CVS Health
Employee Stock Purchase Plan FAQs

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS (THE "PROSPECTUS") COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

Neither delivery of this Prospectus (and the documents required to be delivered pursuant to Rule 428(b)(2) under the Securities Act) nor any sale made under this Prospectus will, under any circumstances, create any implication that there has been no change in the affairs of CVS Health and its subsidiaries and affiliates since the date of this Prospectus. This Prospectus, together with the information incorporated by reference in this Prospectus, as stated in the "Important Legal Information" on page 9 of this Prospectus, form the Prospectus for purposes of Section 10(a) of the Securities Act. In the event of a conflict between this Prospectus and the terms of a plan document or agreement, the plan document or agreement shall govern.

Q1	**What is the Employee Stock Purchase Plan?**
A1	The CVS Health 2007 Employee Stock Purchase Plan (the "ESPP") offers eligible colleagues the opportunity to purchase shares of CVS Health common stock each offering period, via convenient payroll deductions, at a discounted price. The maximum number of shares of CVS Health common stock that may be sold under the ESPP is approximately 36 million shares, subject to certain adjustments.
Q2	**How may the ESPP be amended or terminated?**
A2	The board of directors of CVS Health (the "Board"), or a committee designated by the Board, may terminate or amend the ESPP without further stockholder approval, except stockholder approval must be obtained within one year after the effectiveness of such action if required by law or regulation or under the rules of the securities exchange on which CVS Health common stock is then quoted or listed, or if such stockholder approval is necessary in order for the ESPP to continue to meet the requirements of Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Internal Revenue Code"). As a result, stockholder approval will not necessarily be required for amendments that might increase the cost of the ESPP or broaden eligibility. Subject to certain exceptions set forth in the ESPP, no amendment or change in any option may be made that material adversely affects the rights of any participant.
Q3	**How is the ESPP administered?**
A3	The ESPP is to be administered by a committee of two or more directors designated by the Board, except to the extent the full Board elects to administer the ESPP. The Board or such committee has authority to interpret the ESPP, construe terms, adopt rules and regulations, prescribe forms, and make all determinations under the ESPP. The Board has designated its Management Planning and Development Committee to administer the ESPP.
Q4	**When am I eligible to participate?**
A4	If you are employed in the U.S. or Puerto Rico, you are eligible to participate in the ESPP program if: • You have been continuously employed by CVS Health or any designated subsidiary for at least 90 days; and • You are actively employed during the two months before the beginning of the offering period. If you are employed in Ireland, you are eligible to participate in the ESPP program once you are actively employed by a designated non-US subsidiary, subject to administrative feasibility. Any colleague who owns more than 5% of all outstanding shares of CVS Health common stock may not participate in the ESPP.

Q5	**When are the ESPP offering periods?**
A5	There are normally two offering periods each year: • The first from January 1 to June 30 • The second from July 1 to December 31 An offering period is the time during which payroll deductions are accumulated. Shares are purchased at the end of the offering period.
Q6	**When can I enroll?**
A6	You have two opportunities each year to enroll in the ESPP — during the enrollment window that precedes each offering period. • November 15 – December 14, for the offering period beginning January 1 • May 15 – June 14, for the offering period beginning July 1
Q7	**How do I enroll?**
A7	Log on via the links available on colleaguezone.cvs.com or directly at E*TRADE: ▪ **Current E*TRADE account holders:** o From Colleague Zone, access your E*TRADE account and select My Account > Plan Elections OR o Log directly into your E*TRADE account at etrade.com/planelections ▪ **New users:** Access www.etrade.com/enroll and enter the Company ticker symbol "CVS", your Last Name and CVS Health Employee ID. You do not have to create an E*TRADE account at this point. Once the enrollment period is complete, you will receive an email from E*TRADE with instructions to activate your account.
Q8	**How much can I contribute?**
A8	You may contribute from 1% to 15% of your eligible pay to the ESPP on an after-tax basis. You choose the amount that is comfortable for you. Contributions must be in whole percentages (for example, 5% of your pay, not 5.5%). The U.S. Internal Revenue Code limits your ESPP purchases to a maximum value of $25,000 per calendar year. To ensure you do not exceed this limit, payroll deductions automatically will stop if you reach the maximum market value, adjusted for the 10% discount ($25,000 x 90% = $22,500). Any excess contributions will be refunded to you via payroll. Deductions will begin again at the beginning of the next calendar year, unless you elect to stop contributing to the ESPP.
Q9	**What is eligible pay?**
A9	Eligible pay is defined as your base salary before pretax contributions are deducted. It also includes overtime pay, shift premiums, commissions and other compensation paid by CVS Health and any of its Designated Subsidiaries (as defined in the ESPP), where applicable. It does not include short-or long-term disability pay, incentive payments or severance pay. There is no U.S. Internal Revenue Code limit on the amount of pay that can be considered for your ESPP contributions. Your pay generally includes the amounts described above that you earn during each offering period as a result of your employment with CVS Health and any of its Designated Subsidiaries. However, special rules apply if after an offering period begins you become employed at another Designated Subsidiary.

