

Dear Valued CVS Pharmacy<sup>®</sup> Supplier,

The quality and safety of the products sold in over 7800 CVS Pharmacy<sup>®</sup> stores and on CVS.com are of the utmost importance to CVS Health. These products, whether national brand or CVS store brand, reflect on our long term brand equity.

We understand that during the ordinary course of business certain items may need to be recalled from our stores, distribution centers (DCs) and on-line for various reasons, including quality and safety issues. The removal of these products from our stores and DCs create an incremental expense to CVS Pharmacy<sup>®</sup> that you, the Supplier, will be responsible for covering.

We have developed an activity based costing model based on the numerous activities and costs associated with steps involved in executing recalls at CVS Pharmacy<sup>®</sup>. The model is based on several factors including the recall risk level (e.g., high, medium, low), number of products or locations impacted (e.g., DC only, all DCs or stores, lot specific) and the product category (e.g., OTC, Foods). Please note that lot specific recalls are not allowed at store level; in the event of a store recall all lots of an impacted product must be removed from shelf and reconciled by the supplier. All recalled product from the DCs and stores must be returned to the supplier for disposition.

Please contact the CVS representative that manages your product portfolio for questions or an overview of recall costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Guilmain", with a long horizontal flourish extending to the right.

Mark Guilmain