VISUAL ANALYSIS of Sales, Earnings, and Price

Symbol: CVS

<table>
<thead>
<tr>
<th>Latest Quarter</th>
<th>Year Ago Quarter</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales ($M)</td>
<td>45,971</td>
<td>41,146</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>1.59</td>
<td>1.34</td>
</tr>
</tbody>
</table>

(1) Historical Sales Growth: 9.0%
(2) Estimated Future Sales Growth: 5.0%
(3) Historical Earnings Per Share Growth: 10.8%
(4) Estimated Future Earnings Per Share Growth: 10.0%
2 EVALUATING Management

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</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax Profit on Sales</td>
<td>5.7%</td>
<td>6.3%</td>
<td>6.0%</td>
<td>5.8%</td>
<td>5.4%</td>
<td>5.1%</td>
<td>5.9%</td>
<td>5.5%</td>
<td>5.6%</td>
<td>4.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td>% Earned on Equity</td>
<td>8.9%</td>
<td>9.5%</td>
<td>10.0%</td>
<td>9.0%</td>
<td>9.9%</td>
<td>11.5%</td>
<td>11.9%</td>
<td>13.7%</td>
<td>14.6%</td>
<td>12.3%</td>
<td></td>
</tr>
<tr>
<td>% Debt To Capital</td>
<td>25.1%</td>
<td>25.4%</td>
<td>23.8%</td>
<td>21.1%</td>
<td>20.8%</td>
<td>20.7%</td>
<td>26.1%</td>
<td>25.4%</td>
<td>42.5%</td>
<td>42.8%</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 79.41 (02/15/17)  HIGH THIS YEAR 106.67  LOW THIS YEAR 69.30

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Price</td>
<td>Earnings Per Share</td>
<td>Price Earnings Ratio</td>
<td>Dividend</td>
<td>% Payout</td>
<td>% High Yield</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>High A / C</td>
<td>Low B / C</td>
<td>Per Share</td>
<td>F / C * 100</td>
<td>F / B * 100</td>
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<tr>
<td>2012</td>
<td>49.8</td>
<td>40.8</td>
<td>3.03</td>
<td>16.4</td>
<td>13.5</td>
<td>0.65</td>
<td>21.5</td>
<td>1.6</td>
</tr>
<tr>
<td>2013</td>
<td>72.0</td>
<td>49.0</td>
<td>3.75</td>
<td>19.2</td>
<td>13.1</td>
<td>0.90</td>
<td>24.0</td>
<td>1.8</td>
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<tr>
<td>2014</td>
<td>98.6</td>
<td>65.0</td>
<td>3.96</td>
<td>24.9</td>
<td>16.4</td>
<td>1.10</td>
<td>27.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2015</td>
<td>113.7</td>
<td>81.4</td>
<td>4.62</td>
<td>24.6</td>
<td>17.6</td>
<td>1.40</td>
<td>30.3</td>
<td>1.7</td>
</tr>
<tr>
<td>2016</td>
<td>106.7</td>
<td>69.3</td>
<td>4.91</td>
<td>21.7</td>
<td>14.1</td>
<td>1.70</td>
<td>34.6</td>
<td>2.5</td>
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<tr>
<td>AVERAGE</td>
<td>61.1</td>
<td>4.92</td>
<td></td>
<td></td>
<td>2.45%</td>
<td></td>
<td>69.3</td>
<td></td>
</tr>
<tr>
<td>CURRENT/TTM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.00</td>
<td>40.7</td>
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</tbody>
</table>

AVERAGE PRICE EARNINGS RATIO: 18.2  CURRENT PRICE EARNINGS RATIO: 16.1

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 17.0  X Estimate High Earnings/Share 7.85  =  Forecasted High Price $ 133.4

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.9  X Estimate Low Earnings/Share 4.91  =  Forecasted Low Price $ 73.2
(b) Avg. Low Price of Last 5 Years 61.1
(c) Recent Market Low Price 69.3
(d) Price Dividend Will Support Indicated Dividend High Yield 1.70  =  2.45%  =  69.3

C ZONING  using 25%-50%-25%

Forecasted High Price 133.4  Minus Forecasted Low Price 63.2  =  70.2  Range. 25% of Range 17.6
Buy Zone 63.2 to 80.8
Hold Zone 80.8 to 115.9
Sell Zone 115.9 to 133.4

Present Market Price of 79.41 is in the BUY Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

High Price 133.4  Minus Present Price 79.41  =  54.03  =  3.3  To 1
Present Price 79.41  Minus Low Price 63.2  =  16.21  =  6.0

E PRICE TARGET  (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price 133.4
Closing Price 79.41  =  1.6804  X 100  =  168.04  - 100  =  68.0  % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  Indicated Annual Dividend 1.70  =  0.0252  =  2.5%  Current Yield
Closing Price 79.41

B AVERAGE YIELD - USING FORECAST HIGH P/E  
Avg. % Payout 27.6%  =  1.6%  
Forecast High PE 17.00
AVERAGE YIELD - USING FORECAST AVERAGE P/E  
Avg. % Payout 27.6%  =  1.7%  
Forecast Average PE 15.95

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E  
Annualized Appreciation 10.9%  
Average Yield 1.6%  
Annualized Rate of Return 12.6%
COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E  
Annualized Appreciation 9.5%  
Average Yield 1.7%  
Annualized Rate of Return 11.3%