

REFINITIV

DELTA REPORT

10-Q

CVS - CVS HEALTH CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 6127

█ **CHANGES** 177

█ **DELETIONS** 3757

█ **ADDITIONS** 2193

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-01011



CVS HEALTH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

05-0494040

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

One CVS Drive, Woonsocket, Rhode Island

02895

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(401) 765-1500

Former name, former address and former fiscal year, if changed since last report:

N/A

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CVS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **April 24, 2024** **July 31, 2024**, the registrant had **1,255,372,972** **1,257,979,270** shares of common stock issued and outstanding.

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Part I. Financial Information

Item 1. Financial Statements

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CVS Health Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,		
					2024	2023	2024	2023
<u><i>In millions, except per share amounts</i></u>	<u><i>In millions, except per share amounts</i></u>							
<u><i>In millions, except per share amounts</i></u>	<u><i>In millions, except per share amounts</i></u>							
<u><i>In millions, except per share amounts</i></u>	<u><i>In millions, except per share amounts</i></u>							
Revenues:								
Revenues:								
Revenues:								
Products								
Products								
Products								
Premiums								
Premiums								
Premiums								
Services								
Services								
Services								
Net investment income								
Net investment income								
Net investment income								
Total revenues								
Total revenues								
Total revenues								
Operating costs:								
Operating costs:								
Operating costs:								
Cost of products sold								
Cost of products sold								
Cost of products sold								
Health care costs								
Health care costs								
Health care costs								
Operating expenses								
Restructuring charge								
Loss on assets held for sale								
Loss on assets held for sale								
Loss on assets held for sale								
Loss on assets held for sale								
Operating expenses								
Operating expenses								
Operating expenses								
Total operating costs								
Total operating costs								
Total operating costs								
Operating income								
Operating income								

Operating income
Interest expense
Interest expense
Interest expense
Other income
Other income
Other income
Income before income tax provision
Income before income tax provision
Income before income tax provision
Income tax provision
Income tax provision
Income tax provision
Net income
Net income
Net income
Net income attributable to noncontrolling interests
Net income attributable to noncontrolling interests
Net income attributable to noncontrolling interests
Net income attributable to CVS Health
Net income attributable to CVS Health
Net (income) loss attributable to noncontrolling interests
Net income attributable to CVS Health
Net income per share attributable to CVS Health:
Net income per share attributable to CVS Health:
Net income per share attributable to CVS Health:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Dividends declared per share
Dividends declared per share
Dividends declared per share
See accompanying notes to condensed consolidated financial statements (unaudited).

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CVS Health Corporation
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
		June 30, 2024	June 30, 2023	June 30, 2024
<u>In millions</u>	<u>In millions</u>			
<u>Net income</u>	<u>In millions</u>			
Net income				
Net income				
Net income				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Net unrealized investment gains (losses)				
Net unrealized investment gains (losses)				
Net unrealized investment gains (losses)				
Change in discount rate on long-duration insurance reserves				
Change in discount rate on long-duration insurance reserves				
Change in discount rate on long-duration insurance reserves				
Foreign currency translation adjustments				
Foreign currency translation adjustments				
Foreign currency translation adjustments				
Net cash flow hedges				
Net cash flow hedges				
Net cash flow hedges				
Other comprehensive income (loss)				
Other comprehensive income (loss)				
Other comprehensive income (loss)				
Comprehensive income				
Comprehensive income				
Comprehensive income				
Comprehensive income attributable to noncontrolling interests				
Comprehensive income attributable to noncontrolling interests				
Comprehensive income attributable to noncontrolling interests				
Comprehensive (income) loss attributable to noncontrolling interests				
Comprehensive income attributable to CVS Health				
Comprehensive income attributable to CVS Health				
Comprehensive income attributable to CVS Health				

See accompanying notes to condensed consolidated financial statements (unaudited).

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CVS Health Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

In millions, except per share amounts

	March 31, 2024	December 31, 2023		June 30, 2024	December 31, 2023
<u>In millions, except per share amounts</u>			<u>In millions, except per share amounts</u>		



Common stock, par value \$0.01: 3,200 shares authorized; 1,777 shares issued and 1,256 shares outstanding at June 30, 2024 and 1,768 shares issued and 1,288 shares outstanding at December 31, 2023 and capital surplus
Treasury stock, at cost: 521 shares at June 30, 2024 and 480 shares at December 31, 2023
Retained earnings
Accumulated other comprehensive loss
Total CVS Health shareholders' equity
Noncontrolling interests
Total shareholders' equity
Total liabilities and shareholders' equity

See accompanying notes to condensed consolidated financial statements (unaudited).

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CVS Health Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>In millions</i>	Three Months Ended		Six Months Ended	
	March 31, 2024	2023	June 30, 2024	2023
Cash flows from operating activities:				
Cash receipts from customers				
Cash receipts from customers				
Cash receipts from customers				
Cash paid for inventory, prescriptions dispensed and health services rendered				
Insurance benefits paid				
Cash paid to other suppliers and employees				
Interest and investment income received				
Interest paid				
Income taxes paid				
Net cash provided by operating activities				
Cash flows from investing activities:				
Cash flows from investing activities:				
Cash flows from investing activities:				
Proceeds from sales and maturities of investments				
Proceeds from sales and maturities of investments				
Proceeds from sales and maturities of investments				
Purchases of investments				
Purchases of property and equipment				
Acquisitions (net of cash and restricted cash acquired)				
Other				
Other				
Other				
Net cash used in investing activities				
Cash flows from financing activities:				
Cash flows from financing activities:				
Cash flows from financing activities:				
Commercial paper borrowings (repayments), net				
Commercial paper borrowings (repayments), net				
Commercial paper borrowings (repayments), net				
Proceeds from issuance of long-term debt				
Proceeds from issuance of long-term debt				

Proceeds from issuance of short-term loan	
Repayment of short-term loan	
Proceeds from issuance of long-term debt	
Repayments of long-term debt	
Repurchase of common stock	
Dividends paid	
Dividends paid	
Dividends paid	
Proceeds from exercise of stock options	
Payments for taxes related to net share settlement of equity awards	
Other	
Net cash provided by (used in) financing activities	
Net cash provided by financing activities	
Net increase in cash, cash equivalents and restricted cash	
Cash, cash equivalents and restricted cash at the beginning of the period	
Cash, cash equivalents and restricted cash at the end of the period	

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<i>In millions</i>	CVS Health Corporation Condensed Consolidated Statements of Cash Flows (Unaudited)		
	Three Months Ended March 31, 2024	2023	Six Months Ended June 30, 2023
Reconciliation of net income to net cash provided by operating activities:			
Net income			
Net income			
Net income			
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Stock-based compensation			
Stock-based compensation			
Stock-based compensation			
Deferred income taxes and other noncash items			
Deferred income taxes and other items			
Deferred income taxes and other noncash items			
Deferred income taxes and other items			
Deferred income taxes and other noncash items			
Deferred income taxes and other items			
Change in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net			
Accounts receivable, net			
Accounts receivable, net			
Inventories			
Other assets			
Accounts payable and pharmacy claims and discounts payable			
Health care costs payable and other insurance liabilities			
Other liabilities			
Net cash provided by operating activities			

See accompanying notes to condensed consolidated financial statements (unaudited).

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CVS Health Corporation
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

Attributable to CVS Health									
Number of shares		Number of shares							
outstanding		outstanding							
Number of shares outstanding	Common Stock outstanding	Common Shares	Common Shares	Common Stock and Capital Surplus	Accumulated Other Comprehensive Loss	Total CVS Health Shareholders' Equity	Total Noncontrolling Interests	Common Stock and Capital Surplus	Accumulated Other Comprehensive Loss
	(2)	Stock (1)	Earnings					(2)	
<i>In millions</i>									
<i>In millions</i>									
<i>In millions</i>									
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2023									
Net income									
Net income									
Net income									
Other comprehensive loss (Note 8)									
Other comprehensive loss									
Stock option activity, stock awards and other									
Purchase of treasury shares, net of ESPP issuances									
Common stock dividends									
Other decreases in noncontrolling interests									
Balance at March 31, 2024									

Net income
Other comprehensive income (Note 9)
Stock option activity, stock awards and other
Purchase of treasury shares, net of ESPP issuances
Common stock dividends
Other increases in noncontrolling interests
Other increases in noncontrolling interests
Other increases in noncontrolling interests
Balance at June 30, 2024

Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022
Net income
Net income
Net income
Other comprehensive income (Note 8)
Stock option activity, stock awards and other
Purchase of treasury shares, net of ESPP issuances
Common stock dividends
Other increases (decreases) in noncontrolling interests

INTERESTS

Balance at
March 31,
2023

- (1) Treasury shares include 1 million shares held in trust and treasury stock includes \$29 million related to shares held in trust as of June 30, 2024, March 31, 2024 and 2023 and December 31, 2023 and 2022.
 (2) Common stock and capital surplus includes the par value of common stock of \$18 million as of June 30, 2024, March 31, 2024 and 2023 December 31, 2023.

See accompanying notes to condensed consolidated financial statements (unaudited).

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CVS Health Corporation
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

<i>In millions</i>	Attributable to CVS Health									
	Number of shares outstanding		Accumulated Other				Total CVS Health Shareholders' Equity		Total Shareholders' Equity	
	Common Shares	Treasury Shares (1)	Common Stock and Capital Surplus (2)	Treasury Stock (1)	Retained Earnings	Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity		
Balance at December 31, 2022	1,758	(458)	\$ 48,193	\$ (31,858)	\$ 56,398	\$ (1,264)	\$ 71,469	\$ 300	\$ 71,769	
Net income	—	—	—	—	2,136	—	2,136	6	2,142	
Other comprehensive income	—	—	—	—	—	389	389	—	389	
Stock option activity, stock awards and other	1	—	122	—	—	—	122	—	122	
Purchase of treasury shares, net of ESPP issuances	—	(22)	(18)	(1,944)	—	—	(1,962)	—	(1,962)	
Common stock dividends	—	—	—	—	(781)	—	(781)	—	(781)	
Other increases (decreases) in noncontrolling interests	—	—	9	—	—	—	9	(108)	(99)	
Balance at March 31, 2023	1,759	(480)	48,306	(33,802)	57,753	(875)	71,382	198	71,580	
Net income	—	—	—	—	1,901	—	1,901	13	1,914	
Other comprehensive income (Note 9)	—	—	—	—	—	17	17	—	17	
Stock option activity, stock awards and other	5	—	345	—	—	—	345	—	345	
Purchase of treasury shares, net of ESPP issuances	—	(2)	2	(131)	—	—	(129)	—	(129)	
Common stock dividends	—	—	—	—	(786)	—	(786)	—	(786)	
Acquisition of noncontrolling interests	—	—	—	—	—	—	—	66	66	
Other decreases in noncontrolling interests	—	—	(4)	—	—	—	(4)	(1)	(5)	
Balance at June 30, 2023	1,764	(482)	\$ 48,649	\$ (33,933)	\$ 58,868	\$ (858)	\$ 72,726	\$ 276	\$ 73,002	

- (1) Treasury shares include 1 million shares held in trust and December 31, 2023 treasury stock includes \$29 million related to shares held in trust as of June 30, 2023, March 31, 2023 and 2022; December 31, 2022.
 (2) Common stock and capital surplus includes the par value of common stock of \$18 million as of June 30, 2023, March 31, 2023 and December 31, 2022.

See accompanying notes to condensed consolidated financial statements (unaudited).

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Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Significant Accounting Policies

Description of Business

CVS Health Corporation, together with its subsidiaries (collectively, "CVS Health" or the "Company"), has more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 205 207 primary care medical clinics, a leading pharmacy benefits manager with approximately 90 million plan members and expanding specialty pharmacy solutions, and a dedicated senior pharmacy care business serving more than 800,000 patients per year. The Company also serves an estimated more than 36 million people through traditional, voluntary and consumer-directed health insurance products and related services, including expanding Medicare Advantage offerings and a leading standalone Medicare Part D prescription drug plan ("PDP"). The Company is creating new sources of value through its integrated model allowing it to expand into personalized, technology driven care delivery and health services, increasing access to quality care, delivering better health outcomes and lowering overall health care costs.

The Company has four reportable segments: Health Care Benefits, Health Services, Pharmacy & Consumer Wellness and Corporate/Other, which are described below.

Health Care Benefits Segment

The Health Care Benefits segment operates as one of the nation's leading diversified health care benefits providers. The Health Care Benefits segment has the information and resources to help members, in consultation with their health care professionals, make more informed decisions about their health care. The Health Care Benefits segment offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental and behavioral health plans, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs and Medicaid health care management services. The Health Care Benefits segment's customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers ("providers"), governmental units, government-sponsored plans, labor groups and expatriates. The Company refers to insurance products (where it assumes all or a majority of the risk for medical and dental care costs) as "insured" and administrative services contract products (where the plan sponsor assumes all or a majority of the risk for medical and dental care costs) as "ASC." The Company sold Insured plans directly to individual consumers through the individual public health insurance exchanges ("Public Exchanges") in 17 states as of March 31, 2024 June 30, 2024.

Health Services Segment

The Health Services segment provides a full range of pharmacy benefit management ("PBM") solutions, delivers health care services in its medical clinics, virtually, and in the home, and offers provider enablement solutions. PBM solutions include plan design offerings and administration, formulary management, retail pharmacy network management services, and specialty and mail order pharmacy services. In addition, the Company provides clinical services, disease management services, medical spend management and pharmacy and/or other administrative services for providers and federal 340B drug pricing program covered entities ("Covered Entities"). The Company operates a group purchasing organization that negotiates pricing for the purchase of pharmaceuticals and rebates with pharmaceutical manufacturers on behalf of its participants and provides various administrative, management and reporting services to pharmaceutical manufacturers. During 2023, the Company completed the acquisition of two key health care delivery assets – Signify Health, Inc. ("Signify Health"), a leader in health risk assessments, value-based care and provider enablement services, and Oak Street Health, Inc. ("Oak Street Health"), a leading multi-payer operator of value-based primary care centers serving Medicare eligible patients. The Company also announced the launch of launched Cordavis™, a wholly owned subsidiary that will work works directly with pharmaceutical manufacturers to commercialize and/or co-produce high quality biosimilar products. The Health Services segment's clients and customers are primarily employers, insurance companies, unions, government employee groups, health plans, PDPs, Medicaid managed care plans, the U.S. Centers for Medicare & Medicaid Services ("CMS"), plans offered on Insurance Exchanges and other sponsors of health benefit plans throughout the U.S., patients who receive care in the Health Services segment's medical clinics, virtually or in the home, as well as Covered Entities.

Pharmacy & Consumer Wellness Segment

The Pharmacy & Consumer Wellness segment dispenses prescriptions in its retail pharmacies and through its infusion operations, provides ancillary pharmacy services including pharmacy patient care programs, diagnostic testing and vaccination administration, and sells a wide assortment of health and wellness products and general merchandise. The segment also conducts long-term care pharmacy ("LTC") operations, which distribute prescription drugs and provide related pharmacy consulting and ancillary services to long-term care facilities and other care settings, and provides pharmacy fulfillment services to support the Health Services segment's specialty and mail order pharmacy offerings. As of March 31, 2024 June 30, 2024, the Pharmacy & Consumer Wellness segment operated more than 9,000 retail locations, as well as online retail pharmacy websites, LTC pharmacies and on-site pharmacies, retail specialty pharmacy stores, compounding pharmacies and branches for infusion and enteral nutrition services.

Corporate/Other Segment

The Company presents the remainder of its financial results in the Corporate/Other segment, which primarily consists of:

- Management and administrative expenses to support the Company's overall operations, which include certain aspects of executive management and the corporate relations, legal, compliance, human resources and finance departments, information technology, digital, data and analytics, as well as acquisition-related transaction and integration costs; and
- Products for which the Company no longer solicits or accepts new customers, such as its large case pensions and long-term care insurance products.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of CVS Health and its subsidiaries have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") regarding interim financial reporting. In accordance with such rules and regulations, certain information and accompanying note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted, although the Company believes the disclosures included herein are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K").

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. Because of the influence of various factors on the Company's operations, including business combinations, certain holidays and other seasonal influences, net income for any interim period may not be comparable to the same interim period in previous years or necessarily indicative of income for the full year.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Company is the primary beneficiary. All material intercompany balances and transactions have been eliminated.

The Company continually evaluates its investments to determine if they represent variable interests in a VIE. If the Company determines that it has a variable interest in a VIE, the Company then evaluates if it is the primary beneficiary of the VIE. The evaluation is a qualitative assessment as to whether the Company has the ability to direct the activities of a VIE that most significantly impact the entity's economic performance. The Company consolidates a VIE if it is considered to be the primary beneficiary.

Assets and liabilities of VIEs for which the Company is the primary beneficiary were not significant to the Company's unaudited condensed consolidated financial statements. VIE creditors do not have recourse against the general credit of the Company.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Restricted Cash

Restricted cash included in other current assets on the unaudited condensed consolidated balance sheets primarily represents funds held on behalf of members and funds held in escrow in connection with agreements with accountable care organizations. Restricted cash included in other assets on the unaudited condensed consolidated balance sheets represents amounts held in a trust in one of the Company's captive insurance companies to satisfy collateral requirements associated with the assignment of certain insurance policies. All restricted cash is invested in demand deposits, time deposits and money market funds.

The following is a reconciliation of cash and cash equivalents on the unaudited condensed consolidated balance sheets to total cash, cash equivalents and restricted cash on the unaudited condensed consolidated statements of cash flows:

In millions

In millions

In millions

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

Restricted cash (included in other current assets)

Restricted cash (included in other current assets)

Restricted cash (included in other current assets)

Restricted cash (included in other assets)

Restricted cash (included in other assets)

Restricted cash (included in other assets)

Total cash, cash equivalents and restricted cash in the statements of cash flows

Total cash, cash equivalents and restricted cash in the statements of cash flows

Total cash, cash equivalents and restricted cash in the statements of cash flows

Accounts Receivable

Accounts receivable are stated net of allowances for credit losses, customer credit allowances, contractual allowances and estimated terminations. Accounts receivable, net at **March 31, 2024** **June 30, 2024** and December 31, 2023 was composed of the following:

<i>In millions</i>	March 31, 2024	December 31, 2023	<i>In millions</i>	June 30, 2024	December 31, 2023
Trade receivables					
Vendor and manufacturer receivables					
Premium receivables					
Other receivables					
Total accounts receivable, net					

The Company's allowance for credit losses was **\$402 million** **\$355 million** and **\$343 million** as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. When developing an estimate of the Company's expected credit losses, the Company considers all available relevant information regarding the collectability of cash flows, including historical information, current conditions and reasonable and supportable forecasts of future economic conditions over the contractual life of the receivable. The Company's accounts receivable are short duration in nature and typically settle in less than 30 days.

Health Care Contract Acquisition Costs

Insurance products included in the Health Care Benefits segment are cancellable by either the customer or the member monthly upon written notice. Acquisition costs related to prepaid health care and health indemnity contracts are generally expensed as incurred. For certain long-duration insurance contracts, acquisition costs directly related to the successful acquisition of a new or renewal insurance contract, including commissions, are deferred and are recorded as other current assets or other assets on the unaudited condensed consolidated balance sheets. Contracts are grouped by product and issue year into cohorts consistent with the grouping used in estimating the associated liability and are amortized on a constant level basis based on the remaining in-force policies over the estimated term of the contracts to approximate straight-line amortization. Changes to the Company's assumptions, including assumptions related to persistency, are reflected at the cohort level at the time of change and are recognized prospectively over the estimated terms of the contract. The amortization of deferred acquisition costs is recorded in operating expenses in the unaudited condensed consolidated statements of operations.

The following is a roll forward of deferred acquisition costs for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023:

		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Six Months Ended June 30,	Six Months Ended June 30,	Six Months Ended June 30,		
<i>In millions</i>	<i>In millions</i>	2024	2023	<i>In millions</i>	2024	2023		2024	2023
Deferred acquisition costs, beginning of the period	Deferred acquisition costs, beginning of the period	\$ 1,502	\$ 1,219	Deferred acquisition costs, beginning of the period	\$ 1,502	\$ 1,219			
Capitalizations	Capitalizations	134	135	Capitalizations	271	274			
Amortization expense	Amortization expense	(76)	(64)	Amortization expense	(146)	(128)			
Deferred acquisition costs, end of the period				Deferred acquisition costs, end of the period					
Deferred acquisition costs, end of the period				Deferred acquisition costs, end of the period					
Deferred acquisition costs, end of the period		\$ 1,560	\$ 1,290	Deferred acquisition costs, end of the period	\$ 1,627	\$ 1,365			

Revenue Recognition

Disaggregation of Revenue

The following table disaggregates the Company's revenue by major source in each segment for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023:

<i>In millions</i>	Health Care Benefits	Health Services	Pharmacy & Consumer Wellness	Corporate/ Other	Intersegment Eliminations	Consolidated Totals	<i>In millions</i>	Health Care Benefits	Health Services	Pharmacy & Consumer Wellness	Corporate/ Other	Intersegment Eliminations	Consolidated Totals
Three Months Ended March 31, 2024													
Three Months Ended June 30, 2024													
Major goods/services lines:													
Major goods/services lines:													
Major goods/services lines:													
Pharmacy													
Pharmacy													
Pharmacy													
Front Store													
Premiums													

Net investment income (loss)
Other
Total
Health Services distribution channel:
Health Services distribution channel:
Health Services distribution channel:

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Major goods/services lines:

Major goods/services lines:

Major goods/services lines:

Pharmacy

Pharmacy

Pharmacy

Front Store

Premiums

Net investment income

Other

Total

Health Services distribution channel:

Health Services distribution channel:

Health Services distribution channel:

Pharmacy network (1)

Pharmacy network (1)

Pharmacy network (1)

Mail & specialty (2)

Mail & specialty (2)

Mail & specialty (2)

Other

Other

Other

Total

Total

Total

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

Major goods/services lines:

Major goods/services lines:

Major goods/services lines:

Pharmacy

Pharmacy

Pharmacy

Front Store

Premiums

Net investment income (loss)

Other

Total

Health Services distribution channel:

Health Services distribution channel:

Health Services distribution channel:

Pharmacy network ⁽¹⁾

Pharmacy network ⁽¹⁾

Pharmacy network ⁽¹⁾

Mail & specialty ⁽²⁾

Mail & specialty ⁽²⁾

Mail & specialty ⁽²⁾

Other

Other

Other

Total

Total

Total

In millions

Six Months Ended June 30, 2024

Major goods/services lines:

	Health Care Benefits	Health Services	Pharmacy & Consumer Wellness	Corporate/Other	Intersegment Eliminations	Consolidated Totals
Pharmacy	\$ —	\$ 77,225	\$ 46,797	\$ —	\$ (24,645)	\$ 99,377
Front Store	—	—	10,651	—	—	10,651
Premiums	61,033	—	—	25	—	61,058
Net investment income (loss)	653	(2)	—	197	—	848
Other	3,025	5,233	1,115	4	(1,640)	7,737
Total	\$ 64,711	\$ 82,456	\$ 58,563	\$ 226	\$ (26,285)	\$ 179,671

Health Services distribution channel:

Pharmacy network ⁽¹⁾	\$ 42,312
Mail & specialty ⁽²⁾	34,913
Other	5,233
Net investment income (loss)	\$ (2)
Total	\$ 82,456

Six Months Ended June 30, 2023

Major goods/services lines:

Pharmacy	\$ —	\$ 88,443	\$ 44,394	\$ —	\$ (24,990)	\$ 107,847
Front Store	—	—	11,226	—	—	11,226
Premiums	49,434	—	—	26	—	49,460
Net investment income (loss)	369	—	(2)	241	—	608
Other	2,821	2,363	1,088	4	(1,218)	5,058
Total	\$ 52,624	\$ 90,806	\$ 56,706	\$ 271	\$ (26,208)	\$ 174,199

Health Services distribution channel:
Pharmacy network ⁽¹⁾
Mail & specialty ⁽²⁾
Other
Total

- (1) Health Services pharmacy network is defined as claims filed at retail and specialty retail pharmacies, including the Company's retail pharmacies and LTC pharmacies, as well as activity associated with Maintenance Choice®, which permits eligible client plan members to fill their maintenance prescriptions through mail order delivery or at a CVS pharmacy retail store for the same price as mail order.
- (2) Health Services mail & specialty is defined as specialty mail claims inclusive of Specialty Connect® claims picked up at a retail pharmacy, as well as mail order and specialty claims fulfilled by the Pharmacy & Consumer Wellness segment.

Contract Balances

Contract liabilities primarily represent the Company's obligation to transfer additional goods or services to a customer for which the Company has received consideration, and primarily include ExtraBucks® Rewards and unredeemed Company gift cards. The consideration received remains a contract liability until goods or services have been provided to the customer. In addition, the Company recognizes breakage on Company gift cards based on historical redemption patterns.

The following table provides information about receivables and contract liabilities from contracts with customers:

	March 31, 2024	December 31, 2023
<i>In millions</i>		
Trade receivables (included in accounts receivable, net)	\$ 10,586	\$ 11,908
Contract liabilities (included in accrued expenses)	117	149

Related Party Transactions

The Company has an equity method investment in SureScripts, LLC ("SureScripts"), which operates a clinical health information network. The Company utilizes this clinical health information network in providing services to its client plan members and retail customers. The Company expensed fees for the use of this network of \$6 million and \$17 million in the three months ended March 31, 2024 and 2023, respectively. The Company's investment in and equity in the earnings of SureScripts for all periods presented is immaterial.

	June 30, 2024	December 31, 2023
<i>In millions</i>		
Trade receivables (included in accounts receivable, net)	\$ 9,793	\$ 11,908
Contract liabilities (included in accrued expenses)	128	149

New Accounting Pronouncements Recently Adopted

Segment Reporting

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This standard requires the Company to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker (the "CODM") and are included within each reported measure of segment operating results. The standard also requires the Company to disclose the total amount of any other items included in segment operating results which were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the standard also requires disclosure of the CODM's title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The standard also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. The Company adopted the standard for its annual reporting effective January 1, 2024. While the standard requires additional disclosures related to the Company's reportable segments in its 2024 fiscal year annual reporting, adoption of the standard did not have any impact on the Company's consolidated operating results, financial condition or cash flows. The standard requires retrospective application to all prior periods presented. The standard is effective for interim reporting periods in fiscal years beginning after December 15, 2024.

New Accounting Pronouncements Not Yet Adopted

Income Taxes

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The standard requires the Company to provide further disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, as well as additional information about federal, state/local and foreign income taxes. The standard also requires the Company to annually disclose its income taxes paid (net of refunds received), disaggregated by jurisdiction. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The standard is to be applied on a prospective basis, although optional retrospective application is permitted. While the standard will require additional disclosures related to the Company's income taxes, the standard is not expected to have any impact on the Company's consolidated operating results, financial condition or cash flows.

2. Acquisition

Oak Street Health Acquisition

On May 2, 2023, the Company acquired 100% of the outstanding shares and voting interest of Oak Street Health for cash ("Oak Street Health Acquisition"). Under the terms of the merger agreement, Oak Street Health stockholders received \$39.00 per share in cash. The Company financed the transaction with borrowings of \$5.0 billion from a term loan agreement entered into on May 1, 2023 and cash on hand. Oak Street Health is a leading multi-payor, senior focused value-based primary care company. Oak Street Health is included within the Health Services segment. The Company acquired Oak Street Health to advance its value-based care strategy and broaden its platform into primary care.

The Company's assessment of the fair value of assets acquired and liabilities assumed was finalized during the second quarter of 2024. There were no measurement period adjustments to assets acquired and liabilities assumed during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024. The assessment of fair value is preliminary and is based on information that was available to management at the time the unaudited condensed consolidated financial statements were prepared. The most significant open items include the accounting for contingencies and the accounting for income taxes as management is awaiting additional information to complete its assessment of these matters. The finalization of the Company's purchase accounting assessment could result in changes in the valuation of assets acquired and liabilities assumed, which could be material.

3. Investments

Total investments at ~~March 31, 2024~~ June 30, 2024 and December 31, 2023 were as follows:

<u>In millions</u>	March 31, 2024			December 31, 2023			June 30, 2024			December 31, 2023				
	<u>In millions</u>	Current	Long-term	Total	Current	Long-term	Total	<u>In millions</u>	Current	Long-term	Total	Current	Long-term	Total
Debt securities available for sale														
Mortgage loans														
Other investments														
Total investments														

Debt Securities

Debt securities available for sale at ~~March 31, 2024~~ June 30, 2024 and December 31, 2023 were as follows:

<u>In millions</u>	Amortized Cost ⁽¹⁾	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost ⁽¹⁾	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
In millions								
March 31, 2024								
June 30, 2024								
Debt securities:								
Debt securities:								
Debt securities:								
U.S. government securities								
States, municipalities and political subdivisions								
U.S. corporate securities								
Foreign securities								
Residential mortgage-backed securities								
Commercial mortgage-backed securities								
Other asset-backed securities								
Redeemable preferred securities								
Total debt securities ⁽²⁾								
December 31, 2023								
December 31, 2023								
December 31, 2023								

Debt securities:

Debt securities:

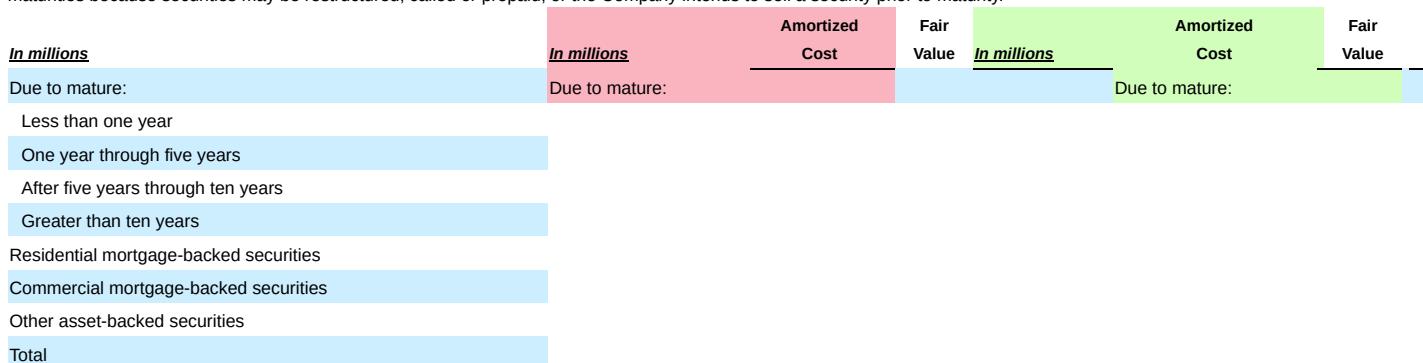
Debt securities:



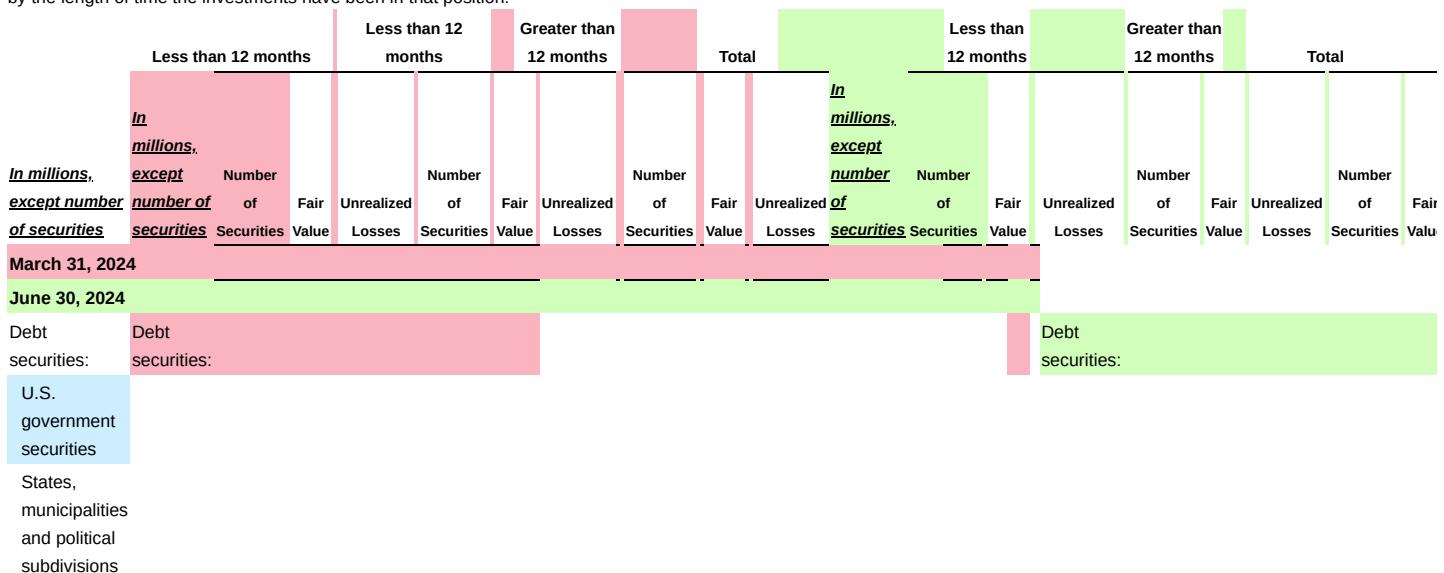
(1) There was no allowance for expected credit losses recorded on available-for-sale debt securities at March 31, 2024 June 30, 2024 or December 31, 2023.

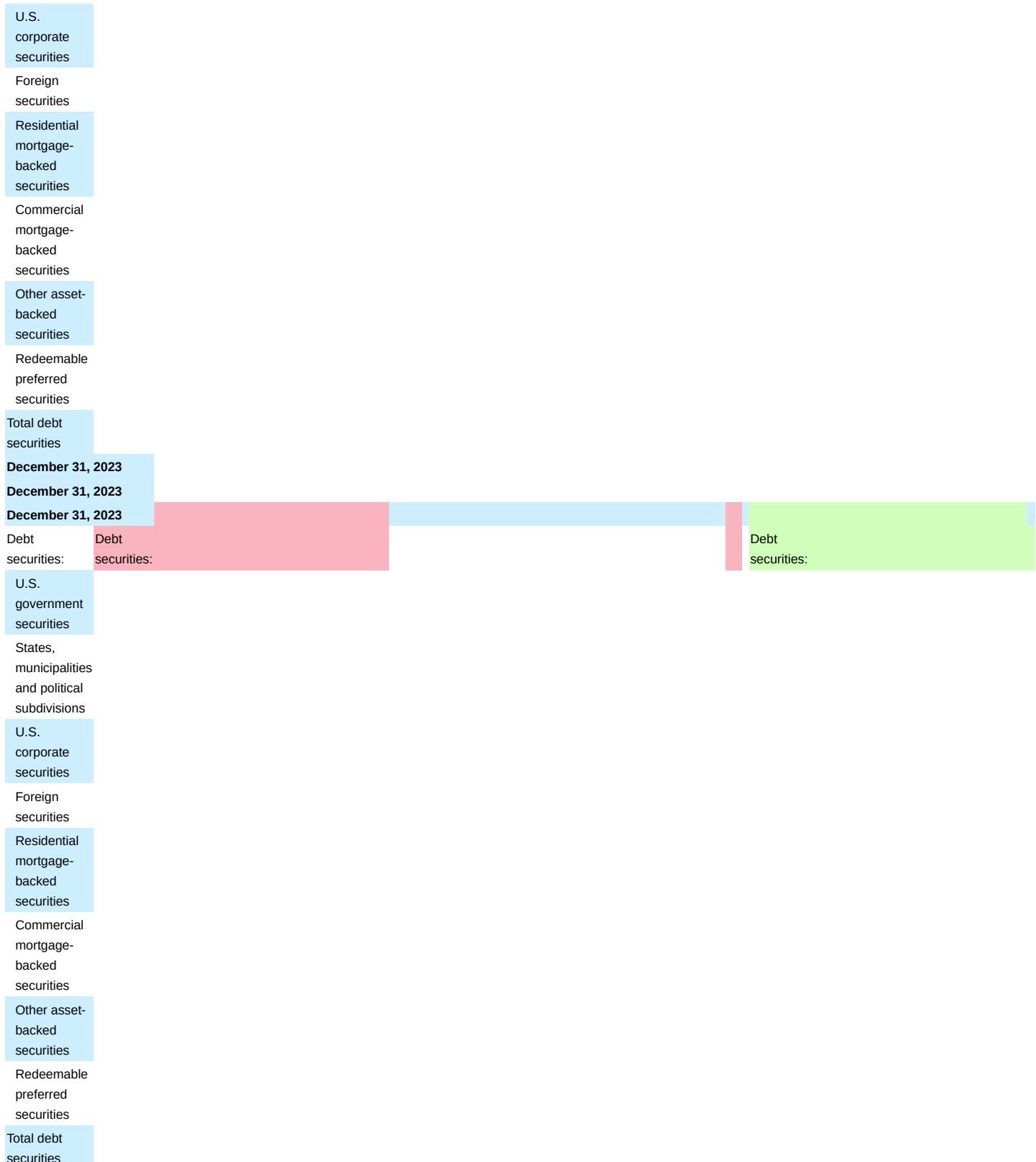
(2) Investment risks associated with the Company's experience-rated products generally do not impact the Company's consolidated operating results. At March 31, 2024 June 30, 2024, debt securities with a fair value of \$552 million \$546 million, gross unrealized capital gains of \$7 million \$5 million and gross unrealized capital losses of \$32 million \$36 million, and at December 31, 2023, debt securities with a fair value of \$592 million, gross unrealized capital gains of \$10 million and gross unrealized capital losses of \$28 million were included in total debt securities, but support experience-rated products. Changes in net unrealized capital gains (losses) on these securities are not reflected in accumulated other comprehensive loss.

The amortized cost and fair value of debt securities at March 31, 2024 June 30, 2024 are shown below by contractual maturity. Actual maturities may differ from contractual maturities because securities may be restructured, called or prepaid, or the Company intends to sell a security prior to maturity.



Summarized below are the debt securities the Company held at March 31, 2024 June 30, 2024 and December 31, 2023 that were in an unrealized capital loss position, aggregated by the length of time the investments have been in that position:





The Company reviewed the securities in the table above and concluded that they are performing assets generating investment income to support the needs of the Company's business. In performing this review, the Company considered factors such as the quality of the investment security based on research performed by the Company's internal credit analysts and external rating agencies and the prospects of realizing the carrying value of the security based on the investment's current prospects for recovery. Unrealized capital

losses at **March 31, 2024** **June 30, 2024** were generally caused by interest rate increases and not by unfavorable changes in the credit quality associated with these securities. As of **March 31, 2024** **June 30, 2024**, the Company did not intend to sell these securities, and did not believe it was more likely than not that it would be required to sell these securities prior to the anticipated recovery of their amortized cost basis.

The maturity dates for debt securities in an unrealized capital loss position at **March 31, 2024** **June 30, 2024** were as follows:

<u>In millions</u>	<u>In millions</u>	Supporting experience-rated products		Supporting remaining products		Total	Supporting experience-rated products		Supporting remaining products		Total
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses		Fair Value	Unrealized <u>In millions</u> Losses	Fair Value	Unrealized Losses	
Due to mature:	Due to mature:					Due to mature:					
Less than one year											
One year through five years											
After five years through ten years											
Greater than ten years											
Residential mortgage-backed securities											
Commercial mortgage-backed securities											
Other asset-backed securities											
Total											

Mortgage Loans

The Company's mortgage loans are collateralized by commercial real estate. During the three **and six** months ended **March 31, 2024** **June 30, 2024** and 2023, the Company had the following activity in its mortgage loan portfolio:

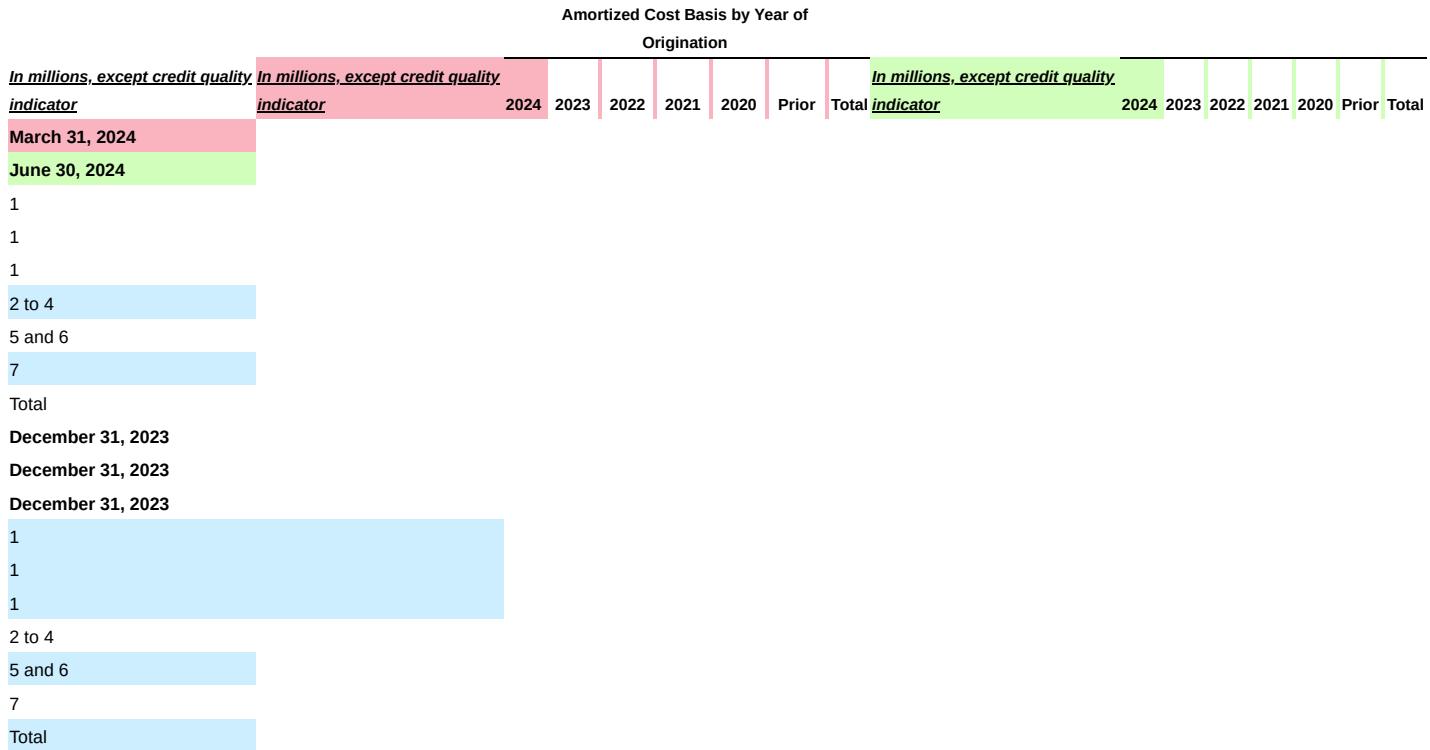
<u>In millions</u>	<u>In millions</u>	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			
		<u>In millions</u>	<u>In millions</u>	2024	<u>In millions</u>	<u>In millions</u>	2023	<u>In millions</u>	<u>In millions</u>	2024	<u>In millions</u>
New mortgage loans											
New mortgage loans											
New mortgage loans											
Mortgage loans fully repaid											
Mortgage loans fully repaid											
Mortgage loans fully repaid											
Mortgage loans foreclosed											
Mortgage loans foreclosed											
Mortgage loans foreclosed											

The Company assesses mortgage loans on a regular basis for credit impairments, and assigns a credit quality indicator to each loan. The Company's credit quality indicator is internally developed and categorizes each loan in its portfolio on a scale from 1 to 7. These indicators are based upon several factors, including current loan-to-value ratios, current and future property cash flow, property condition, market trends, creditworthiness of the borrower and deal structure.

- **Category 1** - Represents loans of superior quality.
- **Categories 2 to 4** - Represent loans where credit risk is minimal to acceptable; however, these loans may display some susceptibility to economic changes.

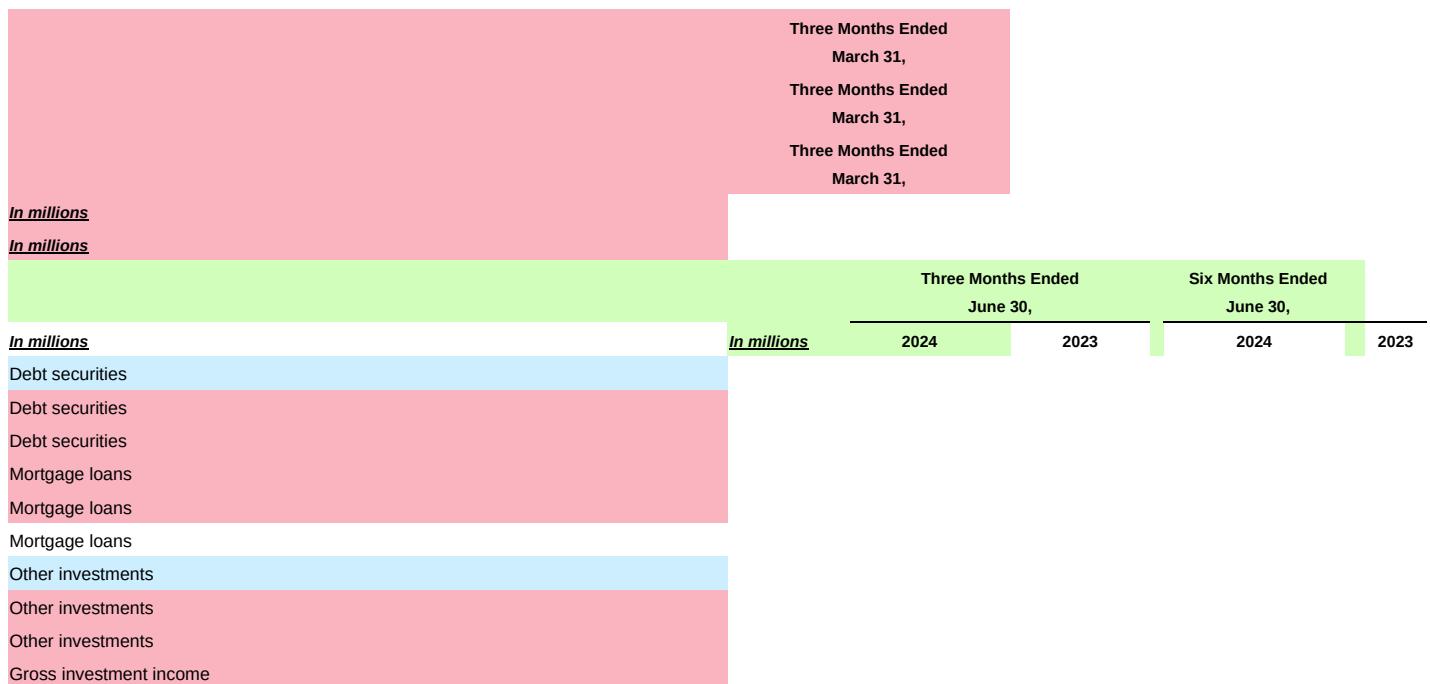
- *Categories 5 and 6* - Represent loans where credit risk is not substantial, but these loans warrant management's close attention.
- *Category 7* - Represents loans where collections are potentially at risk; if necessary, an impairment is recorded.

Based on the Company's assessments at **March 31, 2024** June 30, 2024 and December 31, 2023, the amortized cost basis of the Company's mortgage loans within each credit quality indicator by year of origination was as follows:



Net Investment Income

Sources of net investment income for the three and six months ended **March 31, 2024** June 30, 2024 and 2023 were as follows:



Gross investment income
Gross investment income
Investment expenses
Investment expenses
Investment expenses
Net investment income (excluding net realized capital losses)
Net investment income (excluding net realized capital losses)
Net investment income (excluding net realized capital losses)
Net realized capital losses ⁽¹⁾
Net realized capital losses ⁽¹⁾
Net realized capital losses ⁽¹⁾
Net investment income ⁽²⁾
Net investment income ⁽²⁾
Net investment income ⁽²⁾

(1) Net realized capital losses include yield-related impairment losses on debt securities of \$10 million \$28 million and \$38 million in the three and six months ended March 31, 2024, June 30, 2024, respectively. There were no credit-related impairment losses on debt securities in the three and six months ended March 31, 2024 June 30, 2024. Net realized capital losses include yield-related impairment losses on debt securities of \$24 million \$37 million and are net of the reversal of previously recorded credit-related impairment losses on debt securities of \$1 million \$2 million in the three months ended March 31, 2023 June 30, 2023. Net realized capital losses include yield-related impairment losses on debt securities of \$61 million and are net of the reversal of previously recorded credit-related impairment losses on debt securities of \$3 million in the six months ended June 30, 2023.

(2) Net investment income includes \$8 million and \$16 million for both the three and six months ended March 31, 2024 June 30, 2024, respectively, and 2023 \$9 million and \$17 million for the three and six months ended June 30, 2023, respectively, related to investments supporting experience-rated products.

Excluding amounts related to experience-rated products, proceeds from the sale of available-for-sale debt securities and the related gross realized capital gains and losses for the three and six months ended March 31, 2024 June 30, 2024 and 2023 were as follows:

In millions	In millions	Three Months Ended		Six Months Ended	
		March 31,		June 30,	
		2024	2023	2024	2023
Proceeds from sales					
Proceeds from sales					
Proceeds from sales					
Gross realized capital gains					
Gross realized capital gains					
Gross realized capital gains					
Gross realized capital losses					
Gross realized capital losses					
Gross realized capital losses					

4. Fair Value

The preparation of the Company's unaudited condensed consolidated financial statements in accordance with GAAP requires certain assets and liabilities to be reflected at their fair value and others to be reflected on another basis, such as an adjusted historical cost basis. The Company's assets and liabilities carried at fair value have been classified within one of three levels of a hierarchy established by GAAP. The following are the levels of the hierarchy and a brief description of the type of valuation information ("valuation inputs") that qualifies a financial asset or liability for each level:

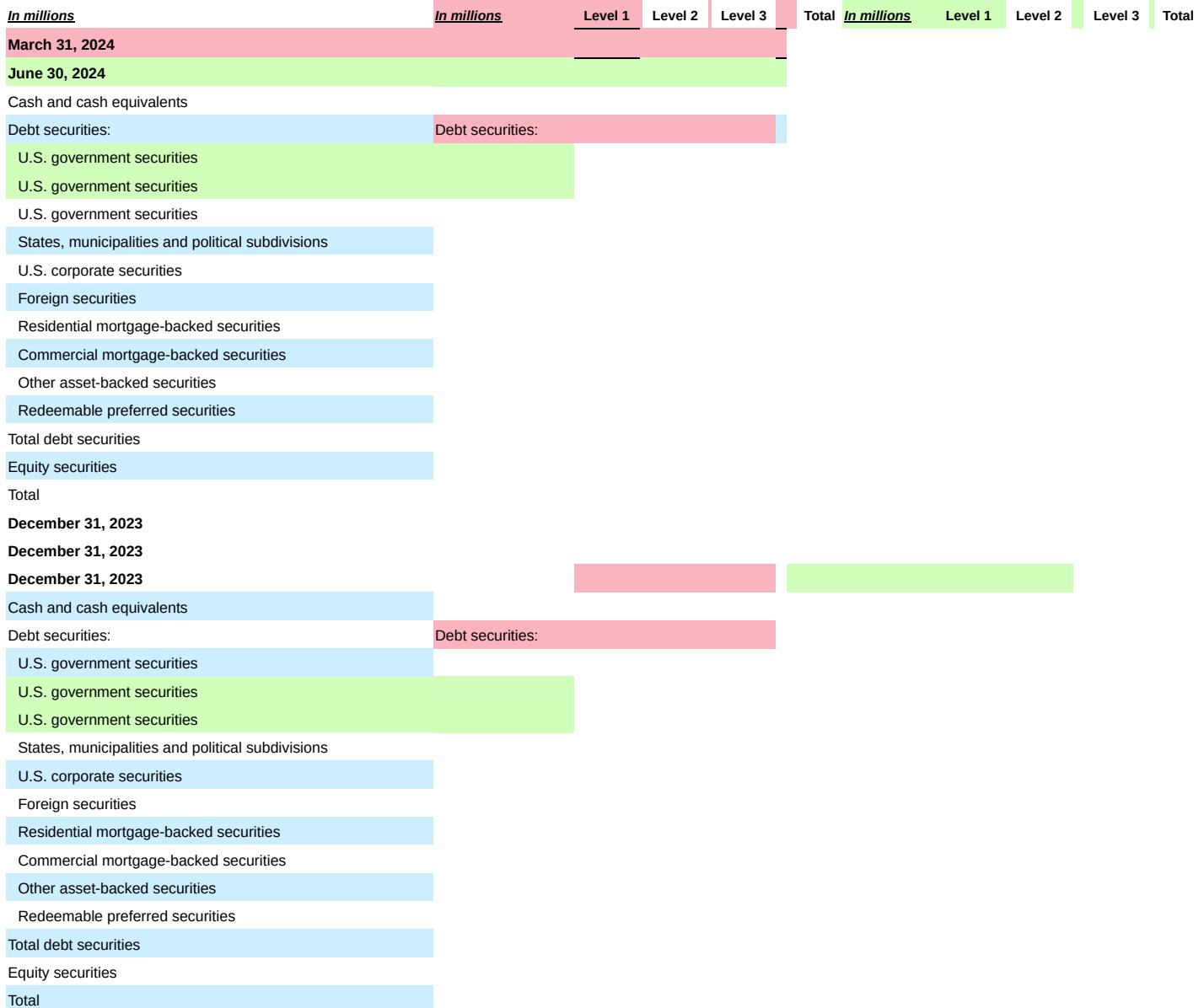
- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Valuation inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, valuation inputs that are observable that are not prices (such as interest rates and credit risks) and valuation inputs that are derived from

or corroborated by observable markets.

- Level 3 – Developed from unobservable data, reflecting the Company's assumptions.

For a description of the methods and assumptions that are used to estimate the fair value and determine the fair value hierarchy classification of each class of financial instrument, see Note 5 "Fair Value" in the 2023 Form 10-K.

There were no financial liabilities measured at fair value on a recurring basis on the unaudited condensed consolidated balance sheets at **March 31, 2024** **June 30, 2024** or December 31, 2023. Financial assets measured at fair value on a recurring basis on the unaudited condensed consolidated balance sheets at **March 31, 2024** **June 30, 2024** and December 31, 2023 were as follows:



During the three and six months ended **March 31, 2024** **June 30, 2024**, there were no transfers into or out of Level 3. During the three and six months ended **March 31, 2023** **June 30, 2023** there were **\$29 million** **\$13 million** and **\$42 million**, respectively, of transfers out of Level 3.

The carrying value and estimated fair value classified by level of fair value hierarchy for financial instruments carried on the unaudited condensed consolidated balance sheets at adjusted cost or contract value at **March 31, 2024** **June 30, 2024** and December 31, 2023 were as follows:

<i>In millions</i>	Carrying Value	<i>In millions</i>	Carrying Value	Estimated Fair Value			<i>In millions</i>	Estimated Fair Value		
				Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
							Total			Total

March 31, 2024

June 30, 2024

Assets:

Assets:

Assets:

Mortgage loans

Mortgage loans

Mortgage loans

Equity securities (1)

Equity securities (1) 559

N/A

Equity securities (1) 588

N/A

N/A

Liabilities:

Investment contract liabilities:

Investment contract liabilities:

Investment contract liabilities:

With a fixed maturity

With a fixed maturity

With a fixed maturity

Without a fixed maturity

Long-term debt

December 31, 2023

December 31, 2023

December 31, 2023

Assets:

Assets:

Assets:

Mortgage loans

Mortgage loans

Mortgage loans

Equity securities (1)

Equity securities (1) 534

N/A

Equity securities (1) 534

N/A

N/A

Liabilities:

Liabilities:

Investment contract liabilities:

Investment contract liabilities:

With a fixed maturity

Without a fixed maturity

Long-term debt

(1) It was not practical to estimate the fair value of these cost-method investments as it represents shares of unlisted companies.

Separate Accounts assets relate to the Company's large case pensions products which represent funds maintained to meet specific objectives of contract holders. Since contract holders bear the investment risk of these assets, a corresponding Separate Accounts liability has been established equal to the assets. These assets and liabilities are carried at fair value. Separate Accounts financial assets as of March 31, 2024 June 30, 2024 and December 31, 2023 were as follows:

In millions	March 31, 2024			December 31, 2023			June 30, 2024			December 31, 2023				
	In millions	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	In millions	Level 1	Level 2	Level 3	Total
Cash and cash equivalents														
Debt securities														
Common/collective trusts														
Common/collective trusts														
Common/collective trusts														
Total (1)														

(1) Excludes \$45 million \$49 million and \$46 million of other receivables at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

5. Health Care Costs Payable

The following table shows the components of the change in health care costs payable during the three six months ended March 31, 2024 June 30, 2024 and 2023:

	In millions	Three Months Ended		Six Months Ended	
		March 31, 2024	2023	June 30, 2024	2023
Health care costs payable, beginning of the period					
Less: Reinsurance recoverables					
Less: Impact of discount rate on long-duration insurance reserves (1)					
Health care costs payable, beginning of the period, net					
Add: Components of incurred health care costs					
Add: Components of incurred health care costs					
Acquisitions, net					
Add: Components of incurred health care costs					
Current year					
Current year					
Current year					
Prior years					
Total incurred health care costs (2)					
Less: Claims paid					
Current year					
Current year					
Current year					
Prior years					
Total claims paid					
Health care costs payable, end of the period, net					
Health care costs payable, end of the period, net					
Health care costs payable, end of the period, net					
Add: Reinsurance recoverables					
Add: Impact of discount rate on long-duration insurance reserves (1)					
Health care costs payable, end of the period					

(1) Reflects the difference between the current discount rate and the locked-in discount rate on long-duration insurance reserves which is recorded within accumulated other comprehensive loss on the unaudited condensed consolidated balance sheets.

(2) Total incurred health care costs for the three six months ended March 31, 2024 June 30, 2024 and 2023 in the table above exclude \$23 million \$48 million and \$22 million \$42 million, respectively, of health care costs recorded in the Health Care Benefits segment that are included in other insurance liabilities on the unaudited condensed consolidated balance sheets and \$47 million \$93 million and \$51 million \$102 million, respectively, of health care costs recorded in the Corporate/Other segment that are included in other insurance liabilities on the unaudited condensed consolidated balance sheets.

The Company's estimates of prior years' health care costs payable decreased by \$479 million \$662 million and \$693 million \$619 million, respectively, in the three six months ended March 31, 2024 June 30, 2024 and 2023, because claims were settled for amounts less than originally estimated (i.e., the amount of claims incurred was lower than originally estimated), primarily due to lower health care cost trends as well as the actual claim submission time being faster than originally assumed (i.e., the Company's completion factors were higher than originally assumed) in estimating health care costs payable at the end of the prior year.

At March 31, 2024 June 30, 2024, the Company's liabilities for the ultimate cost of (i) services rendered to the Company's Insured members but not yet reported to the Company and (ii) claims which have been reported to the Company but not yet paid (collectively, "IBNR") plus expected development on reported claims totaled approximately \$11.0 \$10.6 billion. The majority Substantially all of the Company's liabilities for IBNR plus expected development on reported claims at March 31, 2024 June 30, 2024 related to the current year.

6. Other Insurance Liabilities and Separate Accounts

Future Policy Benefits

The following tables show the components of the change in the liability for future policy benefits, which is included in other insurance liabilities and other long-term insurance liabilities on the unaudited condensed consolidated balance sheets, during the three six months ended March 31, 2024 June 30, 2024 and 2023:

Three Months Ended
March 31, 2024

<i>In millions</i>	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Six Months Ended June 30, 2024
<i>In millions</i>	Large Case Pensions	Long-Term Care	
Present value of expected net premiums (1)			
Liability for future policy benefits, beginning of the period - current discount rate			
Liability for future policy benefits, beginning of the period - current discount rate			
Liability for future policy benefits, beginning of the period - current discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Effect of changes in cash flow assumptions			
Effect of changes in cash flow assumptions			
Effect of changes in cash flow assumptions			
Effect of actual variances from expected experience			
Effect of actual variances from expected experience			
Effect of actual variances from expected experience			
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate			
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate			
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate			
Interest accrual (using locked-in discount rate)			
Interest accrual (using locked-in discount rate)			
Interest accrual (using locked-in discount rate)			
Net premiums (actual)			
Net premiums (actual)			
Net premiums (actual)			
Ending liability for future policy benefits at original (locked-in) discount rate			
Ending liability for future policy benefits at original (locked-in) discount rate			
Ending liability for future policy benefits at original (locked-in) discount rate			
Effect of changes in discount rate assumptions			
Liability for future policy benefits, end of the period - current discount rate			
Present value of expected future policy benefits			
Present value of expected future policy benefits			
Present value of expected future policy benefits			
Liability for future policy benefits, beginning of the period - current discount rate			
Liability for future policy benefits, beginning of the period - current discount rate			
Liability for future policy benefits, beginning of the period - current discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Beginning liability for future policy benefits at original (locked-in) discount rate			
Effect of changes in cash flow assumptions			
Effect of actual variances from expected experience			
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate			
Issuances			
Interest accrual (using locked-in discount rate)			
Benefit payments (actual)			

Ending liability for future policy benefits at original (locked-in) discount rate
Ending liability for future policy benefits at original (locked-in) discount rate
Ending liability for future policy benefits at original (locked-in) discount rate

Effect of changes in discount rate assumptions

Effect of changes in discount rate assumptions

Effect of changes in discount rate assumptions

Liability for future policy benefits, end of the period - current discount rate

Liability for future policy benefits, end of the period - current discount rate

Liability for future policy benefits, end of the period - current discount rate

Present value of expected future policy benefits

Present value of expected future policy benefits

Present value of expected future policy benefits

Liability for future policy benefits, beginning of the period - current discount rate

Liability for future policy benefits, beginning of the period - current discount rate

Liability for future policy benefits, beginning of the period - current discount rate

Beginning liability for future policy benefits at original (locked-in) discount rate

Beginning liability for future policy benefits at original (locked-in) discount rate

Beginning liability for future policy benefits at original (locked-in) discount rate

Effect of changes in cash flow assumptions

Effect of changes in cash flow assumptions

Effect of changes in cash flow assumptions

Effect of actual variances from expected experience

Effect of actual variances from expected experience

Effect of actual variances from expected experience

Adjusted beginning liability for future policy benefits - original (locked-in) discount rate

Adjusted beginning liability for future policy benefits - original (locked-in) discount rate

Adjusted beginning liability for future policy benefits - original (locked-in) discount rate

Issuances

Issuances

Issuances

Interest accrual (using locked-in discount rate)

Interest accrual (using locked-in discount rate)

Interest accrual (using locked-in discount rate)

Benefit payments (actual)

Benefit payments (actual)

Benefit payments (actual)

Ending liability for future policy benefits at original (locked-in) discount rate

Ending liability for future policy benefits at original (locked-in) discount rate

Ending liability for future policy benefits at original (locked-in) discount rate

Effect of changes in discount rate assumptions

Effect of changes in discount rate assumptions

Effect of changes in discount rate assumptions

Liability for future policy benefits, end of the period - current discount rate

Liability for future policy benefits, end of the period - current discount rate

Liability for future policy benefits, end of the period - current discount rate

Net liability for future policy benefits

Net liability for future policy benefits

Net liability for future policy benefits

Less: Reinsurance recoverable

Less: Reinsurance recoverable

Less: Reinsurance recoverable

Net liability for future policy benefits, net of reinsurance recoverable

Net liability for future policy benefits, net of reinsurance recoverable

Net liability for future policy benefits, net of reinsurance recoverable

(1) The present value of expected net premiums is equivalent to the present value of expected gross premiums for the long-term care insurance contracts as net premiums are set equal to gross premiums.

		Three Months Ended March 31, 2023	Three Months Ended March 31, 2023	Three Months Ended March 31, 2023	Six Months Ended June 30, 2023
<i>In millions</i>	<i>In millions</i>	Large Case Pensions	Long-Term Care		
Present value of expected net premiums (1)					
Present value of expected net premiums (1)					
Present value of expected net premiums (1)					
Liability for future policy benefits, beginning of the period - current discount rate					
Liability for future policy benefits, beginning of the period - current discount rate					
Liability for future policy benefits, beginning of the period - current discount rate					
Beginning liability for future policy benefits at original (locked-in) discount rate					
Beginning liability for future policy benefits at original (locked-in) discount rate					
Beginning liability for future policy benefits at original (locked-in) discount rate					
Effect of changes in cash flow assumptions					
Effect of changes in cash flow assumptions					
Effect of changes in cash flow assumptions					
Effect of actual variances from expected experience					
Effect of actual variances from expected experience					
Effect of actual variances from expected experience					
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate					
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate					
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate					
Interest accrual (using locked-in discount rate)					
Interest accrual (using locked-in discount rate)					
Interest accrual (using locked-in discount rate)					
Net premiums (actual)					
Net premiums (actual)					
Net premiums (actual)					
Ending liability for future policy benefits at original (locked-in) discount rate					
Ending liability for future policy benefits at original (locked-in) discount rate					
Ending liability for future policy benefits at original (locked-in) discount rate					
Effect of changes in discount rate assumptions					
Liability for future policy benefits, end of the period - current discount rate					
Present value of expected future policy benefits					
Present value of expected future policy benefits					
Present value of expected future policy benefits					
Liability for future policy benefits, beginning of the period - current discount rate					
Liability for future policy benefits, beginning of the period - current discount rate					
Liability for future policy benefits, beginning of the period - current discount rate					
Beginning liability for future policy benefits at original (locked-in) discount rate					
Beginning liability for future policy benefits at original (locked-in) discount rate					

Beginning liability for future policy benefits at original (locked-in) discount rate	
Effect of changes in cash flow assumptions	
Effect of actual variances from expected experience	
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate	
Issuances	
Interest accrual (using locked-in discount rate)	
Benefit payments (actual)	
Ending liability for future policy benefits at original (locked-in) discount rate	
Ending liability for future policy benefits at original (locked-in) discount rate	
Ending liability for future policy benefits at original (locked-in) discount rate	
Effect of changes in discount rate assumptions	
Effect of changes in discount rate assumptions	
Effect of changes in discount rate assumptions	
Liability for future policy benefits, end of the period - current discount rate	
Liability for future policy benefits, end of the period - current discount rate	
Liability for future policy benefits, end of the period - current discount rate	
Present value of expected future policy benefits	
Present value of expected future policy benefits	
Present value of expected future policy benefits	
Liability for future policy benefits, beginning of the period - current discount rate	
Liability for future policy benefits, beginning of the period - current discount rate	
Liability for future policy benefits, beginning of the period - current discount rate	
Beginning liability for future policy benefits at original (locked-in) discount rate	
Beginning liability for future policy benefits at original (locked-in) discount rate	
Beginning liability for future policy benefits at original (locked-in) discount rate	
Effect of changes in cash flow assumptions	
Effect of changes in cash flow assumptions	
Effect of changes in cash flow assumptions	
Effect of actual variances from expected experience	
Effect of actual variances from expected experience	
Effect of actual variances from expected experience	
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate	
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate	
Adjusted beginning liability for future policy benefits - original (locked-in) discount rate	
Issuances	
Issuances	
Issuances	
Interest accrual (using locked-in discount rate)	
Interest accrual (using locked-in discount rate)	
Interest accrual (using locked-in discount rate)	
Benefit payments (actual)	
Benefit payments (actual)	
Benefit payments (actual)	
Ending liability for future policy benefits at original (locked-in) discount rate	
Ending liability for future policy benefits at original (locked-in) discount rate	
Ending liability for future policy benefits at original (locked-in) discount rate	
Effect of changes in discount rate assumptions	
Effect of changes in discount rate assumptions	
Effect of changes in discount rate assumptions	
Liability for future policy benefits, end of the period - current discount rate	
Liability for future policy benefits, end of the period - current discount rate	

Liability for future policy benefits, end of the period - current discount rate
Net liability for future policy benefits
Net liability for future policy benefits
Net liability for future policy benefits
Less: Reinsurance recoverable
Less: Reinsurance recoverable
Less: Reinsurance recoverable
Net liability for future policy benefits, net of reinsurance recoverable
Net liability for future policy benefits, net of reinsurance recoverable
Net liability for future policy benefits, net of reinsurance recoverable

(1) The present value of expected net premiums is equivalent to the present value of expected gross premiums for the long-term care insurance contracts as net premiums are set equal to gross premiums.

The Company did not have any material differences between the actual experience and expected experience for the significant assumptions used in the computation of the liability for future policy benefits.

The amount of undiscounted expected gross premiums and expected future benefit payments for long-duration insurance liabilities as of **March 31, 2024**, **June 30, 2024** and 2023 were as follows:

<u>In millions</u>	<u>In millions</u>	June 30, 2024	June 30, 2023
Large case pensions			
Large case pensions			
Large case pensions			
Expected future benefit payments			
Expected future benefit payments			
Expected future benefit payments	\$	3,159	\$ 3,398
Expected gross premiums	Expected gross premiums	—	—
Expected gross premiums			
Expected gross premiums			
Long-term care			
Long-term care			
Long-term care			
Expected future benefit payments			
Expected future benefit payments			
Expected future benefit payments	\$	3,207	\$ 3,238
Expected gross premiums	Expected gross premiums	408	425
Expected gross premiums			
Expected gross premiums			

The weighted-average interest rate used in the measurement of the long-duration insurance liabilities as of **March 31, 2024**, **June 30, 2024** and 2023 were as follows:

	March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2023
Large case pensions					
Interest accretion rate					
Interest accretion rate					
Interest accretion rate	4.20%	4.20%		4.20%	4.20%
Current discount rate	5.22%	4.90%	Current discount rate	5.42%	5.17%
Long-term care					
Long-term care					
Long-term care					

Interest accretion rate	5.11%	5.11%	5.11%	5.11%
Interest accretion rate	5.11%	5.11%	5.11%	5.11%
Current discount rate	5.36%	5.06%	Current discount rate	5.57%

The weighted-average durations (in years) of the long-duration insurance liabilities as of **March 31, 2024** **June 30, 2024** and 2023 were as follows:

	March 31, 2024		March 31, 2023		
	June 30, 2024		June 30, 2023		
	Large case pensions	7.3	7.4	Large case pensions	7.3
Long-term care	Long-term care	12.0	12.5	Long-term care	11.9
					12.4

Policyholders' Funds

The following table shows the components of the change in policyholders' funds related to long-duration insurance contracts, which are included in policyholders' funds and other long-term liabilities on the unaudited condensed consolidated balance sheets, during the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023:

	Three Months Ended March 31,		Six Months Ended June 30,	
	<i>In millions, except weighted average crediting rate</i>		<i>In millions, except weighted average crediting rate</i>	
	2024	2023	2024	2023
Policyholders' funds, beginning of the period	\$ 332	\$ 345	Policyholders' funds, beginning of the period	\$332
Deposits received	9	(4)	8	(1)
Deposits received				
Deposits received	9	(4)	8	(1)
Policy charges	(1)	—	Policy charges	(1)
Surrenders and withdrawals	(4)	(7)	Surrenders and withdrawals	(7)
Interest credited				
Interest credited	3	3	6	5
Change in net unrealized gains (losses)	(6)	21	Change in net unrealized gains (losses)	(12)
Other	(4)	(9)	Other	(13)
Policyholders' funds, end of the period	\$ 329	\$ 349	Policyholders' funds, end of the period	\$313
Weighted average crediting rate	4.30%	4.55%	4.35%	4.55%
Weighted average crediting rate				
Weighted average crediting rate	4.30%	4.55%	4.35%	4.55%
Net amount at risk				
Net amount at risk				
Net amount at risk				
Cash surrender value				
Cash surrender value				
Cash surrender value				

Separate Accounts

The following table shows the fair value of assets, by major investment category, supporting Separate Accounts as of **March 31, 2024** **June 30, 2024** and December 31, 2023:

<i>In millions</i>	March 31, 2024	December 31, 2023	<i>In millions</i>	June 30, 2024	December 31, 2023
	<i>In millions</i>		<i>In millions</i>		
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					

Debt securities:

U.S. government securities	
U.S. government securities	
U.S. government securities	
States, municipalities and political subdivisions	
U.S. corporate securities	
Foreign securities	
Foreign securities	
Foreign securities	
Residential mortgage-backed securities	
Commercial mortgage-backed securities	
Other asset-backed securities	
Total debt securities	
Common/collective trusts	
Common/collective trusts	
Common/collective trusts	
Total (1)	
Total (1)	
Total (1)	

(1) Excludes \$45 million \$49 million and \$46 million of other receivables at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The following table shows the components of the change in Separate Accounts liabilities during the three six months ended March 31, 2024 June 30, 2024 and 2023:

<i>In millions</i>	Three Months Ended		Six Months Ended		
	March 31, 2024	2023	<i>In millions</i>	June 30, 2024	2023
Separate Accounts liability, beginning of the period					
Separate Accounts liability, beginning of the period					
Separate Accounts liability, beginning of the period					
Premiums and deposits					
Surrenders and withdrawals					
Surrenders and withdrawals					
Surrenders and withdrawals					
Benefit payments					
Investment earnings					
Net transfers from general account					
Other					
Separate Accounts liability, end of the period					
Cash surrender value, end of the period					
Cash surrender value, end of the period					
Cash surrender value, end of the period					

The Company did not recognize any gains or losses on assets transferred to Separate Accounts during the three six months ended March 31, 2024 June 30, 2024 and 2023.

7. **Borrowings**

The following table is a summary of the Company's borrowings at June 30, 2024 and December 31, 2023:

<i>In millions</i>	June 30, 2024		December 31, 2023	
	\$	—	\$	200
<u>Short-term debt</u>				
Commercial paper				
<u>Long-term debt</u>				
3.375% senior notes due August 2024			650	650
2.625% senior notes due August 2024			1,000	1,000
3.5% senior notes due November 2024			750	750

5% senior notes due December 2024	299	299
4.1% senior notes due March 2025	950	950
3.875% senior notes due July 2025	2,828	2,828
5% senior notes due February 2026	1,500	1,500
2.875% senior notes due June 2026	1,750	1,750
3% senior notes due August 2026	750	750
3.625% senior notes due April 2027	750	750
6.25% senior notes due June 2027	372	372
1.3% senior notes due August 2027	2,250	2,250
4.3% senior notes due March 2028	5,000	5,000
5% senior notes due January 2029	1,000	1,000
5.4% senior notes due June 2029	1,000	—
3.25% senior notes due August 2029	1,750	1,750
5.125% senior notes due February 2030	1,500	1,500
3.75% senior notes due April 2030	1,500	1,500
1.75% senior notes due August 2030	1,250	1,250
5.25% senior notes due January 2031	750	750
1.875% senior notes due February 2031	1,250	1,250
5.55% senior notes due June 2031	1,000	—
2.125% senior notes due September 2031	1,000	1,000
5.25% senior notes due February 2033	1,750	1,750
5.3% senior notes due June 2033	1,250	1,250
5.7% senior notes due June 2034	1,250	—
4.875% senior notes due July 2035	652	652
6.625% senior notes due June 2036	771	771
6.75% senior notes due December 2037	533	533
4.78% senior notes due March 2038	5,000	5,000
6.125% senior notes due September 2039	447	447
4.125% senior notes due April 2040	1,000	1,000
2.7% senior notes due August 2040	1,250	1,250
5.75% senior notes due May 2041	133	133
4.5% senior notes due May 2042	500	500
4.125% senior notes due November 2042	500	500
5.3% senior notes due December 2043	750	750
4.75% senior notes due March 2044	375	375
6% senior notes due June 2044	750	—
5.125% senior notes due July 2045	3,500	3,500
3.875% senior notes due August 2047	1,000	1,000
5.05% senior notes due March 2048	8,000	8,000

4.25% senior notes due April 2050	750	750
5.625% senior notes due February 2053	1,250	1,250
5.875% senior notes due June 2053	1,250	1,250
6.05% senior notes due June 2054	1,000	—
6% senior notes due June 2063	750	750
Finance lease liabilities	1,379	1,391
Other	305	309
Total debt principal	66,944	62,160
Debt premiums	178	186
Debt discounts and deferred financing costs	(748)	(736)
	66,374	61,610

Less:			
Short-term debt (commercial paper)		—	(200)
Current portion of long-term debt		(3,731)	(2,772)
Long-term debt		\$ 62,643	\$ 58,638

Short-term Borrowings

Commercial Paper

The Company did not have any commercial paper outstanding as of June 30, 2024. The Company had \$200 million of commercial paper outstanding at a weighted average interest rate of 4.31% as of December 31, 2023.

Term Loan Credit Agreement

On March 25, 2024, the Company entered into a 364-day \$3.0 billion term loan credit agreement. The term loan credit agreement allowed for borrowings at various rates that were dependent, in part, on the Company's public debt ratings. On May 9, 2024, following the issuance of the \$5.0 billion in senior notes described under "Long-term Borrowings" below, the term loan credit agreement terminated. There were no borrowings under the term loan credit agreement through the date of termination.

Long-term Borrowings

2024 Notes

On May 9, 2024, the Company issued \$1.0 billion aggregate principal amount of 5.4% senior notes due June 2029, \$1.0 billion aggregate principal amount of 5.55% senior notes due June 2031, \$1.25 billion aggregate principal amount of 5.7% senior notes due June 2034, \$750 million aggregate principal amount of 6.0% senior notes due June 2044 and \$1.0 billion aggregate principal amount of 6.05% senior notes due June 2054 for total proceeds of approximately \$5.0 billion, net of discounts and underwriting fees. The net proceeds of these offerings were used for general corporate purposes.

8. Shareholders' Equity

Share Repurchases

The following share repurchase programs have been authorized by CVS Health Corporation's Board of Directors (the "Board"):

<i>In billions</i> <u>Authorization Date</u>	<i>In billions</i> <u>Authorization Date</u>	<u>Authorized</u>	<u>Remaining as of</u> <u>March 31, 2024</u>	<i>In billions</i> <u>Authorization Date</u>	<u>Authorized</u>	<u>Remaining as of</u> <u>June 30, 2024</u>
November 17, 2022 ("2022 Repurchase Program")						
December 9, 2021 ("2021 Repurchase Program")						

Each of the share Repurchase Programs was effective immediately and permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase ("ASR") transactions, and/or other derivative transactions. Both the 2022 and 2021 Repurchase Programs can be modified or terminated by the Board at any time.

During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 and 2023, the Company repurchased an aggregate of 39.7 million shares of common stock for approximately \$3.0 billion and an aggregate of 22.8 million shares of common stock for approximately \$2.0 billion, respectively, both pursuant to the 2021 Repurchase Program. This activity includes the share repurchases under the ASR transactions described below.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$3.0 billion fixed dollar ASR with Morgan Stanley & Co. LLC. Upon payment of the \$3.0 billion purchase price on January 4, 2024, the Company received a number of shares of CVS Health Corporation's common stock equal to 85% of the \$3.0 billion notional amount of the ASR or approximately 31.4 million shares, which were placed into treasury stock in January 2024. The ASR was accounted for as an initial treasury stock transaction for \$2.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In March 2024, the Company received approximately 8.3 million shares of CVS Health Corporation's common stock, representing the remaining 15% of the \$3.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in March 2024.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$2.0 billion fixed dollar ASR with Citibank, N.A. Upon payment of the \$2.0 billion purchase price on January 4, 2023, the Company received a number of shares of CVS Health Corporation's common stock equal to 80% of the \$2.0 billion notional amount of the ASR or approximately 17.4 million shares, which were placed into treasury stock in January 2023. The ASR was accounted for as an initial treasury stock transaction for \$1.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In February 2023, the Company received approximately 5.4 million shares of CVS Health Corporation's common stock, representing the remaining 20% of the \$2.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in February 2023.

At the time they were received, the initial and final receipt of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share.

Dividends

The quarterly cash dividend declared by the Board was \$0.665 and \$0.605 per share in the three months ended ~~March 31, 2024~~ June 30, 2024 and 2023, respectively. Cash dividends declared by the Board were \$1.33 and \$1.21 per share in the six months ended June 30, 2024 and 2023, respectively. CVS Health Corporation has paid cash dividends

every quarter since becoming a public company. Future dividend payments will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board.

8.9. Other Comprehensive Income (Loss)

Shareholders' equity included the following activity in accumulated other comprehensive loss for the three and six months ended **March 31, 2024**, **June 30, 2024** and 2023:

	Three Months Ended		Six Months Ended	
	March 31,	March 31,	June 30,	June 30,
<i>In millions</i>	<i>In millions</i>	<i>In millions</i>	<i>In millions</i>	<i>In millions</i>
Net unrealized investment losses:				
Net unrealized investment losses:				
Beginning of period balance				
Beginning of period balance				
Beginning of period balance				
Other comprehensive income (loss) before reclassifications <i>(\$162 and \$340 pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$162 and \$340 pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$162 and \$340 pretax)</i>				
Amounts reclassified from accumulated other comprehensive loss <i>(\$54 and \$131 pretax)</i> ⁽¹⁾				
Amounts reclassified from accumulated other comprehensive loss <i>(\$54 and \$131 pretax)</i> ⁽¹⁾				
Amounts reclassified from accumulated other comprehensive loss <i>(\$54 and \$131 pretax)</i> ⁽¹⁾				
Other comprehensive income (loss) before reclassifications <i>(\$121, \$(175), \$(283), \$165 pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$121, \$(175), \$(283), \$165 pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$121, \$(175), \$(283), \$165 pretax)</i>				
Amounts reclassified from accumulated other comprehensive loss <i>(\$94, \$110, \$148, \$241 pretax)</i> ⁽¹⁾				
Other comprehensive income (loss)				
Other comprehensive income (loss)				
Other comprehensive income (loss)				
End of period balance				
End of period balance				
End of period balance				
Change in discount rate on long-duration insurance reserves:				
Change in discount rate on long-duration insurance reserves:				
Change in discount rate on long-duration insurance reserves:				
Beginning of period balance				
Beginning of period balance				
Beginning of period balance				
Other comprehensive income (loss) before reclassifications <i>(\$88 and \$(101) pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$88 and \$(101) pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$88 and \$(101) pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$68, \$78, \$156, \$(23) pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$68, \$78, \$156, \$(23) pretax)</i>				
Other comprehensive income (loss) before reclassifications <i>(\$68, \$78, \$156, \$(23) pretax)</i>				
Other comprehensive income (loss)				
Other comprehensive income (loss)				

Other comprehensive income (loss)
End of period balance
End of period balance
End of period balance
Foreign currency translation adjustments:
Foreign currency translation adjustments:
Foreign currency translation adjustments:
Beginning of period balance
Beginning of period balance
Beginning of period balance
Other comprehensive loss before reclassifications
Other comprehensive loss before reclassifications
Other comprehensive loss before reclassifications
Other comprehensive income before reclassifications
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
End of period balance
End of period balance
Other comprehensive income
Other comprehensive income
Other comprehensive income
End of period balance
Net cash flow hedges:
Net cash flow hedges:
Net cash flow hedges:
Beginning of period balance
Beginning of period balance
Beginning of period balance
Other comprehensive loss before reclassifications (\$0 and \$(5) pretax)
Other comprehensive loss before reclassifications (\$0 and \$(5) pretax)
Other comprehensive loss before reclassifications (\$0 and \$(5) pretax)
Amounts reclassified from accumulated other comprehensive income (\$6) and \$(3) pretax) (2)
Amounts reclassified from accumulated other comprehensive income (\$6) and \$(3) pretax) (2)
Amounts reclassified from accumulated other comprehensive income (\$6) and \$(3) pretax) (2)
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
End of period balance
End of period balance
Other comprehensive income (loss) before reclassifications (\$0, \$3, \$0, \$(3) pretax)
Amounts reclassified from accumulated other comprehensive income \$(5), \$23, \$(11), \$20 pretax) (2)
Other comprehensive income (loss)
End of period balance
Pension and other postretirement benefits:
Pension and other postretirement benefits:
Pension and other postretirement benefits:
Beginning of period balance
Beginning of period balance
Beginning of period balance
Other comprehensive income
Other comprehensive income

Other comprehensive income
End of period balance
End of period balance
End of period balance
Total beginning of period accumulated other comprehensive loss
Total beginning of period accumulated other comprehensive loss
Total beginning of period accumulated other comprehensive loss
Total other comprehensive income (loss)
Total other comprehensive income (loss)
Total other comprehensive income (loss)
Total end of period accumulated other comprehensive loss
Total end of period accumulated other comprehensive loss
Total end of period accumulated other comprehensive loss

- (1) Amounts reclassified from accumulated other comprehensive loss for specifically identified debt securities are included in net investment income in the unaudited condensed consolidated statements of operations.
- (2) Amounts reclassified from accumulated other comprehensive income for specifically identified cash flow hedges are included in interest expense in the unaudited condensed consolidated statements of operations. The Company expects to reclassify approximately \$21 million \$22 million, net of tax, in net gains associated with its cash flow hedges into net income within the next 12 months.

9.10. Earnings Per Share

Earnings per share is computed using the treasury stock method. Stock options and stock appreciation rights to purchase 6 million and 4 million 7 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share for in each of the three months and six-month periods ended March 31, 2024 and 2023, respectively, June 30, 2024 because their exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. For the same reason, stock options and stock appreciation rights to purchase 9 million and 6 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2023, respectively.

The following is a reconciliation of basic and diluted earnings per share for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
				2024	2023
				2024	2023
<u>In millions, except per share amounts</u>	<u>In millions, except per share amounts</u>	<u>In millions, except per share amounts</u>	<u>In millions, except per share amounts</u>		
In millions, except per share amounts	In millions, except per share amounts	In millions, except per share amounts	In millions, except per share amounts		
Numerator for earnings per share calculation:					
Numerator for earnings per share calculation:					
Numerator for earnings per share calculation:					
Net income attributable to CVS Health					
Net income attributable to CVS Health					
Net income attributable to CVS Health					
Denominator for earnings per share calculation:					
Denominator for earnings per share calculation:					
Denominator for earnings per share calculation:					
Weighted average shares, basic					
Weighted average shares, basic					
Weighted average shares, basic					
Restricted stock units and performance stock units					
Restricted stock units and performance stock units					
Restricted stock units and performance stock units					
Stock options and stock appreciation rights					
Stock options and stock appreciation rights					

Stock options and stock appreciation rights
Weighted average shares, diluted
Weighted average shares, diluted
Weighted average shares, diluted
Earnings per share:
Earnings per share:
Earnings per share:
Basic
Basic
Basic
Diluted
Diluted
Diluted

10.11. Commitments and Contingencies

Lease Guarantees

Between 1995 and 1997, the Company sold or spun off a number of subsidiaries, including Bob's Stores and Linens 'n Things, each of which subsequently filed for bankruptcy, and Marshalls. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the former subsidiary's lease obligations for the initial lease term and any extension thereof pursuant to a renewal option provided for in the lease prior to the time of the disposition. When the subsidiaries were disposed of and accounted for as discontinued operations, the Company's guarantees remained in place, although each initial purchaser agreed to indemnify the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries fail to make the required payments under a store lease, the Company could be required to satisfy those obligations. As of **March 31, 2024** **June 30, 2024**, the Company guaranteed **63** **62** such store leases (excluding the lease guarantees related to Linens 'n Things, which have been recorded as a liability on the unaudited condensed consolidated balance sheets), with the maximum remaining lease term extending through 2035.

Guaranty Fund Assessments, Market Stabilization and Other Non-Voluntary Risk Sharing Pools

Under guaranty fund laws existing in all states, insurers doing business in those states can be assessed (in most states up to prescribed limits) for certain obligations of insolvent insurance companies to policyholders and claimants. The life and health insurance guaranty associations in which the Company participates that operate under these laws respond to insolvencies of long-term care insurers and life insurers as well as health insurers. The Company's assessments generally are based on a formula relating to the Company's health care premiums in the state compared to the premiums of other insurers. Certain states allow assessments to be recovered over time as offsets to premium taxes. Some states have similar laws relating to health maintenance organizations ("HMOs") and/or other payors such as not-for-profit consumer-governed health plans established under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

In 2009, the Pennsylvania Insurance Commissioner placed long-term care insurer Penn Treaty Network America Insurance Company and one of its subsidiaries (collectively, "Penn Treaty") in rehabilitation, an intermediate action before insolvency,

and subsequently petitioned a state court to convert the rehabilitation into a liquidation. Penn Treaty was placed in liquidation in March 2017. The Company has recorded a liability for its estimated share of future assessments by applicable life and health insurance guaranty associations. It is reasonably possible that in the future the Company may record a liability and expense relating to other insolvencies which could have a material adverse effect on the Company's operating results, financial condition and cash flows. While historically the Company has ultimately recovered more than half of guaranty fund assessments through statutorily permitted premium tax offsets, significant increases in assessments could lead to legislative and/or regulatory actions that limit future offsets.

HMOs in certain states in which the Company does business are subject to assessments, including market stabilization and other risk-sharing pools, for which the Company is assessed charges based on incurred claims, demographic membership mix and other factors. The Company establishes liabilities for these assessments based on applicable laws and regulations. In certain states, the ultimate assessments the Company pays are dependent upon the Company's experience relative to other entities subject to the assessment, and the ultimate liability is not known at the financial statement date. While the ultimate amount of the assessment is dependent upon the experience of all pool participants, the Company believes it has adequate reserves to cover such assessments.

Litigation and Regulatory Proceedings

The Company has been involved or is currently involved in numerous legal proceedings, including litigation, arbitration, government investigations, audits, reviews and claims. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, the U.S. Department of Justice (the "DOJ"), state Attorneys General, the U.S. Drug Enforcement Administration (the "DEA"), the U.S. Federal Trade Commission (the "FTC") and other governmental authorities.

Legal proceedings, in general, and securities, class action and multi-district litigation, in particular, and governmental special investigations, audits and reviews can be expensive and disruptive. Some of the litigation matters may purport or be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. The Company also may be named from time to time in *qui tam* actions initiated by private third parties that could also be separately pursued by a governmental body. The results of legal proceedings, including government investigations, are often uncertain and difficult to predict, and the costs incurred in these matters can be substantial, regardless of the outcome.

The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. Other than the controlled substances litigation accruals described below, none of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's unaudited condensed consolidated balance sheets.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and the Company is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters. The Company believes that its defenses and assertions in pending legal proceedings have merit and does not believe that any of these pending matters, after consideration of applicable reserves and rights to indemnification, will have a material adverse effect on the Company's financial position. Substantial unanticipated verdicts, fines and rulings, however, do sometimes occur, which could result in judgments against the Company, entry into settlements or a revision to its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations. In addition, as a result of governmental investigations or proceedings, the Company may be subject to damages, civil or criminal fines or penalties, or other sanctions including possible suspension or loss of licensure and/or exclusion from participating in government programs. The outcome of such governmental investigations of proceedings could be material to the Company.

Usual and Customary Pricing Litigation

The Company is named as a defendant in a number of lawsuits that allege that the Company's retail pharmacies overcharged for prescription drugs by not submitting the correct usual and customary price during the claims adjudication process. These actions are brought by a number of different types of plaintiffs, including plan members, private payors and government payors, and are based on different legal theories. Some of these cases are brought as putative class actions, and in some instances, classes have been certified. The Company is defending itself against these claims.

PBM Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its PBM practices.

The Company is facing multiple lawsuits, including by state Attorneys General, governmental subdivisions, private parties and several putative class actions, regarding drug pricing and its rebate arrangements with drug manufacturers. These complaints, brought by a number of different types of plaintiffs under a variety of legal theories, generally allege that rebate agreements between the drug manufacturers and PBMs caused inflated prices for certain drug products. The majority of these cases have now been transferred into a multi-district litigation in the U.S. District Court for the District of New Jersey. The Company is defending itself against these claims. The Company has also received subpoenas, civil investigative demands ("CIDs"), and other requests for documents and information from, and is being investigated by, the FTC and Attorneys General of several states and the District of Columbia regarding its PBM practices, including pharmacy contracting practices and reimbursement, pricing and rebates. The Company has been providing documents and information in response to these subpoenas, CIDs, and requests for information. **In July 2024, the FTC released an interim staff report on PBMs in which it studies, among other things, the impacts that the PBM industry may have on prescription drug costs and pharmacies. The Company disagrees with many of the statements made in the FTC's interim staff report.**

United States ex rel. Behnke v. CVS Caremark Corporation, et al. (U.S. District Court for the Eastern District of Pennsylvania). In April 2018, the Court unsealed a complaint filed in February 2014. The government has declined to intervene in this case. The relator alleges that the Company submitted, or caused to be submitted, to Part D of the Medicare program Prescription Drug Event data and/or Direct and Indirect Remuneration reports that misrepresented true prices paid by the Company's PBM to pharmacies for drugs dispensed to Part D beneficiaries with prescription benefits administered by the Company's PBM. The Company is defending itself against these claims.

Controlled Substances Litigation, Audits and Subpoenas

In December 2022, the Company agreed to a formal settlement agreement, the financial amounts of which were agreed to in principle in October 2022, with a leadership group of a number of state Attorneys General and the Plaintiffs' Executive Committee. Upon finalization, the agreement resolves substantially all opioid claims against Company entities by participating states and political subdivisions but not private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The maximum amount payable by the Company under the settlement is approximately \$4.3 billion in opioid remediation and \$625 million in attorneys' fees and costs and additional remediation. The amounts are payable over 10 years, beginning in 2023. The agreement also contains injunctive terms relating to the dispensing of opioid medications. The settlement agreement is available at nationalopioidsettlement.com.

Upon reaching an agreement in principle in October 2022, the Company concluded that settlement of opioid claims by governmental entities and tribes was probable, and the loss related thereto could be reasonably estimated. As a result of that conclusion, and its assessment of certain other opioid-related claims including those for which the Company reached agreement in August and September 2022, the Company recorded pre-tax charges of \$5.3 billion during the year ended December 31, 2022. Settlement accruals expected to be paid within twelve months from the balance sheet date are classified as accrued expenses on the unaudited condensed consolidated balance sheets and settlement accruals expected to be paid greater than twelve months from the balance sheet date are classified as other long-term liabilities on the unaudited condensed consolidated balance sheets.

In June 2023, the Company elected to move forward with a final settlement agreement, the financial amounts of which were agreed to in principle in October 2022, to resolve claims brought by participating states and political subdivisions such as counties, cities, and towns, but not by private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The agreement became effective in June 2023.

Forty-five states, the District of Columbia, and all eligible United States territories are participating in the settlement. A high percentage of eligible subdivisions within the participating states also have elected to join the settlement. The Company has separately entered into settlement agreements with four states – Florida, West Virginia, New Mexico and Nevada – and a high percentage of eligible subdivisions within those states also have elected to participate.

The final settlement agreement contains certain contingencies related to payment obligations. Because these contingencies are inherently unpredictable, the assessment requires judgments about future events. The amount of ultimate loss may differ from the amount accrued by the Company.

The State of Maryland has elected not to participate, and thus subdivisions within the State of Maryland may not participate, in the settlement. The State of Maryland has issued a civil subpoena for information from the Company, and litigation is pending with certain subdivisions within the State of Maryland. Trial in the case brought by the City of Baltimore is scheduled to begin in September 2024. The Company is defending itself against claims made in these cases.

In December 2022, the Company also agreed to a formal settlement agreement with a leadership group representing tribes throughout the United States. The agreement resolves substantially all opioid claims against Company entities by such tribes. The maximum amount payable by the Company under the settlement is \$113 million in opioid remediation and \$16 million in attorneys' fees and costs, payable over 10 years. The Company also entered into a separate settlement with the Cherokee Nation.

These settlements resolve a majority of the cases against the Company that had been pending in the consolidated multidistrict litigation captioned *In re National Prescription Opiate Litigation* (MDL No. 2804) pending in the U.S. District Court for the Northern District of Ohio. However, certain opioid-related cases against the Company remain pending in the multidistrict litigation and in various state courts, including those brought by non-participating subdivisions and private parties such as hospitals and third-party payors. The Company continues to defend those cases.

In November 2021, the Company was among the chain pharmacies found liable by a jury in a trial in federal court in Ohio; in August 2022, the court issued a judgment jointly against the three defendants in the amount of \$651 million to be paid over 15 years and also ordered certain injunctive relief. The Company is appealing the judgment and has not accrued a liability for this matter.

Because of the many uncertainties associated with any settlement arrangement or other resolution of opioid-related litigation matters, and because the Company continues to actively defend ongoing litigation for which it believes it has defenses and assertions that have merit, the Company is not able to reasonably estimate the range of ultimate possible loss for all opioid-related litigation matters at this time. The outcome of these legal matters could have a material effect on the Company's business, financial condition, operating results and/or cash flows.

In January 2020, the DOJ served the Company with a DEA administrative subpoena. The subpoena seeks documents relating to practices with respect to prescription opioids and other controlled substances at CVS pharmacy locations concerning potential violations of the federal Controlled Substances Act and the federal False Claims Act. The DOJ subsequently served additional DEA administrative subpoenas relating to controlled substances. The DOJ also served the Company with additional CIDs relating to controlled substances. The Company is providing documents and information in response to these matters.

Prescription Processing Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its prescription processing practices, including related to billing government payors for prescriptions, and the following:

U.S. ex rel. Bassan et al. v. Omnicare, Inc. and CVS Health Corp. (U.S. District Court for the Southern District of New York). In December 2019, the U.S. Attorney's Office for the Southern District of New York filed a complaint-in-intervention in this previously sealed *qui tam* case. The complaint alleges that for certain non-skilled nursing facilities, Omnicare improperly filled prescriptions beyond one year where a valid prescription did not exist and that these dispensing events violated the federal False Claims Act. The Company is defending itself against these claims.

U.S. ex rel. Gill et al. v. CVS Health Corp. et al. (U.S. District Court for the Northern District of Illinois). In July 2022, the Delaware Attorney General's Office moved for partial intervention as to allegations under the Delaware false claims act related to not escheating alleged overpayments in this previously sealed *qui tam* case. The federal government and the remaining states declined to intervene on other additional theories in the relator's complaint. The Company is defending itself against all of the claims.

Provider Proceedings

The Company is named as a defendant in purported class actions and individual lawsuits arising out of its practices related to the payment of claims for services rendered to its members by providers with whom the Company has a contract and with whom the Company does not have a contract ("out-of-network providers"). Among other things, these lawsuits allege that the Company paid too little to its health plan members and/or providers for out-of-network services (including COVID-19 testing) and/or otherwise allege that the Company failed to timely or appropriately pay or administer claims and benefits (including the

Company's post payment audit and collection practices). Other major health insurers are the subject of similar litigation or have settled similar litigation.

The Company also has received subpoenas and/or requests for documents and other information from, and been investigated by, state Attorneys General and other state and/or federal regulators, legislators and agencies relating to claims payments, and the Company is involved in other litigation regarding, its out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against the Company with respect to its out-of-network benefit payment and/or administration practices.

CMS Actions

CMS regularly audits the Company's performance to determine its compliance with CMS's regulations and its contracts with CMS and to assess the quality of services it provides to Medicare beneficiaries. CMS uses various payment mechanisms to allocate and adjust premium payments to the Company's and other companies' Medicare plans by considering the applicable health status of Medicare members as supported by information prepared, maintained and provided by providers. The Company collects claim and encounter data from providers and generally relies on providers to appropriately code their submissions to the Company and document their medical records, including the diagnosis data submitted to the Company with claims. CMS pays increased premiums to Medicare Advantage plans and Medicare PDP plans for members who have certain medical conditions identified with

specific diagnosis codes. Federal regulators review and audit the providers' medical records to determine whether those records support the related diagnosis codes that determine the members' health status and the resulting risk-adjusted premium payments to the Company. In that regard, CMS has instituted risk adjustment data validation ("RADV") audits of various Medicare Advantage plans, including certain of the Company's plans, to validate coding practices and supporting medical record documentation maintained by providers and the resulting risk-adjusted premium payments to the plans. CMS may require the Company to refund premium payments if the Company's risk-adjusted premiums are not properly supported by medical record data. The Office of the Inspector General of the U.S. Department of Health and Human Services (the "OIG") also is auditing the Company's risk adjustment-related data and that of other companies. The Company expects CMS and the OIG to continue these types of audits.

In 2012, in the "Notice of Final Payment Error Calculation for Part C Medicare Advantage Risk Adjustment Validation Data ("RADV") Contract-Level Audits," CMS revised its audit methodology for RADV contract-level audits to determine refunds payable by Medicare Advantage plans for contract year 2011 and forward. Under the revised methodology, among other things, CMS announced extrapolation of the error rate identified in the audit sample along with the application of a process to account for errors in the government's traditional fee-for-service Medicare program ("FFS Adjuster"). For contract years prior to 2011, CMS did not extrapolate sample error rates to the entire contract, nor did CMS propose to apply a FFS adjuster. By applying the FFS Adjuster, Medicare Advantage organizations would have been liable for repayments only to the extent that their extrapolated payment errors exceeded the error rate in Original Medicare, which could have impacted the extrapolated repayments to which Medicare Advantage organizations are subject. This revised contract-level audit methodology increased the Company's exposure to premium refunds to CMS based on incomplete medical records maintained by providers. In the RADV audit methodology CMS used from 2011-2013, CMS selected only a few of the Company's Medicare Advantage contracts for various contract years for contract-level RADV audits. In October 2018, CMS in the proposed rule (**"Proposed Rule"**) announced a new methodology for RADV audits targeting certain health conditions and members with many diagnostic conditions along with extrapolation for the error rates identified without use of a FFS Adjuster. While the rule was under proposal, CMS initiated contract-level RADV audits for the years 2014 and 2015 with this new RADV methodology without a final rule.

On January 30, 2023, CMS released the final rule ("RADV Audit Rule"), announcing it may use extrapolation for payment years 2018 forward, for both RADV audits and OIG contract level audits, and eliminated the application of a FFS Adjuster in Part C contract-level RADV audits of Medicare Advantage organizations. In the RADV Audit Rule, CMS indicated that it will use more than one audit methodology going forward and indicated CMS will audit contracts it believes are at the highest risk for overpayments based on its statistical modeling, citing a 2016 Governmental Accountability Office report that recommended selection of contract-level RADV audits with a focus on contracts likely to have high rates of improper payment, the highest coding intensity scores, and contracts with high levels of unsupported diagnoses from prior RADV audits. CMS announced that it would begin the RADV and OIG contract-level audits for payment year 2018, however as of the end of July 2024 these audits had not yet commenced.

The Company is currently unable to predict which of its Medicare Advantage contracts will be selected for future audit, the amounts of any retroactive refunds for years prior to 2018 or prospective adjustments to Medicare Advantage premium payments made to the Company, the effect of any such refunds or adjustments on the actuarial soundness of the Company's Medicare Advantage bids, or whether any RADV audit findings would require the Company to change its method of estimating future premium revenue in future bid submissions to CMS or compromise premium assumptions made in the Company's bids for prior contract years, the current contract year or future contract years. Any premium or fee refunds or adjustments resulting from regulatory audits, whether as a result of RADV, Public Exchange-related or other audits by CMS, the OIG or otherwise,

including audits of the Company's minimum loss ratio rebates, methodology and/or reports, could be material and could adversely affect the Company's operating results, cash flows and/or financial condition.

The RADV Audit Rule does not apply to the CMS Part C Improper Payment Measures audits nor the U.S. Department of Health and Human Services RADV programs.

Medicare and Medicaid Litigation and Investigations

The Company has received CIDs from the Civil Division of the DOJ in connection with investigations of the Company's identification and/or submission of diagnosis codes related to risk adjustment payments, including patient chart review processes, under Parts C and D of the Medicare program. The Company is cooperating with the government and providing documents and information in response to these CIDs.

In May 2017, the Company received a CID from the U.S. Attorney's Office for the Southern District of New York requesting documents and information concerning possible false claims submitted to Medicare in connection with reimbursements for prescription drugs under the Medicare Part D program. The Company has been cooperating with the government and providing documents and information in response to this CID.

In November 2021, prior to its acquisition by the Company, Oak Street Health received a CID from the DOJ in connection with an investigation of possible false claims submitted to Medicare related to Oak Street Health's relationships with third-party marketing agents and Oak Street Health's provision of free transportation to federal health care beneficiaries. The Company has been cooperating with the government and has provided documents and information in response to the CID.

In January 2022, the U.S. Attorney's Office for the District of Massachusetts issued a subpoena to Aetna Life Insurance Company seeking, among other things, information in connection with its relationship and compensation arrangements with certain brokers, and the Company may receive similar inquiries in the future. The Company is cooperating with the subpoena.

Stockholder Matters

Beginning in February 2019, multiple class action complaints, as well as a derivative complaint, were filed by putative plaintiffs against the Company and certain current and former officers and directors. The plaintiffs in these cases assert a variety of causes of action under federal securities laws that are premised on allegations that the defendants made certain omissions and misrepresentations relating to the performance of the Company's LTC business unit. Since filing, several of the cases have been consolidated, and two have resolved, including the first-filed federal case, *City of Miami Fire Fighters' and Police Officers' Retirement Trust*, et al. (formerly known as Anarkat), the dismissal of which the First Circuit affirmed in August 2022. The Company and its current and former officers and directors are defending themselves against remaining claims. The Company has moved to dismiss the amended complaint in *In re CVS Health Corp. Securities Act Litigation* (formerly known as Waterford). In *In re CVS Health Corp. Securities Litigation* (formerly known as City of Warren and Freundlich), the court granted the Company's motion to dismiss in February 2023 and the plaintiffs have filed a notice of appeal.

Beginning in December 2021, the Company has received three demands for inspection of books and records pursuant to Delaware General Corporation Law Section 220 ("Section 220 demands"), as well as a derivative complaint (*Vladimir Gusinsky Revocable Trust v. Lynch, et al.*) that was filed in January 2023, which the defendants have moved to dismiss. The Section 220 demands and the complaint purport to be related to potential breaches of fiduciary duties by the Board in relation to certain matters concerning opioids. Following the Company's response to the Section 220 demands, two of the three stockholders sent demand letters to the Board containing allegations substantially similar to those made in the earlier Section 220 demands and the derivative matter, and requested that it take certain actions, including consideration of its governance and policies with respect to controlled substances. The Board deferred consideration of these two demands until after the motion to dismiss the *Gusinsky* case is decided.

In January 2022, a shareholder class action complaint was filed in the Northern District of Illinois, *Allison v. Oak Street Health, Inc., et al.* Defendants include Oak Street Health and certain of its pre-acquisition officers and directors. The putative plaintiffs assert causes of action under various securities laws premised on allegations that defendants made omissions and misrepresentations to investors relating to marketing conduct they allege may violate the False Claims Act. On May 27, 2024, the parties reached agreement in principle on a settlement of this action, subject to definitive documentation, the impact of which was not material to the Company's financial condition or operating results.

In July 2024, a shareholder class action complaint was filed in the Southern District of New York, *Nixon v. CVS Health Corporation, et al.* Defendants include the Company and certain present and former officers. The plaintiffs allege, among other allegations, that the defendants made false and/or misleading statements related to the profitability of the Health Care Benefits segment and assert causes of action under various federal securities laws. The Company and the individual defendants are defending themselves against these claims.

Other Legal and Regulatory Proceedings

The Company is also a party to other legal proceedings and is subject to government investigations, inquiries and audits, and has received and is cooperating with the government in response to CIDs, subpoenas, or similar process from various governmental agencies requesting information. These other legal proceedings and government actions include claims of or relating to bad faith, medical or professional malpractice, breach of fiduciary duty, claims processing, dispensing of medications, the use of medical testing devices in the in-home evaluation setting, non-compliance with state and federal regulatory regimes, marketing misconduct, denial of or failure to timely or appropriately pay or administer claims and benefits, provider network structure (including the use of performance-based networks and termination of provider contracts), rescission of insurance coverage, improper disclosure or use of personal information, anticompetitive practices, the Company's participation in the 340B program, general contractual matters, product liability, intellectual property litigation, discrimination and employment litigation. Some of these other legal proceedings are or are purported to be class actions or derivative claims. The Company is defending itself against the claims brought in these matters.

Awards to the Company and others of certain government contracts, particularly Medicaid contracts and other contracts with government customers in the Company's Health Care Benefits segment, frequently are subject to protests by unsuccessful bidders. These protests may result in awards to the Company being reversed, delayed, or modified. The loss or delay in implementation of any government contract could adversely affect the Company's operating results. The Company will continue to defend contract awards it receives.

There also continues to be a heightened level of review and/or audit by regulatory authorities and legislators of, and increased litigation regarding, the Company's and the rest of the health care and related benefits industry's business and reporting practices, including premium rate increases, utilization management, development and application of medical policies, complaint, grievance and appeal processing, information privacy, provider network structure (including provider network adequacy, the use of performance-based networks and termination of provider contracts), provider directory accuracy, calculation of minimum medical loss ratios and/or payment of related rebates, delegated arrangements, rescission of insurance coverage, limited benefit health products, student health products, pharmacy benefit management practices (including manufacturers' rebates, pricing, the use of narrow networks and the placement of drugs in formulary tiers), sales practices, customer service practices, vendor oversight, and claim payment practices (including payments to out-of-network providers).

As a leading national health solutions company, the Company regularly is the subject of government actions of the types described above. These government actions may prevent or delay the Company from implementing planned premium rate increases and may result, and have resulted, in restrictions on the Company's businesses, changes to or clarifications of the Company's business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to the Company by government agencies, assessments of damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs.

The Company can give no assurance that its businesses, financial condition, operating results and/or cash flows will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iii) pending or future federal or state government investigations of one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iv) pending or future government audits, investigations or enforcement actions against the Company; (v) adverse developments in any pending *qui tam* lawsuit against the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the Company; or (vi) adverse developments in pending or future legal proceedings against the Company or affecting one or more of the industries in which the Company competes and/or the health care industry generally.

11.12. Segment Reporting

The Company has three operating segments, Health Care Benefits, Health Services and Pharmacy & Consumer Wellness, as well as a Corporate/Other segment. The Company's segments maintain separate financial information, and the CODM evaluates the segments' operating results on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Company's segments based on adjusted operating income. Total assets by segment are not used by the CODM to assess the performance of, or allocate resources to, the Company's segments, therefore total assets by segment are not disclosed.

Adjusted operating income is defined as operating income (loss) (GAAP measure) excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance. See the reconciliations of

consolidated operating income (GAAP measure) to consolidated adjusted operating income below for further context regarding the items excluded from operating income in determining adjusted operating income. The CODM uses adjusted operating income as its principal measure of segment performance as it enhances the CODM's ability to compare past financial performance with current performance and analyze underlying business performance and trends. Non-GAAP financial measures the Company discloses, such as consolidated adjusted operating income, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

The following is a reconciliation of financial measures of the Company's segments to the consolidated totals:

	Health Care Benefits <i>In millions</i>	Pharmacy Health & Services ⁽¹⁾	Consumer Corporate/ Wellness Other	Intersegment Eliminations ⁽²⁾	Consolidated Totals	Health Care Benefits <i>In millions</i>	Pharmacy Health & Services ⁽¹⁾	Consumer Corporate/ Wellness Other	Intersegment Eliminations ⁽²⁾	Consolidated Totals
Three Months Ended										
March 31, 2024										
March 31, 2024										
March 31, 2024										
June 30, 2024										
June 30, 2024										
June 30, 2024										
Revenues from external customers										
Revenues from external customers										
Revenues from external customers										
Intersegment revenues										
Net investment income (loss)										
Total revenues										
Adjusted operating income (loss)										
June 30, 2023										
June 30, 2023										
June 30, 2023										
Revenues from external customers										
Revenues from external customers										
Revenues from external customers										
Intersegment revenues										
Net investment income										
Total revenues										
Adjusted operating income (loss)										
March 31, 2023										
March 31, 2023										
March 31, 2023										
Six Months Ended										
Six Months Ended										
Six Months Ended										
June 30, 2024										
June 30, 2024										
June 30, 2024										

Revenues from external customers
Revenues from external customers
Revenues from external customers
Intersegment revenues
Net investment income (loss)
Total revenues
Adjusted operating income (loss)
June 30, 2023
June 30, 2023
June 30, 2023
Revenues from external customers
Revenues from external customers
Revenues from external customers
Intersegment revenues
Net investment income (loss)
Total revenues
Adjusted operating income (loss)

- (1) Total revenues of the Health Services segment include approximately **\$3.4 billion** \$2.8 billion and **\$4.1 billion** \$3.4 billion of retail co-payments for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively. Total revenues of the Health Services segment include approximately \$6.2 billion and \$7.5 billion of retail co-payments for the six months ended **June 30, 2024** and 2023, respectively.
- (2) Intersegment revenue eliminations relate to intersegment revenue generating activities that occur between the Health Care Benefits segment, the Health Services segment, and/or the Pharmacy & Consumer Wellness segment.

The following are reconciliations of consolidated operating income to adjusted operating income for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023:

<u>In millions</u>	Three Months Ended			Six Months Ended		
	March 31,		March 31,	June 30,		June 30,
	2024	2023		2024	2023	
<u>In millions</u>	<u>In millions</u>					
Operating income (GAAP measure)						
Operating income (GAAP measure)						
Operating income (GAAP measure)						
Amortization of intangible assets ⁽¹⁾						
Amortization of intangible assets ⁽¹⁾						
Amortization of intangible assets ⁽¹⁾						
Net realized capital losses ⁽²⁾						
Net realized capital losses ⁽²⁾						

Net realized capital losses (2)
Acquisition-related transaction and integration costs (3)
Acquisition-related transaction and integration costs (3)
Acquisition-related transaction and integration costs (3)
Opioid litigation charge (4)
Opioid litigation charge (4)
Opioid litigation charge (4)
Office real estate optimization charges (5)
Office real estate optimization charges (5)
Office real estate optimization charges (5)
Loss on assets held for sale (6)
Loss on assets held for sale (6)
Loss on assets held for sale (6)
Restructuring charge (5)
Office real estate optimization charges (6)
Loss on assets held for sale (7)

Adjusted operating income

Adjusted operating income

Adjusted operating income

- (1) The Company's acquisition activities have resulted in the recognition of intangible assets as required under the acquisition method of accounting which consist primarily of trademarks, customer contracts/relationships, covenants not to compete, technology, provider networks and value of business acquired. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the unaudited condensed consolidated statements of operations in operating expenses within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.
- (2) The Company's net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of insurance liabilities. Net realized capital gains and losses are reflected in the unaudited condensed consolidated statements of operations in net investment income (loss) within each segment. These capital gains and losses are the result of investment decisions, market conditions and other economic developments that are unrelated to the performance of the Company's business, and the amount and timing of these capital gains and losses do not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Accordingly, the Company believes excluding net realized capital gains and losses enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends.
- (3) During the three and six months ended March 31, 2024 June 30, 2024, the acquisition-related integration costs relate to the acquisitions of Signify Health and Oak Street Health. During the three and six months ended March 31, 2023 June 30, 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health. The acquisition-related transaction and integration costs are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Corporate/Other segment.
- (4) During the three six months ended March 31, 2024 June 30, 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.
- (5) During the three and six months ended March 31, 2023 June 30, 2023, the restructuring charge is primarily comprised of severance and employee-related costs and asset impairment charges. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the recently completed acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives. The restructuring charge is reflected within the Corporate/Other segment.
- (6) During the three and six months ended June 30, 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement. The office real estate optimization charges are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Health Care Benefits, Health Services and Corporate/Other segments.
- (6) (7) During the three six months ended March 31, 2023 June 30, 2023, the loss on assets held for sale relates to the LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of CVS Health Corporation

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Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of CVS Health Corporation (the Company) as of **March 31, 2024** June 30, 2024, the related condensed consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the related condensed consolidated statements of shareholders' equity and cash flows for the three-month periods ended March 31, 2024 and 2023 and June 30, 2024 and 2023, the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated February 7, 2024, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it was derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 1, August 7, 2024

[Form 10-Q Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

Overview of Business

CVS Health Corporation, together with its subsidiaries (collectively, "CVS Health," the "Company," "we," "our" or "us"), is a leading health solutions company building a world of health around every consumer it serves and connecting care so that it works for people wherever they are. As of **March 31, 2024** June 30, 2024, the Company had more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 205 207 primary care medical clinics, a leading pharmacy benefits manager with approximately 90 million plan members and expanding specialty pharmacy solutions and a dedicated senior pharmacy care business serving more than 800,000 patients per year. The Company also serves an estimated more than 36 million people through traditional, voluntary and consumer-directed health insurance products and related services, including expanding Medicare Advantage offerings and a leading standalone Medicare Part D prescription drug plan ("PDP"). The Company is creating new sources of value through its integrated model allowing it to expand into personalized, technology driven care delivery and health services, increasing access to quality care, delivering better health outcomes and lowering overall health care costs.

The Company has four reportable segments: Health Care Benefits, Health Services, Pharmacy & Consumer Wellness and Corporate/Other, which are described below.

Overview of the Health Care Benefits Segment

The Health Care Benefits segment operates as one of the nation's leading diversified health care benefits providers. The Health Care Benefits segment has the information and resources to help members, in consultation with their health care professionals, make more informed decisions about their health care. The Health Care Benefits segment offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental and behavioral health plans, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs and Medicaid health care management services. The Health Care Benefits segment's customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers ("providers"), governmental units, government-sponsored plans, labor groups and expatriates. The Company refers to insurance products (where it assumes all or a majority of the risk for medical and dental care costs) as "Insured" and administrative services contract products (where the plan sponsor assumes all or a majority of the risk for medical and dental care costs) as "ASC." The Company sold Insured plans directly to individual consumers through the individual public health insurance exchanges ("Public Exchanges") in 17 states as of **March 31, 2024** June 30, 2024.

Overview of the Health Services Segment

The Health Services segment provides a full range of pharmacy benefit management ("PBM") solutions, delivers health care services in its medical clinics, virtually, and in the home, and offers provider enablement solutions. PBM solutions include plan design offerings and administration, formulary management, retail pharmacy network management services, and specialty and mail order pharmacy services. In addition, the Company provides clinical services, disease management services, medical spend management and pharmacy and/or other administrative services for providers and federal 340B drug pricing program covered entities ("Covered Entities"). The Company operates a group purchasing organization that negotiates pricing for the purchase of pharmaceuticals and rebates with pharmaceutical manufacturers on behalf of its participants and provides various

administrative, management and reporting services to pharmaceutical manufacturers. During 2023, the Company completed the acquisition of two key health care delivery assets – Signify Health, Inc. ("Signify Health"), a leader in health risk assessments, value-based care and provider enablement services, and Oak Street Health, Inc. ("Oak Street Health"), a leading multi-payer operator of value-based primary care centers serving Medicare eligible patients. The Company also announced the launch of Cordavus™, a wholly owned subsidiary that will work directly with pharmaceutical manufacturers to commercialize and/or co-produce high quality biosimilar products. The Health Services segment's clients and customers are primarily employers, insurance companies, unions, government employee groups, health plans, PDPs, Medicaid managed care plans, the U.S. Centers for Medicare & Medicaid Services ("CMS"), plans offered on Insurance Exchanges and other sponsors of health benefit plans throughout the U.S., patients who receive care in the Health Services segment's medical clinics, virtually or in the home, as well as Covered Entities.

Overview of the Pharmacy & Consumer Wellness Segment

The Pharmacy & Consumer Wellness segment dispenses prescriptions in its retail pharmacies and through its infusion operations, provides ancillary pharmacy services including pharmacy patient care programs, diagnostic testing and vaccination administration, and sells a wide assortment of health and wellness products and general merchandise. The segment also conducts long-term care pharmacy ("LTC") operations, which distribute prescription drugs and provide related pharmacy consulting and ancillary services to long-term care facilities and other care settings, and provides pharmacy fulfillment services to support the Health Services segment's specialty and mail order pharmacy offerings. As of **March 31, 2024** **June 30, 2024**, the Pharmacy & Consumer Wellness segment operated more than 9,000 retail locations, as well as online retail pharmacy websites, LTC pharmacies and on-site pharmacies, retail specialty pharmacy stores, compounding pharmacies and branches for infusion and enteral nutrition services.

Overview of the Corporate/Other Segment

The Company presents the remainder of its financial results in the Corporate/Other segment, which primarily consists of:

- Management and administrative expenses to support the Company's overall operations, which include certain aspects of executive management and the corporate relations, legal, compliance, human resources and finance departments, information technology, digital, data and analytics, as well as acquisition-related transaction and integration costs; and
- Products for which the Company no longer solicits or accepts new customers, such as its large case pensions and long-term care insurance products.

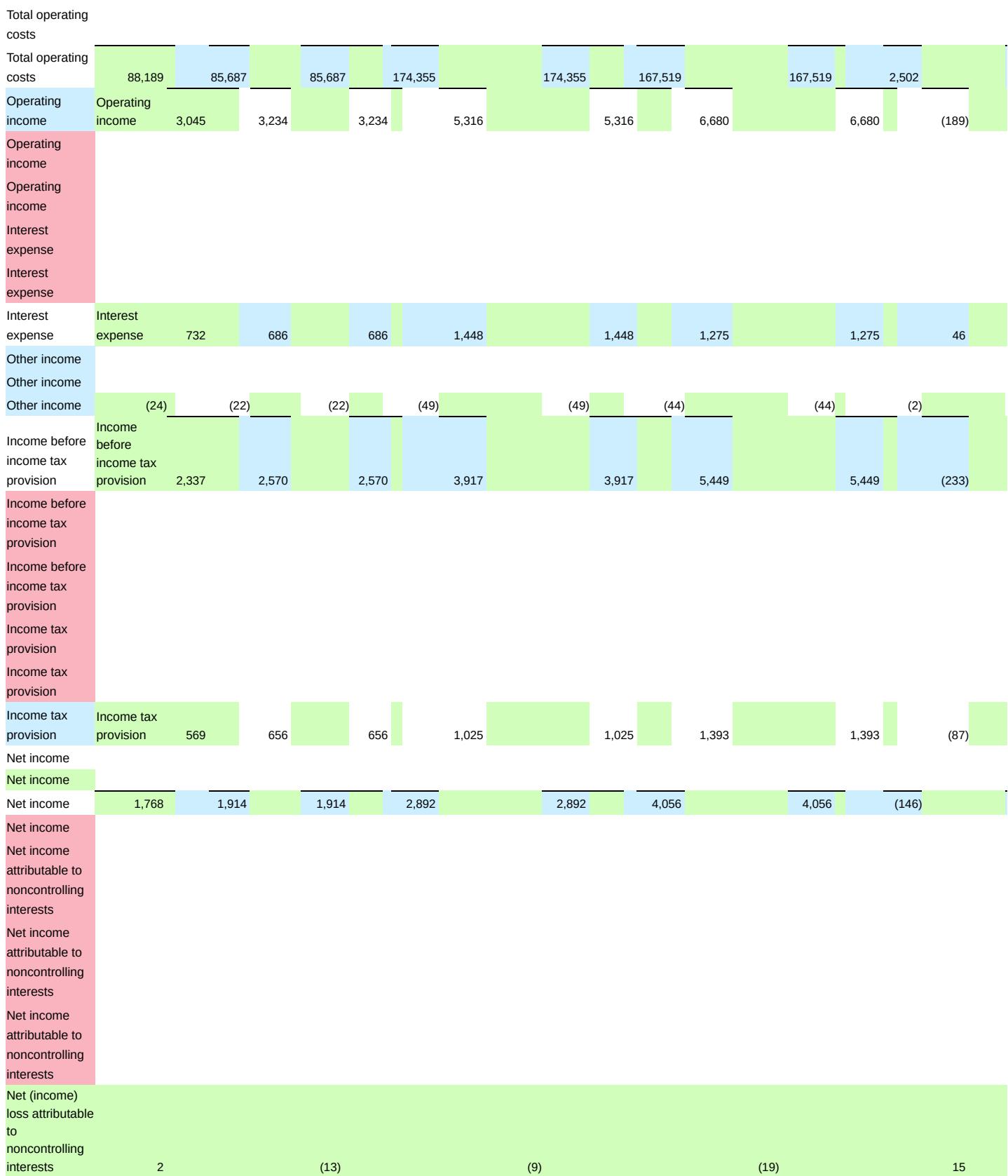
Operating Results

The following discussion explains the material changes in the Company's operating results for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, and the significant developments affecting the Company's financial condition since December 31, 2023. We strongly recommend that you read our audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K").

Summary of Consolidated Financial Results

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Change	Three Months Ended June 30,	2024 vs 2023
In millions	In millions	2024	2023		\$	
Revenues:						
Revenues:						
Revenues:						
Products						
Products						
Products	\$ 56,212	\$ 60,539	\$ 109,936	\$ 118,686	\$ (4,327)	
Premiums	Premiums 30,667	25,108	61,058	61,058	49,460	5,559
Premiums						
Services						
Services	Services 3,961	3,000	7,829	7,829	5,445	5,445
Services						
						961

Net investment income	Net investment income	394	274	274	848	848	608	608	120
Net investment income									
Net investment income									
Net investment income									
Total revenues	Total revenues	91,234	88,921	88,921	179,671	179,671	174,199	174,199	2,313
Total revenues									
Total revenues									
Operating costs:									
Operating costs:									
Operating costs:									
Cost of products sold									
Cost of products sold	Cost of products sold	49,998	53,536	53,536	98,071	98,071	104,991	104,991	(3,538)
Health care costs	Health care costs	27,853	21,782	21,782	55,656	55,656	42,230	42,230	6,071
Health care costs									
Health care costs									
Operating expenses		10,338		9,873		20,628		19,453	465
Restructuring charge		—		496		—		496	(496)
Loss on assets held for sale									
Loss on assets held for sale	Loss on assets held for sale	—	—	—	—	—	349	349	—
Loss on assets held for sale									
Loss on assets held for sale									
Loss on assets held for sale									
Operating expenses									
Operating expenses									
Operating expenses									
Total operating costs									



Net income attributable to CVS Health	\$ 1,770	\$ 1,901	\$ 2,883	\$ 4,037	\$ (131)
Net income attributable to CVS Health					
Net income attributable to CVS Health					

Commentary - Three Months Ended **March 31, 2024** June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$3.2 billion \$2.3 billion, or 3.7% 2.6%, in the three months ended **March 31, 2024** June 30, 2024 compared to the prior year primarily driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$710 million \$465 million, or 7.4% 4.7%, in the three months ended **March 31, 2024** June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Operating income

- Operating income decreased \$189 million, or 5.8%, in the three months ended June 30, 2024, primarily due to declines in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by the absence of a \$496 million restructuring charge recorded in the prior year and a decrease in acquisition-related transaction and integration costs compared to the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Interest expense

- Interest expense increased \$46 million, or 6.7%, due to higher debt in the three months ended June 30, 2024, primarily driven by long-term debt issued in June of 2023 to fund the Company's acquisition of Oak Street Health, as well as long-term debt issued in May of 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 24.3% for the three months ended June 30, 2024 compared to 25.5% for the three months ended June 30, 2023. The decrease in the effective income tax rate was primarily due to a state tax settlement during the three months ended June 30, 2024.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$5.5 billion, or 3.1%, in the six months ended June 30, 2024 compared to the prior year driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$1.2 billion, or 6.0%, in the six months ended June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business and operating expenses associated with **Signify Health** and Oak Street Health which **were was** acquired in **March and May of 2023, respectively**, including the amortization of acquired intangible assets. These increases were partially offset by a decline in operating expenses in the Pharmacy & Consumer Wellness segment due to the impact of a decrease in store count.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Operating income

- Operating income decreased \$1.2 billion \$1.4 billion, or 34.1% 20.4%, in the **three** six months ended **March 31, 2024**, June 30, 2024 compared to the prior year. The decrease in operating income was primarily due to increased Medicare utilization, the unfavorable impact of the previously disclosed decline in the Company's 2024 Medicare Advantage star ratings and a year-over-year unfavorable impact from development of prior-years' health care cost estimates driven by declines in the Health Care Benefits segment, as well as continued pharmacy client price improvements, lower contributions from 340B and the previously announced loss of a large client in the Health Services segment. These decreases were segments, partially offset by an increase in operating income in the Pharmacy & Consumer Wellness segment, including the absence of the \$496 million restructuring charge and a \$349 million loss on assets held for sale related to the write-down of the Company's Omnicare long-term care business, ("LTC business") both recorded in the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Interest expense

- Interest expense increased \$127 million \$173 million, or 21.6% 13.6%, due to higher debt in the **three six** months ended **March 31, 2024** June 30, 2024, primarily driven by long-term debt issued in February and June of 2023 to fund the Company's acquisitions of Signify Health and Oak Street Health, Health, respectively, as well as long-term debt issued in May 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 28.9% 26.2% for the **three six** months ended **March 31, 2024** June 30, 2024 compared to 25.6% for the **three six** months ended **March 31, 2023** June 30, 2023. The increase in the effective income tax rate was primarily due to the impact of certain discrete tax items, and their proportion to lower pre-tax income recorded partially offset by a state tax settlement during the **three six** months ended **March 31, 2024** June 30, 2024.

2024 Outlook

The Company believes you should consider the following key business and regulatory trends and uncertainties:

Key Business Trends Short-term Borrowings

Commercial Paper

The Company did not have any commercial paper outstanding as of June 30, 2024. The Company had \$200 million of commercial paper outstanding at a weighted average interest rate of 4.31% as of December 31, 2023.

Term Loan Credit Agreement

On March 25, 2024, the Company entered into a 364-day \$3.0 billion term loan credit agreement. The term loan credit agreement allowed for borrowings at various rates that were dependent, in part, on the Company's public debt ratings. On May 9, 2024, following the issuance of the \$5.0 billion in senior notes described under "Long-term Borrowings" below, the term loan credit agreement terminated. There were no borrowings under the term loan credit agreement through the date of termination.

Long-term Borrowings

2024 Notes

On May 9, 2024, the Company issued \$1.0 billion aggregate principal amount of 5.4% senior notes due June 2029, \$1.0 billion aggregate principal amount of 5.55% senior notes due June 2031, \$1.25 billion aggregate principal amount of 5.7% senior notes due June 2034, \$750 million aggregate principal amount of 6.0% senior notes due June 2044 and **Uncertainties** \$1.0 billion aggregate principal amount of 6.05% senior notes due June 2054 for total proceeds of approximately \$5.0 billion, net of discounts and underwriting fees. The net proceeds of these offerings were used for general corporate purposes.

•8. Membership enrollment Shareholders' Equity

Share Repurchases

The following share repurchase programs have been authorized by CVS Health Corporation's Board of Directors (the "Board"):

<u>In billions</u>	<u>Authorization Date</u>	<u>Authorized</u>	<u>Remaining as of June 30, 2024</u>
November 17, 2022 ("2022 Repurchase Program")		\$ 10.0	\$ 10.0
December 9, 2021 ("2021 Repurchase Program")		10.0	1.5

Each of the share Repurchase Programs was effective immediately and permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase ("ASR") transactions, and/or other derivative transactions. Both the 2022 and 2021 Repurchase Programs can be modified or terminated by the Board at any time.

During the six months ended June 30, 2024 and 2023, the Company repurchased an aggregate of 39.7 million shares of common stock for approximately \$3.0 billion and an aggregate of 22.8 million shares of common stock for approximately \$2.0 billion, respectively, both pursuant to the 2021 Repurchase Program. This activity includes the share repurchases under the ASR transactions described below.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$3.0 billion fixed dollar ASR with Morgan Stanley & Co. LLC. Upon payment of the \$3.0 billion purchase price on January 4, 2024, the Company received a number of shares of CVS Health Corporation's common stock equal to 85% of the \$3.0 billion notional amount of the ASR or approximately 31.4 million shares, which were placed into treasury stock in January 2024. The ASR was accounted for as an initial treasury stock transaction for \$2.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In March 2024, the Company received approximately 8.3 million shares of CVS Health Corporation's common stock, representing the remaining 15% of the \$3.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in March 2024.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$2.0 billion fixed dollar ASR with Citibank, N.A. Upon payment of the \$2.0 billion purchase price on January 4, 2023, the Company received a number of shares of CVS Health Corporation's common stock equal to 80% of the \$2.0 billion notional amount of the ASR or approximately 17.4 million shares, which were placed into treasury stock in January 2023. The ASR was accounted for as an initial treasury stock transaction for \$1.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In February 2023, the Company received approximately 5.4 million shares of CVS Health Corporation's common stock, representing the remaining 20% of the \$2.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in February 2023.

At the time they were received, the initial and final receipt of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share.

Dividends

The quarterly cash dividend declared by the Board was \$0.665 and \$0.605 per share in the three months ended June 30, 2024 and 2023, respectively. Cash dividends declared by the Board were \$1.33 and \$1.21 per share in the six months ended June 30, 2024 and 2023, respectively. CVS Health Corporation has paid cash dividends every quarter since becoming a public company. Future dividend payments will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board.

9. Other Comprehensive Income (Loss)

Shareholders' equity included the following activity in accumulated other comprehensive loss for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	2023	June 30, 2024	2023
<i>In millions</i>				
Net unrealized investment losses:				
Beginning of period balance	\$ (537)	\$ (1,049)	\$ (429)	\$ (1,519)
Other comprehensive income (loss) before reclassifications (\$121), \$175, \$(283), \$165 pretax)	(109)	(174)	(265)	165
Amounts reclassified from accumulated other comprehensive loss (\$94, \$110, \$148, \$241 pretax) ⁽¹⁾	82	110	130	241
Other comprehensive income (loss)	(27)	(64)	(135)	406
End of period balance	(564)	(1,113)	(564)	(1,113)
Change in discount rate on long-duration insurance reserves:				
Beginning of period balance	220	145	152	219
Other comprehensive income (loss) before reclassifications (\$68, \$78, \$156, \$(23) pretax)	53	60	121	(14)
Other comprehensive income (loss)	53	60	121	(14)
End of period balance	273	205	273	205
Foreign currency translation adjustments:				
Beginning of period balance	—	(1)	—	—
Other comprehensive income before reclassifications	—	2	—	—
Other comprehensive income	—	2	—	1
End of period balance	—	1	—	1
Net cash flow hedges:				
Beginning of period balance	240	233	244	239
Other comprehensive income (loss) before reclassifications (\$0, \$3, \$0, \$(3) pretax)	—	2	—	(2)
Amounts reclassified from accumulated other comprehensive income \$(5), \$23, \$(11), \$20 pretax) ⁽²⁾	(4)	17	(8)	15
Other comprehensive income (loss)	(4)	19	(8)	13
End of period balance	236	252	236	252
Pension and other postretirement benefits:				
Beginning of period balance	(264)	(203)	(264)	(203)
Other comprehensive income	—	—	—	—
End of period balance	(264)	(203)	(264)	(203)
Total beginning of period accumulated other comprehensive loss	(341)	(875)	(297)	(1,264)
Total other comprehensive income (loss)	22	17	(22)	406
Total end of period accumulated other comprehensive loss	\$ (319)	\$ (858)	\$ (319)	\$ (858)

(1) Amounts reclassified from accumulated other comprehensive loss for specifically identified debt securities are included in net investment income in the unaudited condensed consolidated statements of operations.