Q10 Am I limited in the number of shares I can purchase each offering period?

A10 The U.S. Internal Revenue Code limits your ESPP purchases to a maximum market value of $25,000 in any calendar year. The market value will be determined as of the first day of each offering period and before applying the 10% discount. This means the maximum number of shares you may purchase during any offering period will be $25,000 divided by the market value of CVS Health common stock on the first day of the offering period, less any shares previously purchased during the same calendar year under a prior offering.

In addition, colleagues may not purchase more than 10,000 shares during any offering period.

Q11 When will my deductions start?

A11 Your ESPP payroll deductions (from 1% up to 15% of your pay) will begin with your first paycheck after the beginning of the offering period.

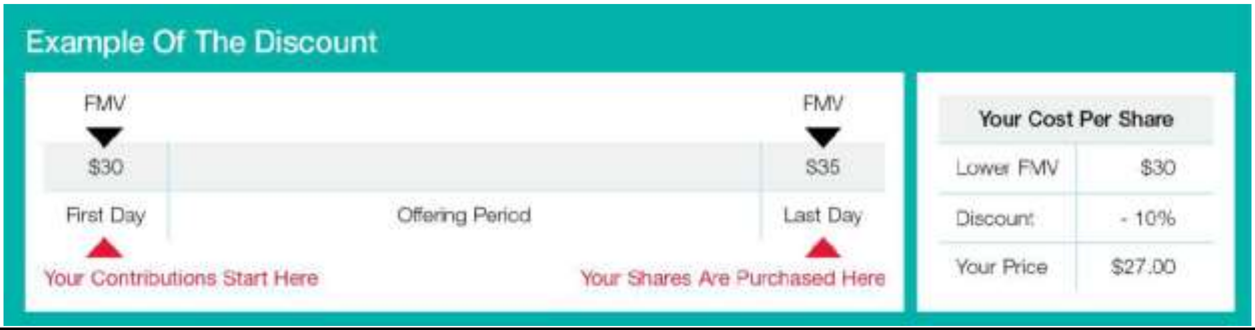
Q12 What happens with my contributions?

A12 Once you've enrolled, your ESPP contributions will be deducted automatically from each paycheck and will accumulate during the offering period. Your accumulated contributions will be used to purchase stock as of the last business day of the offering period. You do not earn interest on your contributions while they are accumulating. Please note, if you separate from service before the end of the offering period, your accumulated contributions will be refunded to you and no shares will be purchased on your behalf.

Q13 How is the purchase price determined?

A13 The price you pay for CVS Health common stock through the ESPP reflects a 10% discount on the lower of the fair market value ("FMV") on either the first or last business day of the offering period.

FMV is the closing price of a share of common stock on any given day. The closing price is the final price at which the stock traded on that day.



Q14 When are shares purchased and posted to my account?

A14 Shares are purchased as of the last business day of each offering period; however, they are not posted to your account until payroll accounts are balanced after the end of the offering period. This process may take three to four weeks after the offering period ends.

Q15	**Do I need to enroll before each offering period?**
A15	You only need to enroll once. Once you have enrolled in the ESPP you remain enrolled for future offering periods unless you suspend your participation (set your contribution to zero). Your contribution rate (1% to 15% of eligible pay) remains the same each offering period unless you change your contribution rate to the ESPP.
Q16	**Can I change my contribution rate?**
A16	You may decrease your contribution rate up to two times (2x) in an offering period. You may also suspend your contributions completely during the offering period by reducing your contribution rate to zero (0). If you elect to suspend your contributions, the contributions that have been deducted from your pay up until that point will be used to purchase stock for you following the end of the offering period. Once you suspend your contribution rate, you must wait until the next enrollment period to increase your contribution rate above zero. Reduction and suspension in contribution rates made prior to the 15th of the month are effective for the first paycheck issued in the following month. Any changes made on or after the 15th of the month will be made effective for the first paycheck issued in the second month following the contribution rate change date. You cannot increase your contribution rate during the offering period, only during the enrollment window.
Q17	**Do my shares earn dividends?**
A17	A dividend is a kind of bonus for stockholders. When CVS Health has a profitable year, you may receive a portion of that profit for each share of CVS Health common stock you hold on the dividend record date. Dividends issued on stock you hold in the ESPP will be reinvested in additional shares of stock or credited in the form of cash, dependent on your election in accordance with established procedures. You will owe ordinary income tax on dividends in any year dividends are paid. The dividend is reinvested on the day that it is issued. Shares are purchased at the stock's current market price and are allocated to your ESPP account. The 10% discount is not applied to shares purchased with reinvested dividends. You will receive a 1099 tax form for any year in which dividends are paid to shareholders of CVS Health common stock.
Q18	**When can I sell my shares?**
A18	The ESPP does not impose a holding period for sale of ESPP shares but there is a hold for transition to an independent brokerage for two years to track disqualified dispositions. **Example:** Shares purchased during the offering period beginning January 1, 2023 are not eligible for broker transfer until January 1, 2025.
Q19	**How are my sale proceeds distributed?**
A19	When you sell your ESPP shares, you receive the cash value of the shares you sell. All sell requests are processed on a real-time basis, which means they will be processed on the day they are received (provided you request the transaction during market hours). As a result, your shares will be sold at the prevailing market price when the trade is processed. Note that once you submit a sell request, the transaction cannot be cancelled.

Q20	**Can I transfer my shares?**
A20	Once shares are no longer subject to the hold, they can be transferred to another brokerage account. If you elect to transfer your shares to another brokerage account, log on via the links available on ColleagueZone or directly at etrade.com and navigate to ***My Account > Move Money > Transfer an Account***.
Q21	**What is the difference between the "ESPP Holding Period" and the "Statutory Holding Period"?**
A21	There are two separate holding periods that a participant is subject to in the ESPP. The holding periods affect your ability to transfer your shares as well as the taxation on any sale of shares. For more information on these important periods, log onto ESPP via the links available on ColleagueZone or directly at etrade.com and navigate to ***My Account > Company Resources***.
Q22	**Can I designate a beneficiary?**
A22	Yes, you can name anyone as your beneficiary. Note: Any beneficiary designation will apply to both your ESPP and your equity awards. In the event of your death without a valid beneficiary designation, the balance of your ESPP account will be delivered to your surviving spouse or, if there is no surviving spouse, to your estate. If you are married and wish to name someone other than your spouse as beneficiary, your spouse must sign a waiver of rights to all or a portion of your ESPP account balance. To name a beneficiary, log onto ESPP via the links available on ColleagueZone or directly at etrade.com and navigate to ***Accounts > My Profile > Account Preferences***, then click View/Edit next to Account Beneficiary to get started.
Q23	**Can I gift my shares to another person?**
A23	No, the shares purchased through the ESPP program cannot be gifted other than by will or laws of descent and distributions. Any other transfer of shares will be considered a sale or a disposition.
Q24	**Is the ESPP subject to ERISA?**
A24	No, the ESPP is not subject to the Employee Retirement Income Security Act of 1974, as amended, or qualified under Section 401(a) of the Code.

