

401(k) PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN OF CVS HEALTH CORPORATION AND AFFILIATED COMPANIES

FUTURE FUND PLAN LOAN RULES

To receive your loan check in a timely manner please note the following and plan accordingly:

- Loans may be issued as either a check or an ACH direct deposit.
- All loan checks are mailed via regular US Mail.
- *Loans may be requested online only* (phone representatives will no longer be able to initiate a loan as of October 1, 2015).
- General Purpose Loans: Please note it generally takes up to 2 weeks to receive a check from the date of the loan application request.
- Principal Residence Loans: Please note it generally takes up to 4-6 weeks to receive a check from the date of the loan application request.

Overview

- 1.1 A Member means any person included in the membership of the Plan as an Eligible Employee who is currently contributing or has contributed to the Plan and holds a balance in the Plan.
- 1.2 Only a Member of the plan, who is an active employee of the Company or an Affiliate, is eligible to take a loan.
- 1.3 A Member is not eligible to take a loan while on a Leave of Absence.
- 1.4 There are two types of loans available – general purpose loans and principal residence loans.
- 1.5 Before requesting a loan, Members should consider their ability to work a consistent regular schedule that supports uninterrupted loan repayments. Failure to do so could result in the loan(s) defaulting and becoming a deemed distribution, as provided in Section 16.
- 1.6 If an active Member is unable to make scheduled payroll loan repayments, the loan(s) will be deemed a distribution and the Member will be prohibited from taking another loan from the Plan.

Type of Loan

General Purpose

- 2.1 A general purpose loan may be obtained for any purpose.
- 2.2 There are no documentation requirements for a general purpose loan
- 2.3 Application for a general purpose loan must be made through the Internet via Future Fund Online (See Contact Information). General purpose loan requests that are submitted prior to 4:00 PM ET each Thursday will be processed that evening. If ACH direct deposit is requested it will take approximately 2 – 3 business days from the loan processing date for the funds to arrive in your account. Please note it generally takes up to 2 weeks to receive a check from the date the loan request is processed.

Principal Residence

- 2.4 A principal residence loan must be used to fund the purchase or construction of a Member's primary dwelling unit which is the principal residence of a Member. Therefore, a principal residence loan cannot be taken solely for the purchase of land/property.
- 2.5 A principal residence loan cannot be used to refinance another loan or payoff an existing mortgage.
- 2.6 When applying for a principal residence loan, a Member must provide copies of the purchase or construction contract or other documents relating to the purchase of the Member's principal residence.
- 2.7 In order to take a principal residence loan all paperwork must be received and approved by the record keeper prior to the close of the sale.
- 2.8 A Member should start the principal residence loan process 4-6 weeks in advance of their scheduled close date.

- 2.9 Application for a principal residence loan must be made by completing the loan application form and submitting the form to the Future Fund Contact Center. Principal residence loan application forms that are submitted to the Future Fund Contact Center will be reviewed generally within one week of the date the completed application and supporting documentation is received. Issuance of a principal residence loan is subject to the waiting period set forth in Section 3.3.
- 2.10 If a Member takes a principal residence loan and the sale is not completed, the Member must return the loan funds to the Plan Administrator as soon as possible. The Member should call the Future Fund Contact Center (See Contact Information) to make arrangements for the return of the loan funds to the Plan as soon as administratively possible. The return of loan funds is treated as a prepayment of the loan; refer to Section 9 below for more information.

Fee, Number, Wait Period and Frequency

- 3.1 A non-refundable loan processing fee of \$50 will be deducted from the Member's loan amount when the loan is processed.
- 3.2 A Member will be permitted to have no more than two loans outstanding at any time. A Member will be permitted to have only one principal residence loan outstanding at any time.
- 3.3 A member who pays off a loan either through automatic payroll deductions (see Section 8 – Repayment) or through prepayment (see Section 9 – Prepayment) must wait at least 30 days from the date the loan is paid off under the Plan before requesting a new loan.
- 3.4 If the Member has two outstanding loans, he or she must repay one of the outstanding loans before applying for another loan and must wait at least 30 days before requesting a new loan.
- 3.5 Members may only request one loan per every 30 day period.