- (2) Amounts reclassified from accumulated other comprehensive income for specifically identified cash flow hedges are included in interest expense in the unaudited condensed consolidated statements of operations. The Company expects to reclassify approximately \$22 million, net of tax, in net gains associated with its cash flow hedges into net income within the next 12 months.

10. Earnings Per Share

Earnings per share is computed using the treasury stock method. Stock options and stock appreciation rights to purchase 7 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share in each of the three and six-month periods ended June 30, 2024 because their exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. For the same reason, stock options and stock appreciation rights to purchase 9 million and 6 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2023, respectively.

The following is a reconciliation of basic and diluted earnings per share for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	2023	June 30, 2024	2023
<u>In millions, except per share amounts</u>				
Numerator for earnings per share calculation:				
Net income attributable to CVS Health	\$ 1,770	\$ 1,901	\$ 2,883	\$ 4,037
Denominator for earnings per share calculation:				
Weighted average shares, basic	1,256	1,283	1,258	1,283
Restricted stock units and performance stock units	1	2	3	4
Stock options and stock appreciation rights	2	2	2	2
Weighted average shares, diluted	1,259	1,287	1,263	1,289
Earnings per share:				
Basic	\$ 1.41	\$ 1.48	\$ 2.29	\$ 3.15
Diluted	\$ 1.41	\$ 1.48	\$ 2.28	\$ 3.13

11. Commitments and Contingencies

Lease Guarantees

Between 1995 and 1997, the Company sold or spun off a number of subsidiaries, including Bob's Stores and Linens 'n Things, each of which subsequently filed for bankruptcy, and Marshalls. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the former subsidiary's lease obligations for the initial lease term and any extension thereof pursuant to a renewal option provided for in the lease prior to the time of the disposition. When the subsidiaries were disposed of and accounted for as discontinued operations, the Company's guarantees remained in place, although each initial purchaser agreed to indemnify the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries fail to make the required payments under a store lease, the Company could be required to satisfy those obligations. As of June 30, 2024, the Company guaranteed 62 such store leases (excluding the lease guarantees related to Linens 'n Things, which have been recorded as a liability on the unaudited condensed consolidated balance sheets), with the maximum remaining lease term extending through 2035.

Guaranty Fund Assessments, Market Stabilization and Other Non-Voluntary Risk Sharing Pools

Under guaranty fund laws existing in all states, insurers doing business in those states can be assessed (in most states up to prescribed limits) for certain obligations of insolvent insurance companies to policyholders and claimants. The life and health insurance guaranty associations in which the Company participates that operate under these laws respond to insolvencies of long-term care insurers and life insurers as well as health insurers. The Company's assessments generally are based on a formula relating to the Company's health care premiums in the state compared to the premiums of other insurers. Certain states allow assessments to be recovered over time as offsets to premium taxes. Some states have similar laws relating to health maintenance organizations ("HMOs") and/or other payors such as not-for-profit consumer-governed health plans established under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

In 2009, the Pennsylvania Insurance Commissioner placed long-term care insurer Penn Treaty Network America Insurance Company and one of its subsidiaries (collectively, "Penn Treaty") in rehabilitation, an intermediate action before insolvency,

and subsequently petitioned a state court to convert the rehabilitation into a liquidation. Penn Treaty was placed in liquidation in March 2017. The Company has recorded a liability for its estimated share of future assessments by applicable life and health insurance guaranty associations. It is reasonably possible that in the future the Company may record a liability and expense relating to other insolvencies which could have a material adverse effect on the Company's operating results, financial condition and cash flows. While historically the Company has ultimately recovered more than half of guaranty fund assessments through statutorily permitted premium tax offsets, significant increases in assessments could lead to legislative and/or regulatory actions that limit future offsets.

HMOs in certain states in which the Company does business are subject to assessments, including market stabilization and other risk-sharing pools, for which the Company is assessed charges based on incurred claims, demographic membership mix and other factors. The Company establishes liabilities for these assessments based on applicable laws and regulations. In certain states, the ultimate assessments the Company pays are dependent upon the Company's experience relative to other entities subject to the assessment.

and the ultimate liability is not known at the financial statement date. While the ultimate amount of the assessment is dependent upon the experience of all pool participants, the Company believes it has adequate reserves to cover such assessments.

Litigation and Regulatory Proceedings

The Company has been involved or is currently involved in numerous legal proceedings, including litigation, arbitration, government investigations, audits, reviews and claims. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, the U.S. Department of Justice (the "DOJ"), state Attorneys General, the U.S. Drug Enforcement Administration (the "DEA"), the U.S. Federal Trade Commission (the "FTC") and other governmental authorities.

Legal proceedings, in general, and securities, class action and multi-district litigation, in particular, and governmental special investigations, audits and reviews can be expensive and disruptive. Some of the litigation matters may purport or be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. The Company also may be named from time to time in *qui tam* actions initiated by private third parties that could also be separately pursued by a governmental body. The results of legal proceedings, including government investigations, are often uncertain and difficult to predict, and the costs incurred in these matters can be substantial, regardless of the outcome.

The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. Other than the controlled substances litigation accruals described below, none of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's unaudited condensed consolidated balance sheets.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and the Company is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters. The Company believes that its defenses and assertions in pending legal proceedings have merit and does not believe that any of these pending matters, after consideration of applicable reserves and rights to indemnification, will have a material adverse effect on the Company's financial position. Substantial unanticipated verdicts, fines and rulings, however, do sometimes occur, which could result in judgments against the Company, entry into settlements or a revision to its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations. In addition, as a result of governmental investigations or proceedings, the Company may be subject to damages, civil or criminal fines or penalties, or other sanctions including possible suspension or loss of licensure and/or exclusion from participating in government programs. The outcome of such governmental investigations of proceedings could be material to the Company.

Usual and Customary Pricing Litigation

The Company is named as a defendant in a number of lawsuits that allege that the Company's retail pharmacies overcharged for prescription drugs by not submitting the correct usual and customary price during the claims adjudication process. These actions are brought by a number of different types of plaintiffs, including plan members, private payors and government payors, and are based on different legal theories. Some of these cases are brought as putative class actions, and in some instances, classes have been certified. The Company is defending itself against these claims.

PBM Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its PBM practices.

The Company is facing multiple lawsuits, including by state Attorneys General, governmental subdivisions, private parties and several putative class actions, regarding drug pricing and its rebate arrangements with drug manufacturers. These complaints, brought by a number of different types of plaintiffs under a variety of legal theories, generally allege that rebate agreements between the drug manufacturers and PBMs caused inflated prices for certain drug products. The majority of these cases have now been transferred into a multi-district litigation in the U.S. District Court for the District of New Jersey. The Company is defending itself against these claims. The Company has also received subpoenas, civil investigative demands ("CIDs"), and other requests for documents and information from, and is being investigated by, the FTC and Attorneys General of several states and the District of Columbia regarding its PBM practices, including pharmacy contracting practices and reimbursement, pricing and rebates. The Company has been providing documents and information in response to these subpoenas, CIDs, and requests for information. In July 2024, the FTC released an interim staff report on PBMs in which it studies, among other things, the impacts that the PBM industry may have on prescription drug costs and pharmacies. The Company disagrees with many of the statements made in the FTC's interim staff report.

United States ex rel. Behnke v. CVS Caremark Corporation, et al. (U.S. District Court for the Eastern District of Pennsylvania). In April 2018, the Court unsealed a complaint filed in February 2014. The government has declined to intervene in this case. The relator alleges that the Company submitted, or caused to be submitted, to Part D of the Medicare program Prescription Drug Event data and/or Direct and Indirect Remuneration reports that misrepresented true prices paid by the Company's PBM to pharmacies for drugs dispensed to Part D beneficiaries with prescription benefits administered by the Company's PBM. The Company is defending itself against these claims.

Controlled Substances Litigation, Audits and Subpoenas

In December 2022, the Company agreed to a formal settlement agreement, the financial amounts of which were agreed to in principle in October 2022, with a leadership group of a number of state Attorneys General and the Plaintiffs' Executive Committee. Upon finalization, the agreement resolves substantially all opioid claims against Company entities by participating states and political subdivisions but not private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The maximum amount payable by the Company under the settlement is approximately \$4.3 billion in opioid remediation and \$625 million in attorneys' fees and costs and additional remediation. The amounts are payable over 10 years, beginning in 2023. The agreement also contains injunctive terms relating to the dispensing of opioid medications. The settlement agreement is available at nationalopioidsettlement.com.

Upon reaching an agreement in principle in October 2022, the Company concluded that settlement of opioid claims by governmental entities and tribes was probable, and the loss related thereto could be reasonably estimated. As a result of that conclusion, and its assessment of certain other opioid-related claims including those for which the Company reached agreement in August and September 2022, the Company recorded pre-tax charges of \$5.3 billion during the year ended December 31, 2022. Settlement accruals expected to be paid within twelve months from the balance sheet date are classified as accrued expenses on the unaudited condensed consolidated balance sheets and settlement accruals expected to be paid greater than twelve months from the balance sheet date are classified as other long-term liabilities on the unaudited condensed consolidated balance sheets.

In June 2023, the Company elected to move forward with a final settlement agreement, the financial amounts of which were agreed to in principle in October 2022, to resolve claims brought by participating states and political subdivisions such as counties, cities, and towns, but not by private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The agreement became effective in June 2023.

Forty-five states, the District of Columbia, and all eligible United States territories are participating in the settlement. A high percentage of eligible subdivisions within the participating states also have elected to join the settlement. The Company has separately entered into settlement agreements with four states – Florida, West Virginia, New Mexico and Nevada – and a high percentage of eligible subdivisions within those states also have elected to participate.

The final settlement agreement contains certain contingencies related to payment obligations. Because these contingencies are inherently unpredictable, the assessment requires judgments about future events. The amount of ultimate loss may differ from the amount accrued by the Company.

The State of Maryland has elected not to participate, and thus subdivisions within the State of Maryland may not participate, in the settlement. The State of Maryland has issued a civil subpoena for information from the Company, and litigation is pending with certain subdivisions within the State of Maryland. Trial in the case brought by the City of Baltimore is scheduled to begin in September 2024. The Company is defending itself against claims made in these cases.

In December 2022, the Company also agreed to a formal settlement agreement with a leadership group representing tribes throughout the United States. The agreement resolves substantially all opioid claims against Company entities by such tribes. The maximum amount payable by the Company under the settlement is \$113 million in opioid remediation and \$16 million in attorneys' fees and costs, payable over 10 years. The Company also entered into a separate settlement with the Cherokee Nation.

These settlements resolve a majority of the cases against the Company that had been pending in the consolidated multidistrict litigation captioned *In re National Prescription Opiate Litigation* (MDL No. 2804) pending in the U.S. District Court for the Northern District of Ohio. However, certain opioid-related cases against the Company remain pending in the multidistrict litigation and in various state courts, including those brought by non-participating subdivisions and private parties such as hospitals and third-party payors. The Company continues to defend those cases.

In November 2021, the Company was among the chain pharmacies found liable by a jury in a trial in federal court in Ohio; in August 2022, the court issued a judgment jointly against the three defendants in the amount of \$651 million to be paid over 15 years and also ordered certain injunctive relief. The Company is appealing the judgment and has not accrued a liability for this matter.

Because of the many uncertainties associated with any settlement arrangement or other resolution of opioid-related litigation matters, and because the Company continues to actively defend ongoing litigation for which it believes it has defenses and assertions that have merit, the Company is not able to reasonably estimate the range of ultimate possible loss for all opioid-related litigation matters at this time. The outcome of these legal matters could have a material effect on the Company's business, financial condition, operating results and/or cash flows.

In January 2020, the DOJ served the Company with a DEA administrative subpoena. The subpoena seeks documents relating to practices with respect to prescription opioids and other controlled substances at CVS pharmacy locations concerning potential violations of the federal Controlled Substances Act and the federal False Claims Act. The DOJ subsequently served additional DEA administrative subpoenas relating to controlled substances. The DOJ also served the Company with additional CIDs relating to controlled substances. The Company is providing documents and information in response to these matters.

Prescription Processing Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its prescription processing practices, including related to billing government payors for prescriptions, and the following:

U.S. ex rel. Bassan et al. v. Omnicare, Inc. and CVS Health Corp. (U.S. District Court for the Southern District of New York). In December 2019, the U.S. Attorney's Office for the Southern District of New York filed a complaint-in-intervention in this previously sealed *qui tam* case. The complaint alleges that for certain non-skilled nursing facilities, Omnicare improperly filled prescriptions beyond one year where a valid prescription did not exist and that these dispensing events violated the federal False Claims Act. The Company is defending itself against these claims.

U.S. ex rel. Gill et al. v. CVS Health Corp. et al. (U.S. District Court for the Northern District of Illinois). In July 2022, the Delaware Attorney General's Office moved for partial intervention as to allegations under the Delaware false claims act related to not escheating alleged overpayments in this previously sealed *qui tam* case. The federal government and the remaining states declined to intervene on other additional theories in the relator's complaint. The Company is defending itself against all of the claims.

Provider Proceedings

The Company is named as a defendant in purported class actions and individual lawsuits arising out of its practices related to the payment of claims for services rendered to its members by providers with whom the Company has a contract and with whom the Company does not have a contract ("out-of-network providers"). Among other things, these lawsuits allege that the Company paid too little to its health plan members and/or providers for out-of-network services (including COVID-19 testing) and/or otherwise allege that the Company failed to timely or appropriately pay or administer claims and benefits (including the

Company's post payment audit and collection practices). Other major health insurers are the subject of similar litigation or have settled similar litigation.

The Company also has received subpoenas and/or requests for documents and other information from, and been investigated by, state Attorneys General and other state and/or federal regulators, legislators and agencies relating to claims payments, and the Company is involved in other litigation regarding, its out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against the Company with respect to its out-of-network benefit payment and/or administration practices.

CMS Actions

CMS regularly audits the Company's performance to determine its compliance with CMS's regulations and its contracts with CMS and to assess the quality of services it provides to Medicare beneficiaries. CMS uses various payment mechanisms to allocate and adjust premium payments to the Company's and other companies' Medicare plans by considering the applicable health status of Medicare members as supported by information prepared, maintained and provided by providers. The Company collects claim and encounter data from providers and generally relies on providers to appropriately code their submissions to the Company and document their medical records, including the diagnosis data submitted to the Company with claims. CMS pays increased premiums to Medicare Advantage plans and Medicare PDP plans for members who have certain medical conditions identified with specific diagnosis codes. Federal regulators review and audit the providers' medical records to determine whether those records support the related diagnosis codes that determine the members' health status and the resulting risk-adjusted premium payments to the Company. In that regard, CMS has exceeded expectations.

- Utilization, particularly in instituted risk adjustment data validation ("RADV") audits of various Medicare Advantage programs, persisted at elevated levels through plans, including certain of the first quarter Company's plans, to validate coding practices and supporting medical record documentation maintained by providers and the resulting risk-adjusted premium payments to the plans. CMS may require the Company to refund premium payments if the Company's risk-adjusted premiums are not properly supported by medical record data. The Office of 2024. Although the Inspector General of the U.S. Department of Health and Human Services (the "OIG") also is auditing the Company's risk adjustment-related data and that of other companies. The Company expects CMS and the OIG to continue these types of audits.

In 2012, in the "Notice of Final Payment Error Calculation for Part C Medicare Advantage Risk Adjustment Validation Data ("RADV") Contract-Level Audits," CMS revised its audit methodology for RADV contract-level audits to determine refunds payable by Medicare Advantage plans for contract year 2011 and forward. Under the revised methodology, among other things, CMS announced extrapolation of the error rate identified in the audit sample along with the application of a process to account for errors in the government's traditional fee-for-service Medicare program ("FFS Adjuster"). For contract years prior to 2011, CMS did not extrapolate sample error rates to the entire contract, nor did CMS propose to apply a FFS adjuster. By applying the FFS Adjuster, Medicare Advantage organizations would have been liable for repayments only to the extent that their extrapolated payment errors exceeded the error rate in Original Medicare, which could have impacted the extrapolated repayments to which Medicare Advantage organizations are subject. This revised contract-level audit methodology increased the Company's exposure to premium refunds to CMS based on incomplete medical records maintained by providers. In the RADV audit methodology CMS used from 2011-2013, CMS selected only a few of the Company's Medicare Advantage contracts for various contract years for contract-level RADV audits. In October 2018, CMS in the proposed rule announced a new methodology for RADV audits targeting certain health conditions and members with many diagnostic conditions along with extrapolation for the error rates identified without use of a FFS Adjuster. While the rule was under proposal, CMS initiated contract-level RADV audits for the years 2014 and 2015 with this new RADV methodology without a final rule.

On January 30, 2023, CMS released the final rule ("RADV Audit Rule"), announcing it may use extrapolation for payment years 2018 forward, for both RADV audits and OIG contract level audits, and eliminated the application of a FFS Adjuster in Part C contract-level RADV audits of Medicare utilization Advantage organizations. In the RADV Audit Rule, CMS indicated that it will use more than one audit methodology going forward and indicated CMS will audit contracts it believes are at the highest risk for overpayments based on its statistical modeling, citing a 2016 Government Accountability Office report that recommended selection of contract-level RADV audits with a focus on contracts likely to have high rates of improper payment, the highest coding intensity scores, and contracts with high levels of unsupported diagnoses from prior RADV audits. CMS announced that it would begin the RADV and OIG contract-level audits for payment year 2018, however as of the end of July 2024 these audits had not yet commenced.

The Company is difficult currently unable to accurately predict at which of its Medicare Advantage contracts will be selected for future audit, the amounts of any retroactive refunds for years prior to 2018 or prospective adjustments to Medicare Advantage premium payments made to the Company, the effect of any such refunds or adjustments on the actuarial soundness of the Company's Medicare Advantage bids, or whether any RADV audit findings would require the Company to change its method of estimating future premium revenue in future bid submissions to CMS or compromise premium assumptions made in the Company's bids for prior contract years, the current contract year or future contract years. Any premium or fee refunds or adjustments resulting from regulatory audits, whether as a result of RADV, Public Exchange-related or other audits by CMS, the OIG or otherwise, including audits of the Company's minimum loss ratio rebates, methodology and/or reports, could be material and could adversely affect the Company's operating results, cash flows and/or financial condition.

The RADV Audit Rule does not apply to the CMS Part C Improper Payment Measures audits nor the U.S. Department of Health and Human Services RADV programs.

Medicare and Medicaid Litigation and Investigations

The Company has received CIDs from the Civil Division of the DOJ in connection with investigations of the Company's identification and/or submission of diagnosis codes related to risk adjustment payments, including patient chart review processes, under Parts C and D of the Medicare program. The Company is cooperating with the government and providing documents and information in response to these CIDs.

In May 2017, the Company received a CID from the U.S. Attorney's Office for the Southern District of New York requesting documents and information concerning possible false claims submitted to Medicare in connection with reimbursements for prescription drugs under the Medicare Part D program. The Company has been cooperating with the government and providing documents and information in response to this time, we expect CID.

In November 2021, prior to its acquisition by the Company, Oak Street Health received a CID from the DOJ in connection with an investigation of possible false claims submitted to Medicare related to Oak Street Health's relationships with third-party marketing agents and Oak Street Health's provision of free transportation to federal health care beneficiaries. The Company has been cooperating with the government and has provided documents and information in response to the CID.

In January 2022, the U.S. Attorney's Office for the District of Massachusetts issued a subpoena to Aetna Life Insurance Company seeking, among other things, information in connection with its relationship and compensation arrangements with certain brokers, and the Company may receive similar inquiries in the future. The Company is cooperating with the subpoena.

Stockholder Matters

Beginning in February 2019, multiple class action complaints, as well as a derivative complaint, were filed by putative plaintiffs against the Company and certain current and former officers and directors. The plaintiffs in these cases assert a variety of causes of action under federal securities laws that continued elevated utilization will pressure are premised on allegations that the defendants made certain omissions and misrepresentations relating to the performance of the Company's LTC business unit. Since filing, several of the cases have been consolidated, and two have resolved, including the first-filed federal case, *City of Miami Fire Fighters' and Police Officers' Retirement Trust, et al.* (formerly known as *Anarkat*), the dismissal of which the First Circuit affirmed in August 2022. The Company and its current and former officers and directors are defending themselves against remaining claims. The Company has moved to dismiss the amended complaint in *In re CVS Health Corp. Securities Act Litigation* (formerly known as *Waterford*). In *In re CVS Health Corp. Securities Litigation* (formerly known as *City of Warren and Freundlich*), the court granted the Company's motion to dismiss in February 2023 and the plaintiffs have filed a notice of appeal.

Beginning in December 2021, the Company has received three demands for inspection of books and records pursuant to Delaware General Corporation Law Section 220 ("Section 220 demands"), as well as a derivative complaint (*Vladimir Gusinsky Revocable Trust v. Lynch, et al.*) that was filed in January 2023, which the defendants have moved to dismiss. The Section 220 demands and the complaint purport to be related to potential breaches of fiduciary duties by the Board in relation to certain matters concerning opioids. Following the Company's response to the Section 220 demands, two of the three stockholders sent demand letters to the Board containing allegations substantially similar to those made in the earlier Section 220 demands and the derivative matter, and requested that it take certain actions, including consideration of its governance and policies with respect to controlled substances. The Board deferred consideration of these two demands until after the motion to dismiss the *Gusinsky* case is decided.

In January 2022, a shareholder class action complaint was filed in the Northern District of Illinois, *Allison v. Oak Street Health, Inc., et al.* Defendants include Oak Street Health and certain of its pre-acquisition officers and directors. The putative plaintiffs assert causes of action under various securities laws premised on allegations that defendants made omissions and misrepresentations to investors relating to marketing conduct they allege may violate the False Claims Act. On May 27, 2024, the parties reached agreement in principle on a settlement of this action, subject to definitive documentation, the impact of which was not material to the Company's financial condition or operating results.

In July 2024, a shareholder class action complaint was filed in the Southern District of New York, *Nixon v. CVS Health Corporation, et al.* Defendants include the Company and certain present and former officers. The plaintiffs allege, among other allegations, that the defendants made false and/or misleading statements related to the profitability of the Health Care Benefits segment and assert causes of action under various federal securities laws. The Company and the individual defendants are defending themselves against these claims.

Other Legal and Regulatory Proceedings

The Company is also a party to other legal proceedings and is subject to government investigations, inquiries and audits, and has received and is cooperating with the government in response to CIDs, subpoenas, or similar process from various governmental agencies requesting information. These other legal proceedings and government actions include claims of or relating to bad faith, medical or professional malpractice, breach of fiduciary duty, claims processing, dispensing of medications, the use of medical testing devices in the in-home evaluation setting, non-compliance with state and federal regulatory regimes, marketing misconduct, denial of or failure to timely or appropriately pay or administer claims and benefits, provider network structure (including the use of performance-based networks and termination of provider contracts), rescission of insurance coverage, improper disclosure or use of personal information, anticompetitive practices, the Company's participation in the 340B program, general contractual matters, product liability, intellectual property litigation, discrimination and employment litigation. Some of these other legal proceedings are or are purported to be class actions or derivative claims. The Company is defending itself against the claims brought in these matters.

Awards to the Company and others of certain government contracts, particularly Medicaid contracts and other contracts with government customers in the Company's Health Care Benefits segment, and its health care delivery assets frequently are subject to protests by unsuccessful bidders. These protests may result in its Health Services segment for the remainder of the year.

- Visibility across the health insurance industry was significantly impaired by the cyberattack on Change Healthcare during the first quarter of 2024, which resulted in delayed receipt and processing of claims. While awards to the Company have reserved approximately \$500 million as its best estimate being reversed, delayed, or modified. The loss or delay in implementation of missing claims, this lack of visibility required the use of estimates, assumptions and projections which could cause actual results to differ materially from the Company's estimate.
- The Company expects growth in its new Cordavis, Oak Street Health and Signify Health businesses.
- The Company continues to share with clients a larger portion of rebates, fees and/or discounts received from pharmaceutical manufacturers. In addition, marketplace dynamics and regulatory changes have limited the Company's ability to offer plan sponsors pricing that includes retail network "differential" or "spread." The Company expects these trends to continue.
- Ongoing GLP-1 supply constraints, and the associated impact on product mix, could pressure the Company's Pharmacy Services business.
- Competitive pressures in the retail pharmacy industry are increasing, resulting in aggressive generic pricing programs, the growth of discount cards and increased utilization of digital commerce.
- Consumer spend management and a decline in consumer discretionary spending, as well as a shift to value, grocery and digital retailers, could drive lower front store sales.
- Future costs are influenced by a number of factors including competitive demand for products and services, legislative and regulatory considerations, and labor and other market dynamics, including inflation. We evaluate and adjust our approach in each of the markets we serve, considering all relevant factors.

- The Company expects benefits from ongoing enterprise-wide cost savings initiatives and investments in efficiencies, which aim to reduce the Company's operating cost structure in a way that improves the consumer experience and is sustainable.
- Changes in conditions in the U.S. and global capital markets can significantly and adversely affect interest rates and capital market conditions which could result in increased financing costs.

Key Regulatory Trends and Uncertainties

- The Company is exposed to funding and regulation of, and changes in any government policy with respect to and/or funding or regulation of, the various Medicare programs in which the Company participates, including changes in the amounts payable to us under those programs and/or new reforms or surcharges on existing programs, including changes to applicable risk adjustment mechanisms.
- Legislation and/or regulations seeking to regulate PBM activities in a comprehensive manner have been proposed or enacted in a majority of states and on the federal level. This legislative and regulatory activity could adversely affect the Company's ability to operate results. The Company will continue to conduct business on commercially reasonable terms to defend contract awards it receives.

There also continues to be a heightened level of review and/or audit by regulatory authorities and legislators of, and increased litigation regarding, the Company's and the rest of the health care and related benefits industry's business and reporting practices, including premium rate increases, utilization management, development and application of medical policies, complaint, grievance and appeal processing, information privacy, provider network structure (including provider network adequacy, the use of performance-based networks and termination of provider contracts), provider directory accuracy, calculation of minimum medical loss ratios and/or payment of related rebates, delegated arrangements, rescission of insurance coverage, limited benefit health products, student health products, pharmacy benefit management practices (including manufacturers' rebates, pricing, the use of narrow networks and the placement of drugs in formulary tiers), sales practices, customer service practices, vendor oversight, and claim payment practices (including payments to out-of-network providers).

As a leading national health solutions company, the Company regularly is the subject of government actions of the types described above. These government actions may prevent or delay the Company from implementing planned premium rate increases and may result, and have resulted, in restrictions on the Company's ability to do business, changes to standardize or clarifications of the Company's business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to the Company by government agencies, assessments of damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs.

The Company can give no assurance that its PBM products and services across businesses, financial condition, operating results and/or cash flows will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iii) pending or future federal or state laws, government investigations of one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iv) pending or future government audits, investigations or enforcement actions against the Company; (v) adverse developments in any pending *qui tam* lawsuit against the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the Company; or (vi) adverse developments in pending or future legal proceedings against the Company or affecting one or more of the industries in which the Company competes and/or the health care industry generally.

For additional information regarding these and other trends and uncertainties, see Item 1A, "Risk Factors" and Part I, Item 1 "Business - Government Regulation" included in the 2023 Form 10-K.

12. Segment Analysis

The following discussion of segment operating results is presented based on the Company's reportable segments in accordance with the accounting guidance for segment reporting and is consistent with the segment disclosure in Note 11 "Segment Reporting" to the unaudited condensed consolidated financial statements. Reporting

The Company has three operating segments, Health Care Benefits, Health Services and Pharmacy & Consumer Wellness, as well as a Corporate/Other segment. The Company's segments maintain separate financial information, and the Company's chief operating decision maker ("CODM") CODM evaluates the segments' operating results on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Company's segments based on adjusted operating income. Total assets by segment are not used by the CODM to assess the performance of, or allocate resources to, the Company's segments, therefore total assets by segment are not disclosed.

Adjusted operating income is defined as operating income (loss) as measured by accounting principles generally accepted in the United States of America ("GAAP") (GAAP measure) excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance. See the reconciliations of consolidated operating income (loss) (GAAP measure) to consolidated adjusted operating income (loss) below for further context regarding the items excluded from operating income in determining adjusted operating income. The CODM uses adjusted operating income as its principal measure of segment performance as it enhances the CODM's ability to compare past financial performance with current performance and analyze underlying business performance and trends. Non-GAAP financial measures the Company discloses, such as consolidated adjusted operating income, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

The following is a reconciliation of financial measures of the Company's segments to the consolidated totals:

Revenues from external customers	
Revenues from external customers	
Intersegment revenues	
Net investment income (loss)	
Total revenues	
Adjusted operating income (loss)	
June 30, 2023	
June 30, 2023	
June 30, 2023	
Revenues from external customers	
Revenues from external customers	
Revenues from external customers	
Intersegment revenues	
Net investment income (loss)	
Total revenues	
Adjusted operating income (loss)	

- (1) Total revenues of the Health Services segment include approximately **\$3.4 billion** \$2.8 billion and **\$4.1 billion** \$3.4 billion of retail co-payments for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively. Total revenues of the Health Services segment include approximately \$6.2 billion and \$7.5 billion of retail co-payments for the six months ended **June 30, 2024** and 2023, respectively.
- (2) Intersegment revenue eliminations relate to intersegment revenue generating activities that occur between the Health Care Benefits segment, the Health Services segment, and/or the Pharmacy & Consumer Wellness segment.

The following are reconciliations of consolidated operating income (GAAP measure) to consolidated adjusted operating income as well as reconciliations of segment GAAP operating income (loss) to segment adjusted operating income (loss):

<i>In millions</i>	Three Months Ended March 31, 2024				
	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/ Other
					Consolidated Totals
Operating income (loss) (GAAP measure)	\$ 428	\$ 1,213	\$ 1,113	\$ (483)	\$ 2,271
Amortization of intangible assets ⁽¹⁾	294	150	64	—	508
Net realized capital losses ⁽²⁾	10	—	—	8	18
Acquisition-related integration costs ⁽³⁾	—	—	—	60	60
Opioid litigation charge ⁽⁴⁾	—	—	—	100	100
Adjusted operating income (loss)	<u>\$ 732</u>	<u>\$ 1,363</u>	<u>\$ 1,177</u>	<u>\$ (315)</u>	<u>\$ 2,957</u>

<i>In millions</i>	Three Months Ended March 31, 2023				
	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/ Other
					Consolidated Totals
Operating income (loss) (GAAP measure)	\$ 1,408	\$ 1,638	\$ 717	\$ (317)	\$ 3,446
Amortization of intangible assets ⁽¹⁾	295	41	65	1	402
Net realized capital losses ⁽²⁾	99	—	3	3	105
Acquisition-related transaction and integration costs ⁽³⁾	—	—	—	43	43
Office real estate optimization charges ⁽⁵⁾	22	1	—	2	25

Loss on assets held for sale ⁽⁶⁾	—	—	349	—	349
Adjusted operating income (loss)	\$ 1,824	\$ 1,680	\$ 1,134	\$ (268)	\$ 4,370

for the three and six months ended June 30, 2024 and 2023:

<i>In millions</i>	Three Months Ended		Six Months Ended	
	June 30, 2024	2023	June 30, 2024	2023
Operating income (GAAP measure)	\$ 3,045	\$ 3,234	\$ 5,316	\$ 6,680
Amortization of intangible assets ⁽¹⁾	507	485	1,015	887
Net realized capital losses ⁽²⁾	90	98	108	203
Acquisition-related transaction and integration costs ⁽³⁾	102	157	162	200
Opioid litigation charge ⁽⁴⁾	—	—	100	—
Restructuring charge ⁽⁵⁾	—	496	—	496
Office real estate optimization charges ⁽⁶⁾	—	11	—	36
Loss on assets held for sale ⁽⁷⁾	—	—	—	349
Adjusted operating income	\$ 3,744	\$ 4,481	\$ 6,701	\$ 8,851

- (1) The Company's acquisition activities have resulted in the recognition of intangible assets as required under the acquisition method of accounting which consist primarily of trademarks, customer contracts/relationships, covenants not to compete, technology, provider networks and value of business acquired. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the unaudited condensed consolidated statements of operations in operating expenses within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.
- (2) The Company's net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of insurance liabilities. Net realized capital gains and losses are reflected in the unaudited condensed consolidated statements of operations in net investment income (loss) within each segment. These capital gains and losses are the result of investment decisions, market conditions and other economic developments that are unrelated to the performance of the Company's business, and the amount and timing of these capital gains and losses do not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Accordingly, the Company believes excluding net realized capital gains and losses enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends.
- (3) During the three and six months ended **March 31, 2024** June 30, 2024, the acquisition-related integration costs relate to the acquisitions of Signify Health and Oak Street Health. During the three and six months ended **March 31, 2023** June 30, 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health. The acquisition-related transaction and integration costs are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Corporate/Other segment.
- (4) During the **three** six months ended **March 31, 2024** June 30, 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.
- (5) During the three and six months ended **March 31, 2023** June 30, 2023, the restructuring charge is primarily comprised of severance and employee-related costs and asset impairment charges. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the recently completed acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives. The restructuring charge is reflected within the Corporate/Other segment.
- (6) During the three and six months ended June 30, 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement. The office real estate optimization charges are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Health Care Benefits, Health Services and Corporate/Other segments.
- (6) (7) During the **three** six months ended **March 31, 2023** June 30, 2023, the loss on assets held for sale relates to the LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

[Index to Condensed Consolidated Financial Statements](#)

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of CVS Health Corporation

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of CVS Health Corporation (the Company) as of June 30, 2024, the related condensed consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the related condensed consolidated statements of

shareholders' equity for the three-month periods ended March 31, 2024 and 2023 and June 30, 2024 and 2023, the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated February 7, 2024, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it was derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Boston, Massachusetts
August 7, 2024

[Form 10-Q Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

Overview of Business

CVS Health Corporation, together with its subsidiaries (collectively, "CVS Health," the "Company," "we," "our" or "us"), is a leading health solutions company building a world of health around every consumer it serves and connecting care so that it works for people wherever they are. As of June 30, 2024, the Company had more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 207 primary care medical clinics, a leading pharmacy benefits manager with approximately 90 million plan members and expanding specialty pharmacy solutions and a dedicated senior pharmacy care business serving more than 800,000 patients per year. The Company also serves an estimated more than 36 million people through traditional, voluntary and consumer-directed health insurance products and related services, including expanding Medicare Advantage offerings and a leading standalone Medicare Part D prescription drug plan ("PDP"). The Company is creating new sources of value through its integrated model allowing it to expand into personalized, technology driven care delivery and health services, increasing access to quality care, delivering better health outcomes and lowering overall health care costs.

The Company has four reportable segments: Health Care Benefits, Health Services, Pharmacy & Consumer Wellness and Corporate/Other, which are described below.

Overview of the Health Care Benefits Segment

The following table summarizes Health Care Benefits segment operates as one of the nation's leading diversified health care benefits providers. The Health Care Benefits segment has the information and resources to help members, in consultation with their health care professionals, make more informed decisions about their health care. The Health Care Benefits segment offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental and behavioral health plans, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs and Medicaid health care management services. The Health Care Benefits segment's performance customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers ("providers"), governmental units, government-sponsored plans, labor groups and expatriates. The Company refers to insurance products (where it assumes all or a majority of the risk for medical and dental care costs) as "Insured" and administrative services contract products (where the respective periods:

<i>In millions, except percentages and basis points ("bps")</i>	Three Months Ended					
	March 31,				Change	
	2024		2023	\$		%
Revenues:						
Premiums	\$ 30,379		\$ 24,339	\$ 6,040		24.8 %
Services	1,504		1,374	130		9.5 %
Net investment income	353		164	189		115.2 %
Total revenues	32,236		25,877	6,359		24.6 %
Health care costs	27,458		20,595	6,863		33.3 %
MBR (Health care costs as a % of premium revenues)	90.4 %		84.6 %	580 bps		
Operating expenses	\$ 4,350		\$ 3,874	\$ 476		12.3 %
Operating expenses as a % of total revenues	13.5 %		15.0 %			

Operating income	\$ 428	\$ 1,408	\$ (980)	(69.6)%
Operating income as a % of total revenues	1.3 %	5.4 %		
Adjusted operating income (1)	\$ 732	\$ 1,824	\$ (1,092)	(59.9)%
Adjusted operating income as a % of total revenues	2.3 %	7.0 %		
Premium revenues (by business):				
Government	\$ 21,716	\$ 17,528	\$ 4,188	23.9 %
Commercial	8,663	6,811	1,852	27.2 %

(1) See "Segment Analysis" above plan sponsor assumes all or a majority of the risk for medical and dental care costs) as "ASC." The Company sold Insured plans directly to individual consumers through the individual public health insurance exchanges in this report for a reconciliation 17 states as of Health Care Benefits segment operating income (GAAP measure) to adjusted operating income, which represents the Company's principal measure of segment performance. June 30, 2024.

Commentary - Three Months Ended March 31, 2024 vs. 2023

Revenues

- Total revenues increased \$6.4 billion, or 24.6%, in the three months ended March 31, 2024 compared to the prior year driven by growth in the Medicare and Commercial product lines.

Medical Benefit Ratio ("MBR")

- Medical benefit ratio is calculated by dividing the Health Care Benefits segment's health care costs by premium revenues and represents the percentage of premium revenues spent on medical benefits for the segment's Insured members. Management uses MBR to assess the underlying business performance and underwriting of its insurance products, understand variances between actual results and expected results and identify trends in period-over-period results. MBR provides management and investors with information useful in assessing the operating results Overview of the segment's Insured Health Care Benefits products.
- The MBR increased to 90.4% in the three months ended March 31, 2024 compared to 84.6% in the prior year driven by increased Medicare utilization, the unfavorable impact of the previously disclosed decline in the Company's 2024 Medicare Advantage star ratings, an unfavorable year-over-year impact of prior-year development, as well as the impact of an additional day in 2024 due to the leap year.

Operating expenses

- Operating expenses in the Health Care Benefits segment include selling, general and administrative expenses and depreciation and amortization expenses.
- Operating expenses increased \$476 million, or 12.3%, in the three months ended March 31, 2024 compared to the prior year primarily driven by increased operating expenses to support the growth in the Medicare and Commercial product lines. Operating expenses as a percentage of total revenues decreased to 13.5% in the three months ended March 31, 2024 compared to 15.0% in the prior year, reflecting improved fixed cost leverage across the business due to membership growth.

Adjusted operating income

- Adjusted operating income decreased \$1.1 billion, or 59.9%, in the three months ended March 31, 2024 compared to the prior year primarily driven by increased Medicare utilization, the unfavorable impact of the Company's 2024 Medicare Advantage star ratings, as well as the unfavorable year-over-year impact of prior-year development. These decreases were partially offset by increased volume due to growth in the Medicare and Commercial product lines, an increase in net investment income and improved fixed cost leverage across the business due to membership growth.

The following table summarizes the Health Care Benefits segment's medical membership for the respective periods:

In thousands	March 31, 2024			December 31, 2023			March 31, 2023		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
Medical membership:									
Commercial	4,735	14,111	18,846	4,252	14,087	18,339	3,949	14,039	17,988
Medicare Advantage	4,205	—	4,205	3,460	—	3,460	3,387	—	3,387
Medicare Supplement	1,300	—	1,300	1,343	—	1,343	1,344	—	1,344
Medicaid	1,972	447	2,419	2,073	444	2,517	2,293	501	2,794
Total medical membership	12,212	14,558	26,770	11,128	14,531	25,659	10,973	14,540	25,513
Supplemental membership information:									
Medicare Prescription Drug Plan (stand-alone)			4,947				6,081		6,112

Medical Membership

- Medical membership represents the number of members covered by the Health Care Benefits segment's Insured and ASC medical products and related services at a specified point in time. Management uses this metric to understand variances between actual medical membership and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of medical membership on the Health Care Benefits segment's total revenues and operating results.

- Medical membership as of March 31, 2024 of 26.8 million increased 1.1 million members compared with December 31, 2023, reflecting increases in the Medicare and Commercial product lines, including an increase of 493,000 members related to the individual exchange business within the Commercial product line. These increases were partially offset by a decline in the Medicaid product line.

Medicare Update

On April 1, 2024, CMS issued its final notice detailing final 2025 Medicare Advantage payment rates. Final 2025 Medicare Advantage rates resulted in an expected average decrease in revenue for the Medicare Advantage industry of 0.16%, excluding the CMS estimate of Medicare Advantage risk score trend.

Health Services Segment

The following table summarizes Health Services segment provides a full range of pharmacy benefit management ("PBM") solutions, delivers health care services in its medical clinics, virtually, and in the home, and offers provider enablement solutions. PBM solutions include plan design offerings and administration, formulary management, retail pharmacy network management services, and specialty and mail order pharmacy services. In addition, the Company provides clinical services, disease management services, medical spend management and pharmacy and/or other administrative services for providers and federal 340B drug pricing program covered entities ("Covered Entities"). The Company operates a group purchasing organization that negotiates pricing for the purchase of pharmaceuticals and rebates with pharmaceutical manufacturers on behalf of its participants and provides various administrative, management and reporting services to pharmaceutical manufacturers. During 2023, the Company completed the acquisition of two key health care delivery assets – Signify Health, Inc. ("Signify Health"), a leader in health risk assessments, value-based care and provider enablement services, and Oak Street Health, Inc. ("Oak Street Health"), a leading multi-payer operator of value-based primary care centers serving Medicare eligible patients. The Company also launched Cordavist™, a wholly owned subsidiary that works directly with pharmaceutical manufacturers to commercialize and/or co-produce high quality biosimilar products. The Health Services segment's clients and customers are primarily employers, insurance companies, unions, government employee groups, health plans, PDPs, Medicaid managed care plans, the U.S. Centers for Medicare & Medicaid Services ("CMS"), plans offered on Insurance Exchanges and other sponsors of health benefit plans throughout the U.S., patients who receive care in the Health Services segment's performance for medical clinics, virtually or in the respective periods:

<i>In millions, except percentages</i>	Three Months Ended				Change	
	March 31,		\$	%		
	2024	2023				
Revenues:						
Products	\$ 37,717	\$ 43,671	\$ (5,954)	(13.6)%		
Services	2,568	920	1,648	179.1 %		
Total revenues	40,285	44,591	(4,306)	(9.7)%		
Cost of products sold	37,532	42,416	(4,884)	(11.5)%		
Health care costs	701	—	701	100.0 %		
Operating expenses	839	537	302	56.2 %		
Operating expenses as a % of total revenues	2.1 %	1.2 %				
Operating income	\$ 1,213	\$ 1,638	\$ (425)	(25.9)%		
Operating income as a % of total revenues	3.0 %	3.7 %				
Adjusted operating income ⁽¹⁾	\$ 1,363	\$ 1,680	\$ (317)	(18.9)%		
Adjusted operating income as a % of total revenues	3.4 %	3.8 %				
Revenues (by distribution channel):						
Pharmacy network ⁽²⁾	\$ 20,464	\$ 27,592	\$ (7,128)	(25.8)%		
Mail & specialty ⁽³⁾	17,262	16,145	1,117	6.9 %		
Other	2,559	854	1,705	199.6 %		
Pharmacy claims processed ⁽⁴⁾	462.9	587.3	(124.4)	(21.2)%		
Generic dispensing rate ⁽⁴⁾	88.3 %	88.4 %				

(1) See "Segment Analysis" above in this report for a reconciliation of Health Services segment operating income (GAAP measure) to adjusted operating income, which represents the Company's principal measure of segment performance.

(2) Pharmacy network revenues relate to claims filled at retail and specialty retail pharmacies, including the Company's retail pharmacies and LTC pharmacies, home, as well as activity associated with Maintenance Choice, which permits eligible client plan members to fill their maintenance prescriptions through mail order delivery or at a CVS pharmacy retail store for the same price as mail order.

(3) Mail & specialty revenues relate to specialty mail claims inclusive of Specialty Connect® claims picked up at a retail pharmacy, as well as mail order and specialty claims fulfilled by the Pharmacy & Consumer Wellness segment.

(4) Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription. Covered Entities.

Commentary - Three Months Ended March 31, 2024 vs. 2023

Revenues

- Total revenues decreased \$4.3 billion, or 9.7%, in the three months ended March 31, 2024 compared to the prior year primarily driven by the previously announced loss of a large client during the three months ended March 31, 2024 and continued pharmacy client price improvements. These decreases were partially offset by pharmacy drug mix.

growth in specialty pharmacy and the acquisitions of Oak Street Health and Signify Health.

Operating expenses

- Operating expenses in the Health Services segment include selling, general and administrative expenses; and depreciation and amortization expense.
- Operating expenses increased \$302 million, or 56.2%, in the three months ended March 31, 2024 compared to the prior year primarily due to operating expenses associated with Oak Street Health and Signify Health, including the amortization of acquired intangible assets.

Adjusted operating income

- Adjusted operating income decreased \$317 million, or 18.9%, in the three months ended March 31, 2024 compared to the prior year primarily driven by continued pharmacy client price improvements, lower contributions from 340B, the previously announced loss of a large client during the three months ended March 31, 2024 and the inclusion of the Oak Street Health operating results in the three months ended March 31, 2024. These decreases were partially offset by

improved purchasing economics, including increased contributions from the products and services of the Company's group purchasing organization, as well as contributions from Signify Health in the three months ended March 31, 2024.

- As you review the Health Services segment's performance in this area, you should consider the following important information about the business:

The Company's efforts to (i) retain existing clients, (ii) obtain new business and (iii) maintain or improve the rebates, fees and/or discounts the Company receives from manufacturers, wholesalers and retail pharmacies continue to have an impact on adjusted operating income. In particular, the Company continues to share with clients a larger portion of rebates, fees and/or discounts received from pharmaceutical manufacturers. In addition, marketplace dynamics and regulatory changes have limited the Company's ability to offer plan sponsors pricing that includes retail network "differential" or "spread," and the Company expects these trends to continue. The "differential" or "spread" is any difference between the drug price charged to plan sponsors, including Medicare Part D plan sponsors, by a PBM and the price paid for the drug by the PBM to the dispensing provider.

Pharmacy claims processed

- Pharmacy claims processed represents the number of prescription claims processed through the Company's pharmacy benefits manager and dispensed by either its retail network pharmacies or the Company's mail and specialty pharmacies. Management uses this metric to understand variances between actual claims processed and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of pharmacy claim volume on segment total revenues and operating results.
- Pharmacy claims processed decreased 21.2% on a 30-day equivalent basis in the three months ended March 31, 2024 compared to the prior year, reflecting the previously announced loss of a large client during the three months ended March 31, 2024.

Generic dispensing rate

- Generic dispensing rate is calculated by dividing the Health Services segment's generic drug claims processed by its total claims processed. Management uses this metric to evaluate the effectiveness of the business at encouraging the use of generic drugs when they are available and clinically appropriate, which aids in decreasing costs for client members and retail customers. This metric provides management and investors with information useful in understanding trends in segment total revenues and operating results.
- The Health Services segment's generic dispensing rate remained relatively consistent at 88.3% in the three months ended March 31, 2024 compared to 88.4% in the prior year.

Pharmacy & Consumer Wellness Segment

The following table summarizes the Pharmacy & Consumer Wellness segment's performance for the respective periods:

<u>In millions, except percentages</u>	Three Months Ended				Change	
	2024	2023	\$	%		
Revenues:						
Products	\$ 28,120	\$ 27,258	\$ 862	3.2 %		
Services	605	667	(62)	(9.3)%		
Net investment income (loss)	—	(3)	3	100.0 %		
Total revenues	28,725	27,922	803	2.9 %		
Cost of products sold	22,760	21,876	884	4.0 %		
Loss on assets held for sale	—	349	(349)	(100.0)%		
Operating expenses	4,852	4,980	(128)	(2.6)%		
Operating expenses as a % of total revenues	16.9 %	17.8 %				
Operating income	\$ 1,113	\$ 717	\$ 396	55.2 %		
Operating income as a % of total revenues	3.9 %	2.6 %				
Adjusted operating income (1)	\$ 1,177	\$ 1,134	\$ 43	3.8 %		
Adjusted operating income as a % of total revenues	4.1 %	4.1 %				
Revenues (by major goods/service lines):						
Pharmacy	\$ 22,784	\$ 21,780	\$ 1,004	4.6 %		
Front Store	5,370	5,597	(227)	(4.1)%		

Other	571	548	23	4.2 %
Net investment income (loss)	—	(3)	3	100.0 %
Prescriptions filled (2)	417.6	404.8	12.8	3.2 %
Same store sales increase (decrease): (3)				
Total	5.3 %	11.6 %		
Pharmacy	7.3 %	12.7 %		
Front Store	(2.2)%	7.7 %		
Prescription volume (2)	5.8 %	5.0 %		
Generic dispensing rate (2)	90.1 %	89.4 %		

- (1) See "Segment Analysis" above in this report for a reconciliation of Pharmacy & Consumer Wellness segment operating income (GAAP measure) to adjusted operating income, dispenses prescriptions in its retail pharmacies and through its infusion operations, provides ancillary pharmacy services including pharmacy patient care programs, diagnostic testing and vaccination administration, and sells a wide assortment of health and wellness products and general merchandise. The segment also conducts long-term care pharmacy ("LTC") operations, which represents the Company's principal measure of segment performance.
- (2) Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.
- (3) Same store sales distribute prescription drugs and prescription volume represent the change in revenues and prescriptions filled in the Company's retail provide related pharmacy stores that have been operating for greater than one year and digital sales initiated online or through mobile applications and fulfilled through the Company's distribution centers, expressed as a percentage that indicates the increase or decrease relative to the comparable prior period. Same store metrics exclude revenues and prescriptions from LTC and infusion services operations. Management uses these metrics to evaluate the performance of existing stores on a comparable basis and to inform future decisions regarding existing stores and new locations. Same-store metrics provide management and investors with information useful in understanding the portion of current revenues and prescriptions resulting from organic growth in existing locations versus the portion resulting from opening new stores.

Commentary - Three Months Ended March 31, 2024 vs. 2023

Revenues

- Total revenues increased \$803 million, or 2.9%, in consulting and ancillary services to long-term care facilities and other care settings, and provides pharmacy fulfillment services to support the three months ended March 31, 2024 compared to the prior year primarily driven by increased prescription volume, including increased contributions from vaccinations, as well as Health Services segment's specialty and mail order pharmacy drug mix. These increases were partially offset by the impact offerings. As of recent generic introductions, continued pharmacy reimbursement pressure and decreased front store volume, reflecting the impact of a decrease in store count and lower contributions from coronavirus disease 2019 ("COVID-19") over-the-counter ("OTC") test kits.
- Pharmacy same store sales increased 7.3% in the three months ended March 31, 2024 compared to the prior year. The increase was primarily driven by the 5.8% increase in pharmacy same store prescription volume on a 30-day equivalent basis and pharmacy drug mix. These increases were partially offset by the impact of recent generic introductions and continued pharmacy reimbursement pressure.
- Front store same store sales decreased 2.2% in the three months ended March 31, 2024 compared to the prior year. The decrease was primarily due to decreased sales of COVID-19 OTC test kits.

Loss on assets held for sale

- During the three months ended March 31, 2023 June 30, 2024, the Company recorded a \$349 million loss on assets held for sale related to the write-down of its LTC business.

Operating expenses

- Operating expenses in the Pharmacy & Consumer Wellness segment include payroll, employee benefits and occupancy costs associated with the segment's stores and pharmacy fulfillment operations; selling expenses; advertising expenses; depreciation and amortization expense and certain administrative expenses.
- Operating expenses decreased \$128 million, or 2.6%, in the three months ended March 31, 2024 compared to the prior year. The decrease was primarily due to the impact of the decrease in store count and gains from anti-trust legal settlements recorded in the three months ended March 31, 2024.

Adjusted operating income

- Adjusted operating income increased \$43 million, or 3.8%, in the three months ended March 31, 2024 compared to the prior year primarily driven by increased prescription volume, including increased contributions from vaccinations, improved drug purchasing and decreased operating expenses, including the favorable impact of the decrease in store count, during the three months ended March 31, 2024. These increases were partially offset by continued pharmacy reimbursement pressure.
- As you review the Pharmacy & Consumer Wellness segment's performance in this area, you should consider the following important information about the business:
 - The segment's adjusted operating income has been adversely affected by the efforts of managed care organizations, PBMs and governmental and other third-party payors to reduce their prescription drug costs, including the use of restrictive networks, operated more than 9,000 retail locations, as well as changes in the mix of business within the online retail pharmacy portion websites, LTC pharmacies and on-site pharmacies, retail specialty pharmacy stores, compounding pharmacies and branches for infusion and enteral nutrition services.

Overview of the Pharmacy & Consumer Wellness segment. If the pharmacy reimbursement pressure accelerates, the segment may not be able to grow revenues, and its adjusted operating income could be adversely affected.

- The increased use of generic drugs has positively impacted the segment's adjusted operating income but has resulted in third-party payors augmenting their efforts to reduce reimbursement payments to retail pharmacies for prescriptions. This trend, which the Company expects to continue, reduces the benefit the segment realizes from brand to generic drug conversions.

Prescriptions filled

- Prescriptions filled represents the number of prescriptions dispensed through the Pharmacy & Consumer Wellness segment's retail and long-term care pharmacies and infusion services operations. Management uses this metric to understand variances between actual prescriptions dispensed and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of prescription volume on segment total revenues and operating results.
- Prescriptions filled increased 3.2% on a 30-day equivalent basis in the three months ended March 31, 2024 compared to the prior year primarily driven by increased utilization.

Generic dispensing rate

- Generic dispensing rate is calculated by dividing the Pharmacy & Consumer Wellness segment's generic drug prescriptions filled by its total prescriptions filled. Management uses this metric to evaluate the effectiveness of the business at encouraging the use of generic drugs when they are available and clinically appropriate, which aids in decreasing costs for client members and retail customers. This metric provides management and investors with information useful in understanding trends in segment total revenues and operating results.
- The Pharmacy & Consumer Wellness segment's generic dispensing rate increased to 90.1% in the three months ended March 31, 2024 compared to 89.4% in the prior year. The increase in the segment's generic dispensing rate was primarily driven by the impact of new generic drug introductions and the Company's ongoing efforts to encourage plan members to use generic drugs when they are available and clinically appropriate.

Corporate/Other Segment

The following table summarizes Company presents the remainder of its financial results in the Corporate/Other segment's performance for the respective periods:

<u>In millions, except percentages</u>	Three Months Ended		Change	
	2024	2023	\$	%
Revenues:				
Premiums	\$ 12	\$ 13	\$ (1)	(7.7)%
Services	2	2	—	— %
Net investment income	101	173	(72)	(41.6)%
Total revenues	115	188	(73)	(38.8)%
Cost of products sold	—	1	(1)	(100.0)%
Health care costs	47	52	(5)	(9.6)%
Operating expenses	551	452	99	21.9 %
Operating loss	(483)	(317)	(166)	(52.4)%
Adjusted operating loss ⁽¹⁾	(315)	(268)	(47)	(17.5)%

(1) See "Segment Analysis" above in this report for a reconciliation of Corporate/Other segment, operating loss (GAAP measure) to adjusted operating loss, which represents the Company's principal measure of segment performance, primarily consists of:

Commentary - Three Months Ended March 31, 2024 vs. 2023

Revenues

- Revenues primarily relate Management and administrative expenses to products support the Company's overall operations, which include certain aspects of executive management and the corporate relations, legal, compliance, human resources and finance departments, information technology, digital, data and analytics, as well as acquisition-related transaction and integration costs; and
- Products for which the Company no longer solicits or accepts new customers, such as its large case pensions and long-term care insurance products.

Operating Results

The following discussion explains the material changes in the Company's operating results for the three and six months ended June 30, 2024 and 2023, and the significant developments affecting the Company's financial condition since December 31, 2023. We strongly recommend that you read our audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K").

Summary of Consolidated Financial Results

<u>In millions</u>	Three Months Ended		Six Months Ended		Change	
	June 30,		June 30,		Three Months Ended	Six Months Ended
	2024	2023	2024	2023	June 30, 2024 vs 2023	June 30, 2024 vs 2023
					\$	%

Revenues:										
Products	\$ 56,212	\$ 60,539	\$ 109,936	\$ 118,686	\$ (4,327)	(7.1)%	\$ (8,750)	(7.4)%		
Premiums	30,667	25,108	61,058	49,460	5,559	22.1 %	11,598	23.4 %		
Services	3,961	3,000	7,829	5,445	961	32.0 %	2,384	43.8 %		
Net investment income	394	274	848	608	120	43.8 %	240	39.5 %		
Total revenues	91,234	88,921	179,671	174,199	2,313	2.6 %	5,472	3.1 %		
Operating costs:										
Cost of products sold	49,998	53,536	98,071	104,991	(3,538)	(6.6)%	(6,920)	(6.6)%		
Health care costs	27,853	21,782	55,656	42,230	6,071	27.9 %	13,426	31.8 %		
Operating expenses	10,338	9,873	20,628	19,453	465	4.7 %	1,175	6.0 %		
Restructuring charge	—	496	—	496	(496)	(100.0)%	(496)	(100.0)%		
Loss on assets held for sale	—	—	—	349	—	— %	(349)	(100.0)%		
Total operating costs	88,189	85,687	174,355	167,519	2,502	2.9 %	6,836	4.1 %		
Operating income	3,045	3,234	5,316	6,680	(189)	(5.8)%	(1,364)	(20.4)%		
Interest expense	732	686	1,448	1,275	46	6.7 %	173	13.6 %		
Other income	(24)	(22)	(49)	(44)	(2)	(9.1)%	(5)	(11.4)%		
Income before income tax provision	2,337	2,570	3,917	5,449	(233)	(9.1)%	(1,532)	(28.1)%		
Income tax provision	569	656	1,025	1,393	(87)	(13.3)%	(368)	(26.4)%		
Net income	1,768	1,914	2,892	4,056	(146)	(7.6)%	(1,164)	(28.7)%		
Net (income) loss attributable to noncontrolling interests	2	(13)	(9)	(19)	15	115.4 %	10	52.6 %		
Net income attributable to CVS Health	\$ 1,770	\$ 1,901	\$ 2,883	\$ 4,037	\$ (131)	(6.9)%	\$ (1,154)	(28.6)%		

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues decreased \$73 million increased \$2.3 billion, or 38.8% 2.6%, in the three months ended March 31, 2024 June 30, 2024 compared to the prior year primarily driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$465 million, or 4.7%, in the three months ended June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Operating income

- Operating income decreased \$189 million, or 5.8%, in the three months ended June 30, 2024, primarily due to declines in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by the absence of a \$496 million restructuring charge recorded in the prior year and a decrease in net investment income, reflecting lower average invested assets acquisition-related transaction and integration costs compared to the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Adjusted operating loss Interest expense

- Adjusted operating loss Interest expense increased \$47 million \$46 million, or 17.5% 6.7%, due to higher debt in the three months ended March 31, 2024 June 30, 2024, primarily driven by long-term debt issued in June of 2023 to fund the Company's acquisition of Oak Street Health, as well as long-term debt issued in May of 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 24.3% for the three months ended June 30, 2024 compared to 25.5% for the three months ended June 30, 2023. The decrease in the effective income tax rate was primarily due to a state tax settlement during the three months ended June 30, 2024.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$5.5 billion, or 3.1%, in the six months ended June 30, 2024 compared to the prior year primarily driven by growth in the decrease in net investment income described above, Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by decreased a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$1.2 billion, or 6.0%, in the six months ended June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business and operating expenses associated with Oak Street Health which was acquired in May of 2023, including the termination amortization of certain transformation initiatives, acquired intangible assets. These increases were partially offset by a decline in operating expenses in the Pharmacy & Consumer Wellness segment due to the impact of a decrease in store count.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Liquidity and Capital Resources

Cash Flows

The Company maintains a level of liquidity sufficient to allow it to meet its cash needs in the short-term. Over the long term, the Company manages its cash and capital structure to maximize shareholder return, maintain its financial condition and maintain flexibility for future strategic initiatives. The Company continuously assesses its regulatory capital requirements, working capital needs, debt and leverage levels, debt maturity schedule, capital expenditure requirements, dividend payouts, potential share repurchases and future investments or acquisitions. The Company believes its operating cash flows, commercial paper program, credit facilities, as well as any potential future borrowings, will be sufficient to fund these future payments and long-term initiatives. As of March 31, 2024, the Company had approximately \$9.8 billion in cash and cash equivalents, approximately \$1.9 billion of which was held by the parent company or nonrestricted subsidiaries.

The net change in cash, cash equivalents and restricted cash during the three months ended March 31, 2024 and 2023 was as follows:

	Three Months Ended		Change	
	March 31, 2024	2023	\$	%
<u>In millions, except percentages</u>				
Net cash provided by operating activities	\$ 4,903	\$ 7,438	\$ (2,535)	(34.1)%
Net cash used in investing activities	(2,094)	(8,514)	6,420	75.4 %
Net cash provided by (used in) financing activities	(1,227)	2,726	(3,953)	(145.0)%
Net increase in cash, cash equivalents and restricted cash	\$ 1,582	\$ 1,650	\$ (68)	(4.1)%

Commentary

Operating income

- Net cash provided by operating activities Operating income decreased by \$2.5 billion \$1.4 billion, or 20.4%, in the three six months ended March 31, 2024 June 30, 2024 compared to the prior year. The decrease in operating income was primarily driven by declines in the Health Care Benefits and Health Services segments, partially offset by the absence of the \$496 million restructuring charge and a \$349 million loss on assets held for sale related to the write-down of the Company's Omnicare® long-term care business, both recorded in the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Interest expense

- Interest expense increased \$173 million, or 13.6%, due to higher debt in the six months ended June 30, 2024, primarily driven by long-term debt issued in February and June of 2023 to fund the Company's acquisitions of Signify Health and Oak Street Health, respectively, as well as long-term debt issued in May 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 26.2% for the six months ended June 30, 2024 compared to 25.6% for the six months ended June 30, 2023. The increase in the effective income tax rate was primarily due to the early receipt impact of the April 2023 CMS payment of \$5.1 billion in the prior year, certain discrete tax items, partially offset by lower inventory purchases and a state tax settlement during the timing of payments and receipts.
- Net cash used in investing activities decreased by \$6.4 billion in the three six months ended March 31, 2024 compared to the prior year primarily due to the acquisition of Signify Health in March 2023, partially offset by higher net purchases of investments.
- Net cash used in financing activities was \$1.2 billion in the three months ended March 31, 2024 compared to net cash provided by financing activities of \$2.7 billion in the prior year. The change in cash provided by (used in) financing activities primarily related to proceeds from the issuance of \$6.0 billion of long-term senior notes in the prior year and higher share repurchases during the three months ended March 31, 2024 compared to the prior year, partially offset by proceeds from commercial paper borrowings during the three months ended March 31, 2024 June 30, 2024.

2024 Outlook

The Company believes you should consider the following key business and regulatory trends and uncertainties:

Short-term Borrowings

Commercial Paper and Back-up Credit Facilities

The Company did not have any commercial paper outstanding as of June 30, 2024. The Company had \$2.7 billion \$200 million of commercial paper outstanding at a weighted average interest rate of 5.56% 4.31% as of March 31, 2024 December 31, 2023. In connection with its commercial paper program, the Company maintains a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 16, 2025, a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 11, 2026, and a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 16, 2027. The credit facilities allow for borrowings at various rates that are dependent, in part, on the Company's public debt ratings and require the Company to pay a weighted average quarterly facility fee of approximately 0.03%, regardless of usage. As of March 31, 2024, there were no borrowings outstanding under any of the Company's back-up credit facilities.

Term Loan Credit Agreement

On March 25, 2024, the Company entered into a 364-day \$3.0 billion \$3.0 billion term loan credit agreement. The term loan credit agreement allows allowed for borrowings at various rates that are were dependent, in part, on the Company's public debt ratings. As On May 9, 2024, following the issuance of March 31, 2024, there the \$5.0 billion in senior notes described under "Long-term Borrowings" below, the term loan credit agreement terminated. There were no borrowings outstanding under the term loan credit agreement through the date of termination.

Federal Home Loan Bank of Boston

A subsidiary of the Company is a member of the Federal Home Loan Bank of Boston (the "FHLBB"). As a member, the subsidiary has the ability to obtain cash advances, subject to certain minimum collateral requirements. The maximum Long-term Borrowings

borrowing capacity available from the FHLBB as of March 31, 2024 was approximately \$1.1 billion. As of March 31, 2024, there were no outstanding advances from the FHLBB. 2024 Notes

Debt Covenants

The Company's back-up revolving credit facilities, term loan agreement and unsecured senior notes contain customary restrictive financial and operating covenants. These covenants do not include an acceleration of the Company's debt maturities in the event of a downgrade in the Company's credit ratings. The Company does not believe the restrictions contained in these covenants materially affect its financial or operating flexibility. As of March 31, 2024 On May 9, 2024, the Company was in compliance with all issued \$1.0 billion aggregate principal amount of its debt covenants. 5.4% senior notes due June 2029, \$1.0 billion aggregate principal amount of 5.55% senior notes due June 2031, \$1.25 billion aggregate principal amount of 5.7% senior notes due June 2034, \$750 million aggregate principal amount of 6.0% senior notes due June 2044 and \$1.0 billion aggregate principal amount of 6.05% senior notes due June 2054 for total proceeds of approximately \$5.0 billion, net of discounts and underwriting fees. The net proceeds of these offerings were used for general corporate purposes.

Debt Ratings 8. Shareholders' Equity

As of March 31, 2024, the Company's long-term debt was rated "Baa2" by Moody's Investor Service, Inc. ("Moody's") and "BBB" by Standard & Poor's Financial Services LLC ("S&P"), and its commercial paper program was rated "P-2" by Moody's and "A-2" by S&P. The outlook on the Company's long-term debt is "Stable" by both Moody's and S&P. In assessing the Company's credit strength, the Company believes that both Moody's and S&P considered, among other things, the Company's capital structure and financial policies as well as its consolidated balance sheet, its historical acquisition activity and other financial information. Although the Company currently believes its long-term debt ratings will remain investment grade, it cannot guarantee the future actions of Moody's and/or S&P. The Company's debt ratings have a direct impact on its future borrowing costs, access to capital markets and new store operating lease costs.

Share Repurchase Programs Repurchases

The following share repurchase programs have been authorized by CVS Health Corporation's Board of Directors (the "Board"):

In billions Authorization Date	In billions Authorization Date	Authorized	Remaining as of March 31, 2024	In billions Authorization Date	Authorized	Remaining as of June 30, 2024
November 17, 2022 ("2022 Repurchase Program")						
December 9, 2021 ("2021 Repurchase Program")						

Each of the share Repurchase Programs was effective immediately and permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase ("ASR") transactions, and/or other derivative transactions. Both the 2022 and 2021 Repurchase Programs can be modified or terminated by the Board at any time.

During the three six months ended March 31, 2024 June 30, 2024 and 2023, the Company repurchased an aggregate of 39.7 million shares of common stock for approximately \$3.0 billion and an aggregate of 22.8 million shares of common stock for approximately \$2.0 billion, respectively, both pursuant to the 2021 Repurchase Program. This activity includes the share repurchases under the ASR transactions described below.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$3.0 billion fixed dollar ASR with Morgan Stanley & Co. LLC. Upon payment of the \$3.0 billion purchase price on January 4, 2024, the Company received a number of shares of CVS Health Corporation's common stock equal to 85% of the \$3.0 billion notional amount of the ASR or approximately 31.4 million shares, which were placed into treasury stock in January 2024. The ASR was accounted for as an initial treasury stock transaction for \$2.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In March 2024, the Company received approximately 8.3 million shares of CVS Health Corporation's common stock, representing the remaining 15% of the \$3.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in March 2024.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$2.0 billion fixed dollar ASR with Citibank, N.A. Upon payment of the \$2.0 billion purchase price on January 4, 2023, the Company received a number of shares of CVS Health Corporation's common stock equal to 80% of the \$2.0 billion notional amount of the ASR or approximately 17.4 million shares, which were placed into treasury stock in January 2023. The ASR was accounted for as an initial treasury stock transaction for \$1.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In February 2023, the Company received

approximately 5.4 million shares of CVS Health Corporation's common stock, representing the remaining 20% of the \$2.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in February 2023.