United States Federal Tax Treatment

The information provided below is general in nature and does not discuss all of the various laws, rules, and regulations that may apply. It may not apply to your particular tax or financial situation, and the Company is not in a position to assure you of any particular tax or financial result. This information should not be relied upon as individual tax or other advice.

Q25	**For U.S. Federal income tax purpose, am I taxed on the money withheld to purchase shares?**
A25	Yes, not because you elected to participate in the ESPP, but because you are contributing after-tax dollars under the ESPP toward your purchase. The money that the Company withholds from your paychecks to purchase our common stock under the ESPP is taxable income to you just as if you had actually received the money – that is, it is not like a pre-tax contribution to a 401(k) plan. The amount withheld for the ESPP is subject to all applicable income and employment taxes.
Q26	**Do I have to pay U.S. Federal income tax when shares are purchased by me under the ESPP?**

A26	No. For U.S. participants, the ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. Under a plan that so qualifies, you will not recognize taxable income when you purchase stock, even though you are purchasing the stock at a price that is 10% or more below the fair market value of the stock on an exercise date. In addition, currently, you will not be subject to employment taxes (e.g., Social Security and Medicare taxes) at the time of purchase.
Q27	**When will I be subject to U.S. Federal income tax on the purchased shares?**
A27	Generally, you will recognize income in the year in which you dispose of the purchased shares. The term "dispose" generally includes any transfer of legal title, whether by sale, exchange or gift, but does not include a transfer to your spouse or a transfer into joint ownership if you remain one of the joint owners or a transfer into your brokerage account.
Q28	**How is my U.S. Federal income tax liability determined when I sell my shares?**
A28	Your U.S. Federal income tax liability will depend on whether you make a qualifying or disqualifying disposition of the purchased shares. A qualifying disposition will occur if the sale or other disposition of those shares is made after you have held the shares for (i) more than two years after your enrollment date into the offering period in which those shares were purchased and (ii) more than one year after the actual exercise date of such shares. A disqualifying disposition is any sale or other disposition which is made prior to the satisfaction of both of these two minimum holding-period requirements.
Q29	**What if I make a qualifying disposition in the U.S.?**
A29	You will recognize ordinary income in the year of the qualifying disposition equal to the lesser of (i) the amount by which the fair market value of the shares on the date of the qualifying disposition exceeds the purchase price paid for those shares or (ii) the amount by which the fair market value of the shares on your enrollment date into the offering period during which those shares were purchased exceeds the purchase price (determined as if your option was exercised on your enrollment date). Any additional gain recognized upon the qualifying disposition will be long-term capital gain. If the fair market value of the shares on the date of the qualifying disposition is less than the purchase price you paid for the shares, there will be no ordinary income, and any loss recognized will be a long-term capital loss. The amount of ordinary income you recognize upon such a qualifying disposition is not subject to U.S. Federal income tax withholding. Should withholding be required in the future, any applicable withholding taxes which arise in connection with such qualifying disposition will be collected from your wages or through your separate payment. Example (please note this example is for illustration of the calculation only and does not reflect the actual share price on the corresponding dates): On your January 1, 2023 enrollment date into an offering period, the fair market value of the Common Stock was $60.00 per share. On the June 30, 2023 exercise date, you purchase 100 shares of Common Stock at a price of $54.00 per share when the fair market value is $65.00 per share. On December 15, 2025, more than two years after your enrollment date into the offering period and more than one year after the actual exercise date, you sell the shares for $70.00 per share in a qualifying disposition. The income tax treatment of your $16.00 profit per share will be as follows: Ordinary Income Per Share — The lower of (i) the excess of $70.00 per share selling price over the $54.00 per share purchase price or (ii) the excess of the $60.00 fair market value per share on your enrollment date into the offering period over the $54.00 per share purchase price (determined as if the purchase occurred on the enrollment date) = $6.00 per share Long-Term Capital Gain Per Share — $70.00 per share sale price less $60.00 ($54.00 purchase price plus $6.00 ordinary income) = $10.00 per share