Minimum Amounts

- 4.1 All loans must be in whole dollar amounts.
- 4.2 The minimum amount which may be borrowed is \$1,000.
- 4.3 The minimum repayment term is one year, except as provided in Section 9.

Maximum Amounts

- 5.1 The maximum amount available for a General Purpose loan will be determined based upon the Member's current account balance at the time of the loan request.
- 5.2 The maximum amount available for a Principal Residence loan will be determined based upon the Member's current account balance at the time the loan request is processed, provided the Member's balance has not been significantly reduced by any in-service plan withdrawals processed prior to the final loan processing.
- 5.3 The maximum a Member may borrow is the lesser of 50% of his or her total account balance, or \$50,000 reduced by the Member's highest outstanding loan balance(s), if any, during the prior one year period.
- 5.4 If a Member participated in another plan sponsored by the Company or an Affiliate, any outstanding loan balances the Member had during the prior one- year period will be considered when determining the maximum a member can borrow from this Plan.
- 5.5 If a Member has participated in another Company or Affiliate sponsored savings plan, he or she should speak with the Future Fund Contact Center to request a loan (See Contact Information). The verification processing of this request can take up to an additional 2-3 days.
- 5.6 If an active Member defaults on an outstanding loan and has a deemed distribution while employed by the Company or Affiliate, he or she will be prohibited from taking any future loans under the Plan, as provided in Section 16.

Loan Duration

- 6.1 The minimum repayment period is one year, except as provided in Section 9.
- 6.2 Loan repayment periods will be in whole month increments (i.e. 12 months, 24 months, etc.).
- 6.3 A general purpose loan will be for a minimum of 12 months and a maximum of 59 months (approx. 5 years), except as provided in Section 11.

- 6.4 A principal residence loan will be for a minimum of 12 months and a maximum of 300 months (approx. 25 years), except as provided in Section 11.
- 6.5 The term of the loan must be scheduled so as to be repaid over a period not to exceed the Member's life expectancy. Generally this may apply to an active member applying for a primary principal residence loan who is at least age 60. The Member should speak with a Future Fund Contact Center representative (See Contact Information) to determine the maximum loan term available.

Interest Rate

- 7.1 The interest rate for your loan will be 1% above the prime rate – the average rate commercial banks charge preferred customers – as of the last day of the prior month in which your loan is requested unless as otherwise determined by the Administrative Subcommittee, except as provided in Section 11. The current interest rate is stated on the Future Fund Online website (See Contact Information).
- 7.2 The nominal interest rate that has been set applies to loans requested during that calendar month.
- 7.3 The interest rate assigned to a loan at the time you request a loan remains in effect over the period of that loan. It will not change even though the interest rate applicable to new loans may change each month, except as provided in Section 11.

Repayment

- 8.1 Loan repayments of principal and interest will be made by automatic payroll deductions from the scheduled payroll checks received by the Member and will be deposited into the Member's account in accordance with the investment elections on file at the time they are posted.
- 8.2 At the time of the loan, the Member will be provided with a repayment schedule showing the amounts of each repayment as determined for their payroll cycle.
- 8.3 The first repayment will be withheld from the first paycheck as soon as administratively possible following the processing of the loan request.
- 8.4 Interest on each loan will begin to accrue as of the loan's date of issue.
- 8.5 In the event a Member has a change in payroll frequency, his or her loan will be reamortized to reflect this change which will result in an adjusted repayment amount. The duration of the loan will not be modified.
- 8.6 If a Member does not work a consistent regular schedule that supports uninterrupted loan repayments, the Member's loan could go into default and become a deemed distribution, as provided in Section 16.
- 8.7 A member who pays off a loan via payroll deductions must wait at least 30 days from the date the loan is paid off under the Plan before requesting a new loan.

