many tools and resources to help you better manage your health and your care:

- Access hospital and provider comparison tools
- Check claim status and review your explanation of benefits (EOBs)
- Request a member ID card
- View your dependent information
- Search for network providers
- Find more information about special programs and condition management
- Select your primary care physician (PCP) (required by May 3, 2007 for the Blue Cross of California medical plan options)

THE PHARMACARE WEB SITE

The PharmaCare Web site provides you with fast, easy, and secure access to your prescription drug benefit information, plus simple online tools:

- Look up medication costs, find generic alternatives, and check drug prices at your local pharmacy
- Find out your family's year-to-date prescription drug costs and what your plan paid for the medications
- Access your prescription drug benefit information
- Review the online medication reference guide and look up drug descriptions and dosage information
- Send a question to a pharmacist or customer service representative

You can link to your medical carrier's Web site from the *CVS Healthcare Hub*.

Dental

CVS offers you dental benefits through Delta Dental. The dental plan offers an annual benefit maximum of \$1,500 and a separate orthodontics lifetime maximum of \$1,500 for each dependent under age 19. (**Note:** Your plan year deductible and out-of-pocket maximum amounts are calculated beginning on January 1 through December 31 of each year.)

Vision

The vision plan, administered by VSP, provides an affordable way to maintain good health through proper vision care. When you use VSP's network providers, exams are covered with a \$10 copayment, and VSP covers either frames and lenses (up to \$180 allowance for frames) or contact lenses (up to \$150 allowance). For more information, visit the *CVS Healthcare Hub*, where you can view the vision summary sheet or link to the VSP Web site.



New Member ID Cards

If you or your dependents enroll in medical or dental coverage for the first time or change your plan option, you will receive member ID cards. (**Note:** You will not receive a new prescription drug ID card, unless you currently participate in the Medical Choice HRA.) You will not receive a new prescription drug ID card, unless you currently participate in the Medical Choice HRA. Be sure to present your new card at your first appointment or when you fill a prescription after June 1, 2007.

Keep in mind that the vision plan does not distribute member ID cards. The CVS employee's Social Security number is the vision plan ID number for all covered dependents.

For more information, visit the *CVS Healthcare Hub*.



Flexible Spending Accounts (FSAs)

By participating in an FSA, you can save tax dollars on your family's health care and dependent care expenses. If you want to participate in an FSA, each year you must enroll and elect your contribution amounts. **If you don't enroll, you will not be eligible to participate in the FSAs for the June 1, 2007 through May 31, 2008 plan year.**

There are two FSAs—the Health Care FSA and the Dependent Care FSA:

HEALTH CARE FSA	DEPENDENT CARE FSA
<p>Reduce your taxable income and reimburse yourself for medical, dental, and vision costs that are not covered by your medical plan option by contributing between \$260 and \$5,000 per plan year to your Health Care FSA.</p> <p>Eligible expenses include copayments, deductibles, coinsurance percentage, and over-the-counter medications such as antacid, pain reliever, and cold medicine.</p> <p>You can estimate your eligible expenses and see how much you can save by using the Health Care FSA Estimator on the <i>CVS Healthcare Hub</i>.</p>	<p>Reduce your taxable income and reimburse yourself for care for your child, elderly, or handicapped dependents so you (and your spouse, if you're married) can work. You can contribute between \$260 and \$5,000* per plan year to your Dependent Care FSA.</p> <p>IRS-allowed dependent care expenses** include summer day camp, before- and after-school care, day care, preschool, and elder/dependent care.</p>

* In order to meet IRS non-discrimination rules, employees who earned \$100,000 or more in 2006 will be limited to \$1,500 in contributions. This amount may change later in the year, subject to final non-discrimination testing.

** The money received for services must be claimed as income by your care provider. You must include your dependent care provider's federal identification number/Social Security number when you file your taxes.

Your Dependents' Health Care Expenses

Your dependents' health care expenses are eligible for reimbursement under the Health Care FSA. You cannot use the Dependent Care FSA for your dependent's health care expenses.

WHO QUALIFIES AS AN ELIGIBLE DEPENDENT FOR THE DEPENDENT CARE FSA?

The following dependents qualify:

- Children under 13 years of age;
- Children over 13 years of age who are physically or mentally unable to care for themselves; and
- A spouse or elderly parent residing in your home who is physically or mentally unable to care for himself or herself.

NEW FSA BENEFITS MASTERCARD

If you enroll in a Health Care and/or Dependent Care FSA this year, Altus will automatically provide you with a Benefits MasterCard—making it easier than ever to manage your FSAs!

You can use your Benefits MasterCard to access funds in your CVS Health Care and Dependent Care FSAs to pay for eligible health or dependent care expenses, such as copayments at a doctor's office or a CVS/pharmacy. Up to five copayments can be processed in a single transaction without having to mail receipts to Altus.

The Benefits MasterCard looks and works like a typical debit card. You will not have to pay for services out-of-pocket and wait to be reimbursed. You will, however, need to provide receipts to Altus for certain purchases, or if you choose not to use the Benefits MasterCard at the time of service. Additionally, the IRS can ask you to substantiate any claims paid from your FSA, so you should always save your receipts.

