

# CVS/CAREMARK CORPORATION

## STATEMENT OF COMPANY POLICY ON SECURITIES TRADES BY COMPANY PERSONNEL (Revised as of March 22, 2007)

### *The Need For a Policy Statement*

This policy has been developed:

- To educate the Company's personnel;
- To set forth guidelines for courses of action;
- To protect the Company and each of its personnel against legal liability; and
- To preserve the reputation of the Company and its personnel for integrity and ethical conduct.

This policy shall apply to all directors, officers and employees of CVS/Caremark Corporation, its subsidiaries and affiliates.

The Securities Act of 1933, the Securities Exchange Act of 1934, the Insider Trading and Securities Fraud Enforcement Act and the regulations adopted by the Securities and Exchange Commission all make it illegal for an individual to buy or sell securities while in the possession of "inside information." The SEC takes insider trading very seriously and devotes significant resources to uncovering the activity and to prosecuting offenders. Liability may extend not only to individuals who trade on "inside information," but also to their "tippers," to a company for transactions by its personnel and even possibly other "controlling persons" for violations by company personnel.

*In addition to responding to the statutes and regulations, we are adopting this Policy Statement to avoid even the appearance of improper conduct on the part of anyone employed by or associated with our Company (not just so-called insiders). We have all worked hard over the years to establish our reputation for integrity and ethical conduct. We cannot afford to have it damaged.*

### ***Our Policy***

If a director, officer or any employee has material non-public information relating to the Company, it is our policy that neither that person nor any related person may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, that information.

This policy also applies with equal force to information relating to any other company, including our customers or suppliers, obtained in the course of employment.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

**Material Information.** Material information is any information that a reasonable investor would consider important in a decision to buy, hold or sell stock. In short, *any information which could reasonably affect the price of the stock.*

**Examples.** Common examples of information that will frequently be regarded as material are: projections of future earnings or losses; news of a pending or proposed merger, acquisition or tender offer; an important financing transaction; changes in dividend policies or the declaration of a stock split or the offering of additional securities; changes in management; significant new products or discoveries; impending bankruptcy or financial liquidity problems; internal financial information which departs from what the market would expect; and the gain or loss of a major contract. Either positive or negative information may be material. We emphasize that this list is merely illustrative.

**Transactions by Family Members.** The very same restrictions apply to your family members and others living in your household. Employees are expected to be responsible for the compliance of their immediate family and personal household.

**Tipping Information to Others.** Whether the information is proprietary information about our company or information that could have an impact on our stock price, employees must not pass the information on to others. *“Inside information” is often inadvertently disclosed or overheard in casual, social conversations. Care must be taken to avoid such disclosures.*

**When Information is Public.** As you can appreciate, it is also improper for a director, officer or employee to enter a trade immediately after the Company has made a public announcement of material information, including earnings releases. Because the Company’s shareholders and the investing public should be afforded the time to receive the information and act upon it, as a general rule you should not engage in any transactions until the third business day after the information has been released. (Thus, if an announcement is made on a Monday, Thursday generally would be the first day on which you should trade. If an announcement is made on a Friday, Wednesday generally would be the first day.) However, if the information released is complex, such as a prospective major financing or other transaction, it may be necessary to allow additional time for the information to be digested by investors. In such circumstances, you should consult with our Chief Legal Officer, Doug Sgarro, or our General Counsel, Zenon Lankowsky, regarding a suitable waiting period before trading. Remember, if you are in possession of material non-public information that was not part of the information released, you may not engage in any transactions.

**Prevention of Insider Trading by Others.** If you become aware of a potential insider trading violation, you should immediately advise our Chief Legal Officer, Doug Sgarro, or our General Counsel, Zenon Lankowsky. You should also take steps, where appropriate, to prevent persons under your control from using inside information for trading purposes.

***Twenty-Twenty Hindsight.*** Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

***Confidentiality.*** Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the stock. Company personnel should not discuss internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular corporate duties.

This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of the Company be through an appropriately designated officer under carefully controlled circumstances. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, you should decline comment and refer the inquirer to the Vice President – Investor Relations (Nancy Christal) or, in her absence, to the Chief Executive Officer (Tom Ryan) or Executive Vice President and Chief Financial Officer (Dave Rickard).

