



North Carolina Department of State Treasurer

RICHARD H. MOORE
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May 7, 2007

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For Immediate Release
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MOORE JOINS INVESTOR COALITION WITHHOLDING VOTES FOR CVS/CAREMARK DIRECTOR NOMINEES

Director Nominees Fail to Fight for Shareholder Value

RALEIGH – State Treasurer Richard Moore announced today that the North Carolina Retirement Systems (NCRS) will join a national investor coalition withholding votes for two CVS/Caremark director nominees because of their failure, as members of the Caremark board, to protect shareholders during takeover negotiations with CVS and their roles in the Caremark board's approval of suspiciously timed options. NCRS, which owns more than 1.5 million shares of CVS/Caremark, will withhold votes for nominees Roger Headrick and Lance Piccolo at the company's annual meeting on May 9, 2007. The national withhold campaign has been spearheaded by CtW Investment Group and has been joined by a number of public pension funds and supported by independent proxy voting services.

“As shareholders, we expect the company directors to advocate first and foremost for the owners of the company – the shareholders – rather than their own interests,” Moore said. “This vote is yet another powerful signal that shareholders both expect and demand independence and accountability from directors.”

Caremark's merger negotiations with CVS exposed a lack of independent board oversight. The Caremark board originally signed off on a deal with CVS that provided no premium to Caremark shareholders but offered plum jobs, massive personal windfalls and increased indemnification for company directors and officers. The board failed to seek competitive offers prior to inking the deal and, when Express Scripts made an unsolicited bid significantly above the CVS offer, it refused even to negotiate. Only after intense shareholder pressure did CVS ultimately raise its offer by \$3.3 billion.

Both Headrick and Piccolo failed to protect the interests of Caremark shareholders. As Caremark's lead independent director, Headrick was in the best position to assert the independent board leadership needed in the merger negotiations with CVS, but he was conspicuously absent during key moments of the process. As a former Caremark executive and consultant, Piccolo has conflicts of interest that not only compromise his independence but may have contributed to the broader breakdown of independent board processes at Caremark. Both nominees were involved in possible backdated stock options, which are now under investigation by both the Securities and Exchange Commission and the Department of Justice. The coalition believes removing these two directors would enhance the CVS/Caremark board's independence and accountability without destabilizing the newly-merged company at a critical moment.

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Among the other public funds that have disclosed their intention to withhold from the two directors are the California State Teachers' Retirement System, Connecticut Retirement Plans and Trust Funds, Illinois State Board of Investment, Los Angeles City Employees' Retirement System, Massachusetts Pension Reserves Investment Management Board, Minnesota State Board of Investment and New York City Employees' Retirement System.

For additional information on the CtW Investment Group, including an updated list of shareholders who have disclosed their intent to withhold from Headrick and Piccolo, please visit www.ctwinvestmentgroup.com/votenocvs.

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