Q30	**What if I make a disqualifying disposition in the U.S.?**
A30	You will recognize ordinary income in the year of the disqualifying disposition in the U.S. equal to the excess of (i) the fair market value of the shares on the exercise date over (ii) the purchase price paid for the shares. Any additional gain recognized upon the disqualifying disposition will be capital gain, which will be long-term if the shares are held for more than one year. The amount of ordinary income you recognize upon such a disqualifying disposition will be reported by the Company on your W-2 wage statement for the year of such disposition. Currently, such ordinary income is not subject to U.S. Federal income tax withholding. Should withholding be required in the future, any applicable withholding taxes which arise in connection with such disqualifying disposition will be collected from your wages or through your separate payment. Example (please note this example is for illustration of the calculation only and does not reflect the actual share price on the corresponding dates): On your January 1, 2023 enrollment date into an offering period, the fair market value of the Common Stock is $60.00 per share. On the June 30, 2023 exercise date, you purchase 100 shares of Common Stock at a price of $54.00 per share when the fair market value is $65.00 per share. On August 15, 2023, less than one year after the exercise date of the shares, you sell those shares for $70.00 per share in a disqualifying disposition. The income tax treatment of your $16.00 per share profit will be as follows: Ordinary Income Per Share: $65.00 fair market value per share on the exercise date less $54.00 per share purchase price = $11.00 per share Short-Term Gain Per Share: $70.00 per share selling price less $65.00 fair market value per share on the exercise date = $5.00 per share
Q31	**What are the U.S. federal tax consequences to the Company upon my disposition of shares purchased under the ESPP?**
A31	If you make a disqualifying disposition of shares of our common stock purchased under the ESPP, then CVS Health will be entitled to a business expense deduction in the year of the disqualifying disposition equal to the amount of ordinary income you recognized upon such disposition. If you make a qualifying disposition of the purchased shares, then we may not take an income tax deduction with respect to those shares.

Puerto Rico Tax Treatment

The information provided below is general in nature and does not discuss all of the various laws, rules, and regulations that may apply. It may not apply to your particular tax or financial situation, and the Company is not in a position to assure you of any particular tax or financial result. This information should not be relied upon as individual tax or other advice.

Q32	**I live in Puerto Rico. How am I taxed?**
A32	Puerto Rico has not adopted U.S. Internal Revenue Code Section 423, which means that residents of Puerto Rico are unable to defer tax on the 10% (or >10% value) discount on shares purchased under the ESPP. Colleagues who choose to participate in the ESPP will receive what is referred to as imputed income, or the addition of the value of cash/non-cash compensation to a colleague’s taxable wages, at the time of purchase. This imputed income represents the difference between the accumulated colleague contributions used to purchase the shares at the discounted price and the actual market value of the shares at the time of purchase.

Non-U.S. Tax Treatment

The information provided below is general in nature and does not discuss all of the various laws, rules, and regulations that may apply. It may not apply to your particular tax or financial situation, and the Company is not in a position to assure you of any particular tax or financial result. This information should not be relied upon as individual tax or other advice.

Q33	I live outside of the U.S. and Puerto Rico. How am I taxed?
A33	If you live outside of the U.S. and Puerto Rico, and are not a tax resident or otherwise subject to taxation in those locations, the information in this Prospectus and the applicable ESPP Tax Treatment Supplement is designed to respond to questions you may have about the tax consequences of participating in the ESPP. The information provided in the applicable supplement is based on the income tax and social insurance laws in effect in the respective country as of April 2023 and, as tax and other laws are complex and can change frequently, the information may be out of date at the time you purchase or sell shares of our common stock acquired under the ESPP. To access the applicable ESPP Tax Treatment Supplement, log onto ESPP directly at etrade.com and navigate to ***My Account > Company Resources***. In addition, you should understand that this information is not complete. For example, in some countries, there may be exemptions and deductions applicable to you that are not described herein. Moreover, this information is based on certain assumptions which may or may not apply to your particular situation. The information applies to you only if you are or become resident in the applicable country for tax purposes. If you are a citizen or resident of another country for purposes of applicable law, or transfer residency and/or employment after the commencement of the applicable offering period but before the corresponding exercise date(s), the income tax and social insurance information below may not be applicable.

Need Additional Information or Assistance?

For U.S. and Puerto Rico Colleagues

Online: Log onto ESPP via the links available on **ColleagueZone** or directly at **etrade.com.**

By Phone: Call the CVS Health HR Service Center at **888-694-7287** and follow the prompts for ESPP or call E*TRADE directly at 800-838-0908.

E*TRADE Stock Plans Customer Service Representatives are available to assist you 24 hours a day, Monday through Friday.

For Non-U.S. Colleagues

Online: Log onto ESPP directly at **etrade.com.**

By Phone: Call E*TRADE directly at 800-838-0908.

E*TRADE Stock Plans Customer Service Representatives are available to assist you 24 hours a day, Monday through Friday.

IMPORTANT LEGAL INFORMATION

The securities offered and issued to participants under the ESPP have been registered with the U.S. Securities and Exchange Commission (the "Commission"). You should note the following:

- The Commission has not approved or disapproved the ESPP or the offer and sale of shares of CVS Health common stock to you. The Commission also has not passed on the accuracy or adequacy of this Prospectus. It would be a criminal offense to say otherwise.

- In connection with the offer and sale of shares of CVS Health common stock under the ESPP, CVS Health has filed registration statements on Form S-8 with the Commission relating to the shares of CVS Health common stock that may be sold to you under the ESPP. The registration statements contain additional information that does not appear in the Prospectus.

- In delivering this document and the other documents in this Prospectus to you, we are not indicating that there has been no change in the affairs of CVS Health or its subsidiaries and affiliates since the date of those documents.

- CVS Health files certain reports and other information with the Commission. The documents provide important factual and financial information about CVS Health. Certain documents and reports filed or furnished by CVS Health, including (i) CVS Health's Annual Report on Form 10-K filed with the Commission on February 9, 2022, (ii) the description of CVS Health's capital stock contained in its Registration Statement on Form S-4 filed with the Commission on January 4, 2018 (including any amendments or supplements thereto, including Amendment No. 1 filed on January 26, 2018, Amendment No. 2 filed on February 5, 2018 and Amendment No. 3 filed on February 9, 2018), and (iii) all subsequent reports that CVS Health files with or furnishes to the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act are incorporated by reference into this Prospectus. Incorporation by reference to subsequent reports will continue until CVS Health files a post-effective amendment to its registration statement on Form S-8 indicating that all of the securities offered under the ESPP have been sold, or that deregisters all securities then remaining unsold.

The Commission maintains a website that contains reports and other information that CVS Health electronically files. The address of the Commission's website is http://www.sec.gov. Upon written or oral request, CVS Health will provide, without charge to you, a copy of the ESPP, a copy of any or all of its documents incorporated by reference into this Prospectus (other than exhibits to these documents) and a copy of all other documents required to be delivered to you under Rule 428(b) of the Securities Act.

Requests should be directed to:

CVS Health Corporation
Attention: ESPP Administrator

- At 1 CVS Drive, Woonsocket, RI 02895, HR695; or,

- At EquityAdministration@CVSHealth.com

Future Information

If you purchase shares of CVS Health common stock under the ESPP, you will receive the reports and other communications distributed generally to CVS Health's stockholders. In compliance with rules of the Commission, we may elect to deliver some or all of these documents to you electronically. However, we will provide you, without charge, upon request, with a paper copy of any or all of these documents. Requests should be directed to the ESPP Administrator as indicated above.