At the time they were received, the initial and final receipt of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share.

Dividends

The quarterly cash dividend declared by the Board was \$0.665 and \$0.605 per share in the three months ended June 30, 2024 and 2023, respectively. Cash dividends declared by the Board were \$1.33 and \$1.21 per share in the six months ended June 30, 2024 and 2023, respectively. CVS Health Corporation has paid cash dividends every quarter since becoming a public company. Future dividend payments will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board.

9. Other Comprehensive Income (Loss)

Shareholders' equity included the following activity in accumulated other comprehensive loss for the three and six months ended June 30, 2024 and 2023:

<i>In millions</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net unrealized investment losses:				
Beginning of period balance	\$ (537)	\$ (1,049)	\$ (429)	\$ (1,519)
Other comprehensive income (loss) before reclassifications (\$121), \$(175), \$(283), \$165 pretax)	(109)	(174)	(265)	165
Amounts reclassified from accumulated other comprehensive loss (\$94, \$110, \$148, \$241 pretax) ⁽¹⁾	82	110	130	241
Other comprehensive income (loss)	(27)	(64)	(135)	406
End of period balance	(564)	(1,113)	(564)	(1,113)
Change in discount rate on long-duration insurance reserves:				
Beginning of period balance	220	145	152	219
Other comprehensive income (loss) before reclassifications (\$68, \$78, \$156, \$23) pretax)	53	60	121	(14)
Other comprehensive income (loss)	53	60	121	(14)
End of period balance	273	205	273	205
Foreign currency translation adjustments:				
Beginning of period balance	—	(1)	—	—
Other comprehensive income before reclassifications	—	2	—	—
Other comprehensive income	—	2	—	1
End of period balance	—	1	—	1
Net cash flow hedges:				
Beginning of period balance	240	233	244	239
Other comprehensive income (loss) before reclassifications (\$0, \$3, \$0, \$(3) pretax)	—	2	—	(2)
Amounts reclassified from accumulated other comprehensive income \$(5), \$23, \$(11), \$20 pretax) ⁽²⁾	(4)	17	(8)	15
Other comprehensive income (loss)	(4)	19	(8)	13
End of period balance	236	252	236	252
Pension and other postretirement benefits:				
Beginning of period balance	(264)	(203)	(264)	(203)
Other comprehensive income	—	—	—	—
End of period balance	(264)	(203)	(264)	(203)
Total beginning of period accumulated other comprehensive loss	(341)	(875)	(297)	(1,264)
Total other comprehensive income (loss)	22	17	(22)	406
Total end of period accumulated other comprehensive loss	\$ (319)	\$ (858)	\$ (319)	\$ (858)

- (1) Amounts reclassified from accumulated other comprehensive loss for specifically identified debt securities are included in net investment income in the unaudited condensed consolidated statements of operations.
- (2) Amounts reclassified from accumulated other comprehensive income for specifically identified cash flow hedges are included in interest expense in the unaudited condensed consolidated statements of operations. The Company expects to reclassify approximately \$22 million, net of tax, in net gains associated with its cash flow hedges into net income within the next 12 months.

10. Earnings Per Share

Earnings per share is computed using the treasury stock method. Stock options and stock appreciation rights to purchase 7 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share in each of the three and six-month periods ended June 30, 2024 because their exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. For the same reason, stock options and stock appreciation rights to purchase 9 million and 6 million shares of common stock were outstanding, but were excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2023, respectively.

The following is a reconciliation of basic and diluted earnings per share for the three and six months ended June 30, 2024 and 2023:

<i>In millions, except per share amounts</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator for earnings per share calculation:				
Net income attributable to CVS Health	\$ 1,770	\$ 1,901	\$ 2,883	\$ 4,037
Denominator for earnings per share calculation:				
Weighted average shares, basic	1,256	1,283	1,258	1,283
Restricted stock units and performance stock units	1	2	3	4
Stock options and stock appreciation rights	2	2	2	2
Weighted average shares, diluted	<u>1,259</u>	<u>1,287</u>	<u>1,263</u>	<u>1,289</u>
Earnings per share:				
Basic	\$ 1.41	\$ 1.48	\$ 2.29	\$ 3.15
Diluted	\$ 1.41	\$ 1.48	\$ 2.28	\$ 3.13

11. Commitments and Contingencies

Lease Guarantees

Between 1995 and 1997, the Company sold or spun off a number of subsidiaries, including Bob's Stores and Linens 'n Things, each of which subsequently filed for bankruptcy, and Marshalls. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the former subsidiary's lease obligations for the initial lease term and any extension thereof pursuant to a renewal option provided for in the lease prior to the time of the disposition. When the subsidiaries were disposed of and accounted for as discontinued operations, the Company's guarantees remained in place, although each initial purchaser agreed to indemnify the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries fail to make the required payments under a store lease, the Company could be required to satisfy those obligations. As of June 30, 2024, the Company guaranteed 62 such store leases (excluding the lease guarantees related to Linens 'n Things, which have been recorded as a liability on the unaudited condensed consolidated balance sheets), with the maximum remaining lease term extending through 2035.

Guaranty Fund Assessments, Market Stabilization and Other Non-Voluntary Risk Sharing Pools

Under guaranty fund laws existing in all states, insurers doing business in those states can be assessed (in most states up to prescribed limits) for certain obligations of insolvent insurance companies to policyholders and claimants. The life and health insurance guaranty associations in which the Company participates that operate under these laws respond to insolvencies of long-term care insurers and life insurers as well as health insurers. The Company's assessments generally are based on a formula relating to the Company's health care premiums in the state compared to the premiums of other insurers. Certain states allow assessments to be recovered over time as offsets to premium taxes. Some states have similar laws relating to health maintenance organizations ("HMOs") and/or other payors such as not-for-profit consumer-governed health plans established under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

In 2009, the Pennsylvania Insurance Commissioner placed long-term care insurer Penn Treaty Network America Insurance Company and one of its subsidiaries (collectively, "Penn Treaty") in rehabilitation, an intermediate action before insolvency,

and subsequently petitioned a state court to convert the rehabilitation into a liquidation. Penn Treaty was placed in liquidation in March 2017. The Company has recorded a liability for its estimated share of future assessments by applicable life and health insurance guaranty associations. It is reasonably possible that in the future the Company may record a liability and expense relating to other insolvencies which could have a material adverse effect on the Company's operating results, financial condition and cash flows. While historically the Company has ultimately recovered more than half of guaranty fund assessments through statutorily permitted premium tax offsets, significant increases in assessments could lead to legislative and/or regulatory actions that limit future offsets.

HMOs in certain states in which the Company does business are subject to assessments, including market stabilization and other risk-sharing pools, for which the Company is assessed charges based on incurred claims, demographic membership mix and other factors. The Company establishes liabilities for these assessments based on applicable laws

and regulations. In certain states, the ultimate assessments the Company pays are dependent upon the Company's experience relative to other entities subject to the assessment, and the ultimate liability is not known at the financial statement date. While the ultimate amount of the assessment is dependent upon the experience of all pool participants, the Company believes it has adequate reserves to cover such assessments.

Litigation and Regulatory Proceedings

The Company has been involved or is currently involved in numerous legal proceedings, including litigation, arbitration, government investigations, audits, reviews and claims. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, the U.S. Department of Justice (the "DOJ"), state Attorneys General, the U.S. Drug Enforcement Administration (the "DEA"), the U.S. Federal Trade Commission (the "FTC") and other governmental authorities.

Legal proceedings, in general, and securities, class action and multi-district litigation, in particular, and governmental special investigations, audits and reviews can be expensive and disruptive. Some of the litigation matters may purport or be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. The Company also may be named from time to time in *qui tam* actions initiated by private third parties that could also be separately pursued by a governmental body. The results of legal proceedings, including government investigations, are often uncertain and difficult to predict, and the costs incurred in these matters can be substantial, regardless of the outcome.

The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. Other than the controlled substances litigation accruals described below, none of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's unaudited condensed consolidated balance sheets.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and the Company is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters. The Company believes that its defenses and assertions in pending legal proceedings have merit and does not believe that any of these pending matters, after consideration of applicable reserves and rights to indemnification, will have a material adverse effect on the Company's financial position. Substantial unanticipated verdicts, fines and rulings, however, do sometimes occur, which could result in judgments against the Company, entry into settlements or a revision to its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations. In addition, as a result of governmental investigations or proceedings, the Company may be subject to damages, civil or criminal fines or penalties, or other sanctions including possible suspension or loss of licensure and/or exclusion from participating in government programs. The outcome of such governmental investigations or proceedings could be material to the Company.

Usual and Customary Pricing Litigation

The Company is named as a defendant in a number of lawsuits that allege that the Company's retail pharmacies overcharged for prescription drugs by not submitting the correct usual and customary price during the claims adjudication process. These actions are brought by a number of different types of plaintiffs, including plan members, private payors and government payors, and are based on different legal theories. Some of these cases are brought as putative class actions, and in some instances, classes have been certified. The Company is defending itself against these claims.

PBM Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its PBM practices.

The Company is facing multiple lawsuits, including by state Attorneys General, governmental subdivisions, private parties and several putative class actions, regarding drug pricing and its rebate arrangements with drug manufacturers. These complaints, brought by a number of different types of plaintiffs under a variety of legal theories, generally allege that rebate agreements between the drug manufacturers and PBMs caused inflated prices for certain drug products. The majority of these cases have now been transferred into a multi-district litigation in the U.S. District Court for the District of New Jersey. The Company is defending itself against these claims. The Company has also received subpoenas, civil investigative demands ("CIDs"), and other requests for documents and information from, and is being investigated by, the FTC and Attorneys General of several states and the District of Columbia regarding its PBM practices, including pharmacy contracting practices and reimbursement, pricing and rebates. The Company has been providing documents and information in response to these subpoenas, CIDs, and requests for information. In July 2024, the FTC released an interim staff report on PBMs in which it studies, among other things, the impacts that the PBM industry may have on prescription drug costs and pharmacies. The Company disagrees with many of the statements made in the FTC's interim staff report.

United States ex rel. Behnke v. CVS Caremark Corporation, et al. (U.S. District Court for the Eastern District of Pennsylvania). In April 2018, the Court unsealed a complaint filed in February 2014. The government has declined to intervene in this case. The relator alleges that the Company submitted, or caused to be submitted, to Part D of the Medicare program Prescription Drug Event data and/or Direct and Indirect Remuneration reports that misrepresented true prices paid by the Company's PBM to pharmacies for drugs dispensed to Part D beneficiaries with prescription benefits administered by the Company's PBM. The Company is defending itself against these claims.

Controlled Substances Litigation, Audits and Subpoenas

In December 2022, the Company agreed to a formal settlement agreement, the financial amounts of which were agreed to in principle in October 2022, with a leadership group of a number of state Attorneys General and the Plaintiffs' Executive Committee. Upon finalization, the agreement resolves substantially all opioid claims against Company entities by participating states and political subdivisions but not private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The maximum amount payable by the Company under the settlement is approximately \$4.3 billion in opioid remediation and \$625 million in attorneys' fees and costs and additional remediation. The amounts are payable over 10 years, beginning in 2023. The agreement also contains injunctive terms relating to the dispensing of opioid medications. The settlement agreement is available at nationalopioidsettlement.com.

Upon reaching an agreement in principle in October 2022, the Company concluded that settlement of opioid claims by governmental entities and tribes was probable, and the loss related thereto could be reasonably estimated. As a result of that conclusion, and its assessment of certain other opioid-related claims including those for which the Company reached agreement in August and September 2022, the Company recorded pre-tax charges of \$5.3 billion during the year ended December 31, 2022. Settlement accruals expected to be paid within twelve months from the balance sheet date are classified as accrued expenses on the unaudited condensed consolidated balance sheets and settlement accruals expected to be paid greater than twelve months from the balance sheet date are classified as other long-term liabilities on the unaudited condensed consolidated balance sheets.

In June 2023, the Company elected to move forward with a final settlement agreement, the financial amounts of which were agreed to in principle in October 2022, to resolve claims brought by participating states and political subdivisions such as counties, cities, and towns, but not by private plaintiffs, alleging claims beginning as far back as the early 2000s generally concerning the impacts of widespread prescription opioid abuse. The agreement became effective in June 2023.

Forty-five states, the District of Columbia, and all eligible United States territories are participating in the settlement. A high percentage of eligible subdivisions within the participating states also have elected to join the settlement. The Company has separately entered into settlement agreements with four states – Florida, West Virginia, New Mexico and Nevada – and a high percentage of eligible subdivisions within those states also have elected to participate.

The final settlement agreement contains certain contingencies related to payment obligations. Because these contingencies are inherently unpredictable, the assessment requires judgments about future events. The amount of ultimate loss may differ from the amount accrued by the Company.

The State of Maryland has elected not to participate, and thus subdivisions within the State of Maryland may not participate, in the settlement. The State of Maryland has issued a civil subpoena for information from the Company, and litigation is pending with certain subdivisions within the State of Maryland. Trial in the case brought by the City of Baltimore is scheduled to begin in September 2024. The Company is defending itself against claims made in these cases.

In December 2022, the Company also agreed to a formal settlement agreement with a leadership group representing tribes throughout the United States. The agreement resolves substantially all opioid claims against Company entities by such tribes. The maximum amount payable by the Company under the settlement is \$113 million in opioid remediation and \$16 million in attorneys' fees and costs, payable over 10 years. The Company also entered into a separate settlement with the Cherokee Nation.

These settlements resolve a majority of the cases against the Company that had been pending in the consolidated multidistrict litigation captioned *In re National Prescription Opiate Litigation* (MDL No. 2804) pending in the U.S. District Court for the Northern District of Ohio. However, certain opioid-related cases against the Company remain pending in the multidistrict litigation and in various state courts, including those brought by non-participating subdivisions and private parties such as hospitals and third-party payors. The Company continues to defend those cases.

In November 2021, the Company was among the chain pharmacies found liable by a jury in a trial in federal court in Ohio; in August 2022, the court issued a judgment jointly against the three defendants in the amount of \$651 million to be paid over 15 years and also ordered certain injunctive relief. The Company is appealing the judgment and has not accrued a liability for this matter.

Because of the many uncertainties associated with any settlement arrangement or other resolution of opioid-related litigation matters, and because the Company continues to actively defend ongoing litigation for which it believes it has defenses and assertions that have merit, the Company is not able to reasonably estimate the range of ultimate possible loss for all opioid-related litigation matters at this time. The outcome of these legal matters could have a material effect on the Company's business, financial condition, operating results and/or cash flows.

In January 2020, the DOJ served the Company with a DEA administrative subpoena. The subpoena seeks documents relating to practices with respect to prescription opioids and other controlled substances at CVS pharmacy locations concerning potential violations of the federal Controlled Substances Act and the federal False Claims Act. The DOJ subsequently served additional DEA administrative subpoenas relating to controlled substances. The DOJ also served the Company with additional CIDs relating to controlled substances. The Company is providing documents and information in response to these matters.

Prescription Processing Litigation and Investigations

The Company is named as a defendant in a number of lawsuits and is subject to a number of investigations concerning its prescription processing practices, including related to billing government payors for prescriptions, and the following:

U.S. ex rel. Bassan et al. v. Omnicare, Inc. and CVS Health Corp. (U.S. District Court for the Southern District of New York). In December 2019, the U.S. Attorney's Office for the Southern District of New York filed a complaint-in-intervention in this previously sealed *qui tam* case. The complaint alleges that for certain non-skilled nursing facilities, Omnicare improperly filled prescriptions beyond one year where a valid prescription did not exist and that these dispensing events violated the federal False Claims Act. The Company is defending itself against these claims.

U.S. ex rel. Gill et al. v. CVS Health Corp. et al. (U.S. District Court for the Northern District of Illinois). In July 2022, the Delaware Attorney General's Office moved for partial intervention as to allegations under the Delaware false claims act related to not escheating alleged overpayments in this previously sealed *qui tam* case. The federal government and the remaining states declined to intervene on other additional theories in the relator's complaint. The Company is defending itself against all of the claims.

Provider Proceedings

The Company is named as a defendant in purported class actions and individual lawsuits arising out of its practices related to the payment of claims for services rendered to its members by providers with whom the Company has a contract and with whom the Company does not have a contract ("out-of-network providers"). Among other things, these lawsuits allege that the Company paid too little to its health plan members and/or providers for out-of-network services (including COVID-19 testing) and/or otherwise allege that the Company failed to timely or appropriately pay or administer claims and benefits (including the

Company's post payment audit and collection practices). Other major health insurers are the subject of similar litigation or have settled similar litigation.

The Company also has received subpoenas and/or requests for documents and other information from, and been investigated by, state Attorneys General and other state and/or federal regulators, legislators and agencies relating to claims payments, and the Company is involved in other litigation regarding, its out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against the Company with respect to its out-of-network benefit payment and/or administration practices.

CMS Actions

CMS regularly audits the Company's performance to determine its compliance with CMS's regulations and its contracts with CMS and to assess the quality of services it provides to Medicare beneficiaries. CMS uses various payment mechanisms to allocate and adjust premium payments to the Company's and other companies' Medicare plans by considering the applicable health status of Medicare members as supported by information prepared, maintained and provided by providers. The Company collects claim and encounter data from providers and generally relies on providers to appropriately code their submissions to the Company and document their medical records, including the diagnosis data submitted to the Company with claims. CMS pays increased premiums to Medicare Advantage plans and Medicare PDP plans for members who have certain medical conditions identified with specific diagnosis codes. Federal regulators review and audit the providers' medical records to determine whether those records support the related diagnosis codes that determine the members' health status and the resulting risk-adjusted premium payments to the Company. In that regard, CMS has instituted risk adjustment data validation ("RADV") audits of various Medicare Advantage plans, including certain of the Company's plans, to validate coding practices and supporting medical record documentation maintained by providers and the resulting risk-adjusted premium payments to the plans. CMS may require the Company to refund premium payments if the Company's risk-adjusted premiums are not properly supported by medical record data. The Office of the Inspector General of the U.S. Department of Health and Human Services (the "OIG") also is auditing the Company's risk adjustment-related data and that of other companies. The Company expects CMS and the OIG to continue these types of audits.

In 2012, in the "Notice of Final Payment Error Calculation for Part C Medicare Advantage Risk Adjustment Validation Data ("RADV") Contract-Level Audits," CMS revised its audit methodology for RADV contract-level audits to determine refunds payable by Medicare Advantage plans for contract year 2011 and forward. Under the revised methodology, among other things, CMS announced extrapolation of the error rate identified in the audit sample along with the application of a process to account for errors in the government's traditional fee-for-service Medicare program ("FFS Adjuster"). For contract years prior to 2011, CMS did not extrapolate sample error rates to the entire contract, nor did CMS propose to apply a FFS adjuster. By applying the FFS Adjuster, Medicare Advantage organizations would have been liable for repayments only to the extent that their extrapolated payment errors exceeded the error rate in Original Medicare, which could have impacted the extrapolated repayments to which Medicare Advantage organizations are subject. This revised contract-level audit methodology increased the Company's exposure to premium refunds to CMS based on incomplete medical records maintained by providers. In the RADV audit methodology CMS used from 2011-2013, CMS selected only a few of the Company's Medicare Advantage contracts for various contract years for contract-level RADV audits. In October 2018, CMS in the proposed rule announced a new methodology for RADV audits targeting certain health conditions and members with many diagnostic conditions along with extrapolation for the error rates identified without use of a FFS Adjuster. While the rule was under proposal, CMS initiated contract-level RADV audits for the years 2014 and 2015 with this new RADV methodology without a final rule.

On January 30, 2023, CMS released the final rule ("RADV Audit Rule"), announcing it may use extrapolation for payment years 2018 forward, for both RADV audits and OIG contract level audits, and eliminated the application of a FFS Adjuster in Part C contract-level RADV audits of Medicare Advantage organizations. In the RADV Audit Rule, CMS indicated that it will use more than one audit methodology going forward and indicated CMS will audit contracts it believes are at the highest risk for overpayments based on its statistical modeling, citing a 2016 Governmental Accountability Office report that recommended selection of contract-level RADV audits with a focus on contracts likely to have high rates of improper payment, the highest coding intensity scores, and contracts with high levels of unsupported diagnoses from prior RADV audits. CMS announced that it would begin the RADV and OIG contract-level audits for payment year 2018, however as of the end of July 2024 these audits had not yet commenced.

The Company is currently unable to predict which of its Medicare Advantage contracts will be selected for future audit, the amounts of any retroactive refunds for years prior to 2018 or prospective adjustments to Medicare Advantage premium payments made to the Company, the effect of any such refunds or adjustments on the actuarial soundness of the Company's Medicare Advantage bids, or whether any RADV audit findings would require the Company to change its method of estimating future premium revenue in future bid submissions to CMS or compromise premium assumptions made in the Company's bids for prior contract years, the current contract year or future contract years. Any premium or fee refunds or adjustments resulting from regulatory audits, whether as a result of RADV, Public Exchange-related or other audits by CMS, the OIG or otherwise, including audits of the Company's minimum loss ratio rebates, methodology and/or reports, could be material and could adversely affect the Company's operating results, cash flows and/or financial condition.

The RADV Audit Rule does not apply to the CMS Part C Improper Payment Measures audits nor the U.S. Department of Health and Human Services RADV programs.

Medicare and Medicaid Litigation and Investigations

The Company has received CIDs from the Civil Division of the DOJ in connection with investigations of the Company's identification and/or submission of diagnosis codes related to risk adjustment payments, including patient chart review processes, under Parts C and D of the Medicare program. The Company is cooperating with the government and providing documents and information in response to these CIDs.

In May 2017, the Company received a CID from the U.S. Attorney's Office for the Southern District of New York requesting documents and information concerning possible false claims submitted to Medicare in connection with reimbursements for prescription drugs under the Medicare Part D program. The Company has been cooperating with the government and providing documents and information in response to this CID.

In November 2021, prior to its acquisition by the Company, Oak Street Health received a CID from the DOJ in connection with an investigation of possible false claims submitted to Medicare related to Oak Street Health's relationships with third-party marketing agents and Oak Street Health's provision of free transportation to federal health care beneficiaries. The Company has been cooperating with the government and has provided documents and information in response to the CID.

In January 2022, the U.S. Attorney's Office for the District of Massachusetts issued a subpoena to Aetna Life Insurance Company seeking, among other things, information in connection with its relationship and compensation arrangements with certain brokers, and the Company may receive similar inquiries in the future. The Company is cooperating with the subpoena.

Stockholder Matters

Beginning in February 2019, multiple class action complaints, as well as a derivative complaint, were filed by putative plaintiffs against the Company and certain current and former officers and directors. The plaintiffs in these cases assert a variety of causes of action under federal securities laws that are premised on allegations that the defendants made certain omissions and misrepresentations relating to the performance of the Company's LTC business unit. Since filing, several of the cases have been consolidated, and two have resolved, including the first-filed federal case, *City of Miami Fire Fighters' and Police Officers' Retirement Trust*, et al. (formerly known as Anarkai), the dismissal of which the First Circuit affirmed in August 2022. The Company and its current and former officers and directors are defending themselves against remaining claims. The Company has moved to dismiss the amended complaint in *In re CVS Health Corp. Securities Act Litigation* (formerly known as Waterford). In *In re CVS Health Corp. Securities Litigation* (formerly known as *City of Warren and Freundlich*), the court granted the Company's motion to dismiss in February 2023 and the plaintiffs have filed a notice of appeal.

Beginning in December 2021, the Company has received three demands for inspection of books and records pursuant to Delaware General Corporation Law Section 220 ("Section 220 demands"), as well as a derivative complaint (*Vladimir Gusinsky Revocable Trust v. Lynch, et al.*) that was filed in January 2023, which the defendants have moved to dismiss. The Section 220 demands and the complaint purport to be related to potential breaches of fiduciary duties by the Board in relation to certain matters concerning opioids. Following the Company's response to the Section 220 demands, two of the three stockholders sent demand letters to the Board containing allegations substantially similar to those made in the earlier Section 220 demands and the derivative matter, and requested that it take certain actions, including consideration of its governance and policies with respect to controlled substances. The Board deferred consideration of these two demands until after the motion to dismiss the *Gusinsky* case is decided.

In January 2022, a shareholder class action complaint was filed in the Northern District of Illinois, *Allison v. Oak Street Health, Inc., et al.* Defendants include Oak Street Health and certain of its pre-acquisition officers and directors. The putative plaintiffs assert causes of action under various securities laws premised on allegations that defendants made omissions and misrepresentations to investors relating to marketing conduct they allege may violate the False Claims Act. On May 27, 2024, the parties reached agreement in principle on a settlement of this action, subject to definitive documentation, the impact of which was not material to the Company's financial condition or operating results.

In July 2024, a shareholder class action complaint was filed in the Southern District of New York, *Nixon v. CVS Health Corporation, et al.* Defendants include the Company and certain present and former officers. The plaintiffs allege, among other allegations, that the defendants made false and/or misleading statements related to the profitability of the Health Care Benefits segment and assert causes of action under various federal securities laws. The Company and the individual defendants are defending themselves against these claims.

Other Legal and Regulatory Proceedings

The Company is also a party to other legal proceedings and is subject to government investigations, inquiries and audits, and has received and is cooperating with the government in response to CIDs, subpoenas, or similar process from various governmental agencies requesting information. These other legal proceedings and government actions include claims of or relating to bad faith, medical or professional malpractice, breach of fiduciary duty, claims processing, dispensing of medications, the use of medical testing devices in the in-home evaluation setting, non-compliance with state and federal regulatory regimes, marketing misconduct, denial of or failure to timely or appropriately pay or administer claims and benefits, provider network structure (including the use of performance-based networks and termination of provider contracts), rescission of insurance coverage, improper disclosure or use of personal information, anticompetitive practices, the Company's participation in the 340B program, general contractual matters, product liability, intellectual property litigation, discrimination and employment litigation. Some of these other legal proceedings are or are purported to be class actions or derivative claims. The Company is defending itself against the claims brought in these matters.

Awards to the Company and others of certain government contracts, particularly Medicaid contracts and other contracts with government customers in the Company's Health Care Benefits segment, frequently are subject to protests by unsuccessful bidders. These protests may result in awards to the Company being reversed, delayed, or modified. The loss or delay in implementation of any government contract could adversely affect the Company's operating results. The Company will continue to defend contract awards it receives.

There also continues to be a heightened level of review and/or audit by regulatory authorities and legislators of, and increased litigation regarding, the Company's and the rest of the health care and related benefits industry's business and reporting practices, including premium rate increases, utilization management, development and application of medical policies, complaint, grievance and appeal processing, information privacy, provider network structure (including provider network adequacy, the use of performance-based networks and termination of provider contracts), provider directory accuracy, calculation of minimum medical loss ratios and/or payment of related rebates, delegated arrangements, rescission of insurance coverage, limited benefit health products, student health products, pharmacy benefit management practices (including manufacturers' rebates, pricing, the use of narrow networks and the placement of drugs in formulary tiers), sales practices, customer service practices, vendor oversight, and claim payment practices (including payments to out-of-network providers).

As a leading national health solutions company, the Company regularly is the subject of government actions of the types described above. These government actions may prevent or delay the Company from implementing planned premium rate increases and may result, and have resulted, in restrictions on the Company's businesses, changes to or clarifications of the Company's business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to the Company by government agencies, assessments of damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs.

The Company can give no assurance that its businesses, financial condition, operating results and/or cash flows will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to one or more of the Company's businesses, one or more of the industries in which the Company competes and/or the health care industry generally; (iii) pending or future federal or state government investigations of one or more of the Company's businesses, one or more of the industries in which the

Company competes and/or the health care industry generally; (iv) pending or future government audits, investigations or enforcement actions against the Company; (v) adverse developments in any pending *qui tam* lawsuit against the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the Company; or (vi) adverse developments in pending or future legal proceedings against the Company or affecting one or more of the industries in which the Company competes and/or the health care industry generally.

12. Segment Reporting

The Company has three operating segments, Health Care Benefits, Health Services and Pharmacy & Consumer Wellness, as well as a Corporate/Other segment. The Company's segments maintain separate financial information, and the CODM evaluates the segments' operating results on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Company's segments based on adjusted operating income. Total assets by segment are not used by the CODM to assess the performance of, or allocate resources to, the Company's segments, therefore total assets by segment are not disclosed.

Adjusted operating income is defined as operating income (loss) (GAAP measure) excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance. See the reconciliations of consolidated operating income (GAAP measure) to consolidated adjusted operating income below for further context regarding the items excluded from operating income in determining adjusted operating income. The CODM uses adjusted operating income as its principal measure of segment performance as it enhances the CODM's ability to compare past financial performance with current performance and analyze underlying business performance and trends. Non-GAAP financial measures the Company discloses, such as consolidated adjusted operating income, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

The following is a reconciliation of financial measures of the Company's segments to the consolidated totals:

<i>In millions</i>	Health Care Benefits	Health Services ⁽¹⁾	Pharmacy & Consumer Wellness	Corporate/Other	Intersegment Eliminations ⁽²⁾	Consolidated Totals
Three Months Ended						
June 30, 2024						
Revenues from external customers	\$ 32,157	\$ 38,694	\$ 19,974	\$ 15	\$ —	\$ 90,840
Intersegment revenues	18	3,479	9,864	—	(13,361)	—
Net investment income (loss)	300	(2)	—	96	—	394
Total revenues	32,475	42,171	29,838	111	(13,361)	91,234
Adjusted operating income (loss)	938	1,915	1,243	(352)	—	3,744
June 30, 2023						
Revenues from external customers	\$ 26,521	\$ 43,032	\$ 19,079	\$ 15	\$ —	\$ 88,647
Intersegment revenues	21	3,183	9,704	—	(12,908)	—
Net investment income	205	—	1	68	—	274
Total revenues	26,747	46,215	28,784	83	(12,908)	88,921
Adjusted operating income (loss)	1,541	1,894	1,413	(367)	—	4,481
Six Months Ended						
June 30, 2024						
Revenues from external customers	\$ 64,022	\$ 75,160	\$ 39,612	\$ 29	\$ —	\$ 178,823
Intersegment revenues	36	7,298	18,951	—	(26,285)	—
Net investment income (loss)	653	(2)	—	197	—	848
Total revenues	64,711	82,456	58,563	226	(26,285)	179,671
Adjusted operating income (loss)	1,670	3,278	2,420	(667)	—	6,701
June 30, 2023						
Revenues from external customers	\$ 52,213	\$ 83,843	\$ 37,505	\$ 30	\$ —	\$ 173,591
Intersegment revenues	42	6,963	19,203	—	(26,208)	—
Net investment income (loss)	369	—	(2)	241	—	608
Total revenues	52,624	90,806	56,706	271	(26,208)	174,199
Adjusted operating income (loss)	3,365	3,574	2,547	(635)	—	8,851

(1) Total revenues of the Health Services segment include approximately \$2.8 billion and \$3.4 billion of retail co-payments for the three months ended June 30, 2024 and 2023, respectively. Total revenues of the Health Services segment include approximately \$6.2 billion and \$7.5 billion of retail co-payments for the six months ended June 30, 2024 and 2023, respectively.

(2) Intersegment revenue eliminations relate to intersegment revenue generating activities that occur between the Health Care Benefits segment, the Health Services segment, and/or the Pharmacy & Consumer Wellness segment.

The following are reconciliations of consolidated operating income to adjusted operating income for the three and six months ended June 30, 2024 and 2023:

<i>In millions</i>	Three Months Ended				Six Months Ended			
	June 30,		June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating income (GAAP measure)	\$ 3,045	\$ 3,234	\$ 5,316	\$ 6,680				
Amortization of intangible assets ⁽¹⁾	507	485	1,015	887				
Net realized capital losses ⁽²⁾	90	98	108	203				
Acquisition-related transaction and integration costs ⁽³⁾	102	157	162	200				
Opioid litigation charge ⁽⁴⁾	—	—	100	—				
Restructuring charge ⁽⁵⁾	—	496	—	496				
Office real estate optimization charges ⁽⁶⁾	—	11	—	36				
Loss on assets held for sale ⁽⁷⁾	—	—	—	349				
Adjusted operating income	\$ 3,744	\$ 4,481	\$ 6,701	\$ 8,851				

- (1) The Company's acquisition activities have resulted in the recognition of intangible assets as required under the acquisition method of accounting which consist primarily of trademarks, customer contracts/relationships, covenants not to compete, technology, provider networks and value of business acquired. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the unaudited condensed consolidated statements of operations in operating expenses within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.
- (2) The Company's net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of insurance liabilities. Net realized capital gains and losses are reflected in the unaudited condensed consolidated statements of operations in net investment income (loss) within each segment. These capital gains and losses are the result of investment decisions, market conditions and other economic developments that are unrelated to the performance of the Company's business, and the amount and timing of these capital gains and losses do not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Accordingly, the Company believes excluding net realized capital gains and losses enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends.
- (3) During the three and six months ended June 30, 2024, the acquisition-related integration costs relate to the acquisitions of Signify Health and Oak Street Health. During the three and six months ended June 30, 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health. The acquisition-related transaction and integration costs are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Corporate/Other segment.
- (4) During the six months ended June 30, 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.
- (5) During the three and six months ended June 30, 2023, the restructuring charge is primarily comprised of severance and employee-related costs and asset impairment charges. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the recently completed acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives. The restructuring charge is reflected within the Corporate/Other segment.
- (6) During the three and six months ended June 30, 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement. The office real estate optimization charges are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Health Care Benefits, Health Services and Corporate/Other segments.
- (7) During the six months ended June 30, 2023, the loss on assets held for sale relates to the LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of CVS Health Corporation

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of CVS Health Corporation (the Company) as of June 30, 2024, the related condensed consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the related condensed consolidated statements of shareholders' equity for the three-month periods ended March 31, 2024 and 2023 and June 30, 2024 and 2023, the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our

reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated February 7, 2024, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it was derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Boston, Massachusetts

August 7, 2024

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

Overview of Business

CVS Health Corporation, together with its subsidiaries (collectively, "CVS Health," the "Company," "we," "our" or "us"), is a leading health solutions company building a world of health around every consumer it serves and connecting care so that it works for people wherever they are. As of June 30, 2024, the Company had more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 207 primary care medical clinics, a leading pharmacy benefits manager with approximately 90 million plan members and expanding specialty pharmacy solutions and a dedicated senior pharmacy care business serving more than 800,000 patients per year. The Company also serves an estimated more than 36 million people through traditional, voluntary and consumer-directed health insurance products and related services, including expanding Medicare Advantage offerings and a leading standalone Medicare Part D prescription drug plan ("PDP"). The Company is creating new sources of value through its integrated model allowing it to expand into personalized, technology driven care delivery and health services, increasing access to quality care, delivering better health outcomes and lowering overall health care costs.

The Company has four reportable segments: Health Care Benefits, Health Services, Pharmacy & Consumer Wellness and Corporate/Other, which are described below.

Overview of the Health Care Benefits Segment

The Health Care Benefits segment operates as one of the nation's leading diversified health care benefits providers. The Health Care Benefits segment has the information and resources to help members, in consultation with their health care professionals, make more informed decisions about their health care. The Health Care Benefits segment offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental and behavioral health plans, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs and Medicaid health care management services. The Health Care Benefits segment's customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers ("providers"), governmental units, government-sponsored plans, labor groups and expatriates. The Company refers to insurance products (where it assumes all or a majority of the risk for medical and dental care costs) as "Insured" and administrative services contract products (where the plan sponsor assumes all or a majority of the risk for medical and dental care costs) as "ASC." The Company sold Insured plans directly to individual consumers through the individual public health insurance exchanges in 17 states as of June 30, 2024.

Overview of the Health Services Segment

The Health Services segment provides a full range of pharmacy benefit management ("PBM") solutions, delivers health care services in its medical clinics, virtually, and in the home, and offers provider enablement solutions. PBM solutions include plan design offerings and administration, formulary management, retail pharmacy network management services, and specialty and mail order pharmacy services. In addition, the Company provides clinical services, disease management services, medical spend management and pharmacy and/or other administrative services for providers and federal 340B drug pricing program covered entities ("Covered Entities"). The Company operates a group purchasing organization that negotiates pricing for the purchase of pharmaceuticals and rebates with pharmaceutical manufacturers on behalf of its participants and provides various administrative, management and reporting services to pharmaceutical manufacturers. During 2023, the Company completed the acquisition of two key health care delivery assets – Signify Health, Inc. ("Signify Health"), a leader in health risk assessments, value-based care and provider enablement services, and Oak Street Health, Inc. ("Oak Street Health"), a leading multi-payer operator of value-based primary care centers serving Medicare eligible patients. The Company also launched Cordavis™, a wholly owned subsidiary that works directly with pharmaceutical manufacturers to commercialize and/or co-produce high quality biosimilar products. The Health Services segment's clients and customers are primarily employers, insurance companies, unions, government employee groups, health plans, PDPs, Medicaid managed care plans, the U.S. Centers for Medicare & Medicaid Services ("CMS"), plans offered on Insurance Exchanges and other sponsors of health benefit plans throughout the U.S., patients who receive care in the Health Services segment's medical clinics, virtually or in the home, as well as Covered Entities.

Overview of the Pharmacy & Consumer Wellness Segment

The Pharmacy & Consumer Wellness segment dispenses prescriptions in its retail pharmacies and through its infusion operations, provides ancillary pharmacy services including pharmacy patient care programs, diagnostic testing and vaccination administration, and sells a wide assortment of health and wellness products and general merchandise. The segment also conducts long-term care pharmacy ("LTC") operations, which distribute prescription drugs and provide related pharmacy consulting and ancillary services to long-term care facilities and other care settings, and provides pharmacy fulfillment services to support the Health Services segment's specialty and mail order pharmacy offerings. As of June 30, 2024, the Pharmacy & Consumer Wellness segment operated more than 9,000 retail locations, as well as online retail pharmacy websites, LTC pharmacies and on-site pharmacies, retail specialty pharmacy stores, compounding pharmacies and branches for infusion and enteral nutrition services.

Overview of the Corporate/Other Segment

The Company presents the remainder of its financial results in the Corporate/Other segment, which primarily consists of:

- Management and administrative expenses to support the Company's overall operations, which include certain aspects of executive management and the corporate relations, legal, compliance, human resources and finance departments, information technology, digital, data and analytics, as well as acquisition-related transaction and integration costs; and
- Products for which the Company no longer solicits or accepts new customers, such as its large case pensions and long-term care insurance products.

Operating Results

The following discussion explains the material changes in the Company's operating results for the three and six months ended June 30, 2024 and 2023, and the significant developments affecting the Company's financial condition since December 31, 2023. We strongly recommend that you read our audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K").

Summary of Consolidated Financial Results

In millions	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,		June 30,		June 30, 2024 vs 2023		June 30, 2024 vs 2023	
	2024	2023	2024	2023	\$	%	\$	%
Revenues:								
Products	\$ 56,212	\$ 60,539	\$ 109,936	\$ 118,686	\$ (4,327)	(7.1)%	\$ (8,750)	(7.4)%
Premiums	30,667	25,108	61,058	49,460	5,559	22.1 %	11,598	23.4 %
Services	3,961	3,000	7,829	5,445	961	32.0 %	2,384	43.8 %
Net investment income	394	274	848	608	120	43.8 %	240	39.5 %
Total revenues	91,234	88,921	179,671	174,199	2,313	2.6 %	5,472	3.1 %
Operating costs:								
Cost of products sold	49,998	53,536	98,071	104,991	(3,538)	(6.6)%	(6,920)	(6.6)%
Health care costs	27,853	21,782	55,656	42,230	6,071	27.9 %	13,426	31.8 %
Operating expenses	10,338	9,873	20,628	19,453	465	4.7 %	1,175	6.0 %
Restructuring charge	—	496	—	496	(496)	(100.0)%	(496)	(100.0)%
Loss on assets held for sale	—	—	—	349	—	— %	(349)	(100.0)%
Total operating costs	88,189	85,687	174,355	167,519	2,502	2.9 %	6,836	4.1 %
Operating income	3,045	3,234	5,316	6,680	(189)	(5.8)%	(1,364)	(20.4)%
Interest expense	732	686	1,448	1,275	46	6.7 %	173	13.6 %
Other income	(24)	(22)	(49)	(44)	(2)	(9.1)%	(5)	(11.4)%
Income before income tax provision	2,337	2,570	3,917	5,449	(233)	(9.1)%	(1,532)	(28.1)%
Income tax provision	569	656	1,025	1,393	(87)	(13.3)%	(368)	(26.4)%
Net income	1,768	1,914	2,892	4,056	(146)	(7.6)%	(1,164)	(28.7)%
Net (income) loss attributable to noncontrolling interests	2	(13)	(9)	(19)	15	115.4 %	10	52.6 %
Net income attributable to CVS Health	\$ 1,770	\$ 1,901	\$ 2,883	\$ 4,037	\$ (131)	(6.9)%	\$ (1,154)	(28.6)%

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$2.3 billion, or 2.6%, in the three months ended June 30, 2024 compared to the prior year primarily driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$465 million, or 4.7%, in the three months ended June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Operating income

- Operating income decreased \$189 million, or 5.8%, in the three months ended June 30, 2024, primarily due to declines in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by the absence of a \$496 million restructuring charge recorded in the prior year and a decrease in acquisition-related transaction and integration costs compared to the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Interest expense

- Interest expense increased \$46 million, or 6.7%, due to higher debt in the three months ended June 30, 2024, primarily driven by long-term debt issued in June of 2023 to fund the Company's acquisition of Oak Street Health, as well as long-term debt issued in May of 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 24.3% for the three months ended June 30, 2024 compared to 25.5% for the three months ended June 30, 2023. The decrease in the effective income tax rate was primarily due to a state tax settlement during the three months ended June 30, 2024.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$5.5 billion, or 3.1%, in the six months ended June 30, 2024 compared to the prior year driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment.
- Please see "Segment Analysis" later in this report for additional information about the revenues of the Company's segments.

Operating expenses

- Operating expenses increased \$1.2 billion, or 6.0%, in the six months ended June 30, 2024 compared to the prior year. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business and operating expenses associated with Oak Street Health which was acquired in May of 2023, including the amortization of acquired intangible assets. These increases were partially offset by a decline in operating expenses in the Pharmacy & Consumer Wellness segment due to the impact of a decrease in store count.
- Please see "Segment Analysis" later in this report for additional information about the operating expenses of the Company's segments.

Operating income

- Operating income decreased \$1.4 billion, or 20.4%, in the six months ended June 30, 2024 compared to the prior year. The decrease in operating income was primarily driven by declines in the Health Care Benefits and Health Services segments, partially offset by the absence of the \$496 million restructuring charge and a \$349 million loss on assets held for sale related to the write-down of the Company's Omnicare® long-term care business, both recorded in the prior year.
- Please see "Segment Analysis" later in this report for additional information about the operating results of the Company's segments.

Interest expense

- Interest expense increased \$173 million, or 13.6%, due to higher debt in the six months ended June 30, 2024, primarily driven by long-term debt issued in February and June of 2023 to fund the Company's acquisitions of Signify Health and Oak Street Health, respectively, as well as long-term debt issued in May 2024. See "Liquidity and Capital Resources" later in this report for additional information.

Income tax provision

- The effective income tax rate was 26.2% for the six months ended June 30, 2024 compared to 25.6% for the six months ended June 30, 2023. The increase in the effective income tax rate was primarily due to the impact of certain discrete tax items, partially offset by a state tax settlement during the six months ended June 30, 2024.

2024 Outlook

The Company believes you should consider the following key business and regulatory trends and uncertainties:

Key Business Trends and Uncertainties

- Membership enrollment in Medicare Advantage plans has exceeded expectations.

- Utilization, particularly in Medicare Advantage programs, persisted at elevated levels through the second quarter of 2024. Although the level of Medicare utilization is difficult to accurately predict, at this time, the Company expects that continued elevated utilization will pressure its Health Care Benefits segment and its health care delivery assets in its Health Services segment for the remainder of the year. Further, continued elevated utilization in Medicare Advantage may also result in the Company having to record a Medicare premium deficiency reserve in the Health Care Benefits segment during the third quarter of 2024.
- The Company's Medicaid business is experiencing medical cost pressures, largely driven by higher than expected acuity following the resumption of member redeterminations. While the Company continues to work closely with its state partners to ensure the underlying trends are reflected in its premium rates going forward, it is uncertain when these pressures will be fully offset by state rate updates.
- The Company's individual exchange business is subject to a risk adjustment program whereby the Company estimates its ultimate risk adjustment receivable or payable based on the risk of its qualified plan members relative to the average risk of members of other qualified plans in comparable markets. Changes in the Company's risk relative to the markets' risk could adversely impact the Company's estimate of its risk adjustment receivable or payable.
- The Company expects growth in its new Cordavis, Oak Street Health and Signify Health businesses.
- The Company continues to share with clients a larger portion of rebates, fees and/or discounts received from pharmaceutical manufacturers. In addition, marketplace dynamics and regulatory changes have limited the Company's ability to offer plan sponsors pricing that includes retail network "differential" or "spread." The Company expects these trends to continue.
- GLP-1 supply disruptions, and the associated impact on product mix, could pressure the Company's ability to deliver savings to clients and could impact the Company's results.
- Consumer spend management and a decline in consumer discretionary spending, as well as a shift to value, grocery and digital retailers, could drive lower front store sales.
- Future costs are influenced by a number of factors including competitive demand for products and services, legislative and regulatory considerations, and labor and other market dynamics, including inflation. We evaluate and adjust our approach in each of the markets we serve, considering all relevant factors.
- The Company expects benefits from ongoing enterprise-wide cost savings initiatives and investments in efficiencies, which aim to reduce the Company's operating cost structure in a way that improves the consumer experience and is sustainable.
- Changes in conditions in the U.S. and global capital markets can significantly and adversely affect interest rates and capital market conditions which could result in increased financing costs.

Key Regulatory Trends and Uncertainties

- The Company is exposed to funding and regulation of, and changes in government policy with respect to and/or funding or regulation of, the various Medicare programs in which the Company participates, including changes in the amounts payable to us under those programs and/or new reforms or surcharges on existing programs, including changes to applicable risk adjustment mechanisms.
- Legislation and/or regulations seeking to regulate PBM activities in a comprehensive manner have been proposed or enacted in a majority of states and on the federal level. This legislative and regulatory activity could adversely affect the Company's ability to conduct business on commercially reasonable terms and the Company's ability to standardize its PBM products and services across state lines.

For additional information regarding these and other trends and uncertainties, see Item 1A, "Risk Factors" and Part I, Item 1 "Business - Government Regulation" included in the 2023 Form 10-K.

Segment Analysis

The following discussion of segment operating results is presented based on the Company's reportable segments in accordance with the accounting guidance for segment reporting and is consistent with the segment disclosure in Note 12 "Segment Reporting" to the unaudited condensed consolidated financial statements.

The Company has three operating segments, Health Care Benefits, Health Services and Pharmacy & Consumer Wellness, as well as a Corporate/Other segment. The Company's segments maintain separate financial information, and the Company's chief operating decision maker ("CODM") evaluates the segments' operating results on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Company's segments based on adjusted operating income. Adjusted operating income is defined as operating income (loss) as measured by accounting principles generally accepted in the United States of America ("GAAP") excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance. See the reconciliations of operating income (loss) (GAAP measure) to adjusted operating income (loss) below for further context regarding the items excluded from operating income in determining adjusted operating income. The CODM uses adjusted operating income as its principal measure of segment performance as it enhances the CODM's ability to compare past financial performance with current performance and analyze underlying business performance and trends. Non-GAAP financial measures the Company discloses, such as consolidated adjusted operating income, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

The following is a reconciliation of financial measures of the Company's segments to the consolidated totals:

In millions	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/Other		Intersegment Eliminations (2)		Consolidated Totals	
	Health Care Benefits	Health Services (1)	Pharmacy & Consumer Wellness	Corporate/Other	Intersegment Eliminations (2)	Consolidated Totals				
Three Months Ended										
June 30, 2024										
Total revenues	\$ 32,475	\$ 42,171	\$ 29,838	\$ 111	\$ (13,361)	\$ 91,234				

Adjusted operating income (loss)	938	1,915	1,243	(352)	—	3,744
June 30, 2023						
Total revenues	\$ 26,747	\$ 46,215	\$ 28,784	\$ 83	\$ (12,908)	\$ 88,921
Adjusted operating income (loss)	1,541	1,894	1,413	(367)	—	4,481
Six Months Ended						
June 30, 2024						
Total revenues	\$ 64,711	\$ 82,456	\$ 58,563	\$ 226	\$ (26,285)	\$ 179,671
Adjusted operating income (loss)	1,670	3,278	2,420	(667)	—	6,701
June 30, 2023						
Total revenues	\$ 52,624	\$ 90,806	\$ 56,706	\$ 271	\$ (26,208)	\$ 174,199
Adjusted operating income (loss)	3,365	3,574	2,547	(635)	—	8,851

(1) Total revenues of the Health Services segment include approximately \$2.8 billion and \$3.4 billion of retail co-payments for the three months ended June 30, 2024 and 2023, respectively, and \$6.2 billion and \$7.5 billion of retail co-payments for the six months ended June 30, 2024 and 2023, respectively.

(2) Intersegment revenue eliminations relate to intersegment revenue generating activities that occur between the Health Care Benefits segment, the Health Services segment, and/or the Pharmacy & Consumer Wellness segment.

The following are reconciliations of consolidated operating income (GAAP measure) to consolidated adjusted operating income, as well as reconciliations of segment GAAP operating income (loss) to segment adjusted operating income (loss):

<i>In millions</i>	Three Months Ended June 30, 2024				
	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/ Other
					Consolidated Totals
Operating income (loss) (GAAP measure)	\$ 574	\$ 1,766	\$ 1,179	\$ (474)	\$ 3,045
Amortization of intangible assets ⁽¹⁾	293	149	64	1	507
Net realized capital losses ⁽²⁾	71	—	—	19	90
Acquisition-related integration costs ⁽³⁾	—	—	—	102	102
Adjusted operating income (loss)	<u>\$ 938</u>	<u>\$ 1,915</u>	<u>\$ 1,243</u>	<u>\$ (352)</u>	<u>\$ 3,744</u>

<i>In millions</i>	Three Months Ended June 30, 2023				
	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/ Other
					Consolidated Totals
Operating income (loss) (GAAP measure)	\$ 1,160	\$ 1,767	\$ 1,349	\$ (1,042)	\$ 3,234
Amortization of intangible assets ⁽¹⁾	294	125	65	1	485
Net realized capital (gains) losses ⁽²⁾	78	—	(1)	21	98
Acquisition-related transaction and integration costs ⁽³⁾	—	—	—	157	157
Restructuring charge ⁽⁵⁾	—	—	—	496	496
Office real estate optimization charges ⁽⁶⁾	9	2	—	—	11
Adjusted operating income (loss)	<u>\$ 1,541</u>	<u>\$ 1,894</u>	<u>\$ 1,413</u>	<u>\$ (367)</u>	<u>\$ 4,481</u>

<i>In millions</i>	Six Months Ended June 30, 2024				
	Health Care Benefits		Pharmacy & Consumer Wellness		Corporate/ Other
					Consolidated Totals
Operating income (loss) (GAAP measure)	\$ 1,002	\$ 2,979	\$ 2,292	\$ (957)	\$ 5,316
Amortization of intangible assets ⁽¹⁾	587	299	128	1	1,015
Net realized capital losses ⁽²⁾	81	—	—	27	108
Acquisition-related integration costs ⁽³⁾	—	—	—	162	162
Opioid litigation charge ⁽⁴⁾	—	—	—	100	100
Adjusted operating income (loss)	<u>\$ 1,670</u>	<u>\$ 3,278</u>	<u>\$ 2,420</u>	<u>\$ (667)</u>	<u>\$ 6,701</u>

<i>In millions</i>	Six Months Ended June 30, 2023					<i>Consolidated Totals</i>
	Health Care Benefits		Health Services	Pharmacy & Consumer Wellness	Corporate/Other	
	\$ 2,568	\$ 3,405	\$ 2,066	\$ (1,359)	\$ 6,680	
Operating income (loss) (GAAP measure)	\$ 2,568	\$ 3,405	\$ 2,066	\$ (1,359)	\$ 6,680	
Amortization of intangible assets ⁽¹⁾	589	166	130	2	887	
Net realized capital losses ⁽²⁾	177	—	2	24	203	
Acquisition-related transaction and integration costs ⁽³⁾	—	—	—	200	200	
Restructuring charge ⁽⁵⁾	—	—	—	496	496	
Office real estate optimization charges ⁽⁶⁾	31	3	—	2	36	
Loss on assets held for sale ⁽⁷⁾	—	—	349	—	349	
Adjusted operating income (loss)	<u>\$ 3,365</u>	<u>\$ 3,574</u>	<u>\$ 2,547</u>	<u>\$ (635)</u>	<u>\$ 8,851</u>	

- (1) The Company's acquisition activities have resulted in the recognition of intangible assets as required under the acquisition method of accounting which consist primarily of trademarks, customer contracts/relationships, covenants not to compete, technology, provider networks and value of business acquired. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the unaudited condensed consolidated statements of operations in operating expenses within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.
- (2) The Company's net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of insurance liabilities. Net realized capital gains and losses are reflected in the unaudited condensed consolidated statements of operations in net investment income (loss) within each segment. These capital gains and losses are the result of investment decisions, market conditions and other economic developments that are unrelated to the performance of the Company's business, and the amount and timing of these capital gains and losses do not directly relate to the underwriting of the Company's insurance products, the services performed for the Company's customers or the sale of the Company's products or services. Accordingly, the Company believes excluding net realized capital gains and losses enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends.
- (3) During the three and six months ended June 30, 2024, the acquisition-related integration costs relate to the acquisitions of Signify Health and Oak Street Health. During the three and six months ended June 30, 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health. The acquisition-related transaction and integration costs are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Corporate/Other segment.
- (4) During the six months ended June 30, 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.
- (5) During the three and six months ended June 30, 2023, the restructuring charge is primarily comprised of severance and employee-related costs and asset impairment charges. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the recently completed acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives. The restructuring charge is reflected within the Corporate/Other segment.
- (6) During the three and six months ended June 30, 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement. The office real estate optimization charges are reflected in the Company's unaudited condensed consolidated statements of operations in operating expenses within the Health Care Benefits, Health Services and Corporate/Other segments.
- (7) During the six months ended June 30, 2023, the loss on assets held for sale relates to the LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

Health Care Benefits Segment

The following table summarizes the Health Care Benefits segment's performance for the respective periods:

<i>In millions, except percentages and basis points ("bps")</i>	Change							
	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Revenues:								
Premiums	\$ 30,654	\$ 25,095	\$ 61,033	\$ 49,434	\$ 5,559	22.2 %	\$ 11,599	23.5 %
Services	1,521	1,447	3,025	2,821	74	5.1 %	204	7.2 %

Net investment income	300	205	653	369	95	46.3 %	284	77.0 %
Total revenues	32,475	26,747	64,711	52,624	5,728	21.4 %	12,087	23.0 %
Health care costs	27,458	21,620	54,916	42,215	5,838	27.0 %	12,701	30.1 %
MBR (Health care costs as a % of premium revenues)	89.6 %	86.2 %	90.0 %	85.4 %	340 bps		460 bps	
Operating expenses	\$ 4,443	\$ 3,967	\$ 8,793	\$ 7,841	\$ 476	12.0 %	\$ 952	12.1 %
Operating expenses as a % of total revenues	13.7 %	14.8 %	13.6 %	14.9 %				
Operating income	\$ 574	\$ 1,160	\$ 1,002	\$ 2,568	\$ (586)	(50.5)%	\$ (1,566)	(61.0)%
Operating income as a % of total revenues	1.8 %	4.3 %	1.5 %	4.9 %				
Adjusted operating income ⁽¹⁾	\$ 938	\$ 1,541	\$ 1,670	\$ 3,365	\$ (603)	(39.1)%	\$ (1,695)	(50.4)%
Adjusted operating income as a % of total revenues	2.9 %	5.8 %	2.6 %	6.4 %				
Premium revenues (by business):								
Government	\$ 22,222	\$ 17,944	\$ 43,938	\$ 35,472	\$ 4,278	23.8 %	\$ 8,466	23.9 %
Commercial	8,432	7,151	17,095	13,962	1,281	17.9 %	3,133	22.4 %

(1) See "Segment Analysis" above in this report for a reconciliation of Health Care Benefits segment operating income (GAAP measure) to adjusted operating income, which represents the Company's principal measure of segment performance.

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$5.7 billion, or 21.4%, in the three months ended June 30, 2024 compared to the prior year driven by growth in the Medicare and Commercial product lines.

Medical Benefit Ratio ("MBR")

- Medical benefit ratio is calculated by dividing the Health Care Benefits segment's health care costs by premium revenues and represents the percentage of premium revenues spent on medical benefits for the segment's Insured members. Management uses MBR to assess the underlying business performance and underwriting of its insurance products, understand variances between actual results and expected results and identify trends in period-over-period results. MBR provides management and investors with information useful in assessing the operating results of the segment's Insured Health Care Benefits products.
- The MBR increased to 89.6% in the three months ended June 30, 2024 compared to 86.2% in the prior year driven by increased utilization and the unfavorable impact of the previously disclosed decline in the Company's Medicare Advantage star ratings for the 2024 payment year within the Medicare product line, higher acuity in Medicaid primarily attributable to the resumption of redeterminations, as well as a change in estimate related to the individual exchange business risk adjustment accrual for the 2023 plan year recorded in the second quarter of 2024. These increases were partially offset by a favorable year-over-year impact of prior period development.

Operating expenses

- Operating expenses in the Health Care Benefits segment include selling, general and administrative expenses and depreciation and amortization expenses.
- Operating expenses increased \$476 million, or 12.0%, in the three months ended June 30, 2024 compared to the prior year primarily driven by increased operating expenses to support growth across the business. Operating expenses as a percentage of total revenues decreased to 13.7% in the three months ended June 30, 2024 compared to 14.8% in the prior year, reflecting improved fixed cost leverage across the business due to membership growth.

Adjusted operating income

- Adjusted operating income decreased \$603 million, or 39.1%, in the three months ended June 30, 2024 compared to the prior year primarily driven by increased utilization and the unfavorable impact of the Company's Medicare Advantage star ratings for the 2024 payment year within the Medicare product line, as well as the higher acuity in Medicaid and the change in estimate related to the individual exchange business risk adjustment accrual described above. These decreases were partially offset by the favorable year-over-year impact of prior period development and an increase in net investment income.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$12.1 billion, or 23.0%, in the six months ended June 30, 2024 compared to the prior year driven by growth in the Medicare and Commercial product lines.

Medical Benefit Ratio

- The MBR increased to 90.0% in the six months ended June 30, 2024 compared to 85.4% in the prior year driven by increased utilization and the unfavorable impact of the Company's Medicare Advantage star ratings for the 2024 payment year within the Medicare product line.

Operating expenses

- Operating expenses increased \$952 million, or 12.1%, in the six months ended June 30, 2024 compared to the prior year primarily driven by increased operating expenses to support the growth across the business. Operating expenses as a percentage of total revenues decreased to 13.6% in the six months ended June 30, 2024 compared to 14.9% in the prior year, reflecting improved fixed cost leverage across the business due to membership growth.

Adjusted operating income

- Adjusted operating income decreased \$1.7 billion, or 50.4%, in the six months ended June 30, 2024 compared to the prior year primarily driven by increased utilization and the unfavorable impact of the Company's Medicare Advantage star ratings for the 2024 payment year within the Medicare product line. These decreases were partially offset by an increase in net investment income and improved fixed cost leverage across the business due to membership growth.

The following table summarizes the Health Care Benefits segment's medical membership for the respective periods:

In thousands	June 30, 2024			March 31, 2024			December 31, 2023			June 30, 2023		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
Medical membership:												
Commercial	4,702	14,099	18,801	4,735	14,111	18,846	4,252	14,087	18,339	4,033	14,114	18,147
Medicare Advantage	4,342	—	4,342	4,205	—	4,205	3,460	—	3,460	3,408	—	3,408
Medicare Supplement	1,294	—	1,294	1,300	—	1,300	1,343	—	1,343	1,351	—	1,351
Medicaid	2,090	443	2,533	1,972	447	2,419	2,073	444	2,517	2,261	467	2,728
Total medical membership	12,428	14,542	26,970	12,212	14,558	26,770	11,128	14,531	25,659	11,053	14,581	25,634
Supplemental membership information:												
Medicare Prescription Drug Plan (stand-alone)			4,903			4,947			6,081			6,094

Medical Membership

- Medical membership represents the number of members covered by the Health Care Benefits segment's Insured and ASC medical products and related services at a specified point in time. Management uses this metric to understand variances between actual medical membership and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of medical membership on the Health Care Benefits segment's total revenues and operating results.
- Medical membership as of June 30, 2024 of 27.0 million increased 200,000 members compared with March 31, 2024, reflecting increases in the Medicare and Medicaid product lines, including the commencement of the Medicaid Oklahoma contract on April 1, 2024.
- Medical membership as of June 30, 2024 of 27.0 million increased by more than 1.3 million members compared with June 30, 2023, reflecting increases in the Medicare and Commercial product lines. These increases were partially offset by a decline in the Medicaid product line, primarily attributable to the resumption of Medicaid redeterminations following the expiration of the public health emergency in May 2023.

Medicare Update

On April 1, 2024, CMS issued its final notice detailing final 2025 Medicare Advantage payment rates. Final 2025 Medicare Advantage rates resulted in an expected average decrease in revenue for the Medicare Advantage industry of 0.16%, excluding the CMS estimate of Medicare Advantage risk score trend.

Health Services Segment

The following table summarizes the Health Services segment's performance for the respective periods:

In millions, except percentages	Change										
	Three Months Ended				Six Months Ended				Three Months Ended		
	June 30,		June 30,		June 30,		June 30,		2024 vs 2023	2024 vs 2023	
2024	2023	2024	2023	2024	2023	2024	2023	\$	%	\$	%
Revenues:											
Products	\$ 39,492	\$ 44,681	\$ 77,209	\$ 88,352	\$ (5,189)	(11.6)%	\$ (11,143)	(12.6)%			
Services	2,681	1,534	5,249	2,454	1,147	74.8 %	2,795	113.9 %			
Net investment income (loss)	(2)	—	(2)	—	(2)	(100.0)%	(2)	(100.0)%			
Total revenues	42,171	46,215	82,456	90,806	(4,044)	(8.8)%	(8,350)	(9.2)%			
Cost of products sold	38,765	43,271	76,297	85,687	(4,506)	(10.4)%	(9,390)	(11.0)%			
Health care costs	791	383	1,492	383	408	106.5 %	1,109	289.6 %			
Operating expenses	849	794	1,688	1,331	55	6.9 %	357	26.8 %			
Operating expenses as a % of total revenues	2.0 %	1.7 %	2.0 %	1.5 %							

Operating income	\$ 1,766	\$ 1,767	\$ 2,979	\$ 3,405	\$ (1)	\$ (0.1)%	\$ (426)	\$ (12.5)%
Operating income as a % of total revenues	4.2 %	3.8 %	3.6 %	3.7 %				
Adjusted operating income ⁽¹⁾	\$ 1,915	\$ 1,894	\$ 3,278	\$ 3,574	\$ 21	1.1 %	\$ (296)	(8.3)%
Adjusted operating income as a % of total revenues	4.5 %	4.1 %	4.0 %	3.9 %				
Revenues (by distribution channel):								
Pharmacy network ⁽²⁾	\$ 21,848	\$ 27,477	\$ 42,312	\$ 55,069	\$ (5,629)	(20.5)%	\$ (12,757)	(23.2)%
Mail & specialty ⁽³⁾	17,651	17,229	34,913	33,374	422	2.4 %	1,539	4.6 %
Other	2,674	1,509	5,233	2,363	1,165	77.2 %	2,870	121.5 %
Net investment income (loss)	(2)	—	(2)	—	(2)	(100.0)%	(2)	(100.0)%
Pharmacy claims processed ⁽⁴⁾	471.2	576.6	934.1	1,163.9	(105.4)	(18.3)%	(229.8)	(19.7)%
Generic dispensing rate ⁽⁴⁾	88.2 %	88.3 %	88.3 %	88.4 %				

- (1) See "Segment Analysis" above in this report for a reconciliation of Health Services segment operating income (GAAP measure) to adjusted operating income, which represents the Company's principal measure of segment performance.
- (2) Pharmacy network revenues relate to claims filled at retail and specialty retail pharmacies, including the Company's retail pharmacies and LTC pharmacies, as well as activity associated with Maintenance Choice, which permits eligible client plan members to fill their maintenance prescriptions through mail order delivery or at a CVS pharmacy retail store for the same price as mail order.
- (3) Mail & specialty revenues relate to specialty mail claims inclusive of Specialty Connect® claims picked up at a retail pharmacy, as well as mail order and specialty claims fulfilled by the Pharmacy & Consumer Wellness segment.
- (4) Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues decreased \$4.0 billion, or 8.8%, in the three months ended June 30, 2024 compared to the prior year primarily driven by the previously announced loss of a large client and continued pharmacy client price improvements. These decreases were partially offset by pharmacy drug mix, increased contributions from the Company's health care delivery assets and growth in specialty pharmacy.

Operating expenses

- Operating expenses in the Health Services segment include selling, general and administrative expenses; and depreciation and amortization expense.
- Operating expenses increased \$55 million, or 6.9%, in the three months ended June 30, 2024 compared to the prior year primarily due to operating expenses associated with Oak Street Health, including the amortization of acquired intangible assets.

Adjusted operating income

- Adjusted operating income increased \$21 million, or 1.1%, in the three months ended June 30, 2024 compared to the prior year primarily driven by improved purchasing economics, partially offset by continued pharmacy client price improvements and the previously announced loss of a large client.
- As you review the Health Services segment's performance in this area, you should consider the following important information about the business:
 - The Company's efforts to (i) retain existing clients, (ii) obtain new business and (iii) maintain or improve the rebates, fees and/or discounts the Company receives from manufacturers, wholesalers and retail pharmacies continue to have an impact on adjusted operating income. In particular, the Company continues to share with clients a larger portion of rebates, fees and/or discounts received from pharmaceutical manufacturers. In addition, marketplace dynamics and regulatory changes have limited the Company's ability to offer plan sponsors pricing that includes retail network "differential" or "spread," and the Company expects these trends to continue. The "differential" or "spread" is any difference between the drug price charged to plan sponsors, including Medicare Part D plan sponsors, by a PBM and the price paid for the drug by the PBM to the dispensing provider.

Pharmacy claims processed

- Pharmacy claims processed represents the number of prescription claims processed through the Company's pharmacy benefits manager and dispensed by either its retail network pharmacies or the Company's mail and specialty pharmacies. Management uses this metric to understand variances between actual claims processed and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of pharmacy claim volume on segment total revenues and operating results.
- Pharmacy claims processed decreased 18.3% on a 30-day equivalent basis in the three months ended June 30, 2024 compared to the prior year, reflecting the previously announced loss of a large client.