### ***Special Procedures Applying to Directors, Officers and Certain Other Personnel***

While it is never permissible to trade based on material nonpublic information, to provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following special procedures for: **(1) directors and officers (Vice Presidents and above) of CVS/Caremark Corporation, CVS Pharmacy, Inc., Caremark Rx, L.L.C. and its subsidiaries, ProCare Pharmacy, Inc. and PharmaCare Management Services, Inc., CVS.com, CVS Realty Co. and any other subsidiaries or divisions of the Company that may be designated from time to time; (2) the executive assistants of each of the foregoing officers and directors; and (3) any other employee possessing material non-public information that is designated by the Company (collectively, “Key Persons”):**

***Pre-Clearance of All Trades.*** All transactions in Company stock (acquisitions, dispositions, transfers, etc.) by **Key Persons** must be pre-cleared by our Chief Legal Officer, Doug Sgarro, or our General Counsel, Zenon Lankowsky. If you contemplate a transaction, you should contact either the Chief Legal Officer or the General Counsel in advance. This requirement does not apply to stock option exercises, but would cover market sales of option stock, including sales involved in a “cashless” option exercise.

***“Black-Out Periods” -- When Trading is not Permitted.*** **Key Persons** are prohibited from trading in any securities of the Company during the period **beginning ten (10) calendar days prior to the close of any fiscal quarter and ending on the**

**third (3<sup>rd</sup>) business day after the release of the Company's financial results for that quarter.**

In addition, the Company may from time to time require **Key Persons** to refrain from trading during other specified periods when significant developments or announcements are anticipated. Remember, however, that even during periods when trading is otherwise permitted, no one should trade in the securities of the Company if he or she possesses material inside information.

**Key Persons** may complete a pending transaction in Company stock at any time, including during a Black-Out Period, if the **Key Person** has entered into a binding contract or has given written instructions to his or her broker at a time outside of a Black-Out Period when he or she is not aware of material inside information. The contract or instructions must provide:

- the amount, price (which may include a limit price) and date of purchases or sales (which may include a "no later than" date for a limit transaction); or
- a formula or similar method for determining the amount, price and date of purchases or sales; or
- another party with the exclusive right to determine whether, how and when to make purchase and sales.

Please bear in mind that the terms of the contract or instructions may not be altered during a Black-Out Period, or at any time the **Key Person** is in possession of material inside information. Any requested changes to, or cancellation of, a contract or instructions must be approved in advance on a case-by-case basis by Doug Sgarro or Zenon Lankowsky.

### ***Additional Prohibited Transactions***

It is the Company's policy that directors, officers and other Key Persons should not engage in any of the following activities with respect to securities of the Company:

*Trading in securities on a short-term basis.* Any Company stock purchased in the open market must be held for a minimum of six months and ideally longer. (Note that the SEC's short-swing profit rule already prevents directors and executive officers of CVS Corporation from selling any Company stock within six months of a purchase. We are simply expanding this rule to all **Key Persons**. However, the rule does not apply to stock option exercises, except that directors and executive officers must always hold stock for a minimum of six months after the date of the option grant.)

*Purchases of Company stock on margin.*

*Short sales.*

*Buying or selling puts or calls.*

*Options (other than stock options granted by the Company).*

### ***The Consequences of Insider Trading***

The consequences of insider trading violations can be staggering:

*For individuals* who trade on inside information (or tip information to others):

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$1 million; and
- A jail term of up to ten years.

These penalties can apply even if the individual is not a director, officer or senior executive.

*For a company* (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading:

- A civil penalty of the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$2.5 million.

Moreover, if an employee violates the Company's insider trading policy, Company imposed sanctions, including dismissal for cause, could result from failing to comply with the Company's policy or procedures. Needless to say, any of the above consequences, even an SEC investigation that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.

### ***Company Assistance***

Any person who has any questions about specific transactions or this Policy Statement in general may obtain additional guidance from our Chief Legal Officer, Doug Sgarro, or our General Counsel, Zenon Lankowsky. Remember, however, the ultimate responsibility for adhering to the Policy Statement and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

### ***Certifications***

All **Key Persons** will be required to certify their understanding of and intent to comply with this Policy Statement.