



CVS Health and Target Sign Agreement for CVS Health to Acquire, Rebrand and Operate Target's Pharmacies and Clinics

CVS Health and Target to offer best-in-class pharmacy and medical clinic services to Target guests and plan to develop Target stores that include CVS/pharmacy

***Transaction will expand CVS Health's retail presence in new markets
and enhance Target's wellness offerings***

Woonsocket, RI and Minneapolis, MN, June 15, 2015 – CVS Health Corporation (NYSE:CVS) and Target Corporation (NYSE:TGT) announced today that they have entered into a definitive agreement for CVS Health to acquire Target's pharmacy and clinic businesses for approximately \$1.9 billion. Through this agreement, CVS Health will acquire Target's more than 1,660 pharmacies across 47 states and operate them through a store-within-a-store format, branded as CVS/pharmacy. In addition, a CVS/pharmacy will be included in all new Target stores that offer pharmacy services. Target's nearly 80 clinic locations will be rebranded as MinuteClinic, and CVS Health will open up to 20 new clinics in Target stores within three years of the close of the transaction. The new clinics will be part of CVS/minuteclinic's plan to operate 1,500 clinics by 2017. In addition, CVS Health and Target plan to develop five to 10 small, flexible format stores over a two-year period following the deal close, which will each be branded as TargetExpress and include a CVS/pharmacy.

This strategic relationship brings together two leading retailers with complementary strengths, brands and cultures to enhance the health care experience for Target guests while expanding CVS Health's retail presence in new markets, such as Seattle, Denver, Portland and Salt Lake City. The transaction enables CVS Health to reach more patients, adding a new retail channel for its offerings, and expanding convenient options for consumers. Given CVS Health's proven success in growing its business, the relationship is expected to benefit Target's long-term traffic and sales growth. It also enables Target to strengthen its focus on wellness as a signature category. Moving forward, enhanced efforts by Target will center on continuing to deliver products and experiences to help guests eat well, be active and find natural and clean label products.

"This strategic relationship with Target supports the highly complementary customer base, brand and culture we share," said Larry Merlo, CVS Health President and CEO. "When we introduced the new name for our company, CVS Health, we began a new era of growth with a

broader health care focus and an appreciation of the rise of health care consumerism with consumer choice and accountability growing. This relationship with Target will provide consumers with expanded options and access to our unique health care services that lead to better health outcomes and lower overall health care costs.”

“At Target, we’ve talked a lot about the evolving preferences of our guests and this partnership demonstrates that we’re committed to putting them at the forefront of everything we do,” said Brian Cornell, Target Chairman and CEO. “By partnering with CVS Health, we will offer our guests industry leading health care services, and at the same time, sharpen our focus on elevating the way we deliver wellness products and experiences to our guests.”

Following completion of the transaction, Target guests will have access to CVS Health’s leading pharmacy care programs and medical clinic services. Pharmacy programs, including Pharmacy Advisor, Specialty Connect and Maintenance Choice, will help consumers achieve better medication adherence through both improved convenience as well as enhanced pharmacy care counseling. CVS Health has also committed to having a low-cost generic drug option available to Target’s cash-paying guests. In addition, with MinuteClinic at Target locations, Target guests will have enhanced access to high-quality affordable medical care. CVS Health customers will gain the option of an expanded, one-stop Target shopping experience, including apparel, home, fresh food and more, when seeking health care services.

The strategic relationship also unlocks future joint development opportunities. Together, Target and CVS Health will carefully evaluate and select locations best-suited for new small format Target stores with a CVS/pharmacy inside. Additionally, Target and CVS Health will explore innovative, new market offerings that have the potential to generate strong returns on investment and offer long-term benefits for customers and communities.

“We operate in a rapidly changing health care and regulatory environment,” added CVS Health’s Merlo. “This requires companies like CVS Health to continually innovate, providing additional points of access, lowering costs and improving quality for both consumers and payors.”

This acquisition is consistent with each company’s stated goals of investing in core businesses that help drive growth.

CVS Health expects this transaction to generate significant sales and prescription volumes upon closing, and to generate significant operating profit over the long term. The company will finance the transaction with additional debt. In combination with CVS Health’s planned acquisition of Omnicare, this transaction will increase the company’s Adjusted Debt to EBITDA leverage ratio to approximately 3.2x. In support of reaching its leverage target of 2.7x, CVS Health is reducing its share repurchase guidance for 2015 by \$1 billion, from \$6 billion to \$5 billion. This reduction in share repurchases reduces the company’s 2015 Adjusted Earnings Per Share guidance by approximately one cent per share and will lower 2016 Adjusted Earnings Per Share by approximately 4 cents per share.