Generic dispensing rate

- Generic dispensing rate is calculated by dividing the Health Services segment's generic drug claims processed by its total claims processed. Management uses this metric to evaluate the effectiveness of the business at encouraging the use of generic drugs when they are available and clinically appropriate, which aids in decreasing costs for client members and retail customers. This metric provides management and investors with information useful in understanding trends in segment total revenues and operating results.
- The Health Services segment's generic dispensing rate remained relatively consistent at 88.2% in the three months ended June 30, 2024 compared to 88.3% in the prior year.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues decreased \$8.4 billion, or 9.2%, in the six months ended June 30, 2024 compared to the prior year primarily driven by the previously announced loss of a large client and continued pharmacy client price improvements. These decreases were partially offset by pharmacy drug mix, increased contributions from the Company's health care delivery assets, including the acquisitions of Oak Street Health and Signify Health, as well as growth in specialty pharmacy.

Operating expenses

- Operating expenses increased \$357 million, or 26.8%, in the six months ended June 30, 2024 compared to the prior year primarily due to operating expenses associated with Oak Street Health, including the amortization of acquired intangible assets.

Adjusted operating income

- Adjusted operating income decreased \$296 million, or 8.3%, in the six months ended June 30, 2024 compared to the prior year primarily driven by continued pharmacy client price improvements and the previously announced loss of a large client. These decreases were partially offset by improved purchasing economics.

Pharmacy claims processed

- The Company's pharmacy claims processed decreased 19.7% on a 30-day equivalent basis in the six months ended June 30, 2024 compared to the prior year, reflecting the previously announced loss of a large client.

Generic dispensing rate

- The Health Services segment's generic dispensing rate remained relatively consistent at 88.3% in the six months ended June 30, 2024 compared to 88.4% in the prior year.

Pharmacy & Consumer Wellness Segment

The following table summarizes the Pharmacy & Consumer Wellness segment's performance for the respective periods:

In millions, except percentages	Change							
	Three Months Ended		Six Months Ended		June 30, 2024 vs 2023		June 30, 2024 vs 2023	
	2024	2023	2024	2023	\$	%	\$	%
Revenues:								
Products	\$ 29,252	\$ 28,141	\$ 57,372	\$ 55,399	\$ 1,111	3.9 %	\$ 1,973	3.6 %
Services	586	642	1,191	1,309	(56)	(8.7)%	(118)	(9.0)%
Net investment income (loss)	—	1	—	(2)	(1)	(100.0)%	2	100.0 %
Total revenues	29,838	28,784	58,563	56,706	1,054	3.7 %	1,857	3.3 %
Cost of products sold	23,835	22,628	46,595	44,504	1,207	5.3 %	2,091	4.7 %
Operating expenses	4,824	4,807	9,676	9,787	17	0.4 %	(111)	(1.1)%
Operating expenses as a % of total revenues	16.2 %	16.7 %	16.5 %	17.3 %				
Loss on assets held for sale	\$ —	\$ —	\$ —	\$ 349	\$ —	— %	\$ (349)	(100.0)%
Operating income	1,179	1,349	2,292	2,066	(170)	(12.6)%	226	10.9 %
Operating income as a % of total revenues	4.0 %	4.7 %	3.9 %	3.6 %				
Adjusted operating income ⁽¹⁾	\$ 1,243	\$ 1,413	\$ 2,420	\$ 2,547	\$ (170)	(12.0)%	\$ (127)	(5.0)%
Adjusted operating income as a % of total revenues	4.2 %	4.9 %	4.1 %	4.5 %				
Revenues (by major goods/service lines):								
Pharmacy	\$ 24,013	\$ 22,614	\$ 46,797	\$ 44,394	\$ 1,399	6.2 %	\$ 2,403	5.4 %
Front Store	5,281	5,629	10,651	11,226	(348)	(6.2)%	(575)	(5.1)%
Other	544	540	1,115	1,088	4	0.7 %	27	2.5 %
Net investment income (loss)	—	1	—	(2)	(1)	(100.0)%	2	100.0 %
Prescriptions filled ⁽²⁾	420.4	405.7	838.0	810.5	14.7	3.6 %	27.5	3.4 %
Same store sales increase (decrease): ⁽³⁾								
Total	6.4 %	10.9 %	5.9 %	11.3 %				
Pharmacy	9.1 %	14.3 %	8.2 %	13.5 %				
Front Store	(4.0)%	(0.3)%	(3.1)%	3.5 %				

Prescription volume (2)	6.5 %	3.6 %	6.1 %	4.3 %
Generic dispensing rate (2)	90.1 %	89.5 %	90.1 %	89.5 %

- (1) See "Segment Analysis" above in this report for a reconciliation of Pharmacy & Consumer Wellness segment operating income (GAAP measure) to adjusted operating income, which represents the Company's principal measure of segment performance.
- (2) Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.
- (3) Same store sales and prescription volume represent the change in revenues and prescriptions filled in the Company's retail pharmacy stores that have been operating for greater than one year and digital sales initiated online or through mobile applications and fulfilled through the Company's distribution centers, expressed as a percentage that indicates the increase or decrease relative to the comparable prior period. Same store metrics exclude revenues and prescriptions from LTC and infusion services operations. Management uses these metrics to evaluate the performance of existing stores on a comparable basis and to inform future decisions regarding existing stores and new locations. Same-store metrics provide management and investors with information useful in understanding the portion of current revenues and prescriptions resulting from organic growth in existing locations versus the portion resulting from opening new stores.

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$1.1 billion, or 3.7%, in the three months ended June 30, 2024 compared to the prior year primarily driven by increased prescription volume and pharmacy drug mix. These increases were partially offset by continued pharmacy reimbursement pressure, the impact of recent generic introductions and decreased front store volume, including the impact of a decrease in store count and lower contributions from COVID-19 over-the-counter ("OTC") test kits since the expiration of the public health emergency in May 2023.
- Pharmacy same store sales increased 9.1% in the three months ended June 30, 2024 compared to the prior year. The increase was primarily driven by the 6.5% increase in pharmacy same store prescription volume on a 30-day equivalent basis and pharmacy drug mix. These increases were partially offset by continued pharmacy reimbursement pressure and the impact of recent generic introductions.
- Front store same store sales decreased 4.0% in the three months ended June 30, 2024 compared to the prior year. The decrease was primarily due to general softening of consumer demand and lower contributions from COVID-19 OTC test kits compared to the prior year.

Operating expenses

- Operating expenses in the Pharmacy & Consumer Wellness segment include payroll, employee benefits and occupancy costs associated with the segment's stores and pharmacy fulfillment operations; selling expenses; advertising expenses; depreciation and amortization expense and certain administrative expenses.
- Operating expenses remained relatively consistent in the three months ended June 30, 2024 compared to the prior year.

Adjusted operating income

- Adjusted operating income decreased \$170 million, or 12.0%, in the three months ended June 30, 2024 compared to the prior year primarily driven by continued pharmacy reimbursement pressure and decreased front store volume, including lower contributions from COVID-19 OTC test kits. These decreases were partially offset by increased prescription volume, improved drug purchasing and pharmacy drug mix.
- As you review the Pharmacy & Consumer Wellness segment's performance in this area, you should consider the following important information about the business:
 - The segment's adjusted operating income has been adversely affected by the efforts of managed care organizations, PBMs and governmental and other third-party payors to reduce their prescription drug costs, including the use of restrictive networks, as well as changes in the mix of business within the pharmacy portion of the Pharmacy & Consumer Wellness segment. If the pharmacy reimbursement pressure accelerates, the segment may not be able to grow revenues, and its adjusted operating income could be adversely affected.

Prescriptions filled

- Prescriptions filled represents the number of prescriptions dispensed through the Pharmacy & Consumer Wellness segment's retail and long-term care pharmacies and infusion services operations. Management uses this metric to understand variances between actual prescriptions dispensed and expected amounts as well as trends in period-over-period results. This metric provides management and investors with information useful in understanding the impact of prescription volume on segment total revenues and operating results.
- Prescriptions filled increased 3.6% on a 30-day equivalent basis in the three months ended June 30, 2024 compared to the prior year primarily driven by increased utilization.

Generic dispensing rate

- Generic dispensing rate is calculated by dividing the Pharmacy & Consumer Wellness segment's generic drug prescriptions filled by its total prescriptions filled. Management uses this metric to evaluate the effectiveness of the business at encouraging the use of generic drugs when they are available and clinically appropriate, which aids in decreasing costs for client members and retail customers. This metric provides management and investors with information useful in understanding trends in segment total revenues and operating results.
- The Pharmacy & Consumer Wellness segment's generic dispensing rate increased to 90.1% in the three months ended June 30, 2024 compared to 89.5% in the prior year. The increase in the segment's generic dispensing rate was primarily driven by the impact of new generic drug introductions and the Company's ongoing efforts to encourage plan members to use generic drugs when they are available and clinically appropriate.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues increased \$1.9 billion, or 3.3%, in the six months ended June 30, 2024 compared to the prior year primarily driven by increased prescription volume, including increased contributions from vaccinations, as well as pharmacy drug mix. These increases were partially offset by continued pharmacy reimbursement pressure, the impact of recent generic introductions and decreased front store volume, including the impact of a decrease in store count and lower contributions from COVID-19 OTC test kits since the expiration of the public health emergency in May 2023.
- Pharmacy same store sales increased 8.2% in the six months ended June 30, 2024 compared to the prior year. The increase was primarily driven by the 6.1% increase in pharmacy same store prescription volume on a 30-day equivalent basis and pharmacy drug mix. These increases were partially offset by continued pharmacy reimbursement pressure and the impact of recent generic introductions.
- Front store same store sales decreased 3.1% in the six months ended June 30, 2024 compared to the prior year. The decrease was primarily due to general softening of consumer demand and lower contributions from COVID-19 OTC test kits compared to the prior year.

Loss on assets held for sale

- During the six months ended June 30, 2023, the Company recorded a \$349 million loss on assets held for sale related to the write-down of its LTC business.

Operating expenses

- Operating expenses decreased \$111 million, or 1.1%, in the six months ended June 30, 2024 compared to the prior year. The decrease was primarily due to the impact of the decrease in store count, partially offset by increased investments in the segment's operations and capabilities.

Adjusted operating income

- Adjusted operating income decreased \$127 million, or 5.0%, in the six months ended June 30, 2024 compared to the prior year primarily driven by continued pharmacy reimbursement pressure and decreased front store volume, including lower contributions from COVID-19 OTC test kits. These decreases were partially offset by increased prescription volume, including increased contributions from vaccinations and improved drug purchasing.

Prescriptions filled

- Prescriptions filled increased 3.4% on a 30-day equivalent basis in the six months ended June 30, 2024 compared to the prior year primarily driven by increased utilization.

Generic dispensing rate

- The Pharmacy & Consumer Wellness segment's generic dispensing rate increased to 90.1% in the six months ended June 30, 2024 compared to 89.5% in the prior year. The increase in the segment's generic dispensing rate was primarily driven by the impact of new generic drug introductions and the Company's ongoing efforts to encourage plan members to use generic drugs when they are available and clinically appropriate.

Corporate/Other Segment

The following table summarizes the Corporate/Other segment's performance for the respective periods:

<u>In millions, except percentages</u>	Change							
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,	2024	June 30,	2024	June 30,	2024 vs 2023	June 30,	2024 vs 2023
Revenues:								
Premiums	\$ 13	\$ 13	\$ 25	\$ 26	\$ —	— %	\$ (1)	(3.8)%
Services	2	2	4	4	—	— %	—	— %
Net investment income	96	68	197	241	28	41.2 %	(44)	(18.3)%
Total revenues	111	83	226	271	28	33.7 %	(45)	(16.6)%
Cost of products sold	—	—	—	1	—	— %	(1)	(100.0)%
Health care costs	46	50	93	102	(4)	(8.0)%	(9)	(8.8)%
Operating expenses	539	579	1,090	1,031	(40)	(6.9)%	59	5.7 %
Restructuring charge	—	496	—	496	(496)	(100.0)%	(496)	(100.0)%
Operating loss	(474)	(1,042)	(957)	(1,359)	568	54.5 %	402	29.6 %
Adjusted operating loss ⁽¹⁾	(352)	(367)	(667)	(635)	15	4.1 %	(32)	(5.0)%

(1) See "Segment Analysis" above in this report for a reconciliation of Corporate/Other segment operating loss (GAAP measure) to adjusted operating loss, which represents the Company's principal measure of segment performance.

Commentary - Three Months Ended June 30, 2024 vs. 2023

Revenues

- Revenues primarily relate to products for which the Company no longer solicits or accepts new customers, such as large case pensions and long-term care insurance products.

- Total revenues increased \$28 million, or 33.7%, in the three months ended June 30, 2024 compared to the prior year primarily driven by an increase in net investment income, reflecting increased net investment income from private equity investments and favorable average investment yields compared to the prior year.

Restructuring charge

- During the three months ended June 30, 2023, the Company recorded a \$496 million restructuring charge.

Adjusted operating loss

- Adjusted operating loss decreased \$15 million, or 4.1%, in the three months ended June 30, 2024 compared to the prior year primarily driven by the increase in net investment income described above.

Commentary - Six Months Ended June 30, 2024 vs. 2023

Revenues

- Total revenues decreased \$45 million, or 16.6%, in the six months ended June 30, 2024 compared to the prior year primarily driven by a decrease in net investment income, reflecting lower average invested assets compared to the prior year, partially offset by favorable average investment yields compared to the prior year.

Restructuring charge

- During the six months ended June 30, 2023, the Company recorded a \$496 million restructuring charge.

Adjusted operating loss

- Adjusted operating loss increased \$32 million, or 5.0%, in the six months ended June 30, 2024 compared to the prior year primarily driven by the decrease in net investment income described above.

Liquidity and Capital Resources

Cash Flows

The Company maintains a level of liquidity sufficient to allow it to meet its cash needs in the short-term. Over the long term, the Company manages its cash and capital structure to maximize shareholder return, maintain its financial condition and maintain flexibility for future strategic initiatives. The Company continuously assesses its regulatory capital requirements, working capital needs, debt and leverage levels, debt maturity schedule, capital expenditure requirements, dividend payouts, potential share repurchases and future investments or acquisitions. The Company believes its operating cash flows, commercial paper program, credit facilities, as well as any potential future borrowings, will be sufficient to fund these future payments and long-term initiatives. As of June 30, 2024, the Company had approximately \$12.5 billion in cash and cash equivalents, approximately \$2.9 billion of which was held by the parent company or nonrestricted subsidiaries.

The net change in cash, cash equivalents and restricted cash during the six months ended June 30, 2024 and 2023 was as follows:

	Six Months Ended		Change	
	June 30,		\$	%
<u>In millions, except percentages</u>	2024	2023		
Net cash provided by operating activities	\$ 7,992	\$ 13,346	\$ (5,354)	(40.1)%
Net cash used in investing activities	(3,719)	(18,876)	15,157	80.3 %
Net cash provided by financing activities	22	6,352	(6,330)	(99.7)%
Net increase in cash, cash equivalents and restricted cash	\$ 4,295	\$ 822	\$ 3,473	422.5 %

Commentary

- Net cash provided by operating activities decreased by \$5.4 billion in the six months ended June 30, 2024 compared to the prior year, primarily as a result of the early receipt of the July 2023 CMS payment of \$5.3 billion in the prior year and the impact of Medicare utilization, partially offset by the timing of cash receipts and payments.
- Net cash used in investing activities decreased by \$15.2 billion in the six months ended June 30, 2024 compared to the prior year primarily due to the acquisitions of Oak Street Health in May 2023 and Signify Health in March 2023, partially offset by higher net purchases of investments.
- Net cash provided by financing activities was \$22 million in the six months ended June 30, 2024 compared to \$6.4 billion in the prior year. The decrease in cash provided by financing activities primarily related to proceeds from the issuance of approximately \$10.9 billion of long-term senior notes and commercial paper borrowings of \$1.0 billion in the prior year, as well as higher share repurchases during the six months ended June 30, 2024 compared to the prior year, partially offset by proceeds from the issuance of \$5.0 billion of long-term senior notes in the six months ended June 30, 2024.

Short-term Borrowings

Commercial Paper and Back-up Credit Facilities

The Company did not have any commercial paper outstanding as of June 30, 2024. In connection with its commercial paper program, the Company maintains a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 11, 2027, a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 16, 2028, and a \$2.5 billion, five-year unsecured back-up revolving credit facility, which expires on May 16, 2029. The credit facilities allow for borrowings at various rates that are dependent,

in part, on the Company's public debt ratings and require the Company to pay a weighted average quarterly facility fee of approximately 0.03%, regardless of usage. As of June 30, 2024, there were no borrowings outstanding under any of the Company's back-up credit facilities.

Term Loan Credit Agreement

On March 25, 2024, the Company entered into a 364-day \$3.0 billion term loan credit agreement. The term loan credit agreement allowed for borrowings at various rates that were dependent, in part, on the Company's public debt ratings. On May 9, 2024, following the issuance of the \$5.0 billion in senior notes described under "Long-term Borrowings" below, the term loan credit agreement terminated. There were no borrowings under the term loan credit agreement through the date of termination.

Federal Home Loan Bank of Boston

A subsidiary of the Company is a member of the Federal Home Loan Bank of Boston (the "FHLBB"). As a member, the subsidiary has the ability to obtain cash advances, subject to certain minimum collateral requirements. The maximum borrowing capacity available from the FHLBB as of June 30, 2024 was approximately \$1.1 billion. As of June 30, 2024, there were no outstanding advances from the FHLBB.

Long-term Borrowings

2024 Notes

On May 9, 2024, the Company issued \$1.0 billion aggregate principal amount of 5.4% senior notes due June 2029, \$1.0 billion aggregate principal amount of 5.55% senior notes due June 2031, \$1.25 billion aggregate principal amount of 5.7% senior notes due June 2034, \$750 million aggregate principal amount of 6.0% senior notes due June 2044 and \$1.0 billion aggregate principal amount of 6.05% senior notes due June 2054 for total proceeds of approximately \$5.0 billion, net of discounts and underwriting fees. The net proceeds of these offerings were used for general corporate purposes.

Debt Covenants

The Company's back-up revolving credit facilities, term loan agreement and unsecured senior notes contain customary restrictive financial and operating covenants. These covenants do not include an acceleration of the Company's debt maturities in the event of a downgrade in the Company's credit ratings. The Company does not believe the restrictions contained in these covenants materially affect its financial or operating flexibility. As of June 30, 2024, the Company was in compliance with all of its debt covenants.

Debt Ratings

As of June 30, 2024, the Company's long-term debt was rated "Baa2" by Moody's Investor Service, Inc. ("Moody's") and "BBB" by Standard & Poor's Financial Services LLC ("S&P"), and its commercial paper program was rated "P-2" by Moody's and "A-2" by S&P. The outlook on the Company's long-term debt is "Stable" by both Moody's and S&P. In assessing the Company's credit strength, the Company believes that both Moody's and S&P considered, among other things, the Company's capital structure and financial policies as well as its consolidated balance sheet, its historical acquisition activity and other financial information. Although the Company currently believes its long-term debt ratings will remain investment grade, it cannot guarantee the future actions of Moody's and/or S&P. The Company's debt ratings have a direct impact on its future borrowing costs, access to capital markets and new store operating lease costs.

Share Repurchase Programs

The following share repurchase programs have been authorized by CVS Health Corporation's Board of Directors (the "Board"):

<i>In billions</i>	<i>Authorization Date</i>	<i>Authorized</i>	<i>Remaining as of June 30, 2024</i>
	November 17, 2022 ("2022 Repurchase Program")	\$ 10.0	\$ 10.0
	December 9, 2021 ("2021 Repurchase Program")	10.0	1.5

Each of the share Repurchase Programs was effective immediately and permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase ("ASR") transactions, and/or other derivative transactions. Both the 2022 and 2021 Repurchase Programs can be modified or terminated by the Board at any time.

During the six months ended June 30, 2024 and 2023, the Company repurchased an aggregate of 39.7 million shares of common stock for approximately \$3.0 billion and an aggregate of 22.8 million shares of common stock for approximately \$2.0 billion, respectively, both pursuant to the 2021 Repurchase Program. This activity includes the share repurchases under the ASR transactions described below.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$3.0 billion fixed dollar ASR with Morgan Stanley & Co. LLC. Upon payment of the \$3.0 billion purchase price on January 4, 2024, the Company received a number of shares of CVS Health Corporation's common stock equal to 85% of the \$3.0 billion notional amount of the ASR or approximately 31.4 million shares, which were placed into treasury stock in January 2024. The ASR was accounted for as an initial treasury stock transaction for \$2.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In March 2024, the Company received approximately 8.3 million shares of CVS Health Corporation's common stock, representing the remaining 15% of the \$3.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in March 2024.

Pursuant to the authorization under the 2021 Repurchase Program, the Company entered into a \$2.0 billion fixed dollar ASR with Citibank, N.A. Upon payment of the \$2.0 billion purchase price on January 4, 2023, the Company received a number of shares of CVS Health Corporation's common stock equal to 80% of the \$2.0 billion notional amount of the ASR or approximately 17.4 million shares, which were placed into treasury stock in January 2023. The ASR was accounted for as an initial treasury stock transaction for \$1.6 billion and a forward contract for \$0.4 billion. The forward contract was classified as an equity instrument and was recorded within capital surplus. In February 2023, the Company received approximately 5.4 million shares of CVS Health Corporation's common stock, representing the remaining 20% of the \$2.0 billion notional amount of the ASR, thereby concluding the ASR. These shares were placed into treasury and the forward contract was reclassified from capital surplus to treasury stock in February 2023.

At the time they were received, the initial and final receipt of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share.

Critical Accounting Policies

The Company prepares the unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles, which require management to make certain estimates and apply judgment. Estimates and judgments are based on historical experience, current trends and other factors that management believes to be important at the time the unaudited condensed consolidated financial statements are prepared. On a regular basis, the Company reviews its accounting policies and how they are applied and disclosed in the unaudited condensed consolidated financial statements. While the Company believes the historical experience, current trends and other factors considered by management support the preparation of the unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles, actual results could differ from estimates, and such differences could be material.

For a full description of the Company's other critical accounting policies, see "Critical Accounting Policies" in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2023 Form 10-K.

Cautionary Statement Concerning Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Reform Act") provides a "safe harbor" for forward-looking statements, so long as (1) those statements are identified as forward-looking and (2) the statements are accompanied by meaningful cautionary statements that identify important factors that could cause actual results to differ materially from those discussed in the statement. We want to take advantage of these safe harbor provisions.

Certain information contained in this Quarterly Report on Form 10-Q (this "report") is forward-looking within the meaning of the Reform Act or Securities and Exchange Commission rules. This information includes, but is not limited to the forward-looking information in Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2 of this report. In addition, throughout this report and our other reports and communications, we use the following words or variations or negatives of these words and similar expressions when we intend to identify forward-looking statements:

· Anticipates	· Believes	· Can	· Continue	· Could
· Estimates	· Evaluate	· Expects	· Explore	· Forecast
· Guidance	· Intends	· Likely	· May	· Might
· Outlook	· Plans	· Potential	· Predict	· Probable
· Projects	· Seeks	· Should	· View	· Will

All statements addressing the future operating performance of CVS Health or any segment or any subsidiary and/or future events or developments, including, but not limited to, statements relating to the Company's investment portfolio, operating results, cash flows and/or financial condition, statements relating to corporate strategy, statements relating to future revenue, operating income or adjusted operating income, earnings per share or adjusted earnings per share, Health Care Benefits segment business, sales results and/or trends, medical cost trends, medical membership, Medicare Part D membership, medical benefit ratios and/or operations, Health Services segment business, sales results and/or trends and/or operations, Pharmacy & Consumer Wellness segment business, sales results and/or trends and/or operations, incremental investment spending, interest

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expense, effective tax rate, weighted-average share count, cash flow from operations, net capital expenditures, cash available for debt repayment, statements related to possible, proposed, pending or completed acquisitions, joint ventures, investments or combinations that involve, among other things, the timing or likelihood of receipt of regulatory approvals, the timing of completion, integration synergies, net synergies and integration risks and other costs, including those related to CVS Health's acquisitions of Oak Street Health and Signify Health, enterprise modernization, transformation, leverage ratio, cash available for enhancing shareholder value, inventory reduction, turn rate and/or loss rate, debt ratings, the Company's ability to attract or retain customers and clients, store development and/or relocations, new product development, and the impact of industry and regulatory developments as well as statements expressing optimism or pessimism about future operating results or events, are forward-looking statements within the meaning of the Reform Act.

Forward-looking statements rely on a number of estimates, assumptions and projections concerning future events, and are subject to a number of significant risks and uncertainties and other factors that could cause actual results to differ materially from those statements. Many of these risks and uncertainties and other factors are outside our control.

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Certain additional risks and uncertainties and other factors are described under "Risk Factors" included in Part I, Item 1A of the 2023 Form 10-K and under "Risk Factors" included in Part II, Item 1A of this report; these are not the only risks and uncertainties we face. There can be no assurance that the Company has identified all the risks that may affect it. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial also may adversely affect the Company's businesses. If any of those risks or uncertainties develops into actual events, those events or circumstances could have a material adverse effect on the Company's businesses, operating results, cash flows, financial condition and/or stock price, among other effects.

You should not put undue reliance on forward-looking statements. Any forward-looking statement speaks only as of the date of this report, and we disclaim any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events, uncertainties or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has not experienced any material changes in exposures to market risk since December 31, 2023. See the information contained in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 for a discussion of the Company's exposures to market risk.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)) as of **March 31, 2024** **June 30, 2024**, have concluded that as of such date the Company's disclosure controls and procedures were adequate and effective and designed to provide reasonable assurance that material information relating to the Company and its subsidiaries would be made known to such officers on a timely basis.

Changes in internal control over financial reporting: There has been no change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15 that occurred in the three months ended **March 31, 2024** **June 30, 2024** that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

The information contained in Note **10** **11** "Commitments and Contingencies" contained in "Notes to Condensed Consolidated Financial Statements (Unaudited)" in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated by reference herein.

Item 1A. Risk Factors

There have been no material changes to the "Risk Factors" disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Those risk factors could adversely affect the Company's businesses, operating results, cash flows and/or financial condition as well as the market price of CVS Health Corporation's common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

The following table presents the total number of shares purchased in the three months ended **March 31, 2024** **June 30, 2024**, the average price paid per share and the approximate dollar value of shares that still could have been purchased at the end of the applicable fiscal period, pursuant to the share repurchase programs authorized by CVS Health Corporation's Board of Directors on November 17, 2022 and December 9, 2021. See Note **7** **8** "Shareholders' Equity" contained in "Notes to Condensed Consolidated Financial Statements (Unaudited)" in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

<i>Fiscal Period</i>	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
			Purchased as Part of Publicly Announced Plans or Programs	\$ 11,975,501,038
			Plans or Programs	
January 1, 2024 through January 31, 2024	31,408,970	\$ 80.38	31,408,970	\$ 11,975,501,038
February 1, 2024 through February 29, 2024	—	\$ —	—	\$ 11,975,501,038
March 1, 2024 through March 31, 2024	8,293,404	\$ 57.33	8,293,404	\$ 11,500,000,143
	39,702,374		39,702,374	

<i>Fiscal Period</i>	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
			Purchased as Part of Publicly Announced Plans or Programs	\$ 11,500,000,143
			Plans or Programs	
April 1, 2024 through April 30, 2024	—	\$ —	—	\$ 11,500,000,143
May 1, 2024 through May 31, 2024	—	\$ —	—	\$ 11,500,000,143
June 1, 2024 through June 30, 2024	—	\$ —	—	\$ 11,500,000,143
	—		—	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended **March 31, 2024** **June 30, 2024**, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of CVS Health Corporation securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

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Item 6. Exhibits

The exhibits listed in this Item 6 are filed as part of this Quarterly Report on Form 10-Q. Exhibits marked with an asterisk (*) are management contracts or compensatory plans or arrangements. Exhibits other than those listed are omitted because they are not required to be listed or are not applicable. Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the Registrant hereby agrees to furnish to the U.S. Securities and Exchange Commission a copy of any omitted instrument that is not required to be listed.

INDEX TO EXHIBITS

104	Material contracts Instruments defining the rights of security holders, including indentures
10.1* 4.1	Restrictive Covenant Agreement dated J Form of the Registrant's 2029 Note (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed anuary May 9, 202417, 2023 between the Registrant and Samrat Khichi.)
10.2* 4.2	Change in Control Agreement effective as Form of the Registrant's 2031 Note (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed February 20 May 9, 2024, 202)3 between the Registrant and Samrat Khichi.
10.3 4.3	Term Loan Form of the Registrant's 2034 Note (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed May 9, 2024).
4.4	Form of the Registrant's 2044 Note (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed May 9, 2024).
4.5	Form of the Registrant's 2054 Note (incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed May 9, 2024).
10	Material contracts
10.1	Third Amendment to Five Year Credit Agreement dated March 25, 2024 as of May 16, 2024, to the Five Year Credit Agreement dated as of May 16, 2019, by and among the Registrant, the lenders party thereto and Bank of America, N.A., as administrative agent, Administrative Agent.
10.2	Third Amendment to Five Year Credit Agreement dated as of May 16, 2024, to the Five Year Credit Agreement dated as of May 11, 2021, by and among the Registrant, the lenders party thereto and Bank of America, N.A., as Administrative Agent.
10.3	Second Amendment to Five Year Credit Agreement dated as of May 16, 2024, to the Five Year Credit Agreement dated as of May 16, 2022, by and among the Registrant, the lenders party thereto and Bank of America, N.A., as Administrative Agent.
10.4*	Registrant's 2017 Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 22, 2024).
10.5*	Forms of award agreements to be used under Registrant's 2017 Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 22, 2024).
15	Letter re: unaudited interim financial information
15.1	Letter from Ernst & Young LLP acknowledging awareness of the use of a report dated March31 August 7, 20242024 related to their reviews of interim financial information.
31	Rule 13a-14(a)/15d-14(a) Certifications
31.1	Certification by the Chief Executive Officer.
31.2	Certification by the Chief Financial Officer.
32	Section 1350 Certifications
32.1	Certification by the Chief Executive Officer.
32.2	Certification by the Chief Financial Officer.
101	
101	The following materials from the CVS Health Corporation Quarterly Report on Form 10-Q for the three and six months ended March 31, 2024 June 30, 2024, formatted in Inline XBRL: (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Shareholders' Equity and (vi) the related Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

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104 Cover Page Interactive Data File - The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended **March 31, 2024** June 30, 2024, formatted in Inline XBRL (included as Exhibit 101).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 1, August 7, 2024

By: /s/ Thomas F. Cowhey

Thomas F. Cowhey

Executive Vice President and Chief Financial Officer

Exhibit 10.1
Execution VersionCVS Pharmacy, Inc.**Restrictive Covenant Agreement****THIRD AMENDMENT TO FIVE YEAR CREDIT AGREEMENT**

I, **THIRD AMENDMENT TO FIVE YEAR CREDIT AGREEMENT** (this "Samrat Khichi Amendment"), enter into this Restrictive Covenant Agreement ("Agreement") with CVS Pharmacy, Inc., on its own behalf and on behalf of its subsidiaries and affiliates ("CVS"), which is effective dated as of the date I sign the Agreement ("Effective Date").

1. Consideration for Agreement. In connection with my duties and responsibilities at May 16, 2024, is entered into among CVS Health Corporation, or one of its subsidiaries or affiliates, including Aetna Inc. (collectively, the "Corporation" a Delaware corporation (the "Borrower"), the Corporation will provide me with Confidential Information and/or access to the Corporation's customers Lenders party hereto and clients and the opportunity to develop and maintain relationships and goodwill with them. In consideration Bank of the foregoing and the mutual promises in this Agreement and other good and valuable consideration, I hereby agree with CVS to comply with the America, N.A., as Administrative Agent. Except as otherwise provided herein, capitalized terms of this Agreement.

2. Non-Competition. During my employment by the Corporation and during the Non-Competition Period following the termination of my employment for any reason, I will not directly or indirectly engage in Competition or provide Consulting or Audit Services within the Restricted Area.

a. Competition. Engaging in "Competition" means (whether as an employee, contractor, consultant, principal, agent, partner, officer, or director) (i) working on, developing, producing, marketing, selling, servicing, or managing (or assisting in developing, producing, marketing, selling, servicing, or managing) any product or service that is competitive with any existing or planned products or services of the Corporation that I managed, or with which I was involved, at any time during the last twenty-four (24) months of my employment with the Corporation; or (ii) accepting any position or engaging in any activity that will likely result in the disclosure of Confidential Information to a Competitor or the use of Confidential Information on behalf of a Competitor.

b. Competitor. A "Competitor" for purposes of this Agreement shall mean any person, corporation or other entity that competes with one or more of the business offerings of the Corporation As of the Effective Date, the Corporation's business offerings include: (i) pharmacy benefits management ("PBM"), including: (a) the administration of pharmacy benefits for businesses, government agencies and health plans; (b) mail order pharmacy; (c) specialty pharmacy; and (d) the procurement of prescription drugs at a negotiated rate for dispensing; (ii) retail, which includes the sale of prescription drugs, over-the-counter medications, beauty products and cosmetics, digital and traditional photo finishing services, digital and other online offerings, seasonal and other general merchandise, greeting cards, convenience foods and other product lines and services used herein which are sold by the Corporation's retail division ("Retail"); (iii) retail health clinics ("MinuteClinic"); (iv) the provision of pharmaceutical products and ancillary services, including specialty pharmaceutical products and support services and the provision of related pharmacy consulting, data management services and medical supplies to long-term care facilities, other healthcare service providers and recipients of services from such facilities ("Long- Term Care"); (v) the provision of prescription infusion drugs and related services ("Infusion"); (vi) the provision of kidney care services, including but not limited to caring for patients with end stage renal disease ("Kidney Care"); (vii) services relating to or supporting clinical trials ("Clinical Trials"); (viii) the provision of insurance ("Insurance") including: (a) health insurance products and services; (b) managed health care products and services; (c) dental, vision, and employee assistance program products and services; (d) wellness products and services to employers, government agencies, health plans, other businesses or third party payers; (e) Medicare Part D services; and (f) other voluntary products that are excepted benefits under HIPAA; (ix) the creation and provision of population health management products and services ("Health Management"); (x) services supporting or related to the administration of the business offerings in (i) – (ix) ("Administration"); and (xi) any other business in which Corporation is engaged or imminently will be engaged. For avoidance of doubt, Competitor shall include any business

unit, corporate entity, division, affiliate or part of a Competitor which offers other products or services which are or may be combined or offered as part of a suite of products or services with the Competitor's Insurance, Health Management and/or PBM offerings.

For the purpose of assessing whether I am engaging in "Competition" under section 2(a)(i) above, a person, corporation or other entity shall not be considered a Retail Competitor if such entity derives annual gross revenues from its business in an amount which is less than 2% of the Corporation's gross revenues from Retail, during its most recently completed fiscal year. For avoidance of doubt, this exclusion does not apply to a determination of whether I am engaging in "Competition" as set forth in section 2(a)(ii) above.

I and the Corporation acknowledge that both the Corporation's products and services and the entities which compete with the Corporation's products and services evolve over time, and that an entity will be considered a Competitor if it provides products or services competitive with the products and services provided by the Corporation within the last two years of my employment with the Corporation.

I agree that the provisions of Section 2 of this Agreement are reasonable to protect and preserve the Corporation's legitimate business interests, including the protection of the Company's Confidential Information and the Company's substantial investment made to develop and retain its Confidential Information, clients, other business relationships, and related goodwill.

c. **Consulting or Audit Services.** "Consulting or Audit Services" shall mean any activity that involves providing audit review or other consulting or advisory services with respect to any relationship or prospective relationship between the Corporation and any third party that is likely to result in the use or disclosure of Confidential Information.

d. **Non-Competition Period.** The "Non-Competition Period" shall be the period of 18 months following the termination of my employment with the Corporation for any reason.

e. **Restricted Area.** "Restricted Area" refers to those states within the United States in which the Corporation conducts its business, as well as the District of Columbia and Puerto Rico. To the extent I worked on international matters involving the Corporation's business in Asia, Europe, or other international locations where the Corporation may conduct business, the Restricted Area includes those countries and those countries where the Corporation is actively planning to conduct business. I understand and agree that the Corporation's business is global in nature and that its clients are located throughout the world; therefore, the Restricted Territory definition is reasonable and necessary to allow the Corporation to adequately protect its legitimate business interests, and the absence of a more restricted limitation would not be reasonable under these circumstances. Nevertheless, the restrictions on my work during the Non-Competition Period shall only extend to those locations within the Restricted Area where such work constitutes engaging in Competition.

3. **Non-Solicitation.** During the Non-Solicitation Period, which shall be during my employment by the Corporation and for 18 months following the termination of my employment with the Corporation for any reason, I will not, unless a duly authorized officer of the Corporation gives me written authorization to do so:

a. interfere with the Corporation's relationship with its Business Partners by soliciting or communicating (regardless of who initiates the communication) with a Business Partner to: (i) induce or encourage the Business Partner to stop doing business or reduce its business with the Corporation, or (ii) buy a product or service that competes with a product or service offered by the Corporation's business. "Business Partner" means: a customer (person or entity), prospective customer (person or

entity), healthcare provider, supplier, manufacturer, agency, broker, hospital, hospital system, long-term care facility, Insurance client/customer, and/or pharmaceutical manufacturer with whom the Corporation has a business relationship and with which I had business-related contact or dealings, or about which I

received Confidential Information, in the two years prior to the termination of my employment with the Corporation. A Business Partner does not include a customer, supplier, manufacturer, agency, broker, hospital, hospital system, long-term care facility and/or pharmaceutical manufacturer which has fully and finally ceased doing any business with the Corporation independent of any conduct or communications by me or breach of this Agreement and such full cessation of business has been in effect for at least 1 year prior to my separation from employment with the Corporation. Nothing in this Section 3(a) shall prevent me from working as a staff pharmacist or in another retail position wherein I would be providing or selling prescriptions or other products directly to consumers.

b. work on a Corporation account on behalf of a Business Partner or serve as the representative of a Business Partner for the Corporation.

c. interfere with the Corporation's relationship with any employee or contractor of the Corporation by: (i) soliciting or communicating with the employee or contractor to induce or encourage him or her to leave the Corporation's employ or engagement (regardless of who first initiates the communication); (ii) helping another person or entity evaluate such employee or contractor as an employment or contractor candidate; or (iii) otherwise helping any person or entity hire an employee or contractor away from the Corporation.

4. Non-Disclosure of Confidential Information.

a. Subject to Sections 7 and 8 below, I will not at any time, whether during or after the termination of my employment, disclose to any person or entity any of the Corporation's Confidential Information, except as may be appropriately required in the ordinary course of performing my duties as an employee of the Corporation. The Corporation's Confidential Information includes but is not limited to the following non-public information: trade secrets; computer code generated or developed by the Corporation; software or programs and related documentation; strategic compilations and analysis; strategic processes; business or financial methods, practices and plans; non-public costs and prices; operating margins; marketing, merchandising and selling techniques and information; customer lists; provider lists; details of customer or provider agreements; pricing arrangements with pharmaceutical manufacturers, distributors or suppliers including but not limited to any discounts and/or rebates; pricing arrangements with insurance clients and customers; pharmacy reimbursement rates; premium information; payment rates; contractual forms; expansion strategies; real estate strategies; operating strategies; sources of supply; patient records; business plans; other financial, commercial, business or technical information related to the Corporation, and confidential information of third parties which is given to the Corporation pursuant to an obligation or agreement to keep such information confidential (collectively, "Confidential Information"). I shall not use or attempt to use any Confidential Information on behalf of any person or entity other than the Corporation, or in any manner which may injure or cause loss or may be calculated to injure or cause loss, whether directly or indirectly, to the Corporation. If, at any time over the last two years of my employment at CVS, my position included access to Confidential Information, as described above, specifically related to the Corporation's procurement of prescription drugs, I understand and agree my employment with a pharmaceutical manufacturer, distributor or supplier ("Pharmaceutical Entity") would place a substantial risk of use and/or disclosure of Confidential Information with which I have been or will be entrusted during my employment with the Corporation. In light of this risk of disclosure, I acknowledge and agree that the Corporation will be entitled to immediate injunctive relief to prevent me from disclosing any such Confidential Information in the course of my employment with any such Pharmaceutical Entity. I agree that the disclosure of such Confidential Information to the Corporation's PBM Competitors with which one may negotiate in the course of

employment with such Pharmaceutical Entity, would cause immediate and irreparable harm to the Corporation.

b. During my employment, I shall not make, use, or permit to be used, any materials of any nature relating to any matter within the scope of the business of the Corporation or concerning any of its dealings or affairs other than for the benefit of the Corporation. I shall not, after the termination of my employment, use or permit to be used any such materials and shall return same in accordance with Section 5 below.

c. **NOTICE OF IMMUNITY FROM LIABILITY FOR CONFIDENTIAL DISCLOSURE OF A TRADE SECRET TO THE GOVERNMENT OR IN A COURT FILING.** Pursuant to the United States Defend Trade Secrets Act of 2016 (the "DTSA"), the Company hereby provides the following notice to Employee:

(i) **IMMUNITY:** An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made: (1) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(ii) **USE OF TRADE SECRET INFORMATION IN ANTI-RETALIATION**

LAWSUIT: An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret in the court proceeding, if the individual: (A) files any document containing the trade secret under seal; and

(B) does not disclose the trade secret, except pursuant to court order.

5. Ownership and Return of the Corporation's Property. On or before my final date of employment with the Corporation, I shall return to the Corporation all property of the Corporation in my possession, custody or control, including but not limited to the originals and copies of any information provided to or acquired by me in connection with the performance of my duties for the Corporation, such as files, correspondence, communications, memoranda, e-mails, slides, records, and all other documents, no matter how produced or reproduced, all computer equipment, communication devices (including but not limited to any mobile phone or other portable digital assistant or device), computer programs and/or files, and all office keys and access cards. I agree that all the items described in this Section are the sole property of the Corporation.

6. Rights to Inventions, Works.

a. Assignment of Inventions. All inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether patentable or otherwise protectable under similar law, made, conceived or developed by me, whether alone or jointly with others, from the date of my initial employment by the Corporation and continuing until the end of any period during which I am employed by the Corporation, relating or pertaining in any way to my employment with or the business of the Corporation (collectively referred to as "Inventions") shall be promptly disclosed in writing to the Corporation. I hereby assign to the Corporation, or its designee, all of my rights, title and interest to such Inventions. All original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Corporation and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act and as such are the sole property of the Corporation. The decision whether to commercialize or market any Invention developed by me solely or jointly with others is within

the Corporation's sole discretion and for the Corporation's sole benefit and no royalty will be due to me as a result of the Corporation's efforts to commercialize or market any such Invention.

b. Inventions Retained and Licensed. I have attached hereto as Exhibit A, a list specifically describing all inventions, original works of authorship, developments, improvements, and trade secrets that were made by me prior to my employment with the Corporation ("Prior Inventions"), which belong to me and are not assigned to the Corporation hereunder. If no such list is attached, I represent that there are no such Prior Inventions. I will not incorporate, or permit to be incorporated, any Prior Invention owned by me or in which I have an interest into a Corporation product, process or machine without the Corporation's prior written consent. Notwithstanding the foregoing sentence, if, in the course of my employment with the Corporation, I incorporate into a Corporation product, process or machine a Prior Invention owned by me or in which I have an interest, the Corporation is hereby granted and herein shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

c. Patent and Copyright Registrations. I will assist the Corporation, or its designee, at the Corporation's expense, in every proper way to secure the Corporation's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto, including, but not limited to, the disclosure to the Corporation of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Corporation shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Corporation, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. My obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after my employment ends for any reason and/or after the termination of this Agreement. If the Corporation is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Corporation as above, then I hereby irrevocably designate and appoint the Corporation and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

d. Exception to Assignments. I understand that if I am an employee in Illinois, Kansas, North Carolina, Utah or Minnesota, I should refer to Exhibit B (incorporated herein for all purposes) for important limitations on the scope of the provisions of this Agreement concerning assignment of Inventions. I will

advise the Corporation promptly in writing of any inventions that I believe meet the criteria in Exhibit B and that are not otherwise disclosed on Exhibit A.

7. Cooperation.

a. In the event I receive a subpoena, deposition notice, interview request, or other process or order to testify or produce Confidential Information or any other information or property of the Corporation, I shall promptly: (i) notify the Corporation of the item, document, or information sought by such subpoena, deposition notice, interview request, or other process or order; (ii) furnish the Corporation with a copy of said subpoena, deposition notice, interview request, or other process or order; and

(iii) provide reasonable cooperation with respect to any procedure that the Corporation may initiate to protect Confidential Information or other interests. If the Corporation objects to the subpoena, deposition notice, interview request, process, or order, I shall cooperate to ensure that there shall be no disclosure

until the court or other applicable entity has ruled upon the objection, and then only in accordance with the ruling so made. If no such objection is made despite a reasonable opportunity to do so, I shall be entitled to comply with the subpoena, deposition, notice, interview request, or other process or order, provided that I have fulfilled the above obligations.

b. I will cooperate fully with the Corporation, its affiliates, and their legal counsel in connection with any action, proceeding, or dispute arising out of matters with which I was directly or indirectly involved while serving as an employee of the Corporation, its predecessors, subsidiaries or affiliates. This cooperation shall include, but shall not be limited to, meeting with, and providing information to, the Corporation and its legal counsel, maintaining the confidentiality of any past or future privileged communications with the Corporation's legal counsel (outside and in-house), and making myself available to testify truthfully by affidavit, in depositions, or in any other forum on behalf of the Corporation. The Corporation agrees to reimburse me for any reasonable and necessary out-of-pocket costs associated with my cooperation.

c. **Notice of New Employment.** If a representative of the Corporation, during or following my employment, requests that I identify the company or business to which I will be or am providing services, or with which I will be or am employed, and requests that I provide information about the services that I am or will be providing to such entity, I shall provide the Corporation with a written statement that identifies the entity and describes the nature of the services that I am or will be providing to such entity with sufficient detail to allow the Corporation to independently assess whether I am or will be in violation of this Agreement. Such statement shall be delivered to the Corporation's Chief People Officer or his or her authorized delegate via personal delivery or overnight delivery within five calendar days of my receipt of such request.

8. Limitation on Restrictions. Nothing in this Agreement is intended to or shall interfere with my right to file charges or participate in a proceeding with any appropriate federal, state or local government agency, including the Occupational Safety and Health Administration ("OSHA"), National Labor Relations Board ("NLRB") or the Securities and Exchange Commission ("SEC"); to exercise rights under Section 7 of the National Labor Relations Act ("NLRA"); or to file a charge or complaint with or participate or cooperate in an investigation or proceeding with the US Equal Employment Opportunity Commission ("EEOC") or comparable state or local agencies. Such agencies have authority to carry out their statutory duties by investigating a charge, issuing a determination, filing a lawsuit, or taking any other action authorized by law. I retain the right to participate in any such action and retain the right to communicate with the NLRB, SEC, EEOC, OSHA and comparable state or local agencies and such communication shall not be limited by any provision in this Agreement. Nothing in this Agreement limits my right to receive an award for information provided to a government agency such as the SEC and OSHA. In addition, nothing in this Agreement is intended to interfere with or restrain the immunity provided under 18 U.S.C. § 1833(b) for confidential disclosures of trade secrets to government officials or lawyers, solely for the purpose of reporting or investigating a suspected violation of law, or in a sealed filing in court or other proceeding.

9. Eligibility for Severance Pay. If my employment with the Corporation terminates under circumstances in which I am eligible for severance under the applicable severance plan (the "Severance Plan"), the Corporation will offer me severance in accordance with the Severance Plan. I acknowledge that I must meet certain requirements in order to receive severance, including but not limited to execution of a separation agreement and release of claims in a form acceptable to CVS Health Corporation and any other requirements meanings set forth in the Severance Plan. In the event that the Corporation fails to comply with its obligations to offer me severance according to the Severance Plan, then Section 2 of this Credit Agreement shall be of no further effect. I agree that if I decline the Corporation's offer of severance, I shall continue to be subject to the restrictions in Section 2(as defined below).

- 10. Injunctive Relief and Other Remedies.** Any breach of this Agreement by me will cause irreparable damage to WHEREAS, the Corporation and, in Borrower, the event of such breach, the Corporation shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent the violation of my obligations hereunder, and without providing a bond to the extent permitted by the applicable rules of civil procedure. Nothing contained in this Agreement shall be construed to prohibit the Corporation from pursuing any other remedy available to the Corporation at law or in equity, the parties having agreed that all remedies are cumulative.
- 11. No Right of Continued Employment.** This Agreement does not create an obligation on the Corporation or any other person or entity to continue my employment.
- 12. No Conflicting Agreements.** I represent that the performance of my job duties with the Corporation and my compliance with all of the terms of this Agreement does not and will not breach or conflict with any other agreement, covenant, obligation or restriction to which I am bound including but not limited to any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Corporation.
- 13. Entire Agreement/No Reliance/No Modifications.** This Agreement and any compensation, benefit or equity plan or agreement referred to herein or under which equity was granted, to the extent those other agreements apply to me, set forth the entire agreement between the parties hereto and fully supersede any and all prior and/or supplemental understandings, whether written or oral, between the parties concerning the subject matter of this Agreement. This agreement shall not have any effect on any prior existing agreements between Corporation and me regarding the arbitration of workplace legal disputes and any such agreements remain in full force and effect. I agree and acknowledge that I have not relied on any representations, promises or agreements of any kind in connection with my decision to accept the terms of this Agreement, except for the representations, promises and agreements herein. Any modification to this Agreement must be made in writing and signed by me Lenders and the Corporation's Chief People Officer or his or her authorized representative.
- 14. No Waiver.** Any waiver by the Corporation of a breach of any provision of this Agreement, or of any other similar agreement with any other current or former employee of the Corporation, shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.
- 15. Severability.** The parties hereby agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions of this Agreement are for any reason held to be excessively broad as to scope, activity, duration, subject or otherwise so as to be unenforceable at law, the parties consent to such provision or provisions being modified in any way necessary or limited by the appropriate judicial body (where allowed by applicable law), so as to be enforceable to the maximum extent compatible with the applicable law.
- 16. Survival of Employee's Obligations.** My obligations under this Agreement shall survive the termination of my employment regardless of the manner of such termination and shall be binding upon my heirs, personal representatives, executors, administrators and legal representatives.
- 17. Corporation's Right to Assign Agreement.** The Corporation has the right to assign this Agreement to its successors and assigns without the need for further agreement or consent by me, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns.

- 18. Non-Assignment.** I shall not assign my rights and obligations under this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the Corporation, and any such assignment contrary to the terms hereof shall be null and void and of no force or effect.
- 19. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of Rhode Island excluding its choice of law rules or principles that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

20. Personal Jurisdiction and Venue. I agree that any State or Federal court located within the State of Rhode Island shall have personal jurisdiction over me with regard to any claim or dispute arising out of or related to this Agreement or the subject matter of this Agreement. I agree that unless otherwise prohibited by applicable law, any claim or dispute arising out of or related to this Agreement or the subject matter of this Agreement shall be exclusively brought and resolved in a State or Federal court located within the state of Rhode Island.

21. Consultation with Legal Counsel; Time to Consider Agreement. I acknowledge that CVS advises me to consult with an attorney before signing this Agreement. I also acknowledge that CVS has given me fourteen (14) days from the date I received this Agreement to consider whether to sign this Agreement. I further acknowledge that if I choose to do so voluntarily, I may sign this Agreement before the expiration of the 14-day consideration period.

22. Headings. The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

23. Attorneys' Fees. If any party to this Agreement breaches any terms of this Agreement, then that party shall pay to the non-breaching party all of the non-breaching party's costs and expenses, including attorneys' fees, incurred by that party in enforcing the terms of this Agreement.

24. Tolling. In the event I violate one of the time-limited restrictions in Sections 2 and/or 3 of this Agreement, I agree that the time period for such violated restriction shall be extended by one day for each day I have violated the restriction, up to a maximum extension equal to the length of the original period of the restricted covenant.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as a sealed instrument as of the date set forth below.

/s/ Samrat Khichi

Samrat Khichi

XXXXXX

Employee ID

Date: 01/17/2023

/s/Laurie P. Havanec

Laurie Havanec

Chief People Officer

CVS Pharmacy, Inc.

EXHIBIT A

List of Prior Inventions – See Section 6

EXHIBIT B

Notice Regarding Invention Assignment

1. For an employee residing in **Illinois, Kansas, or North Carolina**, you are hereby advised:

Notice. No provision in this Agreement requires you to assign any of your rights to an invention for which no equipment, supplies, facility, or trade secret information of the Corporation was used and which was developed entirely on your own time, unless (a) the invention relates (i) to the business of the Corporation or (ii) to the Corporation's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by you for the Corporation. Illinois 765ILCS1060/1-3, "Employees Patent Act"; Kansas Statutes Section 44-130; North Carolina General Statutes Article 10A, Chapter 66, Commerce and Business, Section 66-57.1.

2. For an employee residing in **Utah**, you are hereby advised:

Notice. No provision in this Agreement requires you to assign any of your rights to an invention which was created entirely on your own time, and which is not (a) conceived, developed, reduced to practice, or created by you (i) within the scope of your employment with the Corporation, (ii) on the Corporation's time, or (iii) with the aid, assistance, or use of any of the Corporation's property, equipment, facilities, supplies, resources, or patents, trade secrets, know-how, technology, confidential information, ideas, copy rights, trademarks and service marks and any and all rights, applications and registrations relating to them, (b) the results of any work, services, or duties performed by you for the Corporation, (c) related to the industry or trade of the Corporation, or (d) related to the current or demonstrably anticipated business, research, or development of the Corporation. Utah Code Sections 34-39-1 through 34-39-3, "Employee Inventions Act."

3. For an employee residing in **Minnesota**, you are hereby advised:

Notice. No provision in this Agreement requires you to assign any of your rights to an invention for which no equipment, supplies, facility, or trade secret information of the Corporation was used, and which was developed entirely on your own time, and (a) which does not relate (i) directly to the business of the Corporation, or (ii) to the Corporation's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by you for the Corporation. Minnesota Statutes 13A Section 181.78.

CVS HEALTH CORPORATION

Change in Control Agreement for

SAMRAT KHICHI

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This Change in Control Agreement ("Agreement") is made and Administered by **CVS Pharmacy, Inc.**, a wholly owned subsidiary of CVS Health Corporation and Samrat Khichi (the "Executive").

WHEREAS, the Board of Directors (the "Board") of CVS Health Corporation ("CVS" or the "Company") believes it is necessary and desirable for the Company to be able to rely upon Executive to continue serving in Executive's position with the Company in the event of a pending or actual change in control of CVS;

WHEREAS, Executive is employed by CVS Pharmacy, Inc., a Subsidiary of CVS, and this that certain Five Year Credit Agreement, shall not alter Executive's status as an employee at will;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, CVS and the Executive (individually a "Party" and together the "Parties") agree as follows:

1. Definitions.

- a. "Base Salary" shall mean Executive's annual rate of base salary at the time of Executive's termination of employment or, if greater, as in effect immediately prior to a Change in Control.
- b. "Cause" shall exist if:
 - i. Executive willfully and materially breaches Sections 4 or 5 of this Agreement;
 - ii. Executive is convicted of a felony involving moral turpitude; or
 - iii. Executive engages in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out Executive's duties under this Agreement, resulting, in either case, in material harm to the financial condition or reputation of the Company.

For purposes of this Agreement, an act or failure to act on Executive's part shall be considered "willful" if it was done or omitted to be done by Executive not in good faith, and shall not include any act or failure to act resulting from any incapacity of Executive. A termination for Cause shall not take effect absent compliance with the provisions of this paragraph. Executive shall be given written notice by the Company of its intention to terminate Executive's employment for Cause, such notice (A) to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based and (B) to be given within 90 days of the Company's learning of such act or acts or failure or failures to act. Executive shall have 20 days after the date that such written notice has been given to Executive in which to cure such conduct, to extent such cure is possible. If Executive fails to cure such conduct, Executive shall then be entitled to a hearing before the Committee, or an officer or officers designated by the Committee, at which Executive is entitled to appear. Such hearing shall be held within 25 days of such notice to Executive, provided Executive requests such hearing within 10 days of the written notice from the Company of the intention to terminate Executive for Cause. If, within five days following such hearing, Executive is furnished written notice by the Committee confirming that, in its judgment, grounds for Cause on the basis of the original notice exist, Executive shall thereupon be terminated for Cause. Executive's right to cure in accordance with this provision applies only in the event of a Change in

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Control as defined in Section 1(c) below and does not alter Executive's "at will" employment status.

c. A "Change in Control" shall be deemed to have occurred if:

- (i) any Person (other than (a) the Company, (b) any trustee or other fiduciary holding securities under any employee benefit plan of the Company, (c) any company owned, directly or indirectly, by the stockholders of the Company immediately after the occurrence with respect to which the evaluation is being made in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such occurrence or (d) any surviving or resulting entity from a merger or consolidation referred to in clause (iii) below that does not constitute a Change of Control under clause (iii) below) becomes the Beneficial Owner (except that a Person shall be deemed to be the Beneficial Owner of all shares that any such Person has the right to acquire pursuant to any agreement or arrangement or upon exercise of conversion rights, warrants or options or otherwise, without regard to the sixty day period referred to in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company or of any subsidiary owning directly or indirectly all or substantially all of the consolidated assets of the Company (a "Significant Subsidiary"), representing 30% or more of the combined voting power of the Company's or such Significant Subsidiary's then outstanding securities;
- (ii) during any period of twelve (12) consecutive months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the twelve (12) month period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;
- (iii) the consummation of a merger or consolidation of the Company or any Significant Subsidiary with any other entity, other than a merger or consolidation which would result in the voting securities of the Company or a Significant Subsidiary outstanding immediately prior thereto

continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such merger or consolidation; or

- (iv) the consummation of a transaction (or series of transactions within a 12 month period) which constitutes the sale or disposition of all or substantially all of the consolidated assets of the Company but in no event assets having a gross fair market value of less than 40% of the total gross fair market value of all of the consolidated assets of the Company (other than such a sale or disposition immediately after which such assets will be owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such sale or disposition).

For purposes of this definition:

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- (A) The term "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act (including any successor to such Rule).
- (B) The term "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.
- (C) The term "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including "group" as defined in Section 13(d) thereof.
- d. "Committee" shall mean the Management Planning and Development Committee of the Board, or the corresponding committee of the board of directors of a successor to CVS.
- e. "Company" shall mean, collectively, CVS and any Subsidiary or affiliate of CVS.
- f. "Confidential Information" shall have the meaning set forth in Section 4 below.
- g. "Constructive Termination Without Cause" shall mean a termination of the Executive's employment at Executive's initiative following the occurrence, without the Executive's written consent, of one or more of the following events (except as a result of a prior termination):
- i. an assignment of any duties to Executive that is materially inconsistent with Executive's status as a member of the senior management of CVS;
 - ii. a material decrease in Executive's annual base salary or target annual incentive award opportunity;
 - iii. any failure to secure the agreement of any successor to CVS to fully assume the Company's material obligations under this Agreement; or
 - iv. a relocation of Executive's principal place of employment more than 35 miles from Executive's place of employment before such relocation.
- In all cases, no Constructive Termination Without Cause shall be deemed to have occurred unless (a) the Executive provides written notice to the Company that an event described in subsections i. through iv. has occurred, and such notice identifies such event and is provided within 30 days of the initial occurrence of such event, (b) a cure period of 45 days following the Company's receipt of such notice expires and the Company has not cured such event within such cure period and (c) the Executive actually terminates his/her employment within 30 days of the expiration of the cure period.
- h. "Disability" shall mean disability as that term is defined in the Company's Long-Term Disability Plan.
- i. "Effective Date" shall have the meaning set forth in Section 2 below.
- j. "Original Term" shall have the meaning set forth in Section 2 below.
- k. "Renewal Term" shall have the meaning set forth in Section 2 below.

- I. "Severance Period" shall mean the period of 18 months following the termination of Executive's employment with the Company.
- m. "Subsidiary" shall have the meaning set forth in Section 4 below.
- n. "Term" shall have the meaning set forth in Section 2 below.
- o. "termination of employment", "employment is terminated" and other similar words shall mean with respect to Executive
 - (i) for any plan or arrangement that is subject to the rules of Section 409A of the Internal Revenue Code (the "Code") a "Separation from Service" as such term is defined in the Income Tax Regulations under Section 409A (the "409A Regulations") of the Code as modified by the rules described below:
 - (A) except in the case where Executive is on a bona fide leave of absence pursuant to the Company's policies as provided below, Executive is deemed to have incurred a Separation from Service on a date if the company and Executive reasonably anticipate that the level of services to be performed by Executive after such date would be permanently reduced to 20% or less of the average services rendered by Executive during the immediately preceding 36-month period (or the total period of employment, if less than 36 months), disregarding periods during which Executive was on a bona fide leave of absence;
 - (B) if Executive is absent from work due to military leave, sick leave, or other bona fide leave of absence pursuant to the Company's policies, Executive shall incur a Separation from Service on the first date that the rules of (A), above, are satisfied following the later of (i) the six-month anniversary of the commencement of the leave or (ii) the expiration of Executive's right, if any, to reemployment under statute, contract or Company policy;
 - (C) Executive shall be considered to continue employment and to not have a Separation from Service while on a bona fide leave of absence pursuant to the Company's policies if the leave does not exceed 6 consecutive months (12 months for a disability leave of absence) or, if longer, so long as the Executive retains a right to reemployment with the Company or an Affiliate under an applicable statute, contract or Company policy. For this purpose, a "disability leave of absence" is an absence due to any medically determinable physical or mental impairment of Executive that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes Executive to be unable to perform the duties of Executive's job or a substantially similar job;
 - (D) for purposes of determining whether another organization is an Affiliate of the Company, common ownership of at least 50% shall be determinative;
 - (E) the Company specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from Service with respect to Executive providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Section 409A of the Code; or

- (ii) for any plan or arrangement that is not subject to the rules of Section 409A of the Code, the complete cessation of providing service to the Company or any Affiliate as an employee.
2. Term of Agreement.

The term of this Agreement shall commence on the date of this Agreement (the "Effective Date") and end on the third anniversary of such date (the "Original Term"). The Original Term shall be automatically renewed for successive one-year terms (the "Renewal Terms") unless at least 180 days prior to the expiration of the Original Term or any Renewal Term, either Party notifies the other Party in writing that he/she or it is electing to terminate this Agreement at the expiration of the then current

Term. "Term" shall mean the Original Term and all Renewal Terms. If a Change in Control shall have occurred during the Term, notwithstanding any other provision of this Section 2, the Term shall not expire earlier than two years after such Change in Control.

3. Entitlement to Severance Benefit.

- a. **Severance Benefit.** In the event Executive's employment with the Company is Terminated Without Cause, other than due to death, or Disability, or in the event there is a Constructive Termination Without Cause, in each case within two years following a Change in Control, Executive shall be entitled to receive:
- i. Base Salary through the date of termination of Executive's employment, which shall be paid in a cash lump sum not later than 15 days following Executive's termination of employment;
 - ii. An amount equal to 1.5 times Executive's Base Salary in effect on the date of termination of Executive's employment (or in the event a reduction in Base Salary is a basis for a Constructive Termination Without Cause, then the Base Salary in effect immediately prior to such reduction), payable in a cash lump sum following Executive's termination of employment;
 - iii. An amount equal to the most recently established target annual cash incentive bonus amount, prorated based on the portion of the performance year that Executive has worked as of the date of Executive's termination. Such payment of a pro rata annual cash incentive bonus will be payable in a cash lump sum following Executive's termination of employment;
 - iv. An amount equal to 1.5 times the most recently established target annual incentive cash bonus amount, payable in a cash lump sum following the Executive's termination of employment;
 - v. Elimination of all restrictions on any restricted stock or restricted stock unit awards outstanding at the time of termination of employment (other than awards under the Company's Partnership Equity Program, which shall be governed by the terms of such awards);
 - vi. Immediate vesting of all outstanding stock options and the right to exercise such stock options for the remainder of the full term of such option (other than awards under the Company's Partnership Equity Program, which shall be governed by the terms of such awards);
 - vii. The balance of any incentive awards earned as of December 31 of the prior year but not yet paid, which shall be paid in a single lump sum not later than 15 days following Executive's termination of employment;
 - viii. Settlement of all deferred compensation arrangements in accordance with any then applicable deferred compensation plan or election form;
 - ix. Continued participation in all medical, health and life insurance plans at the same benefit level at which Executive was participating on the date of termination of Executive's employment until the earlier of:
 - 1. the end of the Severance Period; or
 - 2. the date, or dates, Executive receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverage and benefits to be determined on a coverage-by- coverage, or benefit-by-benefit, basis);provided that (1) if Executive is precluded from continuing Executive's participation in any employee benefit plan or program as provided in this clause (ix) of this Section 3.a, Executive shall receive cash payments equal on an after- tax basis to the cost to Executive of obtaining the benefits provided under the plan or program in which Executive is unable to participate for the period specified in this clause (ix) of this Section 3.a, (2) such cost shall be deemed to be the lowest reasonable cost that would be incurred by Executive in obtaining such benefit on an individual basis, and (3) payment of such amounts shall be made quarterly in advance; and
 - x. other or additional benefits then due or earned in accordance with applicable plans and programs of the Company.
- b. **Change in Control Best Payments Determination.** In the event the Severance Benefits described in Section 3(a) are payable to Executive in connection with a Change in Control and, if paid, could subject Executive to an excise tax under Section 4999 of the Internal Revenue Code (the "Excise Tax"), then notwithstanding the provisions of Section 3(a) the Company shall reduce the Severance Benefits (the "Benefit Reduction") under Section 3(a) by the amount

necessary to result in the Executive not being subject to the Excise Tax, if such reduction would result in the Executive's "Net After-Tax Amount" attributable to the Severance Benefits described in Section 3(a) being greater than it would be if no Benefit Reduction was effected. For this purpose "Net After-Tax Amount" shall mean the net amount of Severance Benefits Executive is entitled to receive under this Agreement after giving effect to all Federal, state and local taxes which would be applicable to such payments, including, but not limited to, the Excise Tax. The determination of whether any such Benefit Reduction shall be effected shall be made by a nationally recognized public accounting firm selected by the Company (the "Accounting Firm") prior to the occurrence of the Change in Control and such determination shall be binding on both Executive and the Company. In the event it is determined that a Benefit Reduction is required, such reduction of items described in Section 3(a) above shall be done first by reducing cash severance determined in accordance with Section 3(a)(ii), 3(a)(iii) and 3(a)(iv); to the extent a further Benefit Reduction is necessary, then Severance Benefits will be reduced from the amounts determined in accordance with Section 3(a)(v) and 3(a)(vi), all as determined by the Accounting Firm.

- c. **No Mitigation; No Offset.** In the event of any termination of employment under this Section 3, Executive shall be under no obligation to seek other employment, and the amounts due Executive under this Agreement shall not be offset by any remuneration attributable to any subsequent employment that Executive may obtain.