MORE DETAILS ABOUT YOUR HEALTH CARE BENEFITS ARE AVAILABLE ON THE CVS HEALTHCARE HUB

For more detailed information about your CVS benefits, check out the *CVS Healthcare Hub*, where you can view benefit summary charts or link to your carrier's Web site.

Look for Your FSA MasterCard Debit Card In the Mail

If you enroll in an FSA, Altus will automatically send you a Benefits MasterCard in a "nondescript" envelope. Be sure you don't mistake your Benefits MasterCard for junk mail and accidentally throw it away!



Your Insurance **Benefits**

Read this section to find out more about your **CVS** insurance benefits:

- Life Insurance
- Long-Term Disability Insurance (LTD)
- Accidental Death and Dismemberment (AD&D) Insurance
- Auto & Home Insurance
- CVS Legal Services

Life Insurance and Accidental Death and Dismemberment (AD&D) Insurance

CVS offers you four different kinds of insurance plans. **Your current coverage amounts are shown on Your 2007 Personalized Benefits Statement.**

- **Basic Life and Basic AD&D Insurance.** All eligible employees automatically receive Company-paid Basic Life and Basic AD&D Insurance coverage. You are not required to make an election for these benefits, but you should make sure your beneficiaries are up to date (see the instructions in the sidebar on page 14).
- **Supplemental Term Life Insurance.** Eligible employees can elect Supplemental Term Life Insurance coverage from one to eight times their basic annual salary. Your current Supplemental Term Life Insurance elections will automatically continue, unless you change coverage.
- **Dependent Life Insurance.** You must be enrolled in Supplemental Term Life Insurance to elect Dependent Life Insurance coverage for your spouse and/or child(ren).
 - **Spouse Life Insurance:** You can elect coverage for your spouse in amounts between \$10,000 and \$100,000, in \$10,000 increments. The amount of insurance you elect for your spouse cannot exceed the supplemental coverage amount you elect for yourself.
 - **Child Life Insurance:** Child life insurance coverage is available in the amount of \$10,000 per child.

Proof of Good Health

Please note that you may be required to provide proof of good health satisfactory to ReliaStar Life Insurance Company when enrolling in:

- **Supplemental Term Life Insurance.** Required under these three conditions: when enrolling for the first time, when increasing coverage by more than one times pay, or when increasing coverage by \$300,000 during Annual Enrollment.
- **Dependent Life Insurance.** Required for each dependent covered.

Proof of good health is not required for Supplemental AD&D Insurance. For more information, visit the **CMD Services Web site** at <http://cvsbenefits.cmdservices.com>, or link directly to the site from the **CVS Healthcare Hub**.



Are Your Life Insurance Beneficiaries up to Date?

Each year, you should check to be sure your life insurance beneficiaries are up to date. To access the beneficiary designation form, visit the **CMD Services Web site** at <http://cvsbenefits.cmdservices.com>, or link directly to the **Web site from the CVS Healthcare Hub**. You'll need to complete the form online, print it, and mail it to the address listed on the form.

More Information About Your Life Insurance Benefits Is Available on the CMD Services Web Site

For more detailed information about your CVS life insurance benefits, including rate information, visit the **CMD Services Web site** at <http://cvsbenefits.cmdservices.com>, or link directly to the **Web site from the CVS Healthcare Hub**.

- **Supplemental AD&D Insurance.** You can elect Supplemental AD&D coverage from one to eight times your basic annual salary, up to \$1,000,000 (the minimum amount is \$20,000). Your current elections will automatically continue, unless you change coverage.

Long-Term Disability (LTD) Plan

LTD coverage protects you in the event that you become disabled. The LTD benefit pays up to 60% of your monthly base salary, tax-free. However, the benefit may be reduced by other forms of income, such as Workers' Compensation or Social Security disability income. The plan pays a monthly benefit amount after you satisfy a 180-day waiting period.

Auto & Home Insurance

The Auto & Home Program offers low group rates, money-saving discounts, and automatic paycheck contributions. Call 1-800-375-1655 or visit www.personal-plans.com/cvs at any time throughout the year for free, no-obligation quotes.

Additional Benefits

CVS provides the following benefits to eligible employees at no additional cost.