The timing of closing the transaction is uncertain; assuming it closes near the end of the year, the transaction is expected to be approximately 6 cents dilutive to CVS Health's Adjusted Earnings Per Share in 2016. This includes the dilutive impact to 2016 from the lower 2015 share repurchase of approximately 4 cents per share as well as financing costs of approximately 5 cents per share; it excludes integration costs and any transaction or one-time costs associated with the deal. On the same basis, the transaction is expected to be approximately 10 cents accretive to CVS Health's Adjusted Earnings Per Share in 2017, and at least 12 cents accretive to CVS Health's Adjusted Earnings Per Share in 2018 and beyond.

This transaction will allow Target to continue offering this traffic-driving business in its stores and deliver a differentiated experience in support of its wellness efforts. Target's after-tax net proceeds from the transaction are expected to be approximately \$1.2 billion, which Target expects to deploy in support of its long-standing capital priorities, including share repurchase. The transaction is expected to benefit Target's Segment EBITDA and EBIT margins post-close, is expected to be accretive to Target's EPS immediately following the deal close, and is expected to add half a percentage point or more to Target's return on invested capital over time.

The transaction is subject to customary closing conditions, including necessary regulatory clearance. In-store changes will be rolled out over a period of several months thereafter, as CVS Health and Target work to ensure the smoothest possible transition for all pharmacy and clinic patients. CVS Health is committing to offering the approximately 14,000 in-store Target health care professionals comparable positions with CVS Health as part of the transition. Also following the deal closing, Target will further evaluate the business impact and related support needs at its headquarters locations.

Barclays served as the financial advisor to CVS Health. CVS Health was advised on transaction legal matters by Fried Frank and on regulatory matters by Dechert LLP.

Goldman Sachs acted as financial advisor to Target. Faegre Baker Daniels LLP, Wachtell, Lipton, Rosen & Katz, and Dorsey & Whitney advised Target on legal matters.

Teleconferences and Webcasts

CVS Health will be holding a conference call today for the investment community at 8:30 am (EDT) to discuss the transaction. The dial-in number for the call is (800) 755-1805 or, for international callers, (212) 231-2909. An audio webcast of the call will be broadcast simultaneously on CVS Health's website for all interested parties. To access the webcast, please visit the investor relations section of the company's website at <http://investors.CVSHealth.com/>. A replay of the call will be available for 7 days starting at 10:30 am (EDT) on June 15 through 10:30 am (EDT) on June 22. The replay number for the call is (800) 633-8284 or, for international callers, (402) 977-9140 (passcode: 21770599). The webcast will be archived and available on the CVS Health website for a one-year period following the conference call.

Target will hold a conference call at 9:45 a.m. EDT today. Investors and the media are invited to listen to the call at Target.com/Investors (hover over “company” then click on “events & presentations” in the “investors” column). A telephone replay of the call will be available beginning at approximately 12:30 p.m. EDT today through the end of business on June 22, 2015. The replay number is (855) 859-2056 (passcode: 66577154).

About CVS Health

CVS Health (NYSE: CVS) is a pharmacy innovation company helping people on their path to better health. Through its 7,800 retail drugstores, nearly 1,000 walk-in medical clinics, a leading pharmacy benefits manager with more than 70 million plan members, and expanding specialty pharmacy services, the Company enables people, businesses and communities to manage health in more affordable, effective ways. This unique integrated model increases access to quality care, delivers better health outcomes and lowers overall health care costs. Find more information about how CVS Health is shaping the future of health at www.cvshealth.com.

About Target

Minneapolis-based Target Corporation (NYSE: TGT) serves guests at 1,795 stores and at Target.com. Since 1946, Target has given 5 percent of its profit to communities, that giving equals more than \$4 million a week. For more information, visit Target.com/Pressroom. For a behind-the-scenes look at Target, visit Target.com/abullseyeview or follow [@TargetNews](https://twitter.com/TargetNews) on Twitter.

CVS Health Forward-Looking Statement

This press release contains forward-looking statements within the meaning of the federal securities laws. By their nature, all forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled "Cautionary Statement Concerning Forward-Looking Statements" in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

Target Forward-Looking Statement

Statements by Target in this release regarding the expected benefits to Target’s long-term traffic and sales growth, Target’s expected after-tax proceeds from the transaction and the expected impact of the transaction on Target’s Segment EBIT margins, EPS and ROIC are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements speak only as of the date they are made and are subject to risks and uncertainties that could cause Target’s actual results to differ materially. The most important risks and uncertainties include those relating to the certainty around satisfying the conditions to closing the transaction, how Target’s guests react to the transaction, the effectiveness of the ongoing relationship between Target and CVS Health, whether Target will recognize the expected benefits from the transaction and the risks described in Item 1A of Target’s Form 10-K for the fiscal year ended January 31, 2015.

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