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- d. **Nature of Payments.** Any amounts due under this Section 3 are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty.
- e. **Exclusivity of Severance Benefit.** Upon termination of Executive's employment during the Term, Executive shall not be entitled to any severance payments or severance benefits from the Company, or any other payments by the Company, other than the Severance Benefit provided in this Section 3, except as required by law.
- f. **General Release of Claims.** Executive agrees, as a condition of payment of the Severance Benefit provided for in this Section 3, that Executive will execute within 60 days of Executive's termination of employment a separation agreement, in a form reasonably satisfactory to the Company, that includes a general release of any and all claims arising out of Executive's employment or termination of employment with the Company, other than claims for (i) enforcement of this Agreement, (ii) enforcement of Executive's rights under any of the Company's incentive compensation, equity and/or employee benefit plans and programs to which Executive is entitled under this Agreement, and (iii) any tort for personal injury not arising out of or related to Executive's employment or termination of employment.
- g. Subject to the provisions of Section 12(b), all payments to be made pursuant to this Section 3 upon the termination of employment of Executive shall be made or commence, as the case may be, within 75 days after the Executive's termination of employment provided, however, that if such termination of employment is after October 15 of a year, the payout or first payment, as the case may be, shall be made at the end of such 75 day period.

4. **Confidentiality; Cooperation with Regard to Litigation; Non-disparagement.**

- a. During the Term and thereafter, Executive shall not, without the prior written consent of the Company, disclose to anyone (except in good faith in the ordinary course of business to a person who will be advised by Executive to keep such information confidential) or make use of any confidential information except in the performance of Executive's duties hereunder or when required to do so by legal process, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) that requires Executive to divulge, disclose or make accessible such information. In the event that Executive is so ordered, Executive shall give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such order.
- b. During the Term and thereafter, Executive shall not disclose the existence or contents of this Agreement beyond what is disclosed in the proxy statement or documents filed with the government unless and to the extent such disclosure is required by law, by a governmental agency, or in a document required by law to be filed with a governmental agency or in connection with enforcement of Executive's rights under this Agreement. In the event that disclosure is so required, Executive shall give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such requirement. This restriction shall not apply to such disclosure by Executive to members of Executive's immediate family, Executive's tax, legal or financial advisors, any lender, or tax authorities, or to potential future employers to the extent necessary, each of whom shall be advised not to disclose such information.
- c. **Confidential Information** shall mean all information concerning the business of the Company or any Subsidiary relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies. Excluded from the definition of Confidential Information is information (i) that is or becomes part of

the public domain, other than through the breach of this Agreement by Executive or (ii) regarding the Company's business or industry property acquired by Executive in the course of Executive's career as an Executive in the Company's industry and independent of Executive's employment by the Company. For this purpose, information known or available generally within the trade or industry of the Company or any Subsidiary shall be deemed to be known or available to the public.

- d. "Subsidiary" shall mean any corporation or other business entity owned or controlled directly or indirectly by CVS.
- e. Executive agrees to cooperate with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by being reasonably available to testify on behalf of the Company or any Subsidiary in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, or any Subsidiary, in any such action, suit, or proceeding, by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, or any Subsidiary as requested; provided, however that the same does not materially interfere with Executive's then current professional activities. The Company agrees to reimburse Executive on an after tax basis, for all reasonable expenses actually incurred in connection with Executive's provision of testimony or assistance.
- f. Executive agrees that, during the Term and thereafter (including following Executive's termination of employment for any reason) Executive will not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to the Company or any Subsidiary or their respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from making truthful statements or disclosures that are required by applicable law, regulation or legal process.

5. Non-solicitation.

During the period beginning with the Effective Date and ending 18 months following the termination of Executive's employment with the Company, Executive, whether acting on Executive's own behalf or by, through or on behalf of any third party, shall not (a) hire any employees of the Company or any Subsidiary, or recruit or solicit any such employees or encourage them to terminate their employment with the Company or any Subsidiary; (b) accept business from any customers of the Company or any Subsidiary, or solicit or encourage any customers, joint venture partners or investors of the Company or any Subsidiary to terminate or diminish their relationship with the Company or any Subsidiary or to violate any agreement with the Company or any Subsidiary. For purposes of subsection 5(a), an employee of the Company or any Subsidiary means any person who was employed by the Company or any Subsidiary within 180 days of such hiring, recruitment, solicitation or encouragement. Executive agrees to make any employer with whom Executive becomes employed during the 18-month period following Executive's termination with the Company aware of this non-solicitation obligation upon commencing employment with such subsequent entity.

6. Remedies.

In addition to whatever other rights and remedies the Company may have at equity or in law, the Company (a) shall have the right to immediately terminate all payments and benefits due under this Agreement if Executive breaches any of the provisions contained in Sections 4 or 5 above, and (b) shall have the right to seek injunctive relief in any court of competent jurisdiction if Executive breaches or threatens to breach any of the provisions contained in Sections 4 or 5 above. Executive acknowledges that such a breach would cause irreparable injury and that

money damages would not provide an adequate remedy for the Company; provided, however, the foregoing shall not prevent Executive from contesting the issuance of any such injunction on the ground that no violation or threatened violation of Sections 4 or 5 has occurred.

7. Effect of Agreement on Other Benefits.

Except as specifically provided in this Agreement, the existence of this Agreement shall not be interpreted to preclude, prohibit or restrict the Executive's participation in any other employee benefit or other plans or programs in which he /she currently participates.

8. Not an Employment Agreement.

This Agreement is not, and nothing herein shall be deemed to create, a contract of employment between Executive and the Company. The Company may terminate the employment of Executive at any time and for any reason, subject to the terms of any employment agreement between the Company and Executive that may then be in effect.

9. Resolution of Disputes.

Any controversy or claim arising out of or relating to this Agreement or any breach or asserted breach hereof or questioning the validity and binding effect hereof arising under or in connection with this Agreement, other than seeking injunctive relief under Sections 4 or 5, shall be resolved by binding arbitration, to be held at an office closest to the Company's principal offices in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Pending the resolution of any arbitration or court proceeding, the company shall continue payment of all amounts and benefits due Executive under this Agreement. All reasonable costs and expenses of any arbitration or court proceeding (including fees and disbursements of counsel) shall be paid on behalf of or reimbursed to Executive promptly by the Company; provided, however, that no reimbursement shall be made of such expenses if and to the extent the arbitrator(s) determine(s) that any of Executive's litigation assertions or defenses were in bad faith or frivolous.

10. Assignability; Binding Nature.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs (in the case of Executive) and permitted assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred in connection with the sale or transfer of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this agreement, either contractually or as a matter of law. The Company further agrees that, in the event of a sale or transfer of assets as described in the preceding sentence, it shall take whatever action it legally can in order to cause such assignee or transferee to expressly assume the liabilities, obligations and duties of the Company hereunder. No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than Executive's rights to compensation and benefits, which may be transferred only by will or operation of law, except as provided in Section 15 below.

11. Representation.

The Company represents and warrants that it is fully authorized and empowered to enter into this Agreement and that the performance of its obligations under this Agreement will not violate any agreement between it and any other person, firm or organization.

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12. Amendment or Waiver; Section 409A.

- (a) No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by Executive and an authorized officer of the Company. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by Executive or an authorized officer of the Company, as the case may be.
- (b) Executive and Company agree that it is the intent of the Parties that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Code, as amended, and that to the extent any provisions of this Agreement do not comply with such Code Section 409A the Parties will make such changes as are mutually agreed upon in order to comply with Code Section 409A. In all events, to the extent required to avoid a violation of the applicable rules under all Section 409A by reason of Code Section 409A(a)(2)(B)(i), payment of any amounts subject to Code Section 409A shall be delayed until the relevant date of payment that will result in compliance with the rules of Code Section 409A(a)(2)(B)(i).

13. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

14. Survivorship.

The respective rights and obligations of the Parties hereunder shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

15. Beneficiaries/References.

Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative.

16. Governing Law/Jurisdiction.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of Rhode Island without reference to principles of conflict of laws. Subject to Section 6, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts for purposes of resolving any dispute under this Agreement: (i) the United States District Court for Rhode Island or (ii) any of the courts of the State of Rhode Island. The Company and Executive further agree that any service of process or notice requirements in such proceeding shall be satisfied if the rules of such court relating thereto have been substantially satisfied. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it or he/she may now or hereafter have to such jurisdiction and any defense of inconvenient forum.

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17. Notices.

Any notice given to a Party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the Party concerned at the address indicated below or to such changed address as such Party may subsequently give written notice of:

If to CVS:

CVS Pharmacy, Inc.
One CVS Drive
Woonsocket, RI 02895
Attention: Corporate Secretary

If to Executive:

Samrat Khichi
XXXXXXXXXX
XXXXXXXXXXXXXX

18. Headings.

The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

19. Counterparts.

This Agreement may be executed in two or more counterparts.

In WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

CVS Pharmacy, Inc.

By: /s/ Laurie P. Havanec

Name: Laurie Havanec

Title: Executive Vice President, Chief People Officer

Executive

By: .../s/ Samrat Khichi

Name: Samrat Khichi

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Exhibit 10.3

Execution Version

Deal CUSIP: 23242UBB8

Facility CUSIP: 23242UBC6

364-DAY TERM LOAN CREDIT AGREEMENT

by and among

CVS HEALTH CORPORATION,

THE LENDERS PARTY HERETO,

BARCLAYS BANK PLC and JPMORGAN CHASE BANK, N.A.,
as Co-Syndication Agents,

GOLDMAN SACHS BANK USA and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Co-Documentation Agents,

and

BANK OF AMERICA, N.A.,

as Administrative Agent

Dated as of March 25, 2024

BOFA SECURITIES, INC.,

BARCLAYS BANK PLC, GOLDMAN SACHS BANK USA,
JPMORGAN CHASE BANK, N.A.

and

WELLS FARGO SECURITIES, LLC,

as Joint Lead Arrangers and Joint Bookrunners

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EXHIBITS

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- Exhibit C Form of Borrowing Request
- Exhibit D-1 Form of Opinion of Counsel to the Borrower
- Exhibit D-2 Form of Opinion of Special Counsel to the Borrower
- Exhibit E Form of Assignment and Assumption

364-DAY TERM LOAN CREDIT AGREEMENT, dated as of March 25, 2024 May 16, 2019 (as amended by that certain First Amendment to Five Year Credit Agreement, dated as of May 16, 2022, by and among **CVS HEALTH CORPORATION**, a Delaware corporation (the “**Borrower**”), the lenders party hereto from time to time that certain Second Amendment to time (each a “**Lender**” and, collectively, the “**Lenders**”), **BARCLAYS BANK PLC (“Barclays”)** and **JPMORGAN CHASE BANK, N.A. (“JPMC”)**, Five Year Credit Agreement, dated as co-syndication agents (in such capacity, each a “**Co- Syndication Agent**” and, collectively, the “**Co-Syndication Agents**”), **GOLDMAN SACHS BANK USA (“GS”)**, and **WELLS FARGO BANK, NATIONAL ASSOCIATION (“Wells Fargo”)**, as co-documentation agents (in such capacity, each a “**Co-Documentation Agent**” and, collectively, the “**Co- Documentation Agents**”) of March 23, 2023, and **BANK OF AMERICA, N.A.**, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the “**Administrative Agent**”).

1. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION

1.1 Definitions.

When used in any Loan Document (as defined below), each of the following terms shall have the meaning ascribed thereto unless the context otherwise specifically requires:

“ABR Advances”: the Term Loans (or any portions thereof) at such time as they (or such portions) are made or are being maintained at a rate of interest based upon the Alternate Base Rate.

“Acquisition Debt”: any Indebtedness incurred by the Borrower or any of its Subsidiaries for the purpose of financing, in whole or in part, a Material Acquisition and any related transactions or series of related transactions (including for the purpose of refinancing or replacing all or a portion of any pre-existing Indebtedness of the Person(s) or assets to be acquired), which Indebtedness is redeemable or prepayable if such Material Acquisition is not consummated.

“Accumulated Funding Deficiency”: as defined in Section 304 of ERISA.

“Administrative Agent”: as defined in the preamble.

“Administrative Agent’s Office”: the Administrative Agent’s address and, as appropriate, account as set forth in Section 11.2, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“Administrative Questionnaire”: an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Advances”: ABR Advances or Term SOFR Advances.

“Affected Financial Institution”: (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate”: with respect to any Person at any time and from time to time, any other Person (other than a wholly-owned subsidiary of such Person) which, at such time (a) controls such Person, (b) is controlled by such Person or (c) is under common control with such Person. The term “control”, as used in this definition with respect to any Person, means the power, whether direct or indirect through one or more intermediaries, to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise.

“Agent Parties”: as defined in Section 11.2(d).

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“Aggregate Commitment Amount”: at any time, the sum of the Commitments of the Lenders at such time under this Agreement. The Aggregate Commitment Amount on the Effective Date is \$3,000,000,000.

“Aggregate Credit Exposure”: at any time, the aggregate Credit Exposure of the Lenders at such time.

"Agreement": this 364-Day Term Loan Credit Agreement, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, time prior to the date hereof, the **"Credit Agreement"**); and

WHEREAS, the Borrower has requested that the Lenders amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and pursuant to Section 11.1 of the Credit Agreement, the parties hereto hereby agree as follows:

1. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

"Alternate Base Rate" (a) : for any day, a fluctuating rate per annum equal to the highest The definition of (a) the Federal Funds Effective Rate plus 1/2 of 1%, (b) the rate of interest "Commitment Termination Date" in effect for such day as publicly announced from time to time by BofA as its "prime rate", and (c) the One Month SOFR Rate in effect on such day plus 1.00%. The "prime rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 3.8 hereof, then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

"Anti-Corruption Laws": all laws, rules, and regulations of any jurisdiction applicable to the Borrower or the Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Margin": (a) (i) with respect to the unpaid principal balance of ABR Advances, the applicable percentage set forth below in the column entitled "ABR Advances", and (ii) with respect to the unpaid principal balance of Term SOFR Advances, the applicable percentage set forth below in the column entitled "Term SOFR Advances", in each case opposite the applicable Pricing Level:

Pricing Level	ABR Advances	Term SOFR Advances
Pricing Level I	0.000%	0.750%
Pricing Level II	0.000%	0.875%
Pricing Level III	0.000%	1.000%
Pricing Level IV	0.125%	1.125%
Pricing Level V	0.250%	1.250%
Pricing Level VI	0.500%	1.500%

and

(b) with respect to the Ticking Fee, 0.070% per annum.

Decreases in the Applicable Margin resulting from a change in Pricing Level shall become effective upon the delivery by the Borrower to the Administrative Agent of notice upon the Borrower becoming aware of any change in the applicability of a Pricing Level. Increases in the Applicable Margin resulting from a change in Pricing Level shall become effective on the effective date of any downgrade or withdrawal in the rating by Moody's or S&P 1.01 of the senior unsecured long term debt rating of the Borrower.

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"Approved Fund": any Person (other than a natural person) that Credit Agreement is (or will be) engaged hereby amended and restated in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption": an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.7(b)), and accepted by the Administrative Agent, substantially in the form of Exhibit E or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

"Authorized Officer": (a) the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower, (b) solely for purposes of the delivery of incumbency certificates pursuant entirely to Section 5.3, the secretary or any assistant secretary of the Borrower, and (c) solely for purposes of notices given pursuant to Sections 2.3 and 3.3, any other officer or employee of the Borrower so designated by any of the

foregoing officers in a notice to the Administrative Agent. Any document delivered hereunder that is signed by an Authorized Officer shall be conclusively presumed to have been authorized by all necessary corporate and/or other action on the part of the Borrower and such Authorized Officer shall be conclusively presumed to have acted on behalf of the Borrower.

"Bail-In Action": the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation": (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Barclays": read as defined in the preamble.

"BAS": BofA Securities, Inc.

"Beneficial Ownership Certification": a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation": 31 C.F.R. § 1010.230.

"Benefit Plan": as defined in Section 11.23(c).

"BofA": means Bank of America, N.A. and its successors.

"Borrower": as defined in the preamble.

"Borrower Materials": as defined in Section 7.7.

"Borrowing Date": any Domestic Business Day on which the Lenders shall make Term Loans pursuant to a Borrowing Request.

"Borrowing Request": a request for Term Loans substantially in the form of Exhibit C or such other form as may be approved by the Administrative Agent, including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent, appropriately completed and signed by an Authorized Officer of the Borrower.

"Change of Control": any of the following:

(i) any Person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), (a) shall have or acquire beneficial ownership of securities having 35% or more of the ordinary voting power of the Borrower or (b) shall possess, directly or indirectly, the power to direct or cause the direction of the management and policies of the Borrower, whether through the ownership of voting securities, by contract or otherwise; or

(ii) the Continuing Directors shall cease for any reason to constitute a majority of the board of directors of the Borrower then in office.

"CME": CME Group Benchmark Administration Limited.

"Co-Documentation Agent" and **"Co-Documentation Agents"**: as defined in the preamble.

"Co-Syndication Agent" and **"Co-Syndication Agents"**: as defined in the preamble.

"Commitment": in respect of any Lender, its obligation to make Term Loans to the Borrower pursuant to Section 2.1, in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name as its "Commitment Amount" on Exhibit A at such time or, in the event that such Lender is not listed on Exhibit A, the "Commitment Amount" which such Lender shall have assumed from another Lender in accordance with Section 11.7 on or prior to such time, as the same may be adjusted from time to time pursuant to Section 2.6 and Section 11.7.

"Commitment Percentage": at any time (a) with respect to any Lender's unfunded Commitment at such time, (i) a fraction (expressed as a percentage carried out to the ninth decimal place) the numerator of which is such Lender's unfunded Commitment at such time, and the denominator of which is the Aggregate Commitment Amount at such time and (ii) with respect to any Lender's outstanding Term Loans at such time, a fraction (expressed as a percentage carried out to the ninth decimal place) the numerator of which is the outstanding principal amount of the Term Loans held by such Lender at such time, and the denominator of which is the aggregate outstanding principal amount of all Term Loans at such time.

"Commitment Period": the period commencing on the Effective Date and ending on the Expiration Date or on such earlier date as all of the Commitments shall have been terminated in accordance with the terms hereof follows:

"Commitment Termination Date": the earlier of (i) the date that is 364 days after the Effective Date May 16, 2029 (subject to extension as provided in Section 2.12) and (ii) the date on which the Loans shall become due and payable in accordance with the terms hereof, whether by acceleration, notice of intention to prepay or otherwise.

(b) The definition of "Issuers" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Communication" Issuers: as defined in Barclays, BofA, Citi, GS, JPMC and Wells Fargo; each an **Section 11.8(b) "Issuer"**.

"Compensatory Interest Payment" (c) : The definition of "Joint Lead Arrangers" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as defined in **Section 3.4(c)** follows:

"Conforming Changes" Joint Lead Arrangers: with respect to the use, administration of or any conventions associated with SOFR or any proposed Successor Rate or Term SOFR, as applicable, any conforming changes to the BAS, Barclays, Citi, GS, JPMC and WFS.

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definitions(d) The following new definition is hereby added to Section 1.01 of "Alternate Base Rate", "SOFR", "Term SOFR", "One Month SOFR Rate" and "Term SOFR Interest Period", the timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of "Domestic Business Day" and "U.S. Government Securities Business Day", timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, Credit Agreement in the discretion of the Administrative Agent, in consultation with the Borrower, appropriate alphabetical order to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent, in consultation with the Borrower, determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate exists, in such other manner of administration read as the Administrative Agent, in consultation with the Borrower, determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

"Consolidated": the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP follows:

"Contingent Obligation": as to any Person (the "secondary obligor Citi"), any obligation : Citibank, N.A.

(e) Exhibit A (List of such secondary obligor (a) guaranteeing or in effect guaranteeing any return on any investment made by another Person, or (b) guaranteeing or in effect guaranteeing any Indebtedness, lease, dividend or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such secondary obligor, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (iv) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof, and (v) in respect of the Indebtedness of any partnership in which such secondary obligor is a general partner, except **Commitments**) to the extent that such Indebtedness of such partnership Credit Agreement is nonrecourse hereby amended and restated in its entirety to such secondary obligor and its separate Property, read as set forth on provided that the term "Contingent Obligation" shall not include the indorsement of instruments for deposit or collection in the ordinary course of business.

"Continuing Director": any member of the board of directors of the Borrower (i) who is a member of that board of directors on the Effective Date, (ii) who was nominated for election by the board of directors a majority of whom were directors on the Effective Date, or (iii) whose election or nomination for election was approved by one or more of such directors.

"Control Person": as defined in **Section 3.6**.

"Convert", **"Conversion"** and **"Converted"**: each, a reference to a conversion pursuant to Section 3.3 Exhibit A of one Type of Term Loan into the other Type of Term Loan.

"Costs": as defined in Section 3.6.

"Credit Exposure": with respect to any Lender at any time, the sum of the unfunded Commitment of such Lender at such time plus the outstanding principal balance of all Term Loans of such Lender at such time.

"Credit Parties": the Administrative Agent and the Lenders attached hereto.

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"Daily Simple SOFR" 2. : with respect to any applicable determination date, SOFR published on such date on the Federal Reserve Bank of New York's website (or any successor source).

"Debt Issuance": the incurrence of Indebtedness for Borrowed Money, in each case, by the Borrower or any of its Subsidiaries, except Excluded Debt.

"Default": any of the events specified in Section 9.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Defaulting Lender": any Lender, as reasonably determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans within two Domestic Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) notified the Borrower or any Credit Party in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or generally under other agreements in which it commits to extend credit, unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied, (c) failed, two Domestic Business Days after written request by the Administrative Agent (based on the reasonable belief that it may not fulfill its funding obligation), to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans; *provided* that such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt by the Administrative Agent of such confirmation, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Domestic Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) becomes or is insolvent or has a parent company that has become or is insolvent, (ii) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, interim receiver, receiver and manager, administrator, liquidator, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, interim receiver, receiver and manager, administrator, liquidator, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, or (iii) becomes, or has a parent company that becomes, the subject of a Bail-in Action; *provided* that a Lender shall not qualify as a Defaulting Lender solely as a result of the acquisition or maintenance of an ownership interest in such Lender or its parent company, or of the exercise of control over such Lender or any Person controlling such Lender, by a Governmental Authority or instrumentality thereof so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any agreements made by such Lender.

"Disposition": with respect to any Person, any sale, assignment, transfer or other disposition by such Person by any means, of:

- (a) the stock of, or other equity interests of, any other Person,
- (b) any business, operating entity, division or segment thereof, or

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(c) any other Property of such Person, other than (i) the sale of inventory (other than in connection with bulk transfers), (ii) the disposition of equipment and (iii) the sale of cash investments.

"Disqualified Institutions": those Persons that are (a) competitors of the Borrower or its Subsidiaries, identified in writing by the Borrower to the Administrative Agent and the Lenders from time to time (by posting such notice to the Platform) not less than one (1) Domestic Business Day prior to the date of determination (it being understood that, notwithstanding anything herein to the contrary, in no event shall a supplement apply retroactively to disqualify any Person that has previously acquired an assignment or participation interest hereunder that is otherwise an Eligible Assignee, but upon the effectiveness of such designation, any such Person may not acquire any additional Commitments, Advances or participations), (b) such other Persons identified in writing by the Borrower to the Administrative Agent prior to the Effective Date and (c) Affiliates of the Persons identified pursuant to clause (a) or (b) that are either clearly identifiable by name or identified in writing by the Borrower to the Administrative Agent; *provided* that "Disqualified Institutions" shall exclude any Person that the Borrower has designated as no longer being a "Disqualified Institution" by written notice delivered to the Administrative Agent and the Lenders from time to time.

"Dividend Restrictions": as defined in Section 8.7.

"Dollar" or **"\$"**: lawful currency of the United States of America.

"Domestic Business Day": any day other than a Saturday, Sunday or a day which in New York City is a legal holiday or a day on which banking institutions are authorized or required by law or other governmental action to close.

"EEA Financial Institution": (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country": any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority": any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date": as defined in Section 5.

"Electronic Copy": as defined in Section 11.8(b).

"Electronic Record": as defined in Section 11.8(b).

"Electronic Signature": as defined in Section 11.8(b).

"Eligible Assignee": a Person that is a permitted assignee under Section 11.7(b) that has received the consent of each party whose consent is required under Section 11.7(b) Conditions Precedent. For the avoidance of doubt, any Disqualified Institution is subject to Section 11.7(h).

"Employee Benefit Plan": an employee benefit plan, within the meaning of Section 3(3) of ERISA, maintained, sponsored or contributed to by the Borrower, any Subsidiary or any ERISA Affiliate.

"Environmental Laws": all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or, as such relate to exposure to Hazardous Materials, to health and safety matters.

"Environmental Liability": as to any Person, any statutory, common law or equitable liability, contingent or otherwise (including any liability for damages, costs of environmental investigation, sampling or remediation, fines, penalties or indemnities), of such Person directly or indirectly resulting from or based upon (i) violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment, discharge or disposal of any Hazardous Materials, (iii) exposure to any Hazardous Materials, (iv) the release or threatened release of any Hazardous Materials into the environment or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests": shares of capital stock, partnership interests, membership interests, beneficial interests or other ownership interests, whether voting or nonvoting, in, or interests in the income or profits of, a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"Equity Issuance": the issuance of any Equity Interest of the Borrower to any Person except (a) pursuant to any employee stock plans, director stock plans, employee compensation plans, non-employee director equity compensation plans, other benefit plans or similar arrangements or any direct and dividend reinvestment plan (or contributed to any pension plan) or upon the conversion, settlement or exercise of outstanding options or other equity awards and (b) issuances of directors' qualifying shares and/or other nominal amounts required to be held by Persons other than the Borrower or its Subsidiaries under applicable law.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"ERISA Affiliate": when used with respect to an Employee Benefit Plan, ERISA, the PBGC or a provision of the Internal Revenue Code pertaining to employee benefit plans, any Person that is a member of any group of organizations within the meaning of Sections 414(b) or (c) of the Internal Revenue Code or, solely with respect to the applicable provisions of the Internal Revenue Code, Section 414(m) or (o) of the Internal Revenue Code, of which the Borrower or any Subsidiary is a member.

"ERISA Event": (a) any "reportable event", as defined in Section 4043 of ERISA with respect to a Pension Plan (other than an event for which the 30-day notice period is waived); (b) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 or 432 of the Internal Revenue Code or Sections 303, 304 or 305 of ERISA; (c) the filing pursuant to the Internal Revenue Code or ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (d) the incurrence by the Borrower, any Subsidiary or an ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower, any Subsidiary or an ERISA Affiliate; (e) the receipt by the Borrower, any Subsidiary or an ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan; (f) the incurrence by the Borrower,

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any Subsidiary or an ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; (g) any limits under Section 436 of the Internal Revenue Code become applicable; or (h) any failure to make any payment required by Section 430(j) of the Internal Revenue Code.

"EU Bail-In Legislation Schedule": the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default": any of the events specified in Section 9.1; provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition has been satisfied.

"Excluded Debt": means (a) commercial paper issued by the Borrower, (b) ordinary course letter of credit facilities, (c) factoring arrangements or seller lending financing activities, (d) credit extensions under the Existing 2019 Credit Agreement, the Existing 2021 Credit Agreement and the Existing 2022 Credit Agreement, in each case, including any amendment, extension, refinancing and/or replacement thereof and, in each case, having an aggregate principal amount of commitments thereunder not in excess of the aggregate amount of existing commitments in effect on the Effective Date, (e) intercompany Indebtedness between the Borrower and/or its Subsidiaries, (f) Indebtedness incurred for the refinancing or replacement of the Borrower's Existing Notes up to the amount of the aggregate principal amount of the Borrower's Existing Notes in effect on March 25, 2024, (g) capital leases, financial leases and Indebtedness issued in connection with credit tenant leases, (h) ordinary course purchase money Indebtedness, equipment financings and similar obligations, (i) Indebtedness incurred in connection with sale leasebacks by the Borrower or its Subsidiaries, (j) overdraft protection, short term working capital facilities, hedging and cash management arrangements, (k) working capital facilities of foreign Subsidiaries of the Borrower and

ordinary course local credit facilities of foreign Subsidiaries of the Borrower, (i) ordinary course Indebtedness of any Insurance Subsidiary to the extent that the upstreaming of the proceeds of such Indebtedness to the Borrower is not permitted by applicable insurance laws or regulations and (j) any Indebtedness under this Agreement or any other Loan Documents.

"Excluded Taxes": with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder or any other Loan Document, (a) Taxes imposed on or measured by its net income (however denominated) or overall gross receipts, and franchise Taxes, in each case, (i) imposed on it by the jurisdiction (or any political subdivision thereof) under the laws of which it is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America or that are Other Connection Taxes, (c) in the case of a Lender, any withholding Tax that is imposed on amounts payable to such Lender at the time such Lender becomes a party hereto (other than an assignee pursuant to a request by the Borrower under Section 3.13) or designates a new lending office, except, in each case, to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 3.10, (d) any Tax attributable to such recipient's failure or inability to comply with Section 3.10(f), and (e) any Taxes imposed under FATCA.

"Existing 2019 Credit Agreement": the Five Year Credit Agreement, dated as of May 16, 2019, by and among the Borrower, the lenders party thereto from time to time, and BofA, as administrative agent, as amended by that certain First Amendment to Five Year Credit Agreement, dated as of May 16, 2022 and that certain Second Amendment to Five Year Credit Agreement, dated as of March 23, 2023, as the same may be further amended, amended and restated, supplemented, replaced or otherwise modified from time to time.

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"Existing 2021 Credit Agreement": the Five Year Credit Agreement, dated as of May 11, 2021, by and among the Borrower, the lenders party thereto from time to time, and BofA, as administrative agent, as amended by that certain First Amendment to Five Year Credit Agreement, dated as of May 16, 2022 and that certain Second Amendment to Five Year Credit Agreement, dated as of March 23, 2023, as the same may be further amended, amended and restated, supplemented, replaced or otherwise modified from time to time.

"Existing 2022 Credit Agreement": the Five Year Credit Agreement, dated as of May 16, 2022, by and among the Borrower, the lenders party thereto from time to time, and BofA, as administrative agent, as amended by that certain First Amendment to Five Year Credit Agreement, dated as of March 23, 2023, and as the same may be further amended, amended and restated, supplemented, replaced or otherwise modified from time to time.

"Existing Notes": the senior unsecured notes issued by the Borrower and outstanding on the Effective Date, as amended, amended and restated, supplemented, replaced or otherwise modified from time to time.

"Expiration Date": the earlier of (i) December 17, 2024 and (ii) the date the Commitments shall have terminated or been terminated in accordance herewith.

"FATCA": Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any applicable intergovernmental agreements with respect thereto, and any treaty, law, regulations, or other official guidance enacted in any other jurisdiction relating to such intergovernmental agreement.

"Federal Funds Effective Rate": for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Domestic Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; *provided* that if the Federal Funds Effective Rate as so determined would be less than zero, the **"Federal Funds Effective Rate"** shall be deemed to be zero for purposes of this Agreement and the other Loan Documents.

"Fees": as defined in Section 3.2(a).

"Financial Statements": as defined in Section 4.13.

"Foreign Lender": any Lender that is not a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code.

"GAAP": subject to Section 1.2(b), generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards

Board or such other principles as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority": any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority or instrumentality thereof, or any court,

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arbitrator, regulatory body or central bank (including any supra-national bodies such as the European Union or the European Central Bank).

"GS": as defined in the preamble.

"Hazardous Materials": all ignitable, explosive, reactive, corrosive or radioactive substances or wastes and all hazardous or toxic materials, substances, chemicals, wastes or other pollutants, including but not limited to petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, toxic mold, infectious or medical wastes, hazardous biological agents, hazardous pharmaceutical substances and all other materials, substances, chemicals, wastes, contaminants or pollutants of any nature that are now or hereafter regulated pursuant to any Environmental Law, or are now or hereafter defined, listed or classified as a hazardous or toxic material, substance, chemical, waste, contaminant or pollutant in any Environmental Law.

"Highest Lawful Rate": as to any Lender, the maximum rate of interest, if any, which at any time or from time to time may be contracted for, taken, charged or received on the Loans or the Notes or which may be owing to such Lender pursuant to this Agreement under the laws applicable to such Lender and this Agreement and the other Loan Documents.

"Indebtedness": as to any Person at a particular time, all items of such Person which constitute, without duplication, (a) indebtedness for borrowed money or the deferred purchase price of Property (other than trade payables and accrued expenses incurred in the ordinary course of business), (b) indebtedness evidenced by notes, bonds, debentures or similar instruments, (c) indebtedness with respect to any conditional sale or other title retention agreement, (d) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit (excluding, for purposes of Section 8.9, letters of credit obtained in the ordinary course of business by the Borrower or any Subsidiary) issued for the account of such Person and, without duplication, all drafts drawn thereunder to the extent such Person shall not have reimbursed the issuer thereof in respect of such issuer's payment of such drafts, (e) that portion of any obligation of such Person, as lessee, which in accordance with GAAP is required to be capitalized on a balance sheet of such Person, (f) all indebtedness described in clauses (a) through (e) above secured by any Lien on any Property owned by such Person even though such Person shall not have assumed or otherwise become liable for the payment thereof (other than carriers', warehousemen's, mechanics', repairmen's or other like non-consensual Liens arising in the ordinary course of business), and (g) Contingent Obligations in respect of any indebtedness described in clauses (a) through (f) above; *provided* that, for purposes of this definition, Indebtedness shall not include Intercompany Debt and obligations in respect of interest rate caps, collars, exchanges, swaps or other, similar agreements.

"Indebtedness for Borrowed Money": as to any Person at a particular time, all items of such Person which constitute, without duplication, (a) indebtedness for borrowed money or the deferred purchase price of Property (other than trade payables and accrued expenses incurred in the ordinary course of business), (b) indebtedness evidenced by notes, bonds, debentures or similar instruments, (c) that portion of any obligation of such Person, as lessee, which in accordance with GAAP is required to be capitalized on a balance sheet of such Person, and (d) Contingent Obligations in respect of any indebtedness described in clauses (a) through (c) above; *provided* that, for purposes of this definition, Indebtedness for Borrowed Money shall not include Intercompany Debt and obligations in respect of interest rate caps, collars, exchanges, swaps or other, similar agreements.

"Indemnified Amount": as defined in Section 11.10(b).

"Indemnified Liabilities": as defined in Section 11.5(a).

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"Indemnified Person": as defined in Section 11.10(a).

"Indemnified Taxes": (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Information": as defined in [Section 11.14\(b\)](#).

"Insurance Subsidiary": any Subsidiary subject to regulation by the commissioner of insurance, the commissioner of health or any equivalent Governmental Authority in any applicable jurisdiction.

"Intangible Assets": at any date, the value, as shown on the most recent Consolidated balance sheet of the Borrower and the Subsidiaries as at the end of the fiscal quarter ending not more than 135 days prior to such date, prepared in accordance with GAAP, of: (i) all trade names, trademarks, licenses, patents, copyrights, service marks, goodwill and other like intangibles, (ii) organizational and development costs, (iii) deferred charges (other than prepaid items, such as insurance, taxes, interest, commissions, rents, pensions, compensation and similar items and tangible assets being amortized), and (iv) unamortized debt discount and expense, less unamortized premium.

"Intercompany Debt": (i) Indebtedness of the Borrower to one or more of the Subsidiaries of the Borrower and (ii) Indebtedness of one or more of the Subsidiaries of the Borrower to the Borrower or any one or more of the other Subsidiaries of the Borrower.

"Interest Payment Date": (i) as to any ABR Advance, the last day of each March, June, September and December, commencing on the first of such days to occur after such ABR Advance is made or any Term SOFR Advance is converted to an ABR Advance, (ii) as to any Term SOFR Advance in respect of which the Borrower has selected a Term SOFR Interest Period of one or three months, the last day of such Term SOFR Interest Period and (iii) as to any Term SOFR Advance in respect of which the Borrower has selected an Interest Period greater than three months, the last day of the third month of such Interest Period and the last day of such Interest Period.

"Interest Period": a Term SOFR Interest Period.

"Internal Revenue Code": the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"Joint Lead Arrangers": BAS, Barclays, GS, JPMC and WFS.

"JPMC": as defined in the preamble.

"Lender" and **"Lenders"**: as defined in the preamble.

"Lender Party": as defined in [Section 10.9](#).

"Lien": any mortgage, pledge, hypothecation, assignment, lien, deposit arrangement, charge, encumbrance or other security arrangement or security interest of any kind, or the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement; provided, that in no event shall an operating lease or license of Intangible Assets be deemed to constitute a Lien.

"Loan Documents": this Agreement and, upon the execution and delivery thereof, the Notes, if any.

"Loan" and **"Loans"**: a Term Loan and the Term Loans, respectively.

"Margin Stock": any "margin stock", as said term is defined in Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time.

"Material Acquisition": any acquisition of (a) Equity Interests in any Person if, after giving effect thereto, such Person will become a Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that the aggregate consideration therefor (including Indebtedness assumed in connection therewith, all obligations in respect of the deferred purchase price therefor (including obligations under any purchase price adjustment but excluding earn-out or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) equals or exceeds \$500,000,000.

"Material Adverse": with respect to any change or effect, a material adverse change in, or effect on, as the case may be, (i) the financial condition, operations, business, or Property of the Borrower and the Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents, or (iii) the ability of the Administrative Agent or any Lender to enforce the Loan Documents.

"Material Subsidiary": a Subsidiary of the Borrower with respect to which (i) the Borrower's and its other Subsidiaries' investments in, and advances to, such Subsidiary exceed ten percent (10%) of the total assets of the Borrower and its Consolidated Subsidiaries as of the end of the most recently completed fiscal year, (ii) the Borrower's and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent (10%) of the total assets of the Borrower and its Consolidated Subsidiaries as of the end of the most recently completed fiscal year, or (iii) the Borrower's and its other Subsidiaries' equity in the income from continuing operations before income taxes of such Subsidiary exclusive of amounts attributable to any non-controlling interests exceeds ten percent (10%) of such income of the Borrower and its Consolidated Subsidiaries for the most recently completed fiscal year.

"Moody's": Moody's Investors Service, Inc., or any successor thereto.

"Multiemployer Plan": a Pension Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": with respect to any Equity Issuance or Debt Issuance, the aggregate amount of all cash proceeds actually received (including in escrow to the extent the conditions to release thereof are no more restrictive to the Borrower than the conditions to availability of the Term Loans) by the Borrower or any Subsidiary in respect of such Equity Issuance or Debt Issuance, net of all attorneys' fees, accountants' fees, investment banking fees, brokerage, consultant and other customary fees and other fees, expenses, costs, underwriting discounts and commissions incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof.

"Net Tangible Assets": at any date, the total assets as shown on the most recent Consolidated balance sheet of the Borrower and the Subsidiaries as at the end of the fiscal quarter ending not more than 135 days prior to such date, prepared in accordance with GAAP, less, without duplication (i) all current liabilities (due within one year) as shown on such balance sheet and (ii) Intangible Assets and liabilities relating thereto.

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"Note": with respect to each Lender that has requested one in accordance with Section 2.11, a promissory note evidencing such Lender's Loans payable to such Lender (or, if required by such Lender, to such Lender and its registered assigns), substantially in the form of Exhibit B.

"One Month SOFR Rate": for any interest calculation with respect to an ABR Advance on any date, the rate per annum equal to the Term SOFR Screen Rate with a term of one month commencing that day, *provided* that in the event that the **"One Month SOFR Rate"** would otherwise be less than zero, such **"One Month SOFR Rate"** shall be deemed to be zero for purposes of this Agreement and the other Loan Documents.

"Other Connection Taxes": with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder or any other Loan Document, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes": all present or future stamp, court or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.13).

"Participant": as defined in Section 11.7(d).

"Participant Register": as defined in Section 11.7(d).

"Patriot Act": as defined in Section 11.20.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"Pension Plan": at any time, any Employee Benefit Plan (including a Multiemployer Plan) subject to Section 302 of ERISA or Section 412 of the Internal Revenue Code, the funding requirements of which are, or at any time within the six years immediately preceding the time in question were, in

whole or in part, the responsibility of the Borrower, any Subsidiary or an ERISA Affiliate.

"Person": any individual, firm, partnership, limited liability company, joint venture, corporation, association, business trust, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual, fiduciary, or other capacity, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Plan of Reorganization": as defined in Section 11.7(h)(iii).

"Platform": as defined in Section 7.7.

"Pricing Level": Pricing Level I, Pricing Level II, Pricing Level III, Pricing Level IV, Pricing Level V or Pricing Level VI, as the case may be.

"Pricing Level I": any time when the senior unsecured long term debt rating of the Borrower by (x) S&P is A or higher or (y) Moody's is A2 or higher.

"Pricing Level II": any time when (i) the senior unsecured long term debt rating of the Borrower by (x) S&P is A- or higher or (y) Moody's is A3 or higher and (ii) Pricing Level I does not apply.

"Pricing Level III": any time when (i) the senior unsecured long term debt rating of the Borrower by (x) S&P is BBB+ or higher or (y) Moody's is Baa1 or higher and (ii) neither Pricing Level I nor Pricing Level II applies.

"Pricing Level IV": any time when (i) the senior unsecured long term debt rating of the Borrower by (x) S&P is BBB or higher or (y) Moody's is Baa2 or higher and (ii) none of Pricing Level I, Pricing Level II or Pricing Level III applies.

"Pricing Level V": any time when (i) the senior unsecured long term debt rating of the Borrower by (x) S&P is BBB- or higher or (y) Moody's is Baa3 or higher and (ii) none of Pricing Level I, Pricing Level II, Pricing Level III or Pricing Level IV applies.

"Pricing Level VI": any time when none of Pricing Level I, Pricing Level II, Pricing Level III, Pricing Level IV or Pricing Level V applies.

Notwithstanding each definition of Pricing Level set forth above, if at any time the senior unsecured long term debt ratings of the Borrower by S&P and Moody's differ by more than one equivalent rating level, then the applicable Pricing Level shall be determined based upon the lower such rating adjusted upwards to the next higher rating level.

"Proceeding": as defined in Section 11.10(d).

"Prohibited Transaction": a transaction that is prohibited under Section 4975 of the Internal Revenue Code or Section 406 of ERISA and not exempt under Section 4975 of the Internal Revenue Code, Section 408 of ERISA or any applicable administrative exemptions.

"Property": in respect of any Person, all types of real, personal or mixed property and all types of tangible or intangible property owned or leased by such Person.

"PTE": as defined in Section 11.23(c).

"Regulatory Change": the occurrence, after the date hereof, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, implementation, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, in the case of each of clauses (i) and (ii), shall be deemed to be a "Regulatory Change", regardless of the date enacted, adopted or issued, but only if any such requirements are generally applicable to (and for which reimbursement is generally being sought by the Lenders in respect of) credit transactions similar to this transaction from similarly situated borrowers (which

are parties to credit or loan documentation containing a provision similar to this definition), as determined by the Lenders in their respective reasonable discretion.

"Register": as defined in Section 11.7(c).

"Related Parties": with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replaced Lender": as defined in Section 3.13.

"Replacement Lender": as defined in Section 3.13.

"Required Lenders": Lenders having Credit Exposure greater than 50% of the Aggregate Credit Exposure.

"Rescindable Amount": as defined in Section 3.2(c).

"Resolution Authority": an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restrictive Agreement": as defined in Section 8.7.

"S&P": Standard & Poor's Financial Services LLC, a subsidiary of S&P Global Inc., or any successor thereto.

"Sanctioned Country": at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person": at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Sanctions": economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"Scheduled Unavailability Date": as defined in Section 3.8(c)(2).

"SEC Reports": the Borrower's 2023 Annual Report on Form 10-K and any 8-K filings made by the Borrower subsequent to December 31, 2023 and prior to the Effective Date.

"SOFR": the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

"SOFR Adjustment" with respect to Daily Simple SOFR and any Term SOFR Interest Period, 0.10% (10.0 basis points).

"Special Counsel": such counsel as the Administrative Agent may engage from time to time.

"Subsidiary": at any time and from time to time, any corporation, partnership, limited liability company, joint venture or other business entity of which the Borrower and/or any Subsidiary of the

Borrower, directly or indirectly at such time, either (a) in respect of a corporation, owns or controls more than 50% of the outstanding stock having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether a class or classes shall or might have voting power by reason of the happening of any contingency, or (b) in respect of a partnership, limited liability company, joint venture or other business entity, is entitled to share in more than 50% of the profits and losses, however determined.

"Successor Rate": as defined in Section 3.8(c).

"Taxes": all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges in the nature of a tax imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" and **"Term Loans"**: each, as defined in Section 2.1(a).

"Term SOFR": for any Term SOFR Interest Period with respect to a Term SOFR Advance, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Term SOFR Interest Period with a term equivalent to such Term SOFR Interest Period; provided that if the rate is not published prior to 11:00 A.M. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, *plus* the SOFR Adjustment for such Term SOFR Interest Period; provided, further, that if Term SOFR determined pursuant to the above would be less than zero, Term SOFR shall be deemed zero for purposes of this Agreement and the other Loan Documents.

"Term SOFR Advance": a portion of the Term Loans selected by the Borrower to bear interest during a Term SOFR Interest Period selected by the Borrower at a rate based upon Term SOFR, all pursuant to and in accordance with Section 2.1 or Section 3.3.

"Term SOFR Interest Period": as to each Term SOFR Advance, the period commencing on the date such Term SOFR Advance is disbursed or converted to or continued as a Term SOFR Advance and ending on the date one, three or six months thereafter, as selected by the Borrower in its Borrowing Request; provided that:

(a) any Term SOFR Interest Period that would otherwise end on a day that is not a Domestic Business Day shall be extended to the next succeeding Domestic Business Day unless such Domestic Business Day falls in another calendar month, in which case such Term SOFR Interest Period shall end on the next preceding Domestic Business Day; and

(b) any Term SOFR Interest Period that begins on the last Domestic Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Term SOFR Interest Period) shall end on the last Domestic Business Day of the calendar month at the end of such Term SOFR Interest Period.

"Term SOFR Replacement Date": as defined in Section 3.8(c).

"Term SOFR Screen Rate": the forward-looking SOFR term rate administered by CME (or any successor administrator reasonably satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time in its reasonable discretion).

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"Termination Event": with respect to any Pension Plan, (a) an ERISA Event, (b) the termination of a Pension Plan under Section 4041(c) of ERISA, or the filing of a notice of intent to terminate a Pension Plan under Section 4041(c) of ERISA, or the treatment of a Pension Plan amendment as a termination under Section 4041(e) of ERISA (except an amendment made after such Pension Plan satisfies the requirement for a standard termination under Section 4041(b) of ERISA), (c) the institution of proceedings by the PBGC to terminate a Pension Plan under Section 4042 of ERISA, or (d) the appointment of a trustee to administer any Pension Plan under Section 4042 of ERISA.

"Threshold Amount": \$300,000,000.

"Ticketing Fee": as defined in Section 3.11.

"Total Capitalization": at any date, the sum of the Borrower's Consolidated Indebtedness and shareholders' equity on such date, determined in accordance with GAAP.

"Trade Date": as defined in Section 11.7(h)(i).

"Type": with respect to any Loan, the characteristic of such Loan as an ABR Advance or a Term SOFR Advance, each of which constitutes a Type of Loan.

"UK Financial Institution": any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority": the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unqualified Amount": as defined in [Section 3.4\(c\)](#).

"Upstream Dividends": as defined in [Section 8.7](#).

"U.S. Government Securities Business Day": means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Lender": as defined in [Section 3.10\(f\)](#).

"United States Tax Compliance Certificate": as defined in [Section 3.10\(f\)\(iii\)](#).

"Wells Fargo": as defined in the preamble.

"WFS": Wells Fargo Securities, LLC.

"Write-Down and Conversion Powers": (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change

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the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Principles of Construction

(a) All capitalized terms defined in this Agreement shall have the meanings given to such capitalized terms herein when used in the other Loan Documents or in any certificate, opinion or other document made or delivered pursuant hereto or thereto, unless otherwise expressly provided therein.

(b) Unless otherwise expressly provided herein, the word *"fiscal"* when used herein shall refer to the relevant fiscal period of the Borrower. As used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant thereto, accounting terms not defined in [Section 1.1](#), and accounting terms partly defined in [Section 1.1](#), to the extent not defined, shall have the respective meanings given to them under GAAP as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of, and any accounting term related thereto shall have the respective meaning given to it under, GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Any lease that is characterized as an operating lease in accordance with GAAP after the Borrower's adoption of ASC 842 (regardless of the date on which such lease has been entered into) shall not be a capital or finance lease, and any such lease shall be, for all purposes of this Agreement, treated as though it were reflected on the Borrower's consolidated financial statements in the same manner as an operating lease would have been reflected prior to Borrower's adoption of ASC 842.

(c) The words "hereof", "herein", "hereto" and "hereunder" and similar words when used in each Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document, and Section, schedule and exhibit references contained therein shall refer to Sections thereof or schedules or exhibits thereto unless otherwise expressly provided therein.

(d) All references herein to a time of day shall mean the then-applicable time in New York, New York, unless otherwise expressly provided herein.

(e) Section headings have been inserted in the Loan Documents for convenience only and shall not be construed to be a part thereof. Unless the context otherwise requires, words in the singular number include the plural, and words in the plural include the singular.

(f) Whenever in any Loan Document or in any certificate or other document made or delivered pursuant thereto, the terms thereof require that a Person sign or execute the same or refer to the same as having been so signed or executed, such terms shall mean that the same shall be, or was, duly signed or executed by (i) in respect of any Person that is a corporation, any duly

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authorized officer thereof, and (ii) in respect of any other Person (other than an individual), any analogous counterpart thereof.

(g) The words "include" and "including", when used in each Loan Document, shall mean that the same shall be included "without limitation", unless otherwise specifically provided.

(h) All references to "knowledge" or "awareness" of the Borrower or any Subsidiary means the actual knowledge of an Authorized Officer of the Borrower or such Subsidiary.

2. AMOUNT AND TERMS OF LOANS

2.1 Term Loan Facility

(a) Subject to the terms and conditions hereof, each Lender severally (and not jointly) agrees to make up to ten (10) advances of term loans in Dollars under this Agreement (each a "**Term Loan**" and, collectively with each other Term Loan of such Lender and/or with each Term Loan of each other Lender, the "**Term Loans**") to the Borrower from time to time during the Commitment Period. With respect to each Lender, at the time of the making of any Term Loan, the sum of (I) the principal amount of such Lender's Term Loan constituting a part of the Term Loans to be made and (II) the aggregate principal balance of all other Term Loans made by such Lender will not exceed the Commitment of such Lender. Term Loans that are repaid may not be reborrowed. At the option of the Borrower, indicated in a Borrowing Request, Term Loans may be made as ABR Advances or Term SOFR Advances.

(b) The aggregate outstanding principal balance of all Term Loans shall be due and payable on the Commitment Termination Date or on such earlier date upon which all of the Commitments shall have been terminated in accordance with Section 2.6.

2.2 [Reserved]

2.3 Notice of Borrowing Term Loans

The Borrower agrees to notify the Administrative Agent, which notification shall be irrevocable, no later than (a) 12:00 Noon on the proposed Borrowing Date in the case of Term Loans to consist of ABR Advances and (b) 12:00 Noon at least two Domestic Business Days prior to the proposed Borrowing Date in the case of Term Loans to consist of Term SOFR Advances; *provided*, that, notwithstanding the foregoing, a notice of borrowing delivered by the Borrower may state that such notice is conditioned upon the effectiveness of transactions (such notice to specify the proposed effective date), in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to such specified effective date) if such condition is not satisfied and the Borrower shall indemnify the Lenders in accordance with Section 3.5, if and to the extent applicable. Each such notice shall specify (i) the aggregate amount requested to be borrowed under the Commitments, (ii) the proposed Borrowing Date, (iii) whether a borrowing of Term Loans is to be made as an ABR Advance, one or more Term SOFR Advances, or both, and the amount of each thereof and (iv) the Term SOFR Interest Period for each such Term SOFR Advance. Each such notice shall be promptly confirmed by delivery to the Administrative Agent of a Borrowing Request. Each Term SOFR Advance to be made on a Borrowing Date, when aggregated with all amounts to be Converted to Term SOFR Advances on such date and having the same Interest Period as such Term SOFR Advance, shall equal no less than \$50,000,000, or an integral multiple of \$1,000,000 in excess thereof. Each ABR Advance made on each Borrowing Date shall equal no less than \$5,000,000 or an integral multiple of \$500,000 in excess thereof. The Administrative Agent shall promptly notify each Lender (by telephone or otherwise, such notification to be confirmed by fax, email or other writing) of each

such Borrowing Request. Subject to its receipt of each such notice from the Administrative Agent and subject to the terms and conditions hereof, each Lender shall make immediately available funds available to the Administrative Agent at the address therefor set forth in Section 11.2 not later than 1:00 P.M. on each Borrowing Date in an amount equal to such Lender's Commitment Percentage of the Term Loans requested by the Borrower on such Borrowing Date.

2.4 [Reserved]

2.5 Use of Proceeds

The Borrower agrees that the proceeds of the Loans shall be used solely for its general corporate purposes, but not inconsistent with this Section 2.5 or any other provision of this Agreement, including, without limitation, the provisions of Section 4.9, and not in contravention of any applicable law, rule or regulation.

2.6 Termination or Reduction of Commitments

(a) Voluntary Termination or Reductions. At the Borrower's option in its sole and absolute discretion and upon at least one Domestic Business Day's prior irrevocable notice to the Administrative Agent, the Borrower may, prior to the expiration of the Commitment Period, permanently reduce the Aggregate Commitment Amount, in part at any time and from time to time; *provided* that each such partial reduction shall be in an amount equal to at least \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; *provided, further* that, notwithstanding the foregoing, a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or transactions (such notice to specify the proposed effective date), in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to such specified effective date) if such condition is not satisfied and the Borrower shall indemnify the Lenders in accordance with Section 3.5, if and to the extent applicable.

(b) Mandatory Reductions/Termination. The Commitments shall be automatically and permanently reduced by the amount of each Borrowing of the Term Loan pursuant to Section 2.1. The unfunded Commitments, if any, shall be automatically and permanently terminated on the last day of the Commitment Period.

(c) In General. Each reduction of the Aggregate Commitment Amount shall be made by reducing each Lender's Commitment by an amount equal to the product of such Lender's Commitment Percentage and the amount of such reduction.

2.7 Prepayments of Loans

(a) Voluntary Prepayments. The Borrower may, in its sole and absolute discretion, prepay Term Loans, in whole or in part, without premium or penalty, but subject to Section 3.5, at any time and from time to time, by notifying the Administrative Agent (which notice shall be in a form reasonably acceptable to the Administrative Agent) at least two Domestic Business Days, in the case of a prepayment of Term SOFR Advances or one Domestic Business Day, in the case of a prepayment of ABR Advances, prior to the proposed prepayment date specifying (i) the Loans to be prepaid, (ii) the amount to be prepaid, and (iii) the date of prepayment. Upon receipt of each such notice, the Administrative Agent shall promptly notify each Lender thereof. Each such notice given by the Borrower pursuant to this Section 2.7 shall be irrevocable, *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments

as contemplated by Section 2.6, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.6, and the Borrower shall indemnify the Lenders in accordance with Section 3.5, if and to the extent applicable. Each partial prepayment under this Section 2.7 shall be (A) in the case of Term SOFR Advances, in a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000

in excess thereof or the entire remaining amount of Term SOFR Advances, and (B) in the case of ABR Advances, in a minimum amount of \$1,000,000 or an integral multiple of \$100,000 in excess thereof or the entire remaining amount of ABR Advances.

(b) **Mandatory Prepayments.** The Borrower shall prepay Term Loans from (a) 100% of Net Cash Proceeds actually received by the Borrower or any of its Subsidiaries from Debt Issuances and (b) 100% of Net Cash Proceeds of any Equity Issuance actually received by the Borrower, in each case, within three (3) Domestic Business Days following actual receipt thereof. All such prepayments shall be applied to the outstanding Term Loans until paid in full; *provided*, however, that, to the extent all outstanding Term Loans have been repaid in full, the unused Commitments shall be permanently reduced by an amount equal to such Net Cash Proceeds actually received and not applied to repay outstanding Term Loans.

(c) **In General.** Simultaneously with each prepayment hereunder, the Borrower shall prepay all accrued and unpaid interest on the amount prepaid through the date of prepayment and indemnify the Lenders in accordance with Section 3.5, if and to the extent applicable.

2.8 [Reserved]

2.9 [Reserved]

2.10 [Reserved]

2.11 Notes

Any Lender may request that the Loans made by it be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to such Person or, if requested by such Person, such Person and its registered assigns.

2.12 [Reserved]

2.13 Defaulting Lenders

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Ticking Fees shall cease to accrue, and shall not be payable, on the unfunded Commitment of such Defaulting Lender pursuant to Section 3.11;

(b) the Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 11.1); *provided* that, notwithstanding the foregoing, any waiver, amendment or modification with respect to the following shall require the consent of such Defaulting Lender: (i) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which affects such

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Defaulting Lender in a manner that is materially adverse in comparison to the other affected Lenders, (ii) any waiver, amendment or modification increasing the Commitment of such Defaulting Lender, (iii) any waiver, amendment or modification extending the Commitment Period with respect to such Defaulting Lender, (iv) any waiver, amendment or modification reducing the principal amount owed under the Loan Documents to such Defaulting Lender (other than by payment thereof), or (v) any waiver, amendment or modification extending the final maturity of sums owed to such Defaulting Lender, or (vi) a modification of this Section 2.13(b).

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 11.9 but excluding Section 3.13 and other than any amount constituting Ticking Fees which are not payable to such Defaulting Lender in accordance with Section 2.13(a)) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Term Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iii) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Term Loans under this Agreement, (iv) fourth, to the payment of any amounts owing to the Lenders as a result of any final and non-appealable judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such

Defaulting Lender's breach of its obligations under this Agreement, (vii) fifth, to the payment of any amounts owing to the Borrower as a result of any final and non-appealable judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (viii) sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided that if such payment is (x) a prepayment of the principal amount of any Term Loan with respect to which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 6 are satisfied or waived, such payment shall be applied solely to prepay the Term Loans of all non-Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans owed to, any Defaulting Lender;*

(d) the Borrower shall have the right at any time during which a Lender is a Defaulting Lender to replace such Defaulting Lender pursuant to Section 3.13; and

(e) subject to Section 11.22, no reallocation pursuant to Section 2.13(c) shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from a Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

3. PROCEEDS, PAYMENTS, CONVERSIONS, INTEREST, YIELD PROTECTION AND FEES

3.1 Disbursement of the Proceeds of the Loans

The Administrative Agent shall disburse the proceeds of the Loans at its office specified in Section 11.2 by crediting to the Borrower's general deposit account with the Administrative Agent the funds received from each Lender. Unless the Administrative Agent shall have received prior notice from a Lender (by telephone or otherwise, such notice to be confirmed by fax, email or other writing) that such Lender

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will not make available to the Administrative Agent such Lender's Commitment Percentage of the Loans to be made by it on a Borrowing Date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date in accordance with this Section 3.1; *provided that such Lender received notice thereof from the Administrative Agent in accordance with the terms hereof, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such Borrowing Date a corresponding amount. If and to the extent that such Lender shall not have so made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to pay to the Administrative Agent, forthwith on demand, such corresponding amount (to the extent not previously paid by the other), together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent, at a rate per annum equal to, in the case of the Borrower, the applicable interest rate set forth in Section 3.4(a) and, in the case of such Lender, the Federal Funds Effective Rate from the date such payment is due until the third day after such date and, thereafter, at the Federal Funds Effective Rate plus 2%. Any such payment by the Borrower shall be without prejudice to its rights against such Lender. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Loan as part of such Loans for purposes of this Agreement, which Loan shall be deemed to have been made by such Lender on the Borrowing Date applicable to such Loans.*

3.2 Payments

(a) Each payment, including each prepayment, of principal and interest on the Loans and of the Ticking Fee (collectively, together with all of the other fees to be paid to the Administrative Agent and the Lenders in connection with, and pursuant to the terms of, the Loan Documents, the "**Fees**"), and of all of the other amounts to be paid to the Administrative Agent and the Lenders in connection with, and pursuant to the terms of, the Loan Documents (other than amounts payable to a Lender under Section 3.5, Section 3.6, Section 3.10, Section 11.5 and Section 11.10) shall be made by the Borrower to the Administrative Agent at its office specified in Section 11.2 without condition, recoupment, defense, setoff, deduction or counterclaim in funds immediately available in New York by 3:00 P.M. on the due date for such payment. The failure of the Borrower to make any such payment by such time shall not constitute a default hereunder; *provided that such payment is made on such due date, but any such payment made after 3:00 P.M. on such due date shall be deemed to have been made on the next Domestic Business Day for the purpose of calculating interest on amounts outstanding on the Loans. If the Borrower has not made any such payment prior to 3:00 P.M., the Borrower hereby authorizes the Administrative Agent to deduct the amount of any such payment from such account(s) as the Borrower may from time to time designate in writing to the Administrative Agent, upon which the Administrative Agent shall apply the amount of such deduction to such payment. Promptly upon receipt thereof by the Administrative Agent, each payment of principal and interest on the Loans shall be remitted by the Administrative Agent in like funds as received to each Lender (a) first, pro rata according to the amount of interest which is then due and payable to the Lenders, and (b) second, pro rata according to the amount of principal which is then due and payable to the Lenders. Each payment of the*

Ticking Fee payable to the Lenders shall be promptly transmitted by the Administrative Agent in like funds as received to each Lender pro rata according to such Lender's Commitment Percentage.

(b) If any payment hereunder or under the Loans shall be due and payable on a day which is not a Domestic Business Day the due date thereof (except as otherwise provided in the definition of Term SOFR Interest Period) shall be extended to the next Domestic Business Day and (except with respect to payments in respect of the Ticking Fee) interest shall be payable at the applicable rate specified herein during such extension.

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(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Lenders the amount due. With respect to any payment that the Administrative Agent makes for the account of the Lenders hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "**Rescindable Amount**") : (1) the Borrower has not in fact made such payment; (2) the Administrative Agent has made a payment in excess of the amount so paid by the Borrower (whether or not then owed); or (3) the Administrative Agent has for any reason otherwise erroneously made such payment; then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount so distributed to such Lender in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

3.3 Conversions; Other Matters

(a) The Borrower may elect at any time and from time to time to Convert one or more Term SOFR Advances to an ABR Advance by giving the Administrative Agent at least one Domestic Business Day's prior irrevocable notice of such election (in the form of a Borrowing Request), specifying the amount to be so Converted. In addition, the Borrower may elect at any time and from time to time to Convert an ABR Advance to any one or more new Term SOFR Advances or to Convert any one or more existing Term SOFR Advances to any one or more new Term SOFR Advances by giving the Administrative Agent no later than 10:00 A.M. at least two Domestic Business Days' prior irrevocable notice of such election (in the form of a Borrowing Request), specifying the amount to be so Converted and the initial Interest Period relating thereto; *provided* that any Conversion of an ABR Advance to a Term SOFR Advance shall only be made on a Domestic Business Day; *provided, further* that, notwithstanding the foregoing, a Borrowing Request for a Conversion delivered by the Borrower may state that such Borrowing Request is conditioned upon the effectiveness of other credit facilities or transactions (such Borrowing Request to specify the proposed effective date), in which case such Borrowing Request may be revoked by the Borrower (by notice to the Administrative Agent prior to the day specified for such Conversion in such Borrowing Request) if such condition is not satisfied and the Borrower shall indemnify the Lenders in accordance with Section 3.5, if and to the extent applicable. The Administrative Agent shall promptly provide the Lenders with notice of each such election. Each Conversion of Loans shall be made pro rata according to the outstanding principal amount of the Loans of each Lender. ABR Advances and Term SOFR Advances may be Converted pursuant to this Section 3.3 in whole or in part; *provided* that the amount to be Converted to each Term SOFR Advance, when aggregated with any Term SOFR Advance to be made on such date in accordance with Section 2.1 and having the same Interest Period as such first Term SOFR Advance, shall equal no less than \$50,000,000 or an integral multiple of \$1,000,000 in excess thereof or the entire remaining amount of the Term SOFR Advances.

(b) Notwithstanding anything in this Agreement to the contrary, the Borrower shall not have the right to elect to Convert any existing ABR Advance to a Term SOFR Advance or to Convert any existing Term SOFR Advance to a new Term SOFR Advance if (i) a Default or an Event of Default under Section 9.1(a), Section 9.1(b), Section 9.1(h), Section 9.1(i) or Section 9.1(j) shall then exist, or (ii) any other Event of Default shall then exist and the Administrative Agent

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shall have notified the Borrower at the request of the Required Lenders that no ABR Advance or Term SOFR Advance may be Converted to a new Term SOFR Advance. In such event, such ABR Advance shall be automatically continued as an ABR Advance or such Term SOFR Advance shall be automatically Converted to an ABR Advance on the last day of the Interest Period applicable to such Term SOFR Advance. The foregoing shall not affect any other rights or remedies that the Administrative Agent or any Lender may have under this Agreement or any other Loan Document.

(c) Each Conversion shall be effected by each Lender by applying the proceeds of each new ABR Advance or Term SOFR Advance, as the case may be, to the existing ABR Advance or Term SOFR Advance (or portion thereof) being Converted (it being understood that such Conversion shall not constitute a borrowing for purposes of Section 4 or Section 6).

(d) Notwithstanding any other provision of any Loan Document:

(1) if the Borrower shall have failed to elect a Term SOFR Advance under Section 2.3 or this Section 3.3, as the case may be, in connection with any borrowing of new Term Loans or expiration of an Interest Period with respect to any existing Term SOFR Advance, the amount of the Term Loans subject to such borrowing or such existing Term SOFR Advance shall thereafter be an ABR Advance until such time, if any, as the Borrower shall elect a new Term SOFR Advance pursuant to this Section 3.3,

(2) the Borrower shall not be permitted to select a Term SOFR Advance the Interest Period in respect of which ends later than the Commitment Termination Date or such earlier date upon which all of the Commitments shall have been terminated in accordance with Section 2.6, and

(3) the Borrower shall not be permitted to have more than 10 Term SOFR Advances outstanding at any one time; it being understood and agreed that each borrowing of Term SOFR Advances pursuant to a single Borrowing Request shall constitute the making of one Term SOFR Advance for the purpose of calculating such limitation.

3.4 Interest Rates and Payment Dates.

(a) Prior to Maturity. Except as otherwise provided in Section 3.4(b) and Section 3.4(c), the Loans shall bear interest on the unpaid principal balance thereof at the applicable interest rate or rates per annum set forth below:

LOANS	RATE
Term Loans constituting ABR Advances	Alternate Base Rate <i>plus</i> the Applicable Margin.
Term Loans constituting Term SOFR Advances	Term SOFR applicable thereto <i>plus</i> the Applicable Margin.

(b) Late Payment Rate. Any payment of principal or interest on the Loans, Fees or other amounts payable by the Borrower under the Loan Documents not paid on the date when due and payable shall, after the occurrence and during the continuance of an Event of Default pursuant to Section 9.1(a), 9.1(b), 9.1(h), 9.1(i) or 9.1(j), bear interest, in the case of principal or interest on a Loan, at the applicable interest rate on such Loan *plus* 2% per annum and, in the case of any Fees

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or other amounts, at the Alternate Base Rate *plus* the Applicable Margin *plus* 2% per annum, in each case from the due date thereof until the date such payment is made (whether before or after the entry of any judgment thereon).

(c) Highest Lawful Rate. Notwithstanding anything to the contrary contained in this Agreement, at no time shall the interest rate payable to any Lender on any of its Loans, together with the Fees and all other amounts payable hereunder to such Lender to the extent the same constitute or are deemed to constitute interest, exceed the Highest Lawful Rate. If, in respect of any period during the term of this Agreement, any amount paid to any Lender hereunder, to the extent the same shall (but for the provisions of this Section 3.4) constitute or be deemed to constitute interest, would exceed the maximum amount of interest permitted by the Highest Lawful Rate during such period (such amount being hereinafter referred to as an "Unqualified Amount"), then (i) such Unqualified Amount shall be applied or shall be deemed to have been applied as a prepayment of the Loans of such Lender, and (ii) if, in any subsequent period during the term of this Agreement, all amounts payable hereunder to such Lender in respect of such period which constitute or shall be deemed to constitute interest shall be less than the maximum amount of interest

permitted by the Highest Lawful Rate during such period, then the Borrower shall pay to such Lender in respect of such period an amount (each a **"Compensatory Interest Payment"**) equal to the lesser of (x) a sum which, when added to all such amounts, would equal the maximum amount of interest permitted by the Highest Lawful Rate during such period, and (y) an amount equal to the aggregate sum of all Unqualified Amounts *less* all other Compensatory Interest Payments.