Prepayments In Full

- 9.1 Partial prepayment is not permitted.
- 9.2 A Member will have the right to prepay his or her loan in full at any time or after a Member's termination or retirement from the Company and all Affiliates, if earlier.
- 9.3 A member who pays off a loan through prepayment must wait at least 30 days from the date the loan is paid off under the Plan before requesting a new loan.
- 9.4 Prepayments must be submitted as a certified check, money order or cashier's check. Personal checks will not be accepted.
- 9.5 In order to determine the exact prepayment amount, the Member must call the Future Fund Contact Center (See Contact Information) to obtain a loan payoff amount. Call center representatives are available Monday through Friday, between 8 A.M and 8 P.M. ET, (except holidays).
- 9.6 The exact prepayment amount should be sent via overnight mail to: Bank of New York Mellon Pittsburgh Lockbox, Attn: Lockbox 360512 500 Ross Street, Pittsburgh, PA 15251
- 9.7 Prepayments not received for the exact amount or by the designated due date will be returned.

Leave of Absence (non-Military)

- 10.1 Generally, leaves of absence from the Company are unpaid. Therefore, when you take a leave of absence, your loan repayment deductions will not normally continue.

- 10.2 In certain circumstances, if a borrowing Member continues to receive pay from CVS Health while on a leave of absence (other than a qualified military leave, see Section 11), repayments of principal and interest will continue to be deducted from the Member's paychecks.
- 10.3 If the borrowing Member takes an approved unpaid leave of absence (other than a qualified military leave, see Section 11) of up to one year, loan repayments generally will be suspended while he or she is on leave. Interest will continue to accrue.
- 10.4 Upon a Member's return to active employment (within 12 months), if repayments have been missed, and the Member's loan can be repaid within the maximum time allowed at the same payment amount, the loan duration will be extended by the length of time payments were suspended, up to one year. However, if extending the loan term will cause it to exceed the maximum permitted term (59 months - approx. 5 years) for general purpose loans and 300 months (approx. 25 years) for a principal residence loan), the loan(s) will be reamortized over the remaining portion of such maximum permitted loan repayment period.
- 10.5 If a Member takes a leave of absence (other than a qualified military leave, see Section 11) without pay for more than 12 months generally the Member must repay the outstanding loan in full by the end of the first one-year period. If the Member fails to repay the loan in full, the loan will be considered in default and treated as a deemed distribution pursuant to Section 16.
- 10.6 If you have any questions regarding your leave status call the Future Fund Contact Center (See Contact Information). Call center representatives are available Monday through Friday, between 8 A.M and 8 P.M. ET, (except holidays).

Qualified Military Leave of Absence

- 11.1 If a Member has an outstanding loan when he or she takes a qualified military leave, generally loan repayments will be suspended during the term of the qualified military leave, except as provided in Section 11.2
- 11.2 If while on a qualified military leave the Member continues to receive pay from the Company (differential pay), loan repayments will continue unless he or she elects otherwise.
- 11.3 A Member on qualified military leave has the right to elect to have the rate of interest accrued on the loan balance during his or her qualified military leave period be the lesser of 6% or the current loan interest rate in effect on the Member's loan. The Member should call the Future Fund Contact Center for more information (See Contact Information). If a Member makes this election, upon his or her return to employment, the loan interest rate will return to the rate in effect prior to the commencement of the Member's qualified military leave.
- 11.4 Upon the Member's return to work at the end of the qualified military leave, the term of the loan will be extended by the duration of the qualified military leave or at the Member's request, reamortized over the remaining duration of the loan.
- 11.5 If the Member does not return to work at the end of the qualified military leave, the loan will be subject to being in default, as provided in Section 16.
- 11.6 If a Member terminates employment during the qualified military leave and requests a distribution, the provisions of Section 12 shall apply.

Termination of Employment or Retirement

- 12.1 If a Member's employment is terminated for any reason, other than death, or the Member retires the remaining unpaid balance will be come immediately due and payable as of the day on which the termination occurs.
- 12.2 A Member can repay the loan. Repayment must be made within 90 days of termination or retirement and prior to the date of distribution from the Plan. The Member must notify the Plan Administrator of his or her intention to repay the loan on a timely basis, by calling the Future Fund Contact Center (See Contact Information).
- 12.3 If the loan is not paid in full during the 90 day period following termination or retirement, the loan will be canceled and the outstanding balance will be treated as an "offset distribution" from the Plan which will result in an immediate tax liability.