THE CVS BENEFIT...	FOR MORE INFORMATION...
<p>CVS Legal Services, provided by Hyatt Legal Plans, provides valuable legal services at row rates. You have access to a nationwide network of over 9,000 experienced attorneys who can provide legal advice and representation for a wide range of services.</p>	<p>Call 1-800-375-1655 or visit www.personal.plans.com/cvs</p>
<p>ING Travel Assistance is provided to full-time employees. Under this program, you are automatically covered for travel emergencies.</p>	<ul style="list-style-type: none"> • In the U.S., Toll Free: 1-800-859-2821 • Worldwide, Collect: 1-202-296-8355 • Email: ops@worldwideassistance.com • Web: www.worldwideassistance.com/login.asp (User name: ING-ADD; Password: Assistance)
<p>GM Supplier New Vehicle Purchase Program allows eligible employees to receive discounts on new and unused GM vehicles.</p>	<p>Call Program Headquarters at 1-800-960-3375 or visit the Web site at www.GMsupplierdiscount.com. The CVS Company Code is 803932.</p>
<p>GE Marketplace. Through a partnership with GE, CVS provides you with discounts on select GE products and services at the GE Marketplace, including up to 20% off typical retail prices on appliances at the GE Appliance Store.</p>	<p>Go to http://www.register2buy.com (register by entering "cvsextn" as your authorization code and choosing a password; a confirmation email will be sent to you with a direct link to the GE Marketplace).</p> <p>Call GE Customer Service at 1-800-626-9664 Monday through Friday, from 8 a.m. to 6:30 p.m. Eastern time.</p>
<p>LifeScope Employee Assistance Program (EAP) provides you and your family with free, unlimited 24/7 telephone access to trained counselors and emotional and mental health resources for issues such as balancing work/life, emotional and personal concerns, financial planning, and addictions.</p>	<p>Visit the LifeScopeEAP Web site at http://lifescopeeap.com (log on as CVS) or call 1-800-789-8990.</p>

How to Enroll

Follow these easy steps when you are ready to enroll in your 2007/2008 CVS benefits:

Step #1

Review Your 2007 Personalized Benefits Statement to determine:

- The benefits available to you;
- Your paycheck contribution amounts;
- Your dependent coverage; and
- Your enrollment period.

Step #2

Discuss your medical plan options and health care needs with your family. Then, use the tools on the *CVS Healthcare Hub* at www.cvshealthcarehub.com to find out which medical plan option is the most cost-effective for you based on the way you and your family use health care services.

Step #3

Enroll! The chart below gives you instructions on how to enroll in your CVS benefits. And don't forget, after you enroll, you must select a PCP by May 3, 2007 if you choose a Blue Cross of California medical plan option. See page 8 for more information.

IF YOU WANT TO CHANGE OR ENROLL IN YOUR HEALTH CARE BENEFITS...

- Medical/Prescription
- Dental
- Vision
- Flexible Spending Accounts (FSAs)

Remember, you must enroll in the FSAs if you want to participate during the 2007/2008 plan year. If your current medical plan option is not being offered in 2007/2008, you must enroll.

YOU MUST CALL THE CVS BENEFITS LINE AT 1-888-861-4363. THIS AUTOMATED PHONE SYSTEM IS AVAILABLE 24 HOURS A DAY!

- **Want to Speak With a Contact Support Analyst?**
Call 1-866-528-7272, 24 hours a day, 7 days a week.
- **Important Information About Enrolling Same-Sex Domestic Partners:** If you are enrolling a same-sex domestic partner, you must go to <http://cvsbenefits.cmdservices.com> and print out the CVS Domestic Partner Enrollment Form. Before your enrollment deadline, mail the completed form to the address listed on the form.

IF YOU WANT TO CHANGE OR ENROLL IN...

Long-Term Disability (LTD) Plan

You do not need to enroll if you are continuing your current coverage.

Life Insurance and AD&D Insurance, Including:

- Supplemental Term Life Insurance
- Dependent Life Insurance
- Supplemental AD&D Insurance

You do not need to enroll if you are continuing your existing coverage. Also, keep in mind that CVS automatically provides you with Basic Life and Basic AD&D Insurance coverage.

CVS Legal Services Plan

You do not need to enroll if you are continuing existing coverage.

YOU HAVE TO...

- Complete the Disability Personal Health Application online and print it. You can access the application by clicking on the "LTD Enrollment" link at <http://cvsbenefits.cmdservices.com>, or link directly to the Web site from the *CVS Healthcare Hub*.
- Mail the completed Disability Personal Health Application to the address on the application.
- The Hartford will determine if you are approved for coverage and notify you directly.
- Upon approval, a confirmation statement will be mailed to your home.
- Complete the ReliaStar enrollment form online and print it. You can access the form at <http://cvsbenefits.cmdservices.com>, or link directly to the Web site from the *CVS Healthcare Hub*.
- Make sure your beneficiary designations are up to date. If you need to make a change, access the beneficiary designation form at <http://cvsbenefits.cmdservices.com>.
- Mail the ReliaStar enrollment form to:
ReliaStar Employee Benefits
Route NO 6985
P.O. Box 20
Minneapolis, MN 55440-0020
- Enroll for coverage at www.personal-plans.com/cvs or by calling 1-800-375-1655 and speaking with a customer service representative.
- If you currently have coverage and you want to end coverage, you must call 1-800-375-1655 and speak with a customer service representative, or go to www.personal-plans.com/cvs and print the Notice of Disenrollment in Legal Services Plan form. Return the completed form to the address listed on the form.
- Customer service representatives are available to speak with you Monday through Friday, from 8 a.m. to 6 p.m. Eastern time, and Saturday, from 9 a.m. to 1 p.m. Eastern time.

CVS/pharmacy

P.O. Box 1135
Woonsocket, RI 02895-0988