(d) **General.** Interest shall be payable in arrears on each Interest Payment Date, on the Commitment Termination Date, and, to the extent provided in Section 2.7(b), upon each prepayment of the Loans. Any change in the interest rate on the Loans resulting from an increase or a decrease in the Alternate Base Rate or any reserve requirement shall become effective as of the opening of business on the day on which such change shall become effective. Each determination by the Administrative Agent of the Alternate Base Rate and Term SOFR pursuant to this Agreement shall be conclusive and binding on the Borrower absent manifest error. The Borrower acknowledges that to the extent interest payable on the Loans is based on the Alternate Base Rate, such rate is only one of the bases for computing interest on loans made by the Lenders, and by basing interest payable on ABR Advances on the Alternate Base Rate, the Lenders have not committed to charge, and the Borrower has not in any way bargained for, interest based on a lower or the lowest rate at which the Lenders may now or in the future make extensions of credit to other Persons. All interest (other than interest calculated with reference to the Alternate Base Rate) shall be calculated on the basis of a 360-day year for the actual number of days elapsed, and all interest determined with reference to the Alternate Base Rate shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed.

(e) **No Warranty.** The Administrative Agent does not warrant, nor accept responsibility for, nor shall the Administrative Agent have any liability with respect to, the administration, submission or any other matter related to any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes; *provided* that the foregoing shall not apply to any liability arising out of the bad faith, willful misconduct or gross negligence of the Administrative Agent. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in

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each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service; provided that the foregoing shall not apply to any liability arising out of the bad faith, willful misconduct or gross negligence of the Administrative Agent.

3.5 Indemnification for Loss

Notwithstanding anything contained herein to the contrary, if: (i) the Borrower shall fail to borrow a Term SOFR Advance or if the Borrower shall fail to Convert all or any portion of any Term Loan constituting an ABR Advance to a Term SOFR Advance after it shall have given notice to do so in which it shall have requested a Term SOFR Advance pursuant to Section 2.3 or Section 3.3, as the case may be, (ii) a Term SOFR Advance shall be terminated for any reason prior to the last day of the Interest Period applicable thereto, (iii) any repayment or prepayment of the principal amount of a Term SOFR Advance is made for any reason on a date which is prior to the last day of the Interest Period applicable thereto, (iv) the Borrower shall have revoked a notice of prepayment or notice of termination of the Commitments that was conditioned upon the effectiveness of other credit facilities or transactions pursuant to Section 2.6 or Section 2.7, (v) the Borrower shall have revoked a notice of borrowing that was conditioned upon the effectiveness of transactions pursuant to Section 2.3, or (vi) a Term SOFR Advance is assigned other than on the last day of the Interest Period applicable thereto as a result of a replacement of a Lender pursuant to clause (x) or (z) of Section 3.13, then the Borrower agrees to indemnify each Lender against, and to pay on demand directly to such Lender the amount (calculated by such Lender using any method chosen by such Lender which is customarily used by such Lender for such purpose for borrowers similar to the Borrower) equal to any loss or expense suffered by such Lender as a result of such failure to borrow or Convert, or such termination, repayment, prepayment or revocation, including any loss, cost or expense suffered by such Lender in liquidating or employing deposits acquired to fund or maintain the funding of such Term SOFR Advance or redeploying funds prepaid or repaid, in amounts which

correspond to such Term SOFR Advance and any reasonable internal processing charge customarily charged by such Lender in connection therewith for borrowers similar to the Borrower.

3.6 Reimbursement for Costs, Etc.

If at any time or from time to time there shall occur a Regulatory Change and any Lender shall have reasonably determined that such Regulatory Change (i) shall have had or will thereafter have the effect of reducing (A) the rate of return on such Lender's capital or liquidity or the capital or liquidity of any Person directly or indirectly owning or controlling such Lender (each a "**Control Person**"), or (B) the asset value (for capital or liquidity purposes) to such Lender or such Control Person, as applicable, of the Loans, or any participation therein, in any case to a level below that which such Lender or such Control Person could have achieved or would thereafter be able to achieve but for such Regulatory Change (after taking into account such Lender's or such Control Person's policies regarding capital or liquidity), (ii) will impose, modify or deem applicable any reserve, asset, special deposit or special assessment requirements on Term SOFR Advances, or (iii) will subject such Lender or such Control Person, as applicable, to any tax (documentary, stamp or otherwise) with respect to this Agreement, any Note, or any other Loan Document (except, in the case of clause (iii) above, for any Indemnified Taxes, Excluded Taxes or Other Taxes), then, in each such case, within ten days after demand by such Lender the Borrower shall pay directly to such

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Lender or such Control Person, as the case may be, such additional amount or amounts as shall be sufficient to compensate such Lender or such Control Person, as the case may be, for any such reduction, reserve or other requirement, tax, loss, cost or expense (excluding general administrative and overhead costs) (collectively, "**Costs**") attributable to such Lender's or such Control Person's compliance during the term hereof with such Regulatory Change, but only if such Costs are generally applicable to (and for which reimbursement is generally being sought by such Lender or such Control Person, as applicable, in respect of) credit transactions similar to this transaction from similarly situated borrowers (which are parties to credit or loan documentation containing a provision similar to this Section 3.6), as determined by such Lender in its reasonable discretion. Each Lender may make multiple requests for compensation under this Section 3.6.

Notwithstanding the foregoing, the Borrower will not be required to compensate any Lender for any Costs under this Section 3.6 arising prior to 45 days preceding the date of demand, unless the applicable Regulatory Change giving rise to such Costs is imposed retroactively in which case the 45-day period referred to above shall be extended to include the period of retroactive effect thereof. In the case of retroactivity, such notice shall be provided to the Borrower not later than 45 days from the date that such Lender learned of such Regulatory Change. The Borrower's obligation to compensate such Lender shall be contingent upon the provision of such timely notice (but any failure by such Lender to provide such timely notice shall not affect the Borrower's obligations with respect to (i) Costs incurred from the date as of which such Regulatory Change became effective to the date that is 45 days after the date such Lender reasonably should have learned of such Regulatory Change and (ii) Costs incurred following the provision of such notice).

3.7 Illegality of Funding

Notwithstanding any other provision hereof, if any Lender shall reasonably determine that any law, regulation, treaty or directive, or any change therein or in the interpretation or application thereof, shall make it unlawful for such Lender to make or maintain Loans whose interest rates are based upon SOFR or Term SOFR, such Lender shall promptly notify the Borrower and the Administrative Agent thereof, and (a) the commitment of such Lender to make such Term SOFR Advances or to Convert ABR Advances to Term SOFR Advances shall forthwith be suspended, (b) such Lender shall fund its portion of each requested Term SOFR Advance as an ABR Advance, (c) such Lender's Loans then outstanding as such Term SOFR Advances, if any, shall be Converted automatically to an ABR Advance on the last day of the then-current Interest Period applicable thereto or at such earlier time as may be required and (d) if such notice asserts the illegality of such Lender making or maintaining ABR Advances the interest rate on which is determined by reference to One Month SOFR Rate, the interest rate on which ABR Advances of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the One Month SOFR Rate component of the Alternate Base Rate. If the commitment of any Lender with respect to Term SOFR Advances is suspended pursuant to this Section 3.7 and such Lender shall have obtained actual knowledge that it is once again legal for such Lender to make or maintain Term SOFR Advances, such Lender shall promptly notify the Administrative Agent and the Borrower thereof and, upon delivery of such notice to each of the Administrative Agent and the Borrower, such Lender's commitment to make or maintain Term SOFR Advances shall be reinstated. If the commitment of any Lender with respect to Term SOFR Advances is suspended pursuant to this Section 3.7, such suspension shall not otherwise affect such Lender's Commitment.

3.8 Option to Fund; Substituted Interest Rate

(a) Each Lender has indicated that, if the Borrower requests a Term SOFR Advance, such Lender may wish to purchase one or more deposits in order to fund or maintain its funding of its Commitment Percentage of such Term SOFR Advance during the Interest Period with respect

thereto; it being understood that the provisions of this Agreement relating to such funding are included only for the purpose of determining the rate of interest to be paid in respect of such Term SOFR Advance and any amounts owing under Section 3.5 and Section 3.6. Each Lender shall be entitled to fund and maintain its funding of all or any part of each Term SOFR Advance in any manner it sees fit, but all such determinations hereunder shall be made as if such Lender had actually funded and maintained its Commitment Percentage of each Term SOFR Advance during the applicable Interest Period through the purchase of deposits in an amount equal to the amount of its Commitment Percentage of such Term SOFR Advance and having a maturity corresponding to such Interest Period. Each Lender may fund its Advances from or for the account of any branch or office of such Lender as such Lender may choose from time to time, subject to Section 3.10.

(b) If in connection with any request for a Term SOFR Advance or a Conversion to or continuation thereof, as applicable, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate has been determined in accordance with Section 3.8(c), and the circumstances under clause (i) of Section 3.8(c) or the Scheduled Unavailability Date has occurred or (B) adequate and reasonable means do not otherwise exist for determining (1) Term SOFR for any requested Term SOFR Interest Period with respect to a proposed Term SOFR Advance or (2) the One Month SOFR Rate in connection with an existing or proposed ABR Advance or (ii) the Administrative Agent or the Required Lenders determine that for any reason that (A) Term SOFR for any requested Term SOFR Interest Period with respect to a proposed Term SOFR Advance or (B) the One Month SOFR Rate with respect to a proposed ABR Advance, in any case, does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Term SOFR Advances or to Convert ABR Advances to Term SOFR Advances shall be suspended (to the extent of the affected Term SOFR Advances or Term SOFR Interest Periods) and (y) in the event of a determination described in the preceding sentence with respect to the One Month SOFR Rate component of the Alternate Base Rate, the utilization of the One Month SOFR Rate in determining the Alternate Base Rate shall be suspended, in each case, until the Administrative Agent (or, in the case of a determination by the Required Lenders described in clause (ii) of this Section 3.8(b), until the Administrative Agent upon instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (i) the Borrower may revoke any pending request for a borrowing of, Conversion to or continuation of Term SOFR Advances (to the extent of the affected Term SOFR Advances or Term SOFR Interest Periods) or, failing that, will be deemed to have Converted such request into a request for a borrowing of ABR Advances in the amount specified therein and (ii) any outstanding Term SOFR Advances shall be deemed to have been Converted to ABR Advances immediately at the end of their respective applicable Term SOFR Interest Period.

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent and the Borrower determine (which determination shall be conclusive absent manifest error), or the Borrower or the Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or the Required Lenders (as applicable) have determined, that:

- (1) adequate and reasonable means do not exist for ascertaining one month, three month and six month interest periods of Term SOFR, including, without limitation, because the Term SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or
- (2) CME or any successor administrator of the Term SOFR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or such

administrator with respect to its publication of Term SOFR, in each case acting in such capacity, has made a public statement identifying a specific date after which one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of Dollar denominated U.S. syndicated loans, or shall or will otherwise cease; provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide such interest periods of Term SOFR after such specific date (the latest date on which

one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate are no longer available permanently or indefinitely, the "Scheduled Unavailability Date");

then, on a date and time determined by the Administrative Agent and the Borrower (any such date, the "Term SOFR Replacement Date"), which date shall be at the end of a Term SOFR Interest Period or on the relevant interest payment date, as applicable, for interest calculated and solely with respect to clause (2) above, no later than the Scheduled Unavailability Date, Term SOFR will be replaced hereunder and under any Loan Document with Daily Simple SOFR *plus* the SOFR Adjustment for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document (the "Successor Rate").

If the Successor Rate is Daily Simple SOFR *plus* the SOFR Adjustment, all interest payments will be payable on a quarterly basis.

Notwithstanding anything to the contrary herein, (i) if the Administrative Agent determines that Daily Simple SOFR is not available on or prior to the Term SOFR Replacement Date, or (ii) if the events or circumstances of the type described in Section 3.8(c)(1) or (2) have occurred with respect to the Successor Rate then in effect, then in each case, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing Term SOFR or any then current Successor Rate in accordance with this Section 3.8 at the end of any Term SOFR Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar Dollar denominated credit facilities syndicated and agented in the United States for such alternative benchmark, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar Dollar denominated credit facilities syndicated and agented in the United States for such benchmark. For the avoidance of doubt, any such proposed rate and adjustments, shall constitute a "SuccessorRate". Any such amendment shall become effective at 5:00 p.m. on the fifth Domestic Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

The Administrative Agent will promptly (in one or more notices) notify the Borrower and each Lender of the implementation of any Successor Rate.

Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent (in consultation with the Borrower).

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Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than zero, the Successor Rate will be deemed to be zero for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a Successor Rate, the Administrative Agent will have the right, in consultation with the Borrower, to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes in the discretion of the Administrative Agent and in consultation with the Borrower will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders promptly after such amendment becomes effective.

3.9 Certificates of Payment and Reimbursement

Each Lender agrees, in connection with any request by it for payment or reimbursement pursuant to Section 3.5, Section 3.6 or Section 3.10, to provide the Borrower with a certificate, signed by an officer of such Lender setting forth a description in reasonable detail of any such payment or reimbursement and the applicable Section of this Agreement pursuant to and in accordance with which such request is made. Each determination by such Lender of such payment or reimbursement shall be conclusive absent manifest error.

3.10 Taxes; Net Payments

(a) **Payments Free of Taxes.** Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of, and without reduction or withholding for, any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required by applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum

payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.10) the Administrative Agent or the applicable Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions for Indemnified Taxes or Other Taxes been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. For purposes of this Section 3.10, the term "applicable law" includes FATCA.

(b) **Payment of Other Taxes by the Borrower.** Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) **Indemnification by the Borrower.** The Borrower shall indemnify the Administrative Agent and each Lender, within 30 days after demand therefor, for the full amount of any Indemnified Taxes imposed on or with respect to, any payment made by, or on account of, any obligation of the Borrower under any Loan Document or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.10) paid by the Administrative Agent or such Lender, as the case may be, and, without duplication, any penalties, interest and reasonable and documented out-of-pocket expenses arising therefrom or with respect thereto (other than any penalties that result from the gross negligence, bad faith or willful misconduct of the Administrative Agent or such Lender, as applicable, as determined by a final and non-appealable judgment of a court of competent jurisdiction); *provided* that if the Borrower reasonably believes that such Taxes were not correctly or legally asserted, the

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Administrative Agent or such Lender, as applicable, will cooperate with the Borrower to obtain a refund of such Taxes so long as such efforts would not result in any additional costs or expenses not reimbursed by the Borrower and such cooperation would not, in the judgment of such Lender be materially disadvantageous to it. A certificate as to the amount of such payment or liability that complies with Section 3.9 and is delivered to the Borrower by such Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of such Lender, shall be conclusive absent manifest error. After any Lender learns of the imposition of any Indemnified Taxes or Other Taxes, such Lender will as soon as reasonably practicable notify the Borrower thereof; *provided* that the failure to provide the Borrower with such notice shall not release the Borrower from its indemnification obligations under this Section 3.10. Notwithstanding anything to the contrary contained in this Section 3.10, the Borrower shall not be required to indemnify the Administrative Agent or any Lender pursuant to this Section 3.10 for any additional costs, such as penalties or interest, to the extent that such costs resulted from a failure of the Administrative Agent or such Lender to notify the Borrower of such possible indemnification claim within 180 days after the Administrative Agent or such Lender receives notice from the applicable taxing authority of the tax giving rise to such indemnification claim.

(d) **Evidence of Payments.** As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) **Indemnification by the Lenders.** Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.7(d) relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) **Status of Lenders.** Any Lender that is entitled to an exemption from, or reduction of, withholding Tax under the law of the jurisdiction in which the Borrower is resident for Tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law

or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter (i) if such Foreign Lender shall determine that any applicable form or certification has expired or will then expire or has or will then become obsolete or incorrect or that an event has occurred that requires or will then require a change in the most recent form or certification previously delivered by it to the Borrower and the Administrative Agent and (ii) upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of Internal Revenue Service Form W-8BEN or Form W-8BEN-E claiming eligibility for benefits of an income Tax treaty to which the United States of America is a party,

(ii) duly completed copies of Internal Revenue Service Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate (a "**United States Tax Compliance Certificate**") to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code nor (D) engaged in the conduct of a trade or business within the United States to which the interest payment is effectively connected and (y) duly completed copies of Internal Revenue Service Form W-8BEN or Form W-8BEN-E,

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), a complete and executed Internal Revenue Service Form W-8IMY, accompanied by a Form W-8ECI, Form W-8BEN, Form W-8BEN-E, a United States Tax Compliance Certificate, Internal Revenue Service Form W-9 and/or other certification documents from each beneficial owner, as applicable; *provided* that, if the Foreign Lender is a partnership (and not a participating Lender) and one or more partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender shall provide a United States Tax Compliance Certificate, on behalf of such beneficial owner(s) in lieu of requiring each beneficial owner to provide its own certificate, or

(v) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made.

If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative

Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause, "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Without limiting the foregoing, upon request of the Administrative Agent or the Borrower, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code that lends to the Borrower (each, a "U.S. Lender") shall deliver to the Administrative Agent and the Borrower two duly signed, properly completed copies of Internal Revenue Service Form W-9 on or prior to the Effective Date (or on or prior to the date it becomes a party to this Agreement), certifying that such U.S. Lender is entitled to an exemption from United States backup withholding, or any successor form.

(g) **Treatment of Certain Refunds.** If the Administrative Agent or a Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.10, it shall promptly pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 3.10 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable and documented out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), *provided* that the Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event that the Administrative Agent or such Lender is required to repay such refund or Tax credit to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(h) **Designation of a Different Lending Office.** If any Lender requests compensation under Section 3.6, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to this Section 3.10, then such Lender shall use reasonable efforts to promptly designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.6 or this Section 3.10, as the case may be, in the future and (ii) in the judgment of such Lender, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(i) **Survival.** Each party's obligations under this Section 3.10 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

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3.11 Ticking Fee

The Borrower agrees to pay to the Administrative Agent for the account of each Lender in accordance with its Commitment Percentage, a ticking fee (the "**Ticking Fee**") during the period commencing on the Effective Date and ending on (but not including) the Expiration Date, payable quarterly in arrears on the last Domestic Business Day of each March, June, September and December of each year and on the Expiration Date, commencing on the last day of the calendar quarter during which the Ticking Fee shall commence to accrue, and on the Expiration Date, at a rate per annum equal to the Applicable Margin of the actual daily undrawn amount of such Lender's Commitment. The Ticking Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed.

3.12 [Reserved]

3.13 Replacement of Lender

If (x) the Borrower is obligated to pay to any Lender any amount under Section 3.6 or Section 3.10, the Borrower shall have the right within 90 days thereafter, (y) any Lender shall be a Defaulting Lender, the Borrower shall have the right at any time during which such Lender shall remain a Defaulting Lender or (z) any Lender shall not have approved any other consent, waiver or amendment that (A) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.1 and (B) has been approved by the Required Lenders, the Borrower shall have the right at any time, in each case in accordance with the requirements of Section 11.7(b) and only if no Default shall exist, to replace such Lender (the "**Replaced Lender**") with one or more Eligible Assignees (each a "**Replacement Lender**"); *provided* that (i) at the time of any replacement pursuant to this Section 3.13, the Replacement Lender shall enter into one or more Assignment and Assumptions pursuant to Section 11.7(b) (with the processing and recordation fee referred to in Section 11.7(b) payable pursuant to said Section 11.7(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire the Commitment and the outstanding Loans of the Replaced Lender and, in connection therewith, shall pay the following: (a) to the

Replaced Lender, an amount equal to the sum of (A) an amount equal to the principal of, and all accrued and unpaid interest on, all outstanding Loans of the Replaced Lender and (B) an amount equal to all accrued, but unpaid, fees owing to the Replaced Lender and (b) to the Administrative Agent, an amount equal to all amounts owed by such Replaced Lender to the Administrative Agent under this Agreement, including, without limitation, an amount equal to the principal of, and all accrued and unpaid interest on, all outstanding Loans of the Replaced Lender, a corresponding amount of which was made available by the Administrative Agent to the Borrower pursuant to Section 3.1 and which has not been repaid to the Administrative Agent by such Replaced Lender or the Borrower, and (ii) all obligations of the Borrower owing to the Replaced Lender (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution and delivery of the respective Assignment and Assumptions and the payment of amounts referred to in clauses (i) and (ii) of this Section 3.13, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement that are intended to survive the termination of the Commitments and the repayment of the Loans which may be applicable to any such Replaced Lender prior to the date of its replacement. Solely for the purpose of calculating break funding payments under Section 3.5, the assignment by any Replaced Lender of any Term SOFR Advance prior to the last day of the Interest Period applicable thereto pursuant to clause (x) or (z) of this Section 3.13 shall be deemed to constitute a prepayment by the Borrower of such Term SOFR Advance.

4. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and the Lenders to make the Loans, the Borrower hereby makes the following representations and warranties to the Administrative Agent and the Lenders:

4.1 Existence and Power

The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own its Property and to carry on its business as now conducted, and is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases real Property or in which the nature of its business requires it to be so qualified (except those jurisdictions where the failure to be so qualified or to be in good standing could not reasonably be expected to have a Material Adverse effect).

4.2 Authority; Affected Financial Institution

The Borrower has full corporate power and authority to enter into, execute, deliver and perform the terms of the Loan Documents, all of which have been duly authorized by all proper and necessary corporate action and are not in contravention of: (i) except as could not reasonably be expected to have a Material Adverse effect, any applicable law or (ii) the terms of its Certificate of Incorporation and By-Laws. No consent or approval of, or other action by, shareholders of the Borrower, any Governmental Authority, or any other Person (which has not already been obtained) is required to authorize in respect of the Borrower, or is required in connection with, the execution, delivery and performance by the Borrower of the Loan Documents or is required as a condition to the enforceability of the Loan Documents against the Borrower. The Borrower is not an Affected Financial Institution.

4.3 Binding Agreement

The Loan Documents constitute the valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of specific performance as a remedy.

4.4 Litigation

As of the Effective Date, there are no actions, suits, arbitration proceedings or claims (whether purportedly on behalf of the Borrower, any Material Subsidiary or otherwise) pending or, to the knowledge of the Borrower, threatened against the Borrower or any Material Subsidiary or any of their respective Properties, or maintained by the Borrower or any Material Subsidiary, at law or in equity, before any Governmental Authority which have not been disclosed in the SEC Reports that could reasonably be expected to have a Material Adverse effect. There are no proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower or any Material Subsidiary (a) which call into question the validity or enforceability of any Loan Document, or otherwise seek to invalidate, any Loan Document, or (b) which might, individually or in the aggregate, materially and adversely affect any of the transactions contemplated by any Loan Document.

4.5 No Conflicting Agreements

(b) No provision of any existing material mortgage, material indenture, material contract or material agreement or of any existing statute, rule, regulation, judgment, decree or order binding on the Borrower or affecting the Property of the Borrower (i) conflicts with any Loan Document, (ii) requires any consent which has not already been obtained with respect to any Loan Document, or (iii) would in any way prevent the execution, delivery or performance by the Borrower of the terms of any Loan Document, except in the case of provisions of any existing material mortgage, material indenture, material contract or material agreement, as could not reasonably be expected to have a Material Adverse effect. Neither the execution and delivery, nor the performance, by the Borrower of the terms of each Loan Document will constitute a default under, or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Borrower pursuant to the terms of any such mortgage, indenture, contract or agreement.

4.6 [Reserved]

4.7 [Reserved]

4.8 Governmental Regulations

The Borrower is not required to be registered as an "investment company" under the Investment Company Act of 1940, as amended.

4.9 Federal Reserve Regulations; Use of Proceeds

The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans has been or will be used, directly or indirectly, and whether immediately, incidentally or ultimately, for a purpose which violates the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System, as amended. Anything in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to, or on behalf of, the Borrower in violation of any limitation or prohibition provided by any applicable law, regulation or statute, including said Regulation U. Following application of the proceeds of each Loan, not more than 25% (or such greater or lesser percentage as is provided in the exclusions from the definition of "Indirectly Secured" contained in said Regulation U as in effect at the time of the making of such Loan) of the value of the assets of the Borrower and the Subsidiaries on a Consolidated basis that are subject to Section 8.2 will be Margin Stock.

4.10 No Misrepresentation

No representation or warranty contained in any Loan Document and no certificate or written report furnished by the Borrower to the Administrative Agent or any Lender pursuant to any Loan Document contains, as of its date, a misstatement of a material fact, or omits to state, as of its date, a material fact required to be stated in order to make the statements therein contained, when taken as a whole, not materially misleading (*provided* that any representation, warranty, statement or written report that is qualified as to "materiality", "Material Adverse" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such date) in the light of the circumstances under which made (after giving effect to all supplements and updates with respect thereto) (it being understood that the Borrower makes no representation or warranty hereunder with respect to any projections, other forward looking information, industry information or general economic information). As of the Effective Date, the information included in any Beneficial Ownership Certification of the Borrower, if applicable, is true and correct in all respects.

4.11 [Reserved]

4.12 [Reserved]

4.13 Financial Statements

The Borrower has heretofore delivered to the Lenders through the Administrative Agent copies of the audited Consolidated Balance Sheet of the Borrower and its Subsidiaries as of December 31, 2023, and the related Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity and Cash Flows for the fiscal year then-ended. The financial statements referred to immediately above, including all related notes and schedules, are herein referred to collectively as the **"Financial Statements"**. The Financial Statements fairly present, in all material respects, the Consolidated financial condition and results of the operations of the Borrower and the Subsidiaries as of the dates and for the periods indicated therein and, except as noted therein, have been prepared in conformity with GAAP as then in effect. Neither the Borrower nor any of the Subsidiaries has any material obligation or liability of any kind (whether fixed, accrued, contingent, unmatured or otherwise) which, in accordance with GAAP as then in effect, should have been disclosed in the Financial Statements and was not. During the period from January 1, 2024 to and including the Effective Date, there was no Material Adverse change, including as a result of any change in law, in the Consolidated financial condition, operations, business or Property of the Borrower and the Subsidiaries taken as a whole that was not disclosed in the SEC Reports.

4.14 Anti-Corruption Laws and Sanctions

The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, the Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, the Subsidiaries and their respective officers and employees and, to the knowledge of the Borrower, its directors are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

5. CONDITIONS TO EFFECTIVENESS

This Agreement shall become effective on and as of the date hereof (the **"Third Amendment Effective Date"**) that the following conditions shall have been satisfied or waived upon satisfaction (or waiver in accordance with Section 11.1):

5.1 Agreement

The of the Credit Agreement) of the conditions precedent set forth in this Section 2. Upon satisfaction (or waiver in accordance with Section 11.1 of the Credit Agreement) of the conditions precedent set forth in this Section 2, the Administrative Agent shall have received promptly provide the Borrower and the Lenders with written confirmation that this Amendment has become effective.

(a) **Counterparts of this Amendment.** Receipt by the Administrative Agent of counterparts of this **Agreement** **Amendment** executed by the Borrower and the Administrative Agent and each Lender. **Lenders.**

5.2 Notes

The Administrative Agent shall have received a Note, executed and delivered by the Borrower, for each Lender that shall have given at least three Domestic Business Days' prior written notice of its request for a Note.

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5.3 (b) Corporate Action

The Administrative Agent shall have received a certificate, dated the **Third Amendment Effective Date**, of the Secretary or an Assistant Secretary of the Borrower (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing all other necessary corporate action taken by the Borrower to authorize this **Agreement**, **Amendment**, the other Loan Documents and the transactions contemplated hereby and thereby, (ii) attaching a true and complete copy of its Certificate of Incorporation and **By-Laws**, **By Laws**, (iii) setting forth the incumbency of the officer or officers of the Borrower who may sign this **Agreement**, **Amendment** and the other Loan Documents, and any other certificates, requests, notices or other documents required hereunder or thereunder, and (iv) attaching a certificate of good standing of the Secretary of State of the State of Delaware.

5.4 (c) Opinion Opinions of Counsel to the Borrower

The Administrative Agent shall have received (a) (i) an opinion of Thomas Moffatt, assistant general counsel of the Borrower, dated the **Third Amendment Effective Date**, in a form reasonably satisfactory to the form of **Exhibit D-1**, **Administrative Agent**, and (b) (ii) an opinion of Shearman & Sterling LLP, special counsel to the Borrower, dated the **Third Amendment Effective Date**, in a form reasonably satisfactory to the form of **Exhibit D-2**, **Administrative Agent**.

5.5 [Reserved]

5.6 (d) No Default and Representations and Warranties

The Administrative Agent shall have received a certificate, dated the Third Amendment Effective Date, of the Senior Vice President and Treasurer of the Borrower certifying that there exists no Default and that the representations and warranties contained in this AgreementAmendment are true and correct in all material respects (provided that any representation and warranty that is qualified as to "materiality", "Material Adverse" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on the Third Amendment Effective Date), except those which are expressly specified to be made as of an earlier date.

5.7 (e) Fees

The Administrative Agent shall have received all fees and other amounts due and payable to it on the Third Amendment Effective Date, including the upfront fees payable to the Lenders, in respect of this AgreementAmendment.

5.8 (f) Due Diligence; "Know Your Customer"

(a) (i) Each Lender shall have received such documents and information as it may have requested in order to comply with "know-your-customer" and other applicable Sanctions, anti-terrorism, anti-money laundering and similar rules and regulations and related policies, to the extent the Borrower shall have received written requests therefor at least ten (10) Domestic Business Days prior to the Third Amendment Effective Date, and (b) (ii) at least five Domestic Business Days prior to the Third Amendment Effective Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have delivered to each Lender that so requests a Beneficial Ownership Certification.

Without limiting the generality of the provisions of Section 10.4, for purposes of determining compliance with the conditions specified in this Section 5, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

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6. CONDITIONS OF LENDING - ALL LOANS3. Representations and Warranties

(a) The obligation Borrower hereby represents and warrants as follows:

(i) The Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of each Lender on any Borrowing Date to make Term Loans is subject to this Amendment.

(ii) This Amendment has been duly executed and delivered by the fulfillment (or waiver) Borrower and constitutes the valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of specific performance as a remedy.

(iii) Section 11.1 No consent or approval of, or other action by, shareholders of the following conditions precedent; Borrower, any Governmental Authority, or any other Person (which has not already been obtained) is required to authorize in respect of the Borrower, or is required in connection with, the execution, delivery, and performance by the Borrower of this Amendment or is required as a condition to the enforceability of this Amendment against the Borrower.

6.1 (b) Compliance

On each Borrowing Date, The Borrower represents and immediately after giving effect warrants to the Loans to be made on such Borrowing Date, (a) there shall exist no Default, and (b) Lenders that the representations and warranties contained of the Borrower set forth in Section 4 of the Credit Agreement (as amended by this Agreement shall be Amendment) are true and correct in all material respects with on the same effect as though such representations and warranties had been made on such Borrowing Date date hereof (provided that any representation and warranty that is qualified as to "materiality", "Material Adverse" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such Borrowing Date) the date hereof, except those which are expressly specified to be made as of an earlier date.

6.2 4. Requests

The Administrative Agent shall have timely received from the Borrower on or before such Borrowing Date, as applicable, a duly executed Borrowing Request.

7. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that on and after the Effective Date and until the later to occur of (a) the Commitment Termination Date and (b) the payment in full of the Loans, the Fees and all other sums payable under the Loan Documents (other than contingent obligations for which no claim has been made), the Borrower will:

7.1 Legal Existence

Except as may otherwise be permitted by Section 8.3 and Section 8.4, maintain, and cause each Material Subsidiary to maintain, its corporate existence in good standing in the jurisdiction of its incorporation or formation and in each other jurisdiction in which the failure so to do could reasonably be expected to have a Material Adverse effect, except that the corporate existence of Material Subsidiaries may be terminated if (i) such Material Subsidiaries operate closing or discontinued operations or (ii) if the Borrower determines in good faith that such termination is in the best interests of the Borrower and is not materially disadvantageous to the Lenders.

7.2 Taxes

Pay and discharge when due, and cause each Material Subsidiary so to do, all taxes, assessments, governmental charges, license fees and levies upon or with respect to the Borrower and such Material Subsidiary, and upon the income, profits and Property thereof unless, and only to the extent, that either (i)(a) such taxes, assessments, governmental charges, license fees and levies shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Material Subsidiary, and (b) such reserve or other appropriate provision as shall be required by GAAP shall have been made therefor, or (ii) the failure to pay or discharge such taxes, assessments, governmental charges, license fees and levies could not reasonably be expected to have a Material Adverse effect.

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7.3 [Reserved]

7.4 [Reserved]

7.5 [Reserved]

7.6 Observance of Legal Requirements

(a) Observe and comply in all material respects, and cause each Material Subsidiary so to do, with all laws, ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions and requirements of all Governmental Authorities, which now or at any time hereafter may be applicable to it or to such Material Subsidiary, except (i) where a violation of which could not reasonably be expected to have a Material Adverse effect, or (ii) to the extent that such noncompliance is being contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Material Subsidiary.

(b) Maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, the Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

7.7 Financial Statements and Other Information

Maintain, and cause each Subsidiary to maintain, a standard system of accounting in accordance with GAAP, and furnish to the Administrative Agent for distribution to the Lenders:

(a) As soon as available and, in any event, within 90 days after the close of each fiscal year, a copy of (x) the Borrower's 10-K in respect of such fiscal year, and (y) (i) the Borrower's Consolidated Balance Sheet as of the end of such fiscal year, and (ii) the related Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity and Cash Flows, as of and through the end of such fiscal year, setting forth in each case in comparative form the corresponding figures in respect of the previous fiscal year, all in reasonable detail, and accompanied by a report of the Borrower's auditors, which report shall state that (A) such auditors audited such financial statements, (B) such audit was made in accordance with generally accepted auditing standards in effect at the time and provides a reasonable basis for such opinion, and (C) said financial statements have been prepared in accordance with GAAP;

(b) As soon as available, and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of (x) the Borrower's 10-Q in respect of such fiscal quarter, and (y) (i) the Borrower's condensed Consolidated Balance Sheet as of the end of such

quarter and (ii) the related condensed Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity and Cash Flows for (A) such quarter and (B) the period from the beginning of the then-current fiscal year to the end of such quarter, in each case in comparable form with the prior fiscal year, all in reasonable detail and prepared in accordance with GAAP (without footnotes and subject to year-end adjustments);

(c) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a certificate of the Chief Financial Officer or the Senior Vice President and Treasurer of the Borrower certifying that no Default shall have occurred or be continuing or, if so, specifying in such certificate all such Defaults, and setting forth computations in reasonable detail demonstrating compliance with Section 8.9;

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(d) [reserved];

(e) As soon as practicable after becoming available, copies of all regular or periodic reports (including current reports on Form 8-K) which the Borrower or any Subsidiary may now or hereafter be required to file with or deliver to the U.S. Securities and Exchange Commission, or any other Governmental Authority succeeding to the functions thereof;

(f) [reserved];

(g) Prompt written notice of the occurrence of (i) each Default and (ii) each Event of Default;

(h) [reserved];

(i) From time to time, such other information regarding the financial position or business of the Borrower and the Subsidiaries as the Administrative Agent, at the reasonable request of any Lender, may reasonably request in writing; and

(j) Prompt written notice of such other information with documentation required by bank regulatory authorities under applicable "know your customer" and anti-money laundering laws, rules and regulations (including, without limitation, the Patriot Act and the Beneficial Ownership Regulation), as from time to time may be reasonably requested by the Administrative Agent or by any Lender (through the Administrative Agent).

Information required to be delivered pursuant to (x) this Section 7.7 shall be deemed to have been delivered if such information shall have been posted by the Administrative Agent on a Debtdomain, IntraLinks, Syndtrak or similar electronic system (the "Platform") to which each Lender has been granted access and (y) clauses (a), (b) and (e) of this Section 7.7 shall be deemed delivered to the Administrative Agent and the Lenders when available on the Borrower's website at <http://www.cvshealth.com> or the website of the U.S. Securities and Exchange Commission at <http://www.sec.gov>. Information delivered pursuant to this Section 7.7 may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

The Borrower hereby acknowledges that the Administrative Agent and/or the Joint Lead Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on the Platform.

7.8 Records

Upon reasonable notice and during normal business hours after an Event of Default has occurred and is continuing, permit representatives of the Administrative Agent and each Lender to visit the offices of the Borrower and each Material Subsidiary, to examine the books and records (other than tax returns and work papers related to tax returns) thereof and auditors' reports relating thereto, to discuss the affairs of the Borrower and each Material Subsidiary with the respective officers thereof, and to meet and discuss the affairs of the Borrower and each Material Subsidiary with the Borrower's auditors, except for information covered by an attorney-client or other legal privilege or to the extent the inspection would reasonably be expected to result in a violation or other breach of any third party confidentiality agreement.

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8. NEGATIVE COVENANTS

The Borrower covenants and agrees that on and after the Effective Date and until the later to occur of (a) the Commitment Termination Date and (b) the payment in full of the Loans, the Fees and all other sums payable under the Loan Documents (other than contingent obligations for which no claim has been made), the Borrower will not:

8.1 **[Reserved]**

8.2 **Liens**

Create, incur, assume or suffer to exist any Lien against or on any Property now owned or hereafter acquired by the Borrower or any of the Subsidiaries, or permit any of the Subsidiaries so to do, except any one or more of the following types of Liens: (a) Liens in connection with workers' compensation, unemployment insurance or other social security obligations (which phrase shall not be construed to refer to ERISA or the minimum funding obligations under Section 412 of the Internal Revenue Code), (b) Liens to secure the performance of bids, tenders, letters of credit, contracts (other than contracts for the payment of Indebtedness), leases, statutory obligations, surety, customs, appeal, performance and payment bonds and other obligations of like nature, or to qualify to do business, maintain insurance or obtain other benefits, in each such case arising in the ordinary course of business, (c) mechanics', workmen's, carriers', warehousemen's, materialmen's, landlords' or other like Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith and by appropriate proceedings diligently conducted, (d) Liens for taxes, assessments, fees or governmental charges the payment of which is not required under Section 7.2, (e) easements, rights of way, restrictions, leases of Property to others, easements for installations of public utilities, title imperfections and restrictions, zoning ordinances and other similar encumbrances affecting Property which in the aggregate do not materially impair its use for the operation of the business of the Borrower or such Subsidiary, (f) Liens on Property of the Subsidiaries under capital leases and Liens on Property (including on the capital stock or other equity interests) of the Subsidiaries acquired (whether as a result of purchase, capital lease, merger or other acquisition) and either existing on such Property when acquired, or created contemporaneously with or within 12 months of such acquisition to secure the payment or financing of the purchase price of such Property (including the construction, development, substantial repair, alteration or improvement thereof), and any renewals thereof; *provided* that such Liens attach only to the Property so purchased or acquired (including any such construction, development, substantial repair, alteration or improvement thereof); *provided further* that the Indebtedness secured by such Liens is not otherwise prohibited hereunder, (g) statutory Liens in favor of lessors arising in connection with Property leased to the Borrower or any of the Subsidiaries, (h) Liens of attachments, judgments or awards against the Borrower or any of the Subsidiaries with respect to which an appeal or proceeding for review shall be pending or a stay of execution or bond shall have been obtained, or which are otherwise being contested in good faith and by appropriate proceedings diligently conducted, and in respect of which adequate reserves shall have been established in accordance with GAAP on the books of the Borrower or such Subsidiary, (i) Liens securing Indebtedness of a Subsidiary to the Borrower or another Subsidiary, (j) Liens (other than Liens permitted by any of the foregoing clauses) arising in the ordinary course of its business which do not secure Indebtedness and do not, in the aggregate, materially detract from the value of the business of the Borrower and its Subsidiaries, taken as a whole, (k) Liens in favor of the United States of America, or any state thereof, to secure partial, progress, advance or other payments pursuant to any contract or provisions of any statute, and (l) additional Liens securing Indebtedness of the Borrower and the Subsidiaries in an aggregate outstanding Consolidated principal amount not exceeding 15% of Net Tangible Assets.

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8.3 **Dispositions**

Make any Disposition (including by way of limited liability company division), or permit any of its Subsidiaries so to do, of all or substantially all of the assets of the Borrower and the Subsidiaries on a Consolidated basis; *provided* that (a) any Subsidiary may make Dispositions to the Borrower, and (b) so long as no Default or Event of Default exists immediately prior to or immediately after giving effect thereto, (i) the Borrower may dispose of all or substantially all of its assets to a wholly-owned domestic Subsidiary that assumes all of the obligations of the Borrower under this Agreement and (ii) any Subsidiary may dispose of all or substantially all of its assets to another Subsidiary; *provided* that if such Subsidiary is a wholly-owned Subsidiary, the transferee shall be a wholly-owned Subsidiary.

8.4 **Merger or Consolidation, Etc Miscellaneous**

Consolidate with, be acquired by, or merge into or with any Person unless (x) immediately after giving effect thereto, no Default shall or would exist and (y) either (i) the Borrower or (ii) a corporation organized and existing under the laws of one of the States of the United States of America or the District of Columbia shall be the survivor of such consolidation or merger; (a) *provided* that if the Borrower is not the survivor, the corporation which is the survivor shall expressly assume, pursuant to an instrument executed and delivered to the Administrative Agent, and in form and substance reasonably satisfactory to

the Administrative Agent, all obligations of the Borrower under the Loan Documents and the Administrative Agent shall have received such documents, opinions and certificates as it shall have reasonably requested in connection therewith.

8.5 [Reserved]

8.6 [Reserved]

8.7 Limitation on Upstream Dividends by Subsidiaries

Permit or cause any of the Subsidiaries (other than any Insurance Subsidiary) to enter into or agree, or otherwise be or become subject, to any agreement, contract or other arrangement (other than this Agreement and the other Loan Documents) with any Person (each a "**Restrictive Agreement**") pursuant to the terms of which (a) such Subsidiary is or would be prohibited from declaring or paying any cash dividends on any class of its stock owned directly or indirectly by the Borrower or any of the other Subsidiaries or from making any other distribution on account of any class of any such stock (herein referred to as "**Upstream Dividends**"), or (b) the declaration or payment of Upstream Dividends by a Subsidiary to the Borrower or another Subsidiary, on an annual or cumulative basis, is or would be otherwise limited or restricted ("**Dividend Restrictions**"). Notwithstanding the foregoing, nothing in this Section 8.7 shall prohibit:

(a) Dividend Restrictions set forth in any Restrictive Agreement in effect on the date hereof and any extensions, refinancings, renewals or replacements thereof; *provided* that the Dividend Restrictions in any such extensions, refinancings, renewals or replacements are no less favorable in any material respect to the Lenders than those Dividend Restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) Dividend Restrictions existing with respect to any Person acquired by the Borrower or any Subsidiary and existing at the time of such acquisition, which Dividend Restrictions are not applicable to any Person or the property or assets of any Person other than such Person or its property or assets acquired, and any extensions, refinancings, renewals or replacements of any of the foregoing; *provided* that the Dividend Restrictions in any such

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extensions, refinancings, renewals or replacements are no less favorable in any material respect to the Lenders than those Dividend Restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(c) Dividend Restrictions consisting of customary net worth, leverage and other financial covenants, customary covenants regarding the merger of or sale of stock or assets of a Subsidiary, customary restrictions on transactions with affiliates, and customary subordination provisions governing Indebtedness owed to the Borrower or any Subsidiary, in each case contained in, or required by, any agreement governing Indebtedness incurred by a Subsidiary in accordance with the terms of this Agreement; or

(d) Dividend Restrictions contained in any other credit agreement so long as such Dividend Restrictions are no more restrictive than those contained in this Agreement (including Dividend Restrictions contained in the Existing 2019 Credit Agreement, the Existing 2021 Credit Agreement and the Existing 2022 Credit Agreement).

8.8 [Reserved]

8.9 Ratio of Consolidated Indebtedness to Total Capitalization

Permit its ratio of Consolidated Indebtedness to Total Capitalization at the end of any fiscal quarter to exceed 0.60:1.00; *provided* that (i) upon the consummation of any Material Acquisition and the written election of the Borrower to the Administrative Agent no later than thirty days following the consummation of such Material Acquisition, the maximum permitted ratio of Consolidated Indebtedness to Total Capitalization shall be increased by 0.05:1.00 above the otherwise-applicable maximum permitted ratio of Consolidated Indebtedness to Total Capitalization with respect to the last day of the fiscal quarter during which such Material Acquisition shall have been consummated and the last day of each of the immediately following three consecutive fiscal quarters, and (ii) between the signing of the definitive agreement (or offer documentation, as applicable) for a Material Acquisition and the earlier of (x) the closing of such Material Acquisition and (y) thirty days following the termination of such definitive agreement (or offer documentation, as applicable) for such Material Acquisition, any Acquisition Debt incurred to finance such Material Acquisition shall be excluded for purposes of calculation the ratio of Consolidated Indebtedness to Total Capitalization hereunder. The Borrower shall only be permitted to make an election pursuant to the proviso of the preceding sentence once during the term of this Agreement.

9. DEFAULT

9.1 Events of Default

The following shall each constitute an "***Event of Default***" hereunder:

- (a) The failure of the Borrower to make any payment of principal on any Loan when due and payable; or
- (b) The failure of the Borrower to make any payment of interest on any Loan or of any Fee on any date when due and payable and such default shall continue unremedied for a period of 5 Domestic Business Days after the same shall be due and payable; or
- (c) The failure of the Borrower to observe or perform any covenant or agreement contained in Section 2.5, Section 7.1 (with respect to the Borrower only), or in Section 8; or

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(d) The failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement, and such failure shall have continued unremedied for a period of 30 days after the Borrower shall have become aware of such failure; or

- (e) [Reserved]; or

(f) Any representation or warranty of the Borrower (or of any of its officers on its behalf) made in any Loan Document, or made in any certificate or report or other document (other than an opinion of counsel) delivered on or after the date hereof in connection with any such Loan Document shall in any such case prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made; or

(g) (i) Obligations in an aggregate Consolidated amount in excess of the Threshold Amount of the Borrower (other than its obligations hereunder and under the Notes) and the Material Subsidiaries, whether as principal, guarantor, surety or other obligor, for the payment of any Indebtedness for Borrowed Money or any net liability under interest rate swap, collar, exchange or cap agreements, (A) shall become or shall be declared to be due and payable prior to the expressed maturity thereof, or (B) shall not be paid when due or within any grace period for the payment thereof, or (ii) any holder of any such obligations shall have the right to declare the Indebtedness for Borrowed Money evidenced thereby due and payable prior to its stated maturity; or

(h) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) The Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 9.1, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

(j) The Borrower or any Material Subsidiary shall (i) generally not be paying its debts as such debts become due or (ii) admit in writing its inability to pay its debts as they become due; or

(k) Judgments or decrees in an aggregate Consolidated amount in excess of the Threshold Amount (to the extent not covered by independent third-party insurance or captive insurance as to which the insurer does not dispute coverage) against the Borrower and the Material Subsidiaries shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 60 days during which execution shall not be effectively stayed, or any action shall be

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legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Material Subsidiary to enforce any such judgment; or

(l) After the Effective Date a Change of Control shall occur; or

(m) Solely to the extent as would have a Material Adverse effect: (i) any Termination Event shall occur (x) with respect to any Pension Plan (other than a Multiemployer Plan) or (y) with respect to any other retirement plan subject to Section 302 of ERISA or Section 412 of the Internal Revenue Code, which plan, during the five year period prior to such Termination Event, was the responsibility in whole or in part of the Borrower, any Material Subsidiary or any ERISA Affiliate; (ii) the failure to satisfy the minimum funding standards under Section 302 of ERISA or Section 412 of the Internal Revenue Code shall exist with respect to any Pension Plan for which the Borrower has responsibility (other than that portion of a Multiemployer Plan's Accumulated Funding Deficiency to the extent such Accumulated Funding Deficiency is attributable to employers other than the Borrower); (iii) any Person shall engage in a Prohibited Transaction involving any Employee Benefit Plan in respect of which it is reasonably likely that liability will be imposed upon the Borrower; (iv) the Borrower shall fail to pay when due an amount which is payable by it to the PBGC or to a Pension Plan (including a Multiemployer Plan) under Title IV of ERISA; (v) the imposition on the Borrower of any tax under Section 4980(B)(a) of the Internal Revenue Code; or (vi) the assessment of a civil penalty on the Borrower with respect to any Employee Benefit Plan under Section 502(c) of ERISA. In determining the Consolidated amount for any purpose pursuant to this Section 9.1(m), the liabilities, funding amounts, taxes and penalties referenced in the foregoing clauses of this Section 9.1(m) shall include those of the Material Subsidiaries and ERISA Affiliates of the Borrower to the extent the Borrower is obligated to pay any such liabilities, funding amounts, taxes and penalties.

9.2 Remedies

(a) Upon the occurrence of an Event of Default or at any time thereafter during the continuance of an Event of Default, the Administrative Agent, at the written request of the Required Lenders, shall notify the Borrower that the Commitments have been terminated and/or that all of the Loans, the Notes and all accrued and unpaid interest on any thereof and all other amounts owing under the Loan Documents have been declared immediately due and payable; *provided* that upon the occurrence of an Event of Default under Section 9.1(h), (i) or (j) with respect to the Borrower, the Commitments shall automatically terminate and all of the Loans, the Notes and all accrued and unpaid interest on any thereof and all other amounts owing under the Loan Documents shall become immediately due and payable without declaration or notice to the Borrower. To the fullest extent not prohibited by law, except for the notice provided for in the preceding sentence, the Borrower expressly waives any presentment, demand, protest, notice of protest or other notice of any kind in connection with the Loan Documents and its obligations thereunder. To the fullest extent not prohibited by law, the Borrower further expressly waives and covenants not to assert any appraisement, valuation, stay, extension, redemption or similar law, now or at any time hereafter in force which might delay, prevent or otherwise impede the performance or enforcement of the Loan Documents.

(b) In the event that the Commitments shall have been terminated or all of the Loans and the Notes shall have become or been declared to be due and payable pursuant to the provisions of this Section 9.2, the Administrative Agent and the Lenders agree, among themselves, that any funds received from or on behalf of the Borrower under any Loan Document by any Lender (except funds received by any Lender as a result of a purchase from such Lender, pursuant to the provisions of Section 11.9(b)) shall be remitted to the Administrative Agent, and shall be applied by the

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Administrative Agent in payment of the Loans and the other obligations of the Borrower under the Loan Documents in the following manner and order: (1) first, to the payment or reimbursement of the Administrative Agent and the Lenders, in that order, for any fees, expenses or amounts due from the Borrower pursuant to the provisions of Section 11.5, (2) second, to the payment of the Fees, (3) third, to the payment of any other fees, expenses or amounts (other than the principal of and interest on the Loans and the Notes) payable by the Borrower to the Administrative Agent or any of the Lenders under the Loan Documents, (4) fourth, to the payment, pro rata according to the outstanding principal balance of the Loans of each Lender, of interest due on the Loans, (5) fifth, to the payment, pro rata according to the aggregate outstanding principal balance of the Loans of each Lender, and (6) sixth, any remaining funds shall be paid to whosoever shall be entitled thereto or as a court of competent jurisdiction shall direct.

(c) In the event that the Loans and the Notes shall have been declared due and payable pursuant to the provisions of this Section 9.2, the Administrative Agent, upon the written request of the Required Lenders, shall proceed to enforce the rights of the holders of the Loans and the Notes by suit in equity, action at law and/or other appropriate proceedings, whether for payment or the specific performance of any covenant or

agreement contained in the Loan Documents. In the event that the Administrative Agent shall fail or refuse so to proceed, each Lender shall be entitled to take such action as the Required Lenders shall deem appropriate to enforce its rights under the Loan Documents.

10. AGENT

10.1 Appointment and Authority

Each Credit Party hereby irrevocably appoints BofA to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 10 (other than Section 10.6) are solely for the benefit of the Administrative Agent and the Credit Parties and the Borrower shall have no rights as a third party beneficiary or otherwise of any of such provisions.

10.2 Rights as a Lender

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with, the Borrower, any of its Subsidiaries or any other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Exculpatory Provisions

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

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(1) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(2) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(3) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any of its Subsidiaries or any Affiliate thereof that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 11.1 and Section 9) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 5 or Section 6 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(d) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of this Agreement relating to Disqualified Institutions. Without limiting the generality of the foregoing, the

Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or prospective Lender is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment of Loans, or disclosure of confidential information, to any Disqualified Institution.

10.4 Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative

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Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accounting firms and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accounting firm or experts.

10.5 Delegation of Duties

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 10 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

10.6 Resignation of Administrative Agent

The Administrative Agent may at any time give notice of its resignation to the Credit Parties and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, subject to, so long as no Event of Default under Section 9.1(a), Section 9.1(b), Section 9.1(h), Section 9.1(i) or Section 9.1(j) has occurred and is continuing, the consent of the Borrower (such consent not to be unreasonably withheld or delayed), to appoint a successor, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank with an office in New York, New York. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Credit Parties, appoint a successor Administrative Agent meeting the qualifications set forth above, subject to, so long as no Event of Default under Section 9.1(a), Section 9.1(b), Section 9.1(h), Section 9.1(i) or Section 9.1(j) has occurred and is continuing, the consent of the Borrower (such consent not to be unreasonably withheld or delayed); *provided* that if the Administrative Agent shall notify the Borrower and the Credit Parties that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Credit Party directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed in writing between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 10 and Section 11.5 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents

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and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

10.7 Non-Reliance on Administrative Agent and Other Credit Parties

Each Credit Party acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Credit Party or any of their respective Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Credit Party also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Credit Party or any of their respective Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.8 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the Joint Lead Arrangers, the Co- Documentation Agents or the Co-Syndication Agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender.

10.9 Recovery of Erroneous Payments.

Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Lender (the "Lender Party"), whether or not in respect of an obligation due and owing by the Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each Lender Party receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Lender Party in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Lender Party irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Lender Party promptly upon determining that any payment made to such Lender Party comprised, in whole or in part, a Rescindable Amount.

11. OTHER PROVISIONS

11.1 Amendments, Waivers, Etc.

With the written consent of the Required Lenders, the Administrative Agent and the Borrower may, from time to time, enter into written amendments, supplements or modifications of the Loan Documents (which, for the avoidance of doubt, shall require the prior written consent of the Borrower) and, with the written consent of the Required Lenders and the Borrower, the Administrative Agent on behalf of the Lenders may execute and deliver to any such parties a written instrument waiving or consenting to the departure from, on such terms and conditions as the Administrative Agent may specify in such instrument (which terms and conditions shall have been agreed to by the Borrower), any of the requirements of the Loan Documents or any Default or any Event of Default and its consequences, *provided* that no such amendment, supplement, modification, waiver or consent shall (i) increase the Commitment of any Lender

without the consent of such Lender (*provided* that no waiver of a Default or Event of Default shall be deemed to constitute such an increase), (ii) extend the Commitment Period without the consent of each Lender directly affected thereby, (iii) reduce the amount, or extend the time of payment, of the Fees without the consent of each Lender directly affected thereby, (iv) reduce the rate, or extend the time of payment of, interest on any Loan or any Note (other than the applicability of any post-default increase in such rate of interest) without the consent of each Lender directly affected thereby, (v) reduce the amount of, or extend the time of payment of, any payment of any principal on any Loan or any Note without the consent of each Lender directly affected thereby, (vi) decrease or forgive the principal amount of any Loan, any Note without the consent of each Lender directly affected thereby, (vii) consent to any assignment or delegation by the Borrower of any of its rights or obligations under any Loan Document without the consent of each Lender, (viii) change the provisions of this Section 11.1 without the consent of each Lender, (ix) change the definition of Required Lenders without the consent of each Lender, (x) change the several nature of the obligations of the Lenders without the consent of each Lender, or (xi) change the sharing provisions among

Lenders without the consent of each Lender directly affected thereby. Notwithstanding the foregoing, in addition to the receipt of the prior written consents of the Borrower and the Required Lenders, no such amendment, supplement, modification, waiver or consent shall amend, modify or waive any provision of Section 10 or otherwise change any of the rights or obligations of the Administrative Agent under any Loan Document without the written consent of the Administrative Agent. Any such amendment, supplement, modification, waiver or consent shall apply equally to each of the Lenders and shall be binding upon the parties to the applicable Loan Document, the Lenders, the Administrative Agent and all future holders of the Loans and the Notes. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights under the Loan Documents, but any Default or Event of Default waived shall not extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, (1) the Administrative Agent and the Borrower may make amendments contemplated by Section 3.8(c) without the consent of any other Person party hereto, (2) [reserved], (3) if the Administrative Agent and the Borrower shall have jointly identified an obvious error, ambiguity, defect, inconsistency, omission or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any party to any Loan Document (other than the Administrative Agent and the Borrower) if the same (x) does not adversely affect the rights of any Lender or (y) is not objected to in writing by the Required Lenders to the Administrative Agent within five Domestic Business Days following receipt of notice thereof, and (4) this Agreement may be amended or amended and restated without the consent of any specific Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment or amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended or amended and restated, as the case may be), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Any amendment, waiver or consent effected in accordance with this Section 11.1 shall be binding upon each Person that is at the time thereof a Lender and each Person that subsequently becomes a Lender.

11.2 Notices

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email, as follows:

If to the Borrower:

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CVS Health Corporation

1 CVS Drive

MC2340

Woonsocket, Rhode Island 02895

Attention: Carol A. DeNale

Senior Vice President and Treasurer

Facsimile: (401) 770-5768

Telephone: (401) 770-4407

Email: carol.denale@cvshealth.com with a copy, in the case of a notice of Default or Event of Default, to:

CVS Health Corporation

1 CVS Drive

Woonsocket, Rhode Island 02895

Attention: Tom Moffatt

Vice President, Assistant Secretary and Assistant General Counsel –

Corporate Services

Facsimile: (401) 216-3758

Telephone: (401) 770-5409

Email: thomas.moffatt@cvshealth.com with a copy (in the case of a notice of Default or Event of Default and which shall not constitute notice under this Agreement or any other Loan Document for any purpose) to:

Shearman & Sterling LLP

599 Lexington Avenue

New York, New York 10022
Attention: Gus M. Atiyah
Facsimile: (646) 848-5227
Telephone: (212) 848-5227
Email: gus.atiyah@shearman.com

If to the Administrative Agent:

in the case of each Borrowing Request and each notice of prepayment under Section 2.7:

Bank of America, N.A., as Administrative Agent
900 W. Trade St., 6th Floor
NC1-026-06-03
Charlotte, NC 28255 Attention:
Nicole Mickens
Tel: 980-386-3931
Email: Nicole.Mickens@bofa.com

Remittance Instructions- US Dollars:
Bank of America, N.A.
New York, NY
ABA# 026009593
Account No.: 1366072250600
Account Name: Wire Clearing Acct for Syn Loans-LIQ

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Ref: CVS HEALTH CORPORATION

and in all other cases:

Bank of America, N.A., as Administrative Agent
900 W. Trade St., 6th Floor
NC1-026-06-03
Charlotte, NC 28255
Attention: Kyle Harding
Tel: 980-275-6132
Facsimile: 704-719-5215
Email: kyle.d.harding@bofa.com

If to any Lender: to it at its address (or facsimile number or email address) set forth in its Administrative Questionnaire.

(b) Electronic Communications. Notices and other communications to the Credit Parties hereunder may be delivered or furnished by electronic communication (including email, FpML messaging and internet or intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Credit Party pursuant to Section 2 or Section 3.3 if such Credit Party has notified the Administrative Agent that it is incapable of receiving notices under such Sections by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" or "read requested" function, as available, return email or other written acknowledgement); *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Domestic Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed

received upon the deemed receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) **Change of Address.** Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any Lender, by notice to the Administrative Agent and the Borrower). Subject to the second paragraph of Section 11.2(b), all notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt; *provided* that any such notice or communication that is not received on a Domestic Business Day during the normal business hours of the recipient shall be deemed received at the opening of business on the next Domestic Business Day.

(d) **The Platform.** THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR

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ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender, or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service, or through the Internet.

11.3 No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties

All representations and warranties made in the Loan Documents and in any document, certificate or statement delivered pursuant thereto or in connection therewith shall survive the execution and delivery of the Loan Documents.

11.5 Payment of Expenses; Indemnified Liabilities

(a) The Borrower agrees, as soon as practicable following presentation of a statement or invoice therefor setting forth in reasonable detail the items thereof, and whether any Loan is made, (a) to pay or reimburse the Administrative Agent and its Affiliates for all their reasonable and documented out-of-pocket costs and expenses actually incurred in connection with the development, syndication, preparation and execution of, and any amendment, waiver, consent, supplement or modification to, the Loan Documents, any documents prepared in connection therewith and the consummation of the transactions contemplated thereby, whether such Loan Documents or any such amendment, waiver, consent, supplement or modification to the Loan Documents or any documents prepared in connection therewith are executed and whether the transactions contemplated thereby are consummated, including the reasonable and documented out-of-pocket fees and disbursements of Special Counsel, (b) to pay, indemnify, and hold the Administrative Agent and the Lenders harmless from any and all recording and filing fees and any and all liabilities and penalties with respect to, or resulting from any delay (other than penalties to the extent attributable to the negligence of the Administrative Agent or the Lenders, as the case may be, in failing to pay such fees, liabilities or penalties when due) which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents or any documents prepared in connection therewith, and (c) to pay, reimburse, indemnify and hold each Indemnified Person harmless from and against any and all other liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable and documented out-of-pocket fees and disbursements of one

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counsel (but excluding the allocated cost of internal counsel) representing all of the Indemnified Persons, taken as a whole, and, if reasonably necessary, of a single local counsel for each applicable jurisdiction (and, if reasonably necessary, one specialty counsel for each applicable specialty), representing all of the Indemnified Persons, taken as a whole (and, in the case of any actual or perceived conflict of interest where the Indemnified Person affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of another firm of counsel (and, if reasonably necessary, a single local counsel for each applicable jurisdiction (which may include a single counsel acting in multiple jurisdictions) (and, if reasonably necessary, one specialty counsel for each applicable specialty), for each such affected Indemnified Person))) actually incurred with respect to the enforcement, performance of, and preservation of rights under, the Loan Documents (all the foregoing, collectively, the "**Indemnified Liabilities**") and, if and to the extent that the foregoing indemnity may be unenforceable for any reason, the Borrower agrees to make the maximum payment permitted under applicable law. Notwithstanding anything to the contrary contained in this Section 11.5, the foregoing payment, indemnification and reimbursement obligations will not, as to any Person identified in this Section 11.5, apply to any losses, claims, damages, liabilities and related expenses to the extent arising (A) from the willful misconduct, gross negligence, fraud or bad faith of such Person, (B) from a material breach of the obligations hereunder of such Person, (C) out of or in connection with Section 11.22, or (D) out of or in connection with any claim, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and that is brought by any such Person against any such other Person (other than the Administrative Agent or a Joint Lead Arranger, in each case, in its capacity as such), in each case under clauses (A) and (B), to the extent determined by a final and non-appealable judgment of a court of competent jurisdiction. The agreements in this Section 11.5 shall survive the termination of the Commitments and the payment of the Loans and the Notes and all other amounts payable under the Loan Documents.

(b) Notwithstanding the above, the Borrower shall have no liability under this Section 11.5 to indemnify or hold harmless any Indemnified Person for any losses, claims, damages, liabilities and related expenses relating to income or withholding Taxes or any Tax in lieu of such Taxes. Notwithstanding the foregoing, any amounts claimed by an Indemnified Person under Section 11.10 shall not be available to be claimed by such Indemnified Person under this Section 11.5, it being understood and agreed that the rights of an Indemnified Person under this Section 11.5 and Section 11.10 shall not be duplicative.

11.6 Lending Offices

Each Lender shall have the right at any time and from time to time to transfer any Loan to a different office of such Lender, subject to Section 3.10.

11.7 Successors and Assigns

(a) **Successors and Assigns Generally.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section 11.7, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section 11.7 or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section 11.7 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed

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to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, the Participants to the extent provided in paragraph (d) of this Section 11.7 and, to the extent expressly contemplated hereby, the Related Parties of each Credit Party) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders.** Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(1) **Minimum Amounts.**

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(1)(A) of this Section 11.7, the Commitment (which for this purpose includes the Loans of the assigning Lender outstanding thereunder) or, if the Commitment of the assigning Lender is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if a "Trade Date" is specified in the Assignment and Assumption, as of such "Trade Date") shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Event of Default under Section 9.1(a), Section 9.1(b), Section 9.1(h), Section 9.1(i), or Section 9.1(j) has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(2) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned.

(3) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(1)(B) of this Section 11.7 and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default under Section 9.1(a), Section 9.1(b), Section 9.1(h), Section 9.1(i) or Section 9.1(j) has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund (it being understood that it shall not be deemed unreasonable for the Borrower to withhold consent to any assignment if it reasonably believes that such assignment would result in the Borrower incurring increased costs pursuant to Section 3.6 or Section 3.10); and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed) shall be required for assignments in respect of an unfunded facility hereunder if such assignment is to a Person that is not a Lender with a Commitment in respect of such facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

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(4) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$4,500 (\$7,500 in the case of an assignment by a Defaulting Lender) (which fee shall be paid by the assignor or the assignee and may be waived or reduced in the sole discretion of the Administrative Agent), and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(5) No Assignment to Certain Parties. No such assignment shall be made to (A) the Borrower, any of its Subsidiaries or any of their respective Affiliates or (B) any Defaulting Lender or any of its Subsidiaries or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(6) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of a natural person).

(7) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Commitment Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this clause (7), then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 11.7, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 3.6, Section 3.7, and Section 11.10 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 11.7.

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(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States of America a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender (but only, in the case of a Lender, at the Administrative Agent's Office and with respect to any entry relating to such Lender's Commitments, Advances and other obligations pursuant to the terms hereof) at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of a natural person), the Borrower, any of its Subsidiaries or any of their respective Affiliates) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment); *provided* that (i) all of such Lender's obligations under this Agreement and the other Loan Documents shall remain in all respects unchanged, (ii) such Lender shall remain solely responsible full force and effect.

(b) On and after the Third Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the other parties hereto for the performance of such obligations and (ii) the Borrower, the Administrative Agent Credit Agreement, and each Credit Party shall continue to deal solely and directly with such Lender reference in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver which requires the consent of all Lenders or all affected Lenders that directly affects such Participant. Subject to paragraph (e) of this Section 11.7, the Borrower agrees that each Participant shall be entitled to the benefits of Section 3.5, Section 3.6, Section 3.7 and Section 3.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 11.7. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.9(a) as though it were a Lender; *provided* that such Participant agrees to be subject to Section 11.9(b) as though it were a Lender. Each Lender that sells a participation with respect to a Commitment or Loan shall, solely for the purposes of complying with the rules regarding registered form in the Internal Revenue Code, act as a non-fiduciary agent of the Borrower, maintaining a register on which it enters the name and address of each Participant and the principal amounts (and stated interest amounts) of each Participant's interest in the Commitment and/or Loan (each a "Participant Register"), and the entries in such Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. No Lender shall be required to disclose the existence of, or any of the information contained in, any Participant Register maintained by it to the Borrower or any other Person unless requested in writing by the Borrower, and only to the Internal Revenue Service to the extent such disclosure is required in order to comply with the rules requiring registered form pursuant to the Internal Revenue Code.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.5, Section 3.6, Section 3.7 or Section 3.10 than the applicable

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Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 3.10 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.10(f) as though it were a Lender.