- 12.4 If a Member takes a distribution from the Plan prior to the loan being repaid, the actual distribution from the Plan will be made net of the outstanding loan. The outstanding loan balance at the time of the actual distribution will be treated as an offset distribution and will result in an immediate tax liability.

Termination of Employment Due to Death

- 13.1 If a Member's employment is terminated due to death, the remaining unpaid balance will be come immediately due and payable as of the date of death.
- 13.2 A Member's beneficiary and/or estate can repay the loan prior to a distribution from the Plan. The Beneficiary must notify the Plan Administrator, by calling the Future Fund Contact Center (See Contact Information), of his or her intention to repay the loan in full on a timely basis – generally within 90 days following the date of death.
- 13.3 Repayment must be made by the end of the quarter after the quarter in which the death occurred, and prior to the date of transfer of the Member's accounts to an account in the name of the beneficiary(ies) within the Plan.
- 13.4 If the loan is not paid in accordance with Section 13.3 the loan will be cancelled and the outstanding balance will be treated as an "offset distribution" from the Plan which will result in an immediate tax liability.
- 13.5 If the beneficiary and/or estate take a distribution from the Plan prior to the loan being repaid, the actual distribution from the Plan will be made net of the outstanding loan. The outstanding loan balance at the time of the actual distribution will be treated as an offset distribution and will result in an immediate tax liability.

Transfers of Employment within CVS Health

- 14.1 If a Member transfers to employment with another CVS Health Affiliate which does not participate in this Plan, the remaining unpaid loan balance will remain in the Plan. Loan repayments made through payroll deductions will continue.
- 14.2 If a Member transfers to employment described in Section 14.1, he or she may still borrow from the Plan, subject to the provisions detailed in Section 5.
- 14.3 If a Member transfers his or her account balance from another plan to this Plan, the transferred balance will be considered part of his or her total account balance and may be borrowed in accordance with these loan rules.
- 14.4 If a Member has an intercompany transfer within CVS Health, meets the eligibility requirements to transfer their account balance under the Intercompany Voluntary Transfer Program and elects to transfer their entire account balance, the outstanding loan balances in this Plan will transfer intact to the receiving plan.

Rehired Members

Rehired within 90 days

- 15.1 Members who are rehired within 90 days of date of termination will have any outstanding loans reinstated.
- 15.1.1 Loan repayments will be recommenced at the same rate per pay period as prior to termination, except as provided in Section 8.5.
- 15.1.2 The Member will receive notification requesting payment be made either for all missed loan repayments plus interest during time of termination, or for the full outstanding loan balance. Payment must be received within 30 days of notification. See Section 16.4
- 15.1.3 If the amount of missed loan repayments plus interest or the full outstanding balance is not received timely the loan will be declared a deemed distribution from the Plan, which will result in an immediate tax liability.
- 15.1.4 If a loan is in default and the outstanding balance has been treated as a deemed distribution the Member will not be allowed to take another loan from the Plan until the Member repays the full outstanding balance of the deemed distribution with accrued interest to the date of repayment.

- 15.1.5 If the Member chooses at a later date to pay the full deemed distribution, plus all accrued interest to the date of repayment, the Member will be allowed to take loans from the plan. This payment will not reverse the tax consequences previously incurred by the Member due to the original deemed distribution. The Member must call the Future Fund Contact Center and speak with a Customer Support Representative (See Contact Information).

Rehired greater than 90 days

- 15.2 If a Member returns to employment after 90 days from date of termination, any outstanding loans shall be treated as an offset distribution and will not be reinstated; this will result in an immediate tax liability.
- 15.3 If the Member chooses at a later date to pay the full offset distribution, plus all accrued interest to the date of repayment, the Member will not reverse the tax consequences previously incurred by the Member due to the original offset distribution. The Member must call the Future Fund Contact Center and speak with a Customer Support Representative (See Contact Information).

Defaults and Remedies

Default

- 16.1 A loan will be declared in default if the Member:
- i Misses one or more regularly scheduled loan repayment within a calendar quarter and does not make up the missed loan repayment in a timely manner.
 - ii. Is on an unpaid leave of absence for more than 12 months, misses a scheduled loan repayment and does not make up the missed loan repayments in a timely manner. (Section 10).
- 16.2 If a loan is declared in default, and missed loan repayments are not received in a timely manner, the entire unpaid balance will be considered a deemed distribution and will result in an immediate tax liability.
- 16.3 If the loan is in default and the outstanding balance has been treated as a deemed distribution the Member will not be allowed to take another loan from the Plan until the Member repays the full outstanding balance of the deemed distribution with accrued interest to the date of repayment.
- 16.4 If a Member pays the deemed distribution, with accrued interest to the date of repayment, at a later date the Member will be allowed to take additional loans from the plan. This payment will not reverse the tax consequences previously incurred by the Member due to the original deemed distribution. The Member must call the Future Fund Contact Center and speak with a Customer Support Representative.

Remedy

- 16.5 If a loan is in default, the Plan Administrator will take the following steps to collect the unpaid balance of the loan:
- 16.5.1 Active Members who miss one or more loan repayments within a calendar quarter will receive written notification of their repayment options.
 - 16.5.2 The Active Member will be notified of the option to remit the entire missed loan repayment amount or to remit the full outstanding loan balance within the time period specified in the notification.
 - 16.5.3 Failure to repay either the entire missed loan repayment OR the full outstanding balance of the loan in a timely manner will result in the loan being declared in default and will result in a deemed distribution from the Plan, which will result in an immediate tax liability.
 - 16.5.4 If an Active Member repays the entire missed loan repayments and misses additional loan repayments in the current calendar quarter, their loan will be declared in default as of the end of the current calendar quarter.
- 16.6 Members who are on Leave of Absence for 11 months will receive notification that unless they return to work before the one year anniversary of their last day of active employment, they must pay their full outstanding loan balance in full within the time period specified in the notification. Failure to repay the full outstanding loan balance will result in the loan being declared in default and will result in a deemed distribution from the Plan, which will result in an immediate tax liability.
- 16.7 Members who return from Leave of Absence within 12 months please see Section 10.

- 16.8 If a loan is in default and the outstanding balance has been treated as a deemed distribution pursuant to Section 16.2, the Member will not be allowed to take another loan from the Plan until the Member repays the full deemed distribution, with accrued interest to the date of repayment.
- 16.9 If the Member chooses at a later date to pay the full deemed distribution, plus all accrued interest to the date of repayment, the Member will be allowed to take loans from the plan. This payment will not reverse the tax consequences previously incurred by the Member due to the original deemed distribution. The Member must notify the Plan Administrator of his or her intent to repay the full deemed distribution by calling the Future Fund Contact Center and speak with a Customer Support Representative (See Contact Information).

Sources and Application of Funds

17.1 Loan withdrawals will be made pro-rata from all sources (e.g. investment funds and money types) in the Member's account.

17.2 Loan repayments (principal and interest) will be allocated in accordance with the Member's current investment election.

Security

18.1 No separate security is required. The loan is secured by the Member's interest transferred to the Loan Fund under the Plan.

Distribution Tax Treatment

19.1 Amounts which are treated as either a deemed distribution or an offset distribution will result in taxable income in the year in which the distribution event occurs. IRS Form 1099R will be issued the following January.

Miscellaneous

20.1 The Administrative Subcommittee may modify or rescind the rules stated herein at any time in its discretion, subject to the terms of the Plan and applicable law.

Contact Information:

Future Fund Contact Center: To reach a Customer Service Representative call myHR at (888) 694-7287 (888-MY-HR-CVS) and follow the prompts for Retirement and 401(K) Future Fund.

You will then be transferred to the Future Fund Contact Center. Representatives are available from 8 a.m. to 8 p.m. ET, Monday through Friday (excluding holidays).

Future Fund Online: Log on from the links available on **myHR.cvs.com** or directly at www.benefitsweb.com/cvs.html. Or, call myHR at **888-694-7287 (888-MY-HR-CVS)** and follow the prompts for Retirement and Future Fund 401(k) to be transferred to the Future Fund Contact Center.