

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: March 21, 2007

Subject: **UPDATE Caremark Rx, Inc. (CMX) Pending Merger With CVS Corporation (CVS)
UPDATED MERGER TERMS**

On Tuesday, February 20, 2007, the shareholders of Caremark Rx, Inc. (CMX) voted to approve the proposed merger with CVS Corporation (CVS). Pursuant to the merger terms each CMX share will be converted into the right to receive 1.67 CVS/Caremark common shares. In addition to the merger, Caremark Rx, Inc. (CMX) intends to declare and pay a special dividend in the amount of \$7.50 per CMX share; **upon completion of the merger. As stated in Phlx Memo #: 0556-07, all CMX options would be adjusted to reflect the \$7.50 special dividend. As a result, it is anticipated that both adjustments will become effective at the same time. The NYSE anticipates the merger to become effective on Thursday, March 22, 2007.**

Following the completion of the merger, CVS Corporation (CVS) will change its name to CVS/Caremark Corp.

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding CMX options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on Friday, March 23, 2007
SYMBOL(s): CMX/WXC/OM becomes CLZ/CWM/VFS; respectively
STRIKE PRICE: No Change
POS/EXERCISE LIMIT: 667,500 contracts until January 2009; where the limit reverts to 250,000 contracts
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 167 CVS/Caremark (CVS) common shares
2) \$750.00 cash (\$7.50 x 100)

Caremark Rx, Inc. (CMX) (Before - Date To Be Announced) 100 shares CMX					Caremark Rx, Inc. (CLZ) (Beginning - Date To Be Announced) (See New Deliverable Above)				
			Calls	Puts				Calls	Puts
CMX	APR	50	DJ	PJ	CLZ	APR	50	DJ	PJ
CMX	APR	55	DK	PK	CLZ	APR	55	DK	PK
CMX	APR	60	DL	PL	CLZ	APR	60	DL	PL
CMX	APR	65	DM	PM	CLZ	APR	65	DM	PM
CMX	APR	70	DN	PN	CLZ	APR	70	DN	PN
CMX	APR	75	DO	PO	CLZ	APR	75	DO	PO
CMX	APR	80	DP	PP	CLZ	APR	80	DP	PP
CMX	JUN	30	FF	RF	CLZ	JUN	30	FF	RF
CMX	JUN	35	FG	RG	CLZ	JUN	35	FG	RG
CMX	JUN	40	FH	RH	CLZ	JUN	40	FH	RH
CMX	JUN	45	FI	RI	CLZ	JUN	45	FI	RI
CMX	JUN	50	FJ	RJ	CLZ	JUN	50	FJ	RJ
CMX	JUN	55	FK	RK	CLZ	JUN	55	FK	RK
CMX	JUN	60	FL	RL	CLZ	JUN	60	FL	RL
CMX	JUN	65	FM	RM	CLZ	JUN	65	FM	RM
CMX	JUN	70	FN	RN	CLZ	JUN	70	FN	RN
CMX	SEP	35	IG	UG	CLZ	SEP	35	IG	UG
CMX	SEP	40	IH	UH	CLZ	SEP	40	IH	UH
CMX	SEP	45	II	UI	CLZ	SEP	45	II	UI

CMX	SEP	50	IJ	UJ
CMX	SEP	55	IK	UK
CMX	SEP	60	IL	UL
CMX	SEP	65	IM	UM
CMX	SEP	70	IN	UN
CMX	SEP	75	IO	UO

CLZ	SEP	50	IJ	UJ
CLZ	SEP	55	IK	UK
CLZ	SEP	60	IL	UL
CLZ	SEP	65	IM	UM
CLZ	SEP	70	IN	UN
CLZ	SEP	75	IO	UO

Caremark Rx, Inc. (WXC) - 2008 Leaps
(Before - Date To Be Announced)

100 shares CMX

			Calls	Puts
WXC	JAN	20	AD	MD
WXC	JAN	30	AF	MF
WXC	JAN	35	AG	MG
WXC	JAN	40	AH	MH
WXC	JAN	45	AI	MI
WXC	JAN	50	AJ	MJ
WXC	JAN	60	AL	ML
WXC	JAN	70	AN	MN

Caremark Rx, Inc. (CWM) - 2008 Leaps
(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Calls	Puts
CWM	JAN	20	AD	MD
CWM	JAN	30	AF	MF
CWM	JAN	35	AG	MG
CWM	JAN	40	AH	MH
CWM	JAN	45	AI	MI
CWM	JAN	50	AJ	MJ
CWM	JAN	60	AL	ML
CWM	JAN	70	AN	MN

Caremark Rx, Inc. (OZM) - 2009 Leaps
(Before - Date To Be Announced)

100 shares CMX

			Calls	Puts
OZM	JAN	30	AF	MF
OZM	JAN	40	AH	MH
OZM	JAN	50	AJ	MJ
OZM	JAN	60	AL	ML
OZM	JAN	70	AN	MN

Caremark Rx, Inc. (VFS) - 2009 Leaps
(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Calls	Puts
VFS	JAN	30	AF	MF
VFS	JAN	40	AH	MH
VFS	JAN	50	AJ	MJ
VFS	JAN	60	AL	ML
VFS	JAN	70	AN	MN

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.