(f) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) [Reserved].

(h) **Disqualified Institutions.** (i) No assignment shall be made to any Person that was a Disqualified Institution as of the date (the "Trade Date") on which the applicable Lender entered into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to such Person (unless the Borrower has consented to such assignment in writing as otherwise contemplated by this Section 11.7, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment). For the avoidance of doubt, with respect to any assignee that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the definition of "Disqualified Institution"), (x) such assignee shall not retroactively be disqualified from becoming a Lender and (y) the execution and delivery by the Borrower of an Assignment and Assumption with respect to such assignee will not by itself result in such assignee no longer being considered a Disqualified Institution. Any assignment in violation of this clause (h)(i) shall not be void, but the other provisions of this clause (h) shall apply.

(ii) If any assignment is made to any Disqualified Institution without the Borrower's prior consent in violation of clause (i) above, or if any Person becomes a Disqualified Institution after the applicable Trade Date, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, (A) terminate any Commitment of such Disqualified Institution and repay all obligations of the Borrower owing to such Disqualified Institution in connection with such Commitment, and/or (B) require such Disqualified Institution to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in this Section 11.7), all of its interest, rights and obligations under this Agreement and the other Loan Documents to an Eligible Assignee that shall assume such obligations at the lesser "the Credit Agreement", "thereunder", "thereof" or words of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder and other the other Loan Documents.

(iii) Notwithstanding anything like import referring to the contrary contained in this Credit Agreement, Disqualified Institutions (A) will not (x) have the right to receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders shall mean and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of any consent to any amendment, waiver

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or modification of, or any action under, and for the purpose of any direction be a reference to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Credit Agreement or any other Loan Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter, and (y) for purposes of voting on any plan of reorganization or plan of liquidation pursuant to any bankruptcy or insolvency laws ("Plan of Reorganization"), each Disqualified Institution party hereto hereby agrees (1) not to vote on such Plan of Reorganization, (2) if such Disqualified Institution does vote on such Plan of Reorganization notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and modified hereby. This Amendment shall be "designated" pursuant to Section 1126(e) of the United States Bankruptcy Code (or any similar provision in any other bankruptcy or insolvency laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such Plan of Reorganization in accordance with Section 1126(c) of the United States Bankruptcy Code (or any similar provision in any other bankruptcy or insolvency laws) and (3) not to contest any request by

any party for constitute a determination by the bankruptcy court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

11.8 Counterparts; Electronic Execution

(a) **Counterparts.** Each of the Loan Documents (other than the Notes) may be executed on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement. It shall not be necessary in making proof of any Loan Document to produce or account for more than one counterpart signed by the party to be charged. A set of the copies of this Agreement signed by all of the parties hereto shall be lodged with each of the Borrower and the Administrative Agent. Delivery of an executed counterpart of a signature page of any Loan Document by fax or other electronic means (e.g., ".pdf" or ".tif") shall be effective as delivery of a manually executed counterpart of such Loan Document.

(b) (c) **Electronic Execution.** This Subject to Section 11.8 of the Credit Agreement, and any document, amendment, approval, assignment, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "**Communication**"), including Communications required to be in writing, Amendment may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each party hereto hereby agrees that any Electronic Signature on, or associated with, any Communication Signatures (including facsimile and .pdf) and shall be valid considered an original, and binding on such party to shall have the same extent legal effect, validity and enforceability as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such party enforceable against such party in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same **Communication**. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by each party hereto of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. Each party hereto may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("**Electronic Copy**"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an **Electronic Copy**, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in

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any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it (it being acknowledged that the Administrative Agent will accept ".pdf" signatures). Without limiting the foregoing sentence, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the Borrower without further verification, and (b) upon the request of the Administrative Agent or any Lender hereto, any Electronic Signature shall be promptly (to the extent reasonably practicable at such time as reasonably determined by the Borrower) followed by such manually executed counterpart. For purposes hereof, "**Electronic Record**" and "**Electronic Signature**" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

11.9 Set-off and Sharing of Payments.

(a) In addition to any rights and remedies of the Lenders provided by law, after the occurrence and during the continuance of an Event of Default under Section 9.1(a) or Section 9.1(b) or upon the acceleration of the Loans, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower, to set-off and apply against any indebtedness or other liability, whether matured or unmatured, of the Borrower to such Lender arising under the Loan Documents, any amount owing from such Lender to the Borrower. To the extent permitted by applicable law, the aforesaid right of set-off may be exercised by such Lender against the Borrower or against any trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of the Borrower, or against anyone else claiming through or against the Borrower or such trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the making, filing or issuance of, service upon such Lender of, or notice to such Lender of, any petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after each such set-off and application made by such Lender, *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

(b) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of its Loans or its Notes in excess of its pro rata share (in accordance with the outstanding principal balance of all Loans) of payments then due and payable on account of the Loans and Notes received by all the Lenders, such Lender shall forthwith purchase, without recourse, for cash, from the other Lenders, such participations in their Loans and Notes as shall be necessary to cause such purchasing Lender to share the excess payment with each of them according to their pro rata share (in accordance with the outstanding principal balance of all Loans); *provided* that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and each such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's pro rata share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees, to the fullest extent permitted by law, that any Lender so purchasing a participation from another Lender pursuant to this Section 11.9 may exercise such rights to payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The provisions of this Section 11.9 shall not be construed to apply to (A) any payment made by or on behalf of the Borrower pursuant to, and in accordance

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with, the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender or Disqualified Institution), (y) the application of cash collateral as provided herein, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than an assignment to the Borrower or any Subsidiary thereof (as to which the provisions of this Section 11.9 shall apply).

11.10 Indemnity

(a) The Borrower shall indemnify each Credit Party and each Related Party thereof (each such Person being called an "**Indemnified Person**") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable and documented out-of-pocket fees and disbursements of one counsel (but excluding the allocated cost of internal counsel) representing all of the Indemnified Persons, taken as a whole, and, if reasonably necessary, of a single local counsel for each applicable jurisdiction (which may include a single counsel acting in multiple jurisdictions) (and, if reasonably necessary, one specialty counsel for each applicable specialty), representing all of the Indemnified Persons, taken as a whole (and, in the case of any actual or perceived conflict of interest where the Indemnified Person affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of another firm of counsel (and, if reasonably necessary, a single local counsel for each applicable jurisdiction (and, if reasonably necessary, one specialty counsel for each applicable specialty), for each such affected Indemnified Person)), actually incurred by any Indemnified Person arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the transactions contemplated hereby or any other transactions contemplated thereby, (ii) any Loan or the use of the proceeds thereof, (iii) any actual or alleged presence or release of Hazardous Materials in, on, under or from any property owned or operated by the Borrower or any of the Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of the Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on statute, contract, tort or any other theory and regardless of whether any Indemnified Person is a party thereto. Notwithstanding anything to the contrary contained in this Section 11.10(a), the foregoing indemnity will not, as to any Indemnified Person, apply to any losses, claims, damages, liabilities and related expenses to the extent arising (A) from the willful misconduct, gross negligence, fraud or bad faith of such Indemnified Person, (B) from a material breach of the obligations hereunder of such Indemnified Person, (C) out of or in connection with Section 11.22, or (D) out of or in connection with any claim, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and that is brought by an Indemnified Person against any other Indemnified Person (other than the Administrative Agent or a Joint Lead Arranger, in each case in its capacity as such), in each case under clauses (A) and (B), to the extent determined by a final and non-appealable judgment of a court of competent jurisdiction.

(b) To the extent that the Borrower fails to pay as soon as practicable any amount required to be paid by it to the Administrative Agent under subsection (a) of this Section 11.10 (the "**Indemnified Amount**"), each Lender severally agrees to pay to the Administrative Agent an amount equal to the product of such unpaid amount multiplied by the percentage equal to the fraction, (A) the numerator of which is the sum of such Lender's Credit Exposure and (B) the denominator of which is the sum of the Aggregate Credit Exposure (in each case determined as of the time that the applicable Indemnified Amount is sought); *provided* that the Indemnified Amount was payable to the Administrative Agent in its capacity as such.

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(c) The obligations of the Borrower and the Lenders under this Section 11.10 shall survive the termination of the Commitments and the payment of the Loans and the Notes and all other amounts payable under the Loan Documents. agreement.

(d) If any settlement of any investigation, litigation or proceeding to which the indemnity in this Section 11.10 applies (any of the foregoing, a **Proceeding**) is instituted or threatened against any Indemnified Person (or its Related Parties) in respect of which indemnity may be sought hereunder, unless an Event of Default under Section 9.1(a), 9.1(h), 9.1(i) or 9.1(j) exists, the Borrower shall be entitled to assume the defense thereof with counsel selected by the Borrower (which counsel shall be reasonably satisfactory to such Indemnified Person) and after notice from the Borrower to such Indemnified Person of the Borrower's election so to assume the defense thereof, the Borrower will not be liable to such Indemnified Person hereunder for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof, other than reasonable and documented out-of-pocket costs of investigation and such other reasonable and documented out-of-pocket expenses as have been approved in advance; *provided*, that (i) if counsel for such Indemnified Person determines in good faith that there is a conflict that requires separate representation for the Borrower and such Indemnified Person or that there may be legal defenses available to such Indemnified Person which are different from, or in addition to, those available to the Borrower or (ii) the Borrower fails to assume or proceed in a timely and reasonable manner with the defense of such action or fails to employ counsel reasonably satisfactory to such Indemnified Person in any such action, then in either such event, (A) such Indemnified Person shall be entitled to one primary counsel and, if necessary, one local counsel to represent such Indemnified Person and all other Indemnified Persons similarly situated (such counsels selected by the Administrative Agent), (B) the Borrower shall not, or shall not any longer, be entitled to assume the defense thereof on behalf of such Indemnified Person, and (C) such Indemnified Person shall be entitled to indemnification for the expenses (including fees and expenses of such counsel) to the extent provided in this Section 11.10. Notwithstanding the foregoing, the Borrower shall not be liable for any settlement, compromise or consent to the entry of any judgment in any action or Proceeding effected without the Borrower's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed, it being understood and agreed that the withholding, conditioning or delaying of the Borrower's consent in connection with a settlement, compromise or consent to the entry of any judgment in any action or proceeding which does not include an unconditional release of the Borrower and the Subsidiaries from all liability or claims that are the subject matter of such Proceeding or which includes a statement as to any admission of fault by or on behalf of the Borrower or any Subsidiary shall not be deemed unreasonable), but if settled with the Borrower's prior written consent or if there is a final judgment for the plaintiff in any such Proceeding, the Borrower agrees to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement, compromise or consent to the entry of any judgment in any action or Proceeding in accordance with this Section 11.10. The Borrower shall not, without the prior written consent of an Indemnified Person, effect any settlement of any pending or threatened Proceeding against such Indemnified Person in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability or claims that are the subject matter of such Proceeding, (y) does not include any statement as to any admission of fault by or on behalf of such Indemnified Person, and (z) contains customary confidentiality provisions with respect to the terms of such settlement.

(e) Notwithstanding any provision in this Agreement to the contrary, none of the Borrower, the Administrative Agent, the Lenders or any Affiliate of any of the foregoing will be responsible or liable to any Person or entity, on any theory of liability, for any indirect, special,

punitive or consequential damages that may be alleged as a result of the transactions contemplated hereby or by the other Loan Documents or any use or intended use of the proceeds of the Loans; *provided* that nothing in this clause (e) shall limit the Borrower's indemnity obligations set forth in this Agreement with respect to any indirect, punitive or consequential damages included in any third party claim in connection with which an Indemnified Person is entitled to indemnification hereunder. In addition to, and without limiting the immediately foregoing sentence, and to the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct and actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement, instrument or other document contemplated thereby, the transactions contemplated hereby or any Loan or the use of the proceeds thereof.

(f) Notwithstanding the above, the Borrower shall have no liability under this Section 11.10 to indemnify or hold harmless any Indemnified Person for any losses, claims, damages, liabilities and related expenses relating to income or withholding Taxes or any Tax in lieu of such Taxes.

Notwithstanding the foregoing, any amounts claimed by an Indemnified Person under Section 11.5 shall not be available to be claimed by such Indemnified Person under this Section 11.10, it being understood and agreed that the rights of an Indemnified Person under this Section 11.10 and Section 11.5 shall not be duplicative.

11.11 Governing Law

The Loan Documents This Amendment and the rights and obligations of the parties thereto hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

11.12 Severability

Every provision of the Loan Documents is intended to be severable, and if any term or provision thereof shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions thereof shall not be affected or impaired thereby, and any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

11.13 Integration

All exhibits to the Loan Documents shall be deemed to be a part thereof. Each Loan Document embodies the entire agreement and understanding between or among the parties thereto with respect to the subject matter thereof and supersedes all prior agreements and understandings between or among the parties thereto with respect to the subject matter thereof.

11.14 Treatment of Certain Information

(a) Each Credit Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); *provided* that each Credit Party shall be responsible for its controlled Affiliates' compliance in keeping Information confidential, (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (in which case such Person agrees (except

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with respect to any audit or examination conducted by bank accountants or any governmental regulatory authority exercising examination or regulatory authority) to use commercially reasonable efforts to inform the Borrower promptly thereof prior to such disclosure to the extent practicable and not prohibited by law), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such Person agrees to (except with respect to any audit or examination conducted by bank accountants or any governmental regulatory authority exercising examination or regulatory authority) to inform the Borrower promptly thereof prior to such disclosure to the extent practicable and not prohibited by law), (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 11.14, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (vii) to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information customarily found in such publications, (viii) with the prior written consent of the Borrower, (ix) to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section 11.14 or a breach of any other confidentiality obligation owing by such Credit Party to the Borrower or (2) becomes available to the Administrative Agent, any Credit Party or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower not known to such Credit Party to be prohibited from disclosing such Information, and (x) on a confidential basis to (1) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided hereunder or (2) the CUSIP Service Bureau or any similar agency in connection with the application, issuance, publishing and monitoring of CUSIP numbers of other market identifiers with respect to the credit facilities provided hereunder. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

(b) For purposes of this Section 11.14, **Information** means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the

Administrative Agent or any other Credit Party on a non-confidential basis prior to disclosure by the Borrower or any of its Subsidiaries.

11.15 Acknowledgments

The Borrower acknowledges that (a) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents, (b) by virtue of the Loan Documents, the relationship among the Administrative Agent and the Lenders, on the one hand, and the Borrower, on the other hand, is solely that of debtor and creditor, and (c) by virtue of the Loan Documents, no joint venture exists among the Lenders or among the Borrower and the Lenders.

11.16 Consent to Jurisdiction

Each of the parties hereto irrevocably submits to the exclusive jurisdiction of any New York State or Federal Court sitting in the City of New York, Borough of Manhattan, over any suit, action, claim, counterclaim or proceeding arising out of or relating to the Loan Documents. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY

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OBJECTION WHICH IT MAY NOW OR HERAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION, CLAIM, COUNTERCLAIM OR PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION, CLAIM, COUNTERCLAIM OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. Each of the parties hereto agrees that a final judgment in any such suit, action, claim, counterclaim or proceeding brought in such a court, after all appropriate appeals, shall be conclusive and binding upon it.

11.17 Service of Process

Each of the parties hereto agrees that process may be served against it in any suit, action or proceeding referred to in [Section 11.16](#) by sending the same by first class mail, return receipt requested or by overnight courier service, with receipt acknowledged, to the address of such party set forth or referred to in [Section 11.2](#). Each of the parties hereto agrees that any such service (i) shall be deemed in every respect effective service of process upon it in any such suit, action, or proceeding, and (ii) shall to the fullest extent enforceable by law, be taken and held to be valid personal service upon and personal delivery to it.

11.18 No Limitation on Service or Suit

Nothing in the Loan Documents or any modification, waiver, or amendment thereto shall affect the right of the Administrative Agent or any Lender to serve process in any manner permitted by law or limit the right of the Administrative Agent or any Lender to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

11.19 WAIVER OF TRIAL BY JURY

EACH OF THE CREDIT PARTIES AND THE BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY. FURTHER, THE BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF ANY OF THE CREDIT PARTIES, OR COUNSEL TO ANY OF THE CREDIT PARTIES, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY OF THE CREDIT PARTIES WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. THE BORROWER ACKNOWLEDGES THAT THE CREDIT PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, *INTER ALIA*, THE PROVISIONS OF THIS SECTION 11.19.

11.20 Patriot Act Notice

Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001), as amended from time to time) (the “**Patriot Act**”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act.

11.21 No Fiduciary Duty

The Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower and its Subsidiaries, on the one hand, and

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the Credit Parties, the Joint Lead Arrangers, and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Credit Parties, such Joint Lead Arrangers, or their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

11.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

11.23 Certain ERISA Matters

- (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Joint Lead Arrangers and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

- (i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement;
- (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84- 14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96- 23 (a class exemption for certain transactions determined by in-house asset managers), is [signature pages follow]

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applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Joint Lead Arrangers and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) For purposes of this Section 11.23, the following defined terms when used herein have the following meanings:

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Internal Revenue Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Internal Revenue Code) the assets of any such "employee benefit plan" or "plan".

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

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13536512v6 13537010v3

AS EVIDENCE The parties have caused this Amendment to be duly executed as of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Agreement to be executed on its behalf.

date first written above.

CVS HEALTH CORPORATION

By: I/ Carol A. DeNale
Name: Carol A. DeNale
Title: Senior Vice President and Treasurer

364 - DAY TERM LOAN CREDIT AGREEMENT
CVS HEALTH CORPORATION

BANK OF AMERICA, N.A.,
as the Administrative Agent

By: /s/ Kyle D Harding
Name: Kyle D Harding
Title: Vice President

364 - DAY TERM LOAN CREDIT AGREEMENT
CVS HEALTH CORPORATION

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Joseph L. Corah
Name: Joseph L. Corah
Title: Managing Director

364 - DAY TERM LOAN CREDIT AGREEMENT
CVS HEALTH CORPORATION

BARCLAYS BANK PLC,

as a Lender

By: /s/ Christopher M. Aitkin

Name: Christopher M. Aitkin

Title: Director

364 - DAY TERM LOAN CREDIT AGREEMENT

CVS HEALTH CORPORATION

GOLDMAN SACHS BANK USA,

as a Lender

By: /s/ Dan Starr

Name: Dan Starr

Title: Authorized Signatory

364 - DAY TERM LOAN CREDIT AGREEMENT

CVS HEALTH CORPORATION

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Gregory T. Martin
Name: Gregory T. Martin
Title: Executive Director

364 - DAY TERM LOAN CREDIT AGREEMENT
CVS HEALTH CORPORATION

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Darin Mullis
Name: Darin Mullis
Title: Managing Director

364 - DAY TERM LOAN CREDIT AGREEMENT
CVS HEALTH CORPORATION

EXHIBIT A
LIST OF COMMITMENTS

Lender	Commitment Amount
Bank of America, N.A.	\$600,000,000
Barclays Bank PLC	\$600,000,000
Goldman Sachs Bank USA	\$600,000,000
JPMorgan Chase Bank, N.A.	\$600,000,000
Wells Fargo Bank, National Association	\$600,000,000
TOTAL	\$3,000,000,000

13541238v5

EXHIBIT B
FORM OF NOTE

[Date]

New York, New York

FOR VALUE RECEIVED, the undersigned, CVS HEALTH CORPORATION, a Delaware corporation (the "Borrower"), hereby promises to pay to the order of [] (the "Lender") the outstanding principal balance of the Lender's Loans, together with interest thereon, at the rate or rates, in the amounts and at the time or times set forth in the 364-Day Term Loan Credit Agreement (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of March 25, 2024, by and among the Borrower, the Lenders party thereto from time to time and Bank of America, N.A., as administrative agent (in such capacity, together with its successors and permitted assigns, the "Administrative Agent"), in each case at the office of the Administrative Agent located at 900 W. Trade St., 6th Floor, NC1-026-06-03, Charlotte, NC 28255, or at such other place as the Administrative Agent may specify from time to time, in lawful money of the United States of America in immediately available funds.

Capitalized terms used herein that are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

The Loans evidenced by this Note are prepayable in the amounts, and on the dates, set forth in the Credit Agreement. This Note is one of the Notes under the Credit Agreement, and is subject to, and shall be construed in accordance with, the provisions thereof, and is entitled to the benefits set forth in the Loan Documents.

The Lender is hereby authorized to record on the schedule annexed hereto, and any continuation sheets which the Lender may attach thereto (a) the date and amount of each Loan made by the Lender, (b) the Interest Period for each Loan that is a Term SOFR Advance made by the Lender, (c) the Type of each Loan made by the Lender as one or more ABR Advances, one or more Term SOFR Advances, or a combination thereof, (d) Term SOFR applicable to each Loan (Term SOFR Advance only) made by the Lender and (e) the date and amount of each Conversion of each Loan made by the Lender, and each payment or prepayment of principal of each Loan made by the Lender. The failure to so record or any error in so recording shall not affect the obligation of the Borrower to repay the Loans, together with interest thereon, as provided in the Credit Agreement.

Except as specifically otherwise provided in the Credit Agreement, the Borrower hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other demands, protests and notices in connection with the execution, delivery, performance, collection and enforcement of this Note.

This Note is being delivered in, is intended to be performed in, shall be construed and interpreted in accordance with, and shall be governed by the laws of, the State of New York.

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13541238v5

This Note may only be amended by an instrument in writing executed pursuant to the provisions of Section 11.1 of the Credit Agreement.

CVS HEALTH CORPORATION

By: _____ /s/ Carol
Name: Carol A. DeNale
Title: Senior
Vice
President
and
Treasurer

[Third Amendment to 2029 Facility]

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13541238v5

SCHEDULE TO NOTE

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Kyle D. Harding
Name: Kyle D. Harding
Title: Vice President

[Third Amendment to 2029 Facility]

Date of Loan	Amount of Loan	Interest Period (If other thanBANK OF AMERICA, N.A.,as an ABR Advance)	Type of Loan (ABR or Term SOFR)	Date and Amount of Principal Interest Conversion Rate	Date and Amount of Payment or Conversion of Loan	Date and Amount of Prepayment	Notation Made by Issuer, the
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Swing Line Lender
and a Lender

By: /s/ Joseph
L. Corah
Joseph
L.
Name: Corah
Title: Managing
Director

[Third Amendment to 2029 Facility]

BARCLAYS BANK PLC,as an Issuer and a
Lender

By: /s/ Ritam Bhalla
Name: Ritam Bhalla
Title: Director

[Third Amendment to 2029 Facility]

CITIBANK, N.A.,as an Issuer and a Lender

By: /s/ Richard Rivera
Name: Richard Rivera
Title: Vice President

[Third Amendment to 2029 Facility]

GOLDMAN SACHS BANK USA,as an Issuer

and a Lender

By: /s/ Nicholas Merino

Name: Nicholas Merino

Title: Authorized Signatory

[Third Amendment to 2029 Facility]

JPMORGAN CHASE BANK, N.A.,as an

Issuer and a Lender

By: /s/ Gregory T. Martin

Name: Gregory T. Martin

Title: Executive Director

[Third Amendment to 2029 Facility]

WELLS FARGO BANK NATIONAL

ASSOCIATION, as an Issuer and a Lender

By: /s/ Darin Mullis

Name: Darin Mullis

Title: Managing Director

[Third Amendment to 2029 Facility]

MIZUHO BANK, LTD.,as a Lender

By: /s/ Tracy Rahn

Name: Tracy Rahn

Title: Managing Director

[Third Amendment to 2029 Facility]

ROYAL BANK OF CANADA, as a Lender

By: /s/ Scott MacVicar

Name: Scott MacVicar

Title: Authorized Signatory

[Third Amendment to 2029 Facility]

TRUIST BANK, as a Lender

By: /s/ Alexandra Korchmar

Name: Alexandra Korchmar

Title: Vice President

[Third Amendment to 2029 Facility]

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Anthony Joseph

Name: Anthony Joseph

Title: Associate Director

By: /s/ Danielle Calo

Name: Danielle Calo

Title: Associate Director

13541238v5 [Third Amendment to 2029 Facility]

**U.S. BANK NATIONAL ASSOCIATION, as
a Lender**

By: /s/ Joyce P. Dorsett
Name: Joyce P. Dorsett
Title: Senior Vice President

[Third Amendment to 2029 Facility]

**FIFTH THIRD BANK, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Geoffrey Jinnah
Name: Geoffrey Jinnah
Title: Principal, Assistant Vice President

[Third Amendment to 2029 Facility]

**MORGAN STANLEY BANK, N.A., as a
Lender**

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

[Third Amendment to 2029 Facility]

**PNC BANK, NATIONAL ASSOCIATION,
as a Lender**

By: /s/ William P. Herold
Name: William P. Herold
Title: Senior Vice President

[Third Amendment to 2029 Facility]

**SUMITOMO MITSUI BANKING
CORPORATION, as a Lender**

By: /s/ Cindy Hwee

Name: Cindy Hwee

Title: Director

[Third Amendment to 2029 Facility]

**THE BANK OF NEW YORK MELLON, as a
Lender**

By: /s/ Luke Daly

Name: Luke Daly

Title: Vice President

[Third Amendment to 2029 Facility]

**BANK OF CHINA, NEW YORK BRANCH,
as a Lender**

By: /s/ Raymond Qiao

Name: Raymond Qiao

Title: Executive Vice President

[Third Amendment to 2029 Facility]

**INDUSTRIAL AND COMMERCIAL BANK
OF CHINA LIMITED, NEW YORK
BRANCH, as a Lender**

By: /s/ Yuanyuan Peng

Name: Yuanyuan Peng

Title: Executive Director

By: /s/ Lindsay Du

Name: Lindsay Du

Title: Director

[Third Amendment to 2029 Facility]

**KEYBANK NATIONAL ASSOCIATION, as
a Lender**

By: /s/ Marianne T. Meil

Name: Marianne T. Meil

Title: Senior Vice President

[Third Amendment to 2029 Facility]

TD BANK, N.A., as a Lender

By: /s/ Steve Levi

Name: Steve Levi

Title: Senior Vice President

[Third Amendment to 2029 Facility]

EXHIBIT CA

FORM LIST OF BORROWING REQUEST COMMITMENTS

[Date]

Bank of America, N.A., as Administrative Agent
 900 W. Trade St., 6th Floor
 NC1-026-06-03
 Charlotte, NC 28255
 Attention: Nicole Mickens
 Tel: 980-386-3931
 Email: Nicole.Mickens@bofa.com

Lender	Commitment Amount	Letter of Credit Commitment	Commercial Letter of Credit Commitment
Bank of America, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Barclays Bank PLC	\$194,500,000.00	\$41,666,666.66	\$0
Citibank, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Goldman Sachs Bank USA	\$194,500,000.00	\$41,666,666.66	\$0
JPMorgan Chase Bank, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Wells Fargo Bank, National Association	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Mizuho Bank, Ltd.	\$139,500,000.00		
Royal Bank of Canada	\$139,500,000.00		
Truist Bank	\$139,500,000.00		
UBS AG, Stamford Branch	\$139,500,000.00		
U.S. Bank National Association	\$139,500,000.00		
Fifth Third Bank, National Association	\$89,500,000.00		
Morgan Stanley Bank, N.A.	\$89,500,000.00		
PNC Bank, National Association	\$89,500,000.00		
Sumitomo Mitsui Banking Corporation	\$89,500,000.00		
The Bank of New York Mellon	\$71,500,000.00		
Bank of China, New York Branch	\$51,500,000.00		
Industrial and Commercial Bank of China Limited, New York Branch	\$51,500,000.00		
KeyBank National Association	\$51,500,000.00		
TD Bank, N.A.	\$51,500,000.00		
TOTAL	\$2,500,000,000	\$250,000,000	\$150,000,000

13537010v3

Re: 364-Day Term Loan Credit Agreement, Exhibit 10.2
Execution Version

THIRD AMENDMENT TO FIVE YEAR CREDIT AGREEMENT

THIRD AMENDMENT TO FIVE YEAR CREDIT AGREEMENT (this "Amendment"), dated as of **March 25, 2024** **May 16, 2024**, by and is entered into among CVS Health Corporation, a Delaware corporation (the "Borrower"), the Lenders party thereto from time to time hereto and Bank of America, N.A., as Administrative Agent. Except as otherwise provided herein, capitalized terms used herein which are not defined herein shall have the meanings set forth in the Credit Agreement (as defined below).

WHEREAS, the Borrower, the Lenders and the Administrative Agent entered into that certain Five Year Credit Agreement, dated as of May 11, 2021 (as amended by that certain First Amendment to Five Year Credit Agreement, dated as of May 16, 2022, that certain Second Amendment to Five Year Credit Agreement, dated as of March 23, 2023, and as further amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "CreditAgreement"); and

Capitalized terms used herein WHEREAS, the Borrower has requested that are not otherwise defined herein shall have the respective meanings ascribed thereto in Lenders amend the Credit Agreement. Agreement as set forth below.

(a) Pursuant NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and pursuant to Section 2.311.1 of the Credit Agreement, the Borrower parties hereto hereby gives agree as follows:

1. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) The definition of "Commitment Termination Date" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Commitment Termination Date": the earlier of (i) May 11, 2027 (subject to extension as provided in Section 2.12) and (ii) the date on which the Loans shall become due and payable in accordance with the terms hereof, whether by acceleration, notice of its intention to borrow Loans prepay or otherwise.

(b) The definition of "Issuers" in the aggregate principal amount of \$ _____ on _____, which borrowing shall consist Section 1.01 of the following: Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Issuers": Barclays, BofA, Citi, GS, JPMC and Wells Fargo; each an "**Issuer**".

(c) The definition of "Joint Lead Arrangers" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Joint Lead Arrangers": BAS, Barclays, Citi, GS, JPMC and WFS.

Loans (ABR Advance or Term SOFR Advance)	Principal Amount	Interest Period (Other than for ABR Advance)

(d) The

following new definition is hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

(b) The Borrower "**Citi**": Citibank, N.A.

(e) Exhibit A (List of Commitments) to the Credit Agreement is hereby certifies that on the Borrowing Date(s) amended and restated in its entirety to read as set forth above, on Exhibit A attached hereto.

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2. Conditions Precedent. This Amendment shall become effective on and immediately after giving effect as of the date hereof (the "Third Amendment Effective Date") upon satisfaction (or waiver in accordance with Section 11.1 of the Credit Agreement) of the conditions precedent set forth in this Section 2. Upon satisfaction (or waiver in accordance with Section 11.1 of the Credit Agreement) of the conditions precedent set forth in this Section 2, the Administrative Agent shall promptly provide the Borrower and the Lenders with written confirmation that this Amendment has become effective.

(a) Counterparts of this Amendment. Receipt by the Administrative Agent of counterparts of this Amendment executed by the Borrower and the Lenders.

(b) Corporate Action. The Administrative Agent shall have received a certificate, dated the Third Amendment Effective Date, of the Secretary or an Assistant Secretary of the Borrower (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing all other necessary corporate action taken by the Borrower to authorize this Amendment, the other Loan Documents and the transactions contemplated hereby and thereby, (ii) attaching a true and complete copy of its Certificate of Incorporation and By Laws, (iii) setting forth the incumbency of the officer or officers of the Borrower who may sign this Amendment and the other Loan Documents, and any other certificates, requests, notices or other documents required hereunder or thereunder, and (iv) attaching a certificate of good standing of the Secretary of State of the State of Delaware.

(c) Opinions of Counsel to the Loans requested hereby:

Borrower. The Administrative Agent shall have received (i) There shall exist no Default, an opinion of Thomas Moffatt, assistant general counsel of the Borrower, dated the Third Amendment Effective Date, in a form reasonably satisfactory to the Administrative Agent, and (ii) an opinion of Shearman & Sterling LLP, special counsel to the Borrower, dated the Third Amendment Effective Date, in a form reasonably satisfactory to the Administrative Agent.

(ii) (d) No Default and Representations and Warranties. The Administrative Agent shall have received a certificate, dated the Third Amendment Effective Date, of the Senior Vice President and Treasurer of the Borrower certifying that there exists no Default and that the representations and warranties contained in the Credit Agreement shall be this Amendment are true and correct in all material respects (provided that any representation and warranty that is qualified as to "materiality", "Material Adverse" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such Borrowing the Third Amendment Effective Date), except those which are expressly specified to be made as of an earlier date which representations and warranties shall be true and correct in all material respects or in all respects, as the case may be, as of such earlier date.

[REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY](e) Fees. The Administrative Agent shall have received all fees and other amounts due and payable to it on the Third Amendment Effective Date, including the upfront fees payable to the Lenders, in respect of this Amendment.

(f) Due Diligence: "Know Your Customer". (i) Each Lender shall have received such documents and information as it may have requested in order to comply with "know-your- customer" and other applicable Sanctions, anti-terrorism, anti-money laundering and similar rules and regulations and related policies, to the extent the Borrower shall have received written requests therefor at least ten (10) Domestic Business Days prior to the Third Amendment Effective Date, and (ii) at least five Domestic Business Days prior to the Third Amendment Effective Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have delivered to each Lender that so requests a Beneficial Ownership Certification.

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IN EVIDENCE of the foregoing, the undersigned has caused this Borrowing Request to be duly executed on its behalf.

CVS HEALTH CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT D-1

FORM OF OPINION OF COUNSEL TO THE BORROWER

See attached.

7

13541238v5

March 25, 2024

The Lenders3. Representations and the Administrative Agent referred to below c/o Bank of America, N.A., as Administrative Agent
900 W. Trade St., 6th Floor
NC1-026-06-03
Charlotte, NC 28255
Ladies and Gentlemen: Warranties.

I am a senior legal counsel of CVS Health Corporation, a Delaware corporation (the "a) Borrower"), and have acted as such in connection with that certain 364-Day Term Loan Credit Agreement, dated as of the date hereof (the "Credit Agreement"), by and among the Borrower, the lenders party thereto (the "Lenders") and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable for purposes of this opinion. In rendering my opinions set forth below, I have assumed (i) the due authorization, execution and delivery by all parties thereto (other than the Borrower) of the Loan Documents, (ii) the genuineness of all signatures, (iii) the legal capacity of natural persons, (iv) the authenticity of all documents submitted to me as originals, and (v) the conformity to original documents of all documents submitted to me as copies.

Based upon the foregoing, I am of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing hereby represents and in good standing under the laws of the State of Delaware. warrants as follows:
(i) The Borrower has taken all requisite necessary corporate power and authority action to own its Property and to carry on its business as now conducted.

2. The Borrower is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases real Property or in which authorize the nature of its business requires it to be so qualified (except those jurisdictions where the failure to be so qualified or to be in good standing could not reasonably be expected to have a Material Adverse effect).

3. The execution, delivery and performance by the Borrower of the Credit Agreement are within the Borrower's corporate powers and have been duly authorized by all necessary corporate action on the part of the Borrower. this Amendment.

CVS Health Corporation 364-Day Term Loan Credit Agreement

Opinion of Counsel

1

4. The execution, delivery and performance by the Borrower of the Credit Agreement do not require any action or approval on the part of the shareholders of the Borrower or any action by or in respect of, or filing with, any governmental body, agency or official under United

States federal law or the Delaware General Corporation Law, and do not contravene, or constitute a default under, any provision of (i) United States federal law or the Delaware General Corporation Law, (ii) the Certificate of Incorporation or the bylaws of the Borrower, or (iii) any existing material mortgage, material indenture, material contract or material agreement, in each case binding on the Borrower or affecting the Property of the Borrower.

5. The Credit Agreement This Amendment has been duly executed and delivered by the Borrower.

6. The Borrower is not an "investment company" (as such term is defined in and constitutes the United States Investment Company Act of 1940, as amended).

7. To the best of my knowledge, there are no actions, suits, arbitration proceedings or claims (whether purportedly on behalf valid and legally binding obligations of the Borrower, any Material Subsidiary or otherwise) pending or threatened enforceable against the Borrower or any Material Subsidiary or any of their respective Properties, or maintained by the Borrower or any Material Subsidiary, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse effect. To the best of my knowledge, there are no proceedings pending or threatened against the Borrower or any Material Subsidiary which call into question the validity or enforceability of, or otherwise seek to invalidate, any Loan Document.

8. To the best of my knowledge, no provision of any judgment, decree or order, in each case, binding on the Borrower or affecting the Property of the Borrower, conflicts with, or requires any consent which has not already been obtained under, or would in any way prevent the execution and delivery of the Credit Agreement by the Borrower or the performance by the Borrower of the terms of the Credit Agreement or any other Loan Document.

I am a member of the bar of the Commonwealth of Massachusetts and the foregoing opinion is limited to the laws of the Commonwealth of Massachusetts, the federal law of the United States of America and the Delaware General Corporation Law.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other person without my prior written consent.

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Very truly yours,

Thomas S. Moffatt
Vice President, Assistant Corporate Secretary and
Senior Legal Counsel,
CVS Health Corporation

CVS Health Corporation 364-Day Term Loan Credit Agreement

Opinion of Counsel

2

EXHIBIT D-2

FORM OF OPINION OF SPECIAL COUNSEL TO THE BORROWER

See attached.

13541238v5

To the Persons listed in Schedule A

CVS Health Corporation

Ladies and Gentlemen:

We have acted as counsel to CVS Health Corporation, a Delaware corporation (the "Company"), in connection with the preparation, execution and delivery of that certain 364-Day Term Loan Credit Agreement, dated as of the date hereof (the "Credit Agreement"), by and among the Company, the lenders party thereto (the "Lenders") and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"). This opinion is furnished to you pursuant to Section 5.4(b) of the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

In that connection, we have reviewed an original or a copy of the Credit Agreement.

We have also reviewed originals or copies of such other documents as we have deemed necessary as a basis for the opinions expressed below.

In our review of the Credit Agreement and other documents, we have assumed:

(A) The genuineness of all signatures.

(B) The authenticity of the originals of the documents submitted to us.

(C) The conformity to authentic originals of any documents submitted to us as copies.

(D) As to matters of fact, the truthfulness of the representations made in the Credit Agreement.

(E) That the Credit Agreement is the legal, valid and binding obligation of each party thereto, other than the Company, enforceable against each such party in accordance with its terms.

(F) That:

(1) The Company is an entity duly organized, validly existing and in good standing under the laws of the State of Delaware.

(2) The Company has full power to execute, deliver and perform the Credit Agreement, and has duly executed and delivered, the Credit Agreement.

(3) The execution, delivery and performance by the Company of the Credit Agreement have been duly authorized by all necessary action (corporate or otherwise) and do not:

(a) contravene its certificate of incorporation or by-laws;

(b) except with respect to Generally Applicable Law, violate any law, rule or regulation applicable to it; or

(c) result in any conflict with or breach of any agreement or document binding on it.

(4) Except with respect to Generally Applicable Law, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery or performance by the Company of the Credit Agreement or, if any such authorization, approval, action, notice or filing is required, it has been duly obtained, taken, given or made and is in full force and effect.

We have not independently established the validity of the foregoing assumptions.

"Generally Applicable Law" means the federal law of the United States of America, and the law of the State of New York (including the rules or regulations promulgated thereunder or pursuant thereto), that a New York lawyer exercising customary professional diligence would reasonably be expected to recognize as being applicable to the Company, the Credit Agreement or the transactions governed

by the Credit Agreement. Without limiting the generality of the foregoing definition of Generally Applicable Law, the term "Generally Applicable Law" does not include the Commodity Exchange Act, as amended, and the rules and regulations thereunder and does not include any law, rule or regulation that is applicable to the Company, the Credit Agreement or such transactions solely because such law, rule or regulation is part of a regulatory regime applicable to any party to the Credit Agreement or any of its affiliates due to the specific assets or business of such party or such affiliate.

Based upon the foregoing and upon such other investigation as we have deemed necessary and subject to the qualifications set forth below, we are of the opinion that:

1. The execution and delivery by the Company of the Credit Agreement do not, and the performance by the Company of its obligations thereunder and the borrowings and issuances of letters of credit thereunder will not, result in a violation of Generally Applicable Law.
2. No authorization, approval or other action by, and no notice to or filing with, any United States federal or New York governmental authority or regulatory body, is required for the due execution, delivery or performance by the Company of the Credit Agreement, terms, except as provided for in the Credit Agreement.
3. The Credit Agreement is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

Our opinions expressed above are subject to the following qualifications:

AMERICAS/2024216436

2 of 5

-
- (a) Our opinion in paragraph 3 is subject to the effect of any such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally (including without limitation all laws and by equitable principles relating to fraudulent transfers), the availability of specific performance as a remedy.
- (b) Our opinion(iii) No consent or approval of, or other action by, shareholders of the Borrower, any Governmental Authority, or any other Person (which has not already been obtained) is required to authorize in paragraph 3 respect of the Borrower, or is subject required in connection with, the execution, delivery, and performance by the Borrower of this Amendment or is required as a condition to the effectenforceability of general principles this Amendment against the Borrower.
- (b) The Borrower represents and warrants to the Lenders that the representations and warranties of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered the Borrower set forth in a proceeding in equity or at law).
- (c) We express no opinion with respect to Section 11.9.4 of the Credit Agreement (as amended by this Amendment) are true and correct in all material respects on the date hereof (provided that any representation and warranty that is qualified as to "materiality", "Material Adverse" or similar language is true and correct (after giving effect to any qualification therein) in all respects on the extent that such Section permits set-off date hereof), except those which are expressly specified to be made without notice, as of an earlier date.
- (d) We express no opinion with respect to. Miscellaneous.
- (a) Except as expressly amended hereby, the enforceability of indemnification provisions, or of release or exculpation provisions, contained Credit Agreement and the other Loan Documents shall remain in full force and effect.
- (b) On and after the Third Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the extent that enforcement thereof is contrary Credit Agreement, and each reference in the other Loan Documents to public policy regarding "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the indemnification against or release or exculpation of criminal violations, intentional harm, violations of securities laws or acts of gross negligence or willful misconduct Credit Agreement, shall mean and be a reference to the Credit Agreement as modified hereby. This Amendment shall constitute a Loan Document.
- (e) We express no opinion with respect(c) Subject to Section 11.16 11.8 of the Credit Agreement, to the extent that such Section (i) contains a waiver of any objections based on inappropriate venue or *forum non conveniens* in any Federal courts of the United States,(ii) implies that a Federal court of the United States has subject matter jurisdiction, or (iii) purports to grant any court exclusive jurisdiction.

(f) We express no opinion with respect to the effect of Section 11.22 of the Credit Agreement or any Bail-In Action.

(g) We express no opinion with respect to the accuracy or operation of any arithmetical or statistical formulas or calculations contained in this Amendment may be in the Credit Agreement.

(h) We express no opinion as to any financial covenants contained in the Credit Agreement.

(i) Our opinions are limited to Generally Applicable Law, form of an Electronic Record and we do not express any opinion herein concerning any other law.

A copy of this opinion letter may be delivered by any of you to any person that becomes a Lender in accordance with the provisions of the Credit Agreement. Any such person may rely on the opinions expressed above as if this opinion letter were addressed and delivered to such person on the date hereof.

This opinion letter is rendered to you in connection with the transactions contemplated by the Credit Agreement. This opinion letter may not be relied upon by you or any person entitled to rely on this opinion pursuant to the preceding paragraph for any other purpose without our prior written consent.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

AMERICAS/2024216436

3 of 5

This opinion letter speaks only as of the date hereof. We expressly disclaim any responsibility to advise you of any development or circumstance of any kind, including any change of law or fact that may occur after the date of this opinion letter that might affect the opinions expressed herein.

Very truly yours,

AMERICAS/2024216436

4 of 5

SCHEDULE A

Bank of America, N.A., as Administrative Agent

Bank of America, N.A.

Barclays Bank PLC

Goldman Sachs Bank USA JPMorgan Chase Bank, N.A.

Wells Fargo Bank, National Association

AMERICAS/2024216436

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EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the Assignment and Assumption) is dated as of the Effective Date set forth below and is entered into by and between [the][each]¹ Assignor identified in item 1 below ([the][each, an] Assignor) and [the][each]² Assignee identified in item 2 below ([the][each, an] Assignee). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]³ hereunder are several and not joint.]⁴ Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the Credit Agreement), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] AssignedInterest). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: _____

Assignor [is] [is not]⁵ a Defaulting Lender.

- 1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.
2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.
3 Select as appropriate.
4 Include bracketed language if there are either multiple Assignors or multiple Assignees.
5 Delete inapplicable item.

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1354128v5

Assignor [is] [is not]⁶ a Disqualified Institution.

2. Assignee[s]: _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]]
 Assignee is not a Disqualified Institution.⁷

3. Borrower: CVS Health Corporation, a Delaware corporation.

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement.

5. **Credit Agreement:** The 364-Day Term Loan Credit Agreement, dated as of March 25, 2024, among the Borrower, the Lenders party thereto from time to time and the Administrative Agent, as from time to time amended, amended and restated, supplemented or otherwise modified.

6. **Assigned Interest[s]:**

Assignor[s] ⁸	Assignee[s] ⁹	Aggregate Amount of Commitment for all Lenders ¹⁰	Amount of Commitment Assigned ⁸	Percentage Assigned of Commitment ¹¹	CUSIP Number (if applicable)
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

7. Trade Date: _____, 20 ____¹²

⁶ Delete inapplicable item.

⁷ Check box if applicable.

⁸ List each Assignor, as appropriate.

⁹ List each Assignee, as appropriate.

¹⁰ Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

¹¹ Set forth, to at least 9 decimals, as a percentage of the Commitment of all Lenders thereunder.

¹² To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

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Effective Date: _____, 20 ____ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]¹³

[NAME OF
ASSIGNOR]

By: _____
Title: _____

[NAME OF
ASSIGNOR]

By: _____
Title: _____

ASSIGNEE[S]¹⁴

[NAME OF
ASSIGNEE]

By: _____
Title: _____

[NAME OF
ASSIGNEE]

By: _____
Title: _____

¹³ Add additional signature blocks as needed.

¹⁴ Add additional signature blocks as needed.

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1354128v5

[Consented to and]¹⁵ Accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Title: _____

[Consented to:]¹⁶

CVS HEALTH CORPORATION

By: _____
Title: _____

¹⁵ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

¹⁶ To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties

1.1 **Assignor[s].** [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, (iv) it is [not]¹⁷ a Defaulting Lender, and (v) it is [not]¹⁸ a Disqualified Institution; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 **Assignee[s].** [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 11.7(b)(3), (5), (6) and (7) of the Credit Agreement (subject to such consents, if any, as may be required under Section 11.7(b)(3) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 7.7 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vii) it has delivered to the Borrower and the Administrative Agent any documentation required to be delivered by it pursuant to Section 3.10(f) of the Credit Agreement, duly completed and executed by [the][such] Assignee, and (viii) **ASSIGNEE HAS CONFIRMED WITH THE BORROWER AND EXAMINED THE LIST OF DISQUALIFIED INSTITUTIONS (IF ANY) AND (I) REPRESENTS AND WARRANTS THAT (A) IT IS NOT IDENTIFIED ON SUCH LIST, (B) IT IS NOT AN AFFILIATE OF ANY INSTITUTION IDENTIFIED ON SUCH LIST AND (C) IT DOES NOT OTHERWISE QUALIFY AS A "DISQUALIFIED INSTITUTION" AND (II) ACKNOWLEDGES THAT CERTAIN TRANSACTIONS WITH DISQUALIFIED INSTITUTIONS SHALL BE SUBJECT TO SECTION 11.7 OF THE CREDIT AGREEMENT;** and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under

¹⁷ Delete if inapplicable or remove brackets.

¹⁸ Delete if inapplicable or remove brackets.

the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. **Payments.** From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The

Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment using Electronic Signatures (including facsimile and Assumption by telecopy or other electronic means (e.g., ".pdf" or ".tif").pdf) and shall be effective as delivery of a manually executed counterpart of this Assignment considered an original, and Assumption. The words "execution," "execute," "signature" and words of like import in this Assignment and Assumption shall be deemed to include electronic signatures, which shall be of have the same legal effect, validity or and enforceability as a manually paper record. This Amendment may be executed signature, to in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act. same agreement.

(d) This Assignment and Assumption Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

[signature pages follow]

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13537008v3

The parties have caused this Amendment to be duly executed as of the date first written above.

CVS HEALTH CORPORATION

By: /s/ Carol A. DeNale
Name: Carol A. DeNale
Title: Senior Vice President and Treasurer

[Third Amendment to 2027 Facility]

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Kyle D. Harding
Name: Kyle D. Harding
Title: Vice President

[Third Amendment to 2027 Facility]

BANK OF AMERICA, N.A., as an Issuer, the
Swing Line Lender and a Lender

By: /s/ Joseph L. Corah
Name: Joseph L. Corah
Title: Managing Director

[Third Amendment to 2027 Facility]

BARCLAYS BANK PLC, as an Issuer and a
Lender

By: /s/ Ritam Bhalla
Name: Ritam Bhalla
Title: Director

[Third Amendment to 2027 Facility]

CITIBANK, N.A., as an Issuer and a Lender

By: /s/ Richard Rivera
Name: Richard Rivera
Title: Vice President

[Third Amendment to 2027 Facility]

GOLDMAN SACHS BANK USA, as an Issuer
and a Lender

By: /s/ Nicholas Merino
Name: Nicholas Merino
Title: Authorized Signatory

[Third Amendment to 2027 Facility]

**JPMORGAN CHASE BANK, N.A., as an
Issuer and a Lender**

By: /s/ Gregory T. Martin
Name: Gregory T. Martin
Title: Executive Director

[Third Amendment to 2027 Facility]

**WELLS FARGO BANK NATIONAL
ASSOCIATION, as an Issuer and a Lender**

By: /s/ Darin Mullis
Name: Darin Mullis
Title: Managing Director

[Third Amendment to 2027 Facility]

MIZUHO BANK, LTD., as a Lender

By: /s/ Tracy Rahn
Name: Tracy Rahn
Title: Managing Director

[Third Amendment to 2027 Facility]

ROYAL BANK OF CANADA, as a Lender

By: /s/ Scott MacVicar

Name: Scott MacVicar

Title: Authorized Signatory

[Third Amendment to 2027 Facility]

TRUIST BANK, as a Lender

By: /s/ Alexandra Korchmar

Name: Alexandra Korchmar

Title: Vice President

[Third Amendment to 2027 Facility]

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Anthony Joseph

Name: Anthony Joseph

Title: Associate Director

By: /s/ Danielle Calo

Name: Danielle Calo

Title: Associate Director

[Third Amendment to 2027 Facility]

**U.S. BANK NATIONAL ASSOCIATION, as
a Lender**

By: /s/ Joyce P. Dorsett

Name: Joyce P. Dorsett

Title: Senior Vice President

[Third Amendment to 2027 Facility]

**FIFTH THIRD BANK, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Geoffrey Jinnah
Name: Geoffrey Jinnah
Title: Principal, Assistant Vice President

[Third Amendment to 2027 Facility]

**MORGAN STANLEY BANK, N.A., as a
Lender**

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

[Third Amendment to 2027 Facility]

**PNC BANK, NATIONAL ASSOCIATION,
as a Lender**

By: /s/ William P. Herold
Name: William P. Herold
Title: Senior Vice President

[Third Amendment to 2027 Facility]

**SUMITOMO MITSUI BANKING
CORPORATION, as a Lender**

By: /s/ Cindy Hwee

Name: Cindy Hwee

Title: Director

[Third Amendment to 2027 Facility]

**THE BANK OF NEW YORK MELLON, as a
Lender**

By: /s/ Luke Daly

Name: Luke Daly

Title: Vice President

[Third Amendment to 2027 Facility]

**BANK OF CHINA, NEW YORK BRANCH,
as a Lender**

By: /s/ Raymond Qiao

Name: Raymond Qiao

Title: Executive Vice President

[Third Amendment to 2027 Facility]

**INDUSTRIAL AND COMMERCIAL BANK
OF CHINA LIMITED, NEW YORK
BRANCH, as a Lender**

By: /s/ Yuanyuan Peng

Name: Yuanyuan Peng

Title: Executive Director

By: /s/ Lindsay Du

Name: Lindsay Du

Title: Director

[Third Amendment to 2027 Facility]

**KEYBANK NATIONAL ASSOCIATION, as
a Lender**

By: /s/ Marianne T. Meil

Name: Marianne T. Meil

Title: Senior Vice President

[Third Amendment to 2027 Facility]

TD BANK, N.A., as a Lender

By: /s/ Steve Levi

Name: Steve Levi

Title: Senior Vice President

[Third Amendment to 2027 Facility]

EXHIBIT A
LIST OF COMMITMENTS

Lender	Commitment Amount	Letter of Credit Commitment	Commercial Letter of Credit Commitment
Bank of America, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Barclays Bank PLC	\$194,500,000.00	\$41,666,666.66	\$0
Citibank, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Goldman Sachs Bank USA	\$194,500,000.00	\$41,666,666.66	\$0
JPMorgan Chase Bank, N.A.	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Wells Fargo Bank, National Association	\$194,500,000.00	\$41,666,666.67	\$37,500,000
Mizuho Bank, Ltd.	\$139,500,000.00		
Royal Bank of Canada	\$139,500,000.00		
Truist Bank	\$139,500,000.00		
UBS AG, Stamford Branch	\$139,500,000.00		
U.S. Bank National Association	\$139,500,000.00		
Fifth Third Bank, National Association	\$89,500,000.00		
Morgan Stanley Bank, N.A.	\$89,500,000.00		
PNC Bank, National Association	\$89,500,000.00		
Sumitomo Mitsui Banking Corporation	\$89,500,000.00		
The Bank of New York Mellon	\$71,500,000.00		
Bank of China, New York Branch	\$51,500,000.00		
Industrial and Commercial Bank of China Limited, New York Branch	\$51,500,000.00		
KeyBank National Association	\$51,500,000.00		
TD Bank, N.A.	\$51,500,000.00		
TOTAL	\$2,500,000,000	\$250,000,000	\$150,000,000

13537008v3

14 Exhibit 10.3

1354128v5 Execution Version

SECOND AMENDMENT TO FIVE YEAR CREDIT AGREEMENT

SECOND AMENDMENT TO FIVE YEAR CREDIT AGREEMENT (this "Amendment"), dated as of May 16, 2024, is entered into among CVS Health Corporation, a Delaware corporation (the "Borrower"), the Lenders party hereto and Bank of America, N.A., as Administrative Agent. Except as otherwise provided herein, capitalized terms used herein which are not defined herein shall have the meanings set forth in the Credit Agreement (as defined below).

WHEREAS, the Borrower, the Lenders and the Administrative Agent entered into that certain Five Year Credit Agreement, dated as of May 16, 2022 (as amended by that certain First Amendment to Five Year Credit Agreement, dated as of March 23, 2023, and as further amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lenders amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and pursuant to Section 11.1 of the Credit Agreement, the parties hereto hereby agree as follows:

1. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) The definition of "Commitment Termination Date" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Commitment Termination Date": the earlier of (i) May 16, 2028 (subject to extension as provided in Section 2.12) and (ii) the date on which the Loans shall become due and payable in accordance with the terms hereof, whether by acceleration, notice of intention to prepay or otherwise.

(b) The definition of "Issuers" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Issuers": Barclays, BofA, Citi, GS, JPMC and Wells Fargo; each an "**Issuer**".

(c) The definition of "Joint Lead Arrangers" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Joint Lead Arrangers": BAS, Barclays, Citi, GS, JPMC and WFS.

(d) The following new definition is hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"Citi": Citibank, N.A.

(e) Exhibit A (List of Commitments) to the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Exhibit A attached hereto.

13537013v3

2. Conditions Precedent. This Amendment shall become effective on and as of the date hereof (the "Second Amendment Effective Date") upon satisfaction (or waiver in accordance with Section 11.1 of the Credit Agreement) of the conditions precedent set forth in this Section 2. Upon satisfaction (or waiver in accordance with Section 11.1 of the Credit Agreement) of the conditions precedent set forth in this Section 2, the Administrative Agent shall promptly provide the Borrower and the Lenders with written confirmation that this Amendment has become effective.

(a) Counterparts of this Amendment. Receipt by the Administrative Agent of counterparts of this Amendment executed by the Borrower and the Lenders.

(b) Corporate Action. The Administrative Agent shall have received a certificate, dated the Second Amendment Effective Date, of the Secretary or an Assistant Secretary of the Borrower (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing all other necessary corporate action taken by the Borrower to authorize this Amendment, the other Loan Documents and the transactions contemplated hereby and thereby, (ii) attaching a true and complete copy of its Certificate of Incorporation and By Laws, (iii) setting forth the incumbency of the officer or officers of the Borrower who may sign this Amendment and the other Loan Documents, and any other certificates, requests, notices or other documents required hereunder or thereunder, and (iv) attaching a certificate of good standing of the Secretary of State of the State of Delaware.

(c) Opinions of Counsel to the Borrower. The Administrative Agent shall have received (i) an opinion of Thomas Moffatt, assistant general counsel of the Borrower, dated the Second Amendment Effective Date, in a form reasonably satisfactory to the Administrative Agent, and (ii) an opinion of Shearman & Sterling LLP, special counsel to the Borrower, dated the Second Amendment Effective Date, in a form reasonably satisfactory to the Administrative Agent.

(d) No Default and Representations and Warranties. The Administrative Agent shall have received a certificate, dated the Second Amendment Effective Date, of the Senior Vice President and Treasurer of the Borrower certifying that there exists no Default and that the representations and warranties contained in this Amendment are true and correct in all material respects (provided that any representation and

warranty that is qualified as to "materiality", "Material Adverse" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on the Second Amendment Effective Date), except those which are expressly specified to be made as of an earlier date.

(e) **Fees.** The Administrative Agent shall have received all fees and other amounts due and payable to it on the Second Amendment Effective Date, including the upfront fees payable to the Lenders, in respect of this Amendment.

(f) **Due Diligence; "Know Your Customer".** (i) Each Lender shall have received such documents and information as it may have requested in order to comply with "know-your-customer" and other applicable Sanctions, anti-terrorism, anti-money laundering and similar rules and regulations and related policies, to the extent the Borrower shall have received written requests therefor at least ten (10) Domestic Business Days prior to the Second Amendment Effective Date, and (ii) at least five Domestic Business Days prior to the Second Amendment Effective Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have delivered to each Lender that so requests a Beneficial Ownership Certification.

3. Representations and Warranties.

(a) The Borrower hereby represents and warrants as follows:

(i) The Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of this Amendment.

(ii) This Amendment has been duly executed and delivered by the Borrower and constitutes the valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of specific performance as a remedy.

(iii) No consent or approval of, or other action by, shareholders of the Borrower, any Governmental Authority, or any other Person (which has not already been obtained) is required to authorize in respect of the Borrower, or is required in connection with, the execution, delivery, and performance by the Borrower of this Amendment or is required as a condition to the enforceability of this Amendment against the Borrower.

(b) The Borrower represents and warrants to the Lenders that the representations and warranties of the Borrower set forth in Section 4 of the Credit Agreement (as amended by this Amendment) are true and correct in all material respects on the date hereof (provided that any representation and warranty that is qualified as to "materiality", "Material Adverse" or similar language is true and correct (after giving effect to any qualification therein) in all respects on the date hereof), except those which are expressly specified to be made as of an earlier date.

4. Miscellaneous.

(a) Except as expressly amended hereby, the Credit Agreement and the other Loan Documents shall remain in full force and effect.

(b) On and after the Second Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified hereby. This Amendment shall constitute a Loan Document.

(c) Subject to Section 11.8 of the Credit Agreement, this Amendment may be in the form of an Electronic Record and may be executed using Electronic Signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same agreement.

(d) This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

[signature pages follow]

The parties have caused this Amendment to be duly executed as of the date first written above.

CVS HEALTH CORPORATION

By: /s/ Carol A. DeNale

Name: Carol A. DeNale

Title: Senior Vice President and Treasurer

[Second Amendment to 2028 Facility]

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Kyle D. Harding

Name: Kyle D. Harding

Title: Vice President

[Second Amendment to 2028 Facility]

BANK OF AMERICA, N.A., as an Issuer, the
Swing Line Lender and a Lender

By: /s/ Joseph L. Corah

Name: Joseph L. Corah

Title: Managing Director

[Second Amendment to 2028 Facility]

BARCLAYS BANK PLC,as an Issuer and a
Lender

By: /s/ Ritam Bhalla

Name: Ritam Bhalla

Title: Director

[Second Amendment to 2028 Facility]

CITIBANK, N.A.,as an Issuer and a Lender

By: /s/ Richard Rivera

Name: Richard Rivera

Title: Vice President

[Second Amendment to 2028 Facility]

GOLDMAN SACHS BANK USA,as an Issuer
and a Lender

By: /s/ Nicholas Merino

Name: Nicholas Merino

Title: Authorized Signatory

[Second Amendment to 2028 Facility]

**JPMORGAN CHASE BANK, N.A., as an
Issuer and a Lender**

By: /s/ Gregory T. Martin
Name: Gregory T. Martin
Title: Executive Director

[Second Amendment to 2028 Facility]

**WELLS FARGO BANK NATIONAL
ASSOCIATION, as an Issuer and a Lender**

By: /s/ Darin Mullis
Name: Darin Mullis
Title: Managing Director

[Second Amendment to 2028 Facility]

MIZUHO BANK, LTD., as a Lender

By: /s/ Tracy Rahn
Name: Tracy Rahn
Title: Managing Director

[Second Amendment to 2028 Facility]

ROYAL BANK OF CANADA, as a Lender

By: /s/ Scott MacVicar

Name: Scott MacVicar

Title: Authorized Signatory

[Second Amendment to 2028 Facility]

TRUIST BANK, as a Lender

By: /s/ Alexandra Korchmar

Name: Alexandra Korchmar

Title: Vice President

[Second Amendment to 2028 Facility]

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Anthony Joseph

Name: Anthony Joseph

Title: Associate Director

By: /s/ Danielle Calo

Name: Danielle Calo

Title: Associate Director

[Second Amendment to 2028 Facility]

**U.S. BANK NATIONAL ASSOCIATION, as
a Lender**

By: /s/ Joyce P. Dorsett
Name: Joyce P. Dorsett
Title: Senior Vice President

[Second Amendment to 2028 Facility]

**FIFTH THIRD BANK, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Geoffrey Jinnah
Name: Geoffrey Jinnah
Title: Principal, Assistant Vice President

[Second Amendment to 2028 Facility]

**MORGAN STANLEY BANK, N.A., as a
Lender**

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

[Second Amendment to 2028 Facility]

PNC BANK, NATIONAL ASSOCIATION,

as a Lender

By: /s/ William P. Herold

Name: William P. Herold

Title: Senior Vice President

[Second Amendment to 2028 Facility]

SUMITOMO MITSUI BANKING

CORPORATION, as a Lender

By: /s/ Cindy Hwee

Name: Cindy Hwee

Title: Director

[Second Amendment to 2028 Facility]

THE BANK OF NEW YORK MELLON, as a
Lender

By: /s/ Luke Daly

Name: Luke Daly

Title: Vice President

[Second Amendment to 2028 Facility]

BANK OF CHINA, NEW YORK BRANCH,
as a Lender

By: /s/ Raymond Qiao

Name: Raymond Qiao

Title: Executive Vice President

[Second Amendment to 2028 Facility]

**INDUSTRIAL AND COMMERCIAL BANK
OF CHINA LIMITED, NEW YORK
BRANCH**, as a Lender

By: /s/ Yuanyuan Peng

Name: Yuanyuan Peng

Title: Executive Director

By: /s/ Lindsay Du

Name: Lindsay Du

Title: Director

[Second Amendment to 2028 Facility]

KEYBANK NATIONAL ASSOCIATION, as
a Lender

By: /s/ Marianne T. Meil

Name: Marianne T. Meil

Title: Senior Vice President

[Second Amendment to 2028 Facility]

TD BANK, N.A., as a Lender

By: /s/ Steve Levi

Name: Steve Levi

Title: Senior Vice President

[Second Amendment to 2028 Facility]

EXHIBIT A

LIST OF COMMITMENTS

Lender	Commitment Amount	Letter of Credit Commitment	Commercial Letter of Credit Commitment
Bank of America, N.A.	\$194,500,000.00	\$25,000,000	\$30,000,000
Barclays Bank PLC	\$194,500,000.00	\$25,000,000	\$0
Citibank, N.A.	\$194,500,000.00	\$25,000,000	\$30,000,000
Goldman Sachs Bank USA	\$194,500,000.00	\$25,000,000	\$0
JPMorgan Chase Bank, N.A.	\$194,500,000.00	\$25,000,000	\$30,000,000
Wells Fargo Bank, National Association	\$194,500,000.00	\$25,000,000	\$30,000,000
Mizuho Bank, Ltd.	\$139,500,000.00		
Royal Bank of Canada	\$139,500,000.00		
Truist Bank	\$139,500,000.00		
UBS AG, Stamford Branch	\$139,500,000.00		
U.S. Bank National Association	\$139,500,000.00		
Fifth Third Bank, National Association	\$89,500,000.00		
Morgan Stanley Bank, N.A.	\$89,500,000.00		
PNC Bank, National Association	\$89,500,000.00		
Sumitomo Mitsui Banking Corporation	\$89,500,000.00		
The Bank of New York Mellon	\$71,500,000.00		
Bank of China, New York Branch	\$51,500,000.00		
Industrial and Commercial Bank of China Limited, New York Branch	\$51,500,000.00		

KeyBank National Association	\$51,500,000.00		
TD Bank, N.A.	\$51,500,000.00		
TOTAL	\$2,500,000,000	\$150,000,000	\$120,000,000

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Exhibit 15.1

Letter re: Unaudited Interim Financial Information

May 1, August 7, 2024

To the Shareholders and the Board of Directors of CVS Health Corporation

We are aware of the incorporation by reference in the Registration Statements (Form S-3ASR No. 333-272200 and Form S-8 Nos. 333-273611, 333-271582, 333-270936, 333-238507, 333-230035, 333-228622, 333-167746, 333-217853, 333-208805, 333-141481, 333-139470, 333-63664, 333-91253, 333-49407, 333-34927, 333-28043 and 333-28043) 333-279641 of CVS Health Corporation of our report dated May 1, 2024 August 7, 2024, relating to the unaudited condensed consolidated interim financial statements of CVS Health Corporation that is included in its Form 10-Q for the quarter ended March 31, 2024 June 30, 2024.

/s/ Ernst & Young LLP

Boston, Massachusetts

Exhibit 31.1

Certification

I, Karen S. Lynch, President and Chief Executive Officer of CVS Health Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CVS Health Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, August 7, 2024

/s/ KAREN S. LYNCH

Karen S. Lynch
President and Chief Executive Officer

Exhibit 31.2

Certification

I, Thomas F. Cowhey, Executive Vice President and Chief Financial Officer of CVS Health Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CVS Health Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, August 7, 2024

/s/ THOMAS F. COWHEY

Thomas F. Cowhey
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

The certification set forth below is being submitted in connection with the Quarterly Report of CVS Health Corporation (the "Company") on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** (the "Report") solely for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Karen S. Lynch, President and Chief Executive Officer of the Company, certify that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 1, August 7, 2024**

/s/ KAREN S. LYNCH

Karen S. Lynch
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

The certification set forth below is being submitted in connection with the Quarterly Report of CVS Health Corporation (the "Company") on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** (the "Report") solely for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Thomas F. Cowhey, Executive Vice President and Chief Financial Officer of the Company, certify that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 1, August 7, 2024**

/s/ THOMAS F. COWHEY

Thomas F. Cowhey
Executive Vice President and Chief Financial Officer

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