Forward-looking Statements

During today’s presentation, we will make forward-looking statements within the meaning of the federal securities laws. By their nature, all forward-looking statements have 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 SEC filings, including the risk factors section and cautionary statement disclosures in those filings.

During this call, we will also use some non-GAAP financial measures when talking about our company’s performance. In accordance with SEC regulations, you can find the definitions of these non-GAAP items, as well as reconciliations to comparable GAAP measures, on the investor relations portion of our website.
First Quarter Business Update
# First Quarter: Continued Solid Results

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Change vs. Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net revenues</td>
<td>$44.5 billion</td>
<td>3.0%</td>
</tr>
<tr>
<td>Consolidated operating profit</td>
<td>$2.0 billion</td>
<td>(10.8%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$2.6 billion</td>
<td>(8.3%)</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$1.17</td>
<td>(1.4%)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3.1 billion</td>
<td>67.0%</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
CVS Health Is Making Health Care More Affordable, Accessible, and Effective

• Continuously innovate to offer solutions that lower costs for clients and members … driving meaningful results
  – Commercial client trend of only 3.2% versus an unmanaged trend of more than 11%
  – Members saw out-of-pocket costs decline by 3% last year

• Encourage generic utilization to drive down costs … represents about 87% of enterprise scripts
  – Effective generics purchasing through Red Oak Sourcing

• Employ sophisticated formulary management tools to ensure that the right patient receives the right drug at the lowest possible cost, effectively managing cost of the remaining enterprise scripts
CVS Health Is Making Health Care More Affordable, Accessible, and Effective

- Create plan designs that lower member out-of-pocket costs while managing health outcomes
  - Offer option to clients to adopt point-of-sale (POS) rebates, enabling their members to directly benefit from lower negotiated costs for branded drugs
  - Offer preventive drug list, making drugs for common, chronic conditions such as diabetes and hypertension available to members at a $0 co-pay

- Develop innovative solutions for the uninsured
  - Brought to market a dramatically lower cost alternative to Epipen®
  - Recently announced Reduced Rx™ program, offering dramatic discounts on certain drugs directly to patients

- **Integrated model enables effective cost management across health care system**
PBM Business:
Another Strong Selling Season in 2017

Gross and net wins have grown

• Gross wins of ~ $8.5 billion

• Net new business of ~ $5.4 billion
  - Up ~ $1 billion from last update
  - Majority of increase relates to our clients’ Medicare add-on lives, which were still being reconciled at the time of our last call
  - Strong retention rate of 96.5% (5)

Refer to pages 43 - 47 for end notes.
PBM Business:
2018 Selling Season Off to Solid Start

- Our integrated products and services are resonating strongly, and we remain differentiated in marketplace
- We have already had some contract wins for ’18
- We were selected as one of two pharmacy care partners by the Health Transformation Alliance, which is comprised of large, sophisticated employers, many of which are in the Fortune 100
  - We see opportunity for incremental multi-year growth opportunities as we work with these innovative companies
- Disappointed to lose FEP specialty pharmacy contract
  - Expected 2017 revenues of ~ $2.8 billion
  - Loss not expected to have a material impact on our 2018 operating profit
- Continue to believe it’s important to maintain pricing discipline in the marketplace
- We will continue to provide retail pharmacy and mail order pharmacy services to FEP’s more than 5.4 million federal employees, retirees and their dependents under separate agreements that run through 2018
- PBM service and satisfaction metrics within the FEP business at an all-time high
PBM Business:
2018 Selling Season Off to Solid Start

• ~ $23 billion up for renewal in 2018, comparable with previous year as a percent of business
• Completed ~ 43% of client renewals, ahead of where we were last year at this time
• Still early in season, but magnitude of the bidding opportunities is flat-to-down versus the ’17 selling season
PBM Business:
Recently Hosted Annual Client Forum

- Record attendance of nearly 1,000 attendees

- Provides an opportunity to update clients on our latest innovations in products and services while gaining feedback on their evolving priorities
  - Transform Diabetes Care program, a value-based clinical program to better manage patients with diabetes, very well received as it aligns very well with their priorities of lowering overall health care costs
    - Expect to roll out Transform Care programs for four additional disease states over the next 24 months

- Consistent with recent years, clients want help managing their escalating specialty costs while driving improved patient outcomes
  - Our comprehensive set of specialty solutions helps them do just that

- Continue to see client interest and adoption of our medical pharmacy and clinical care products
  - Industry-leading capabilities have helped us achieve sustained, above-market growth rates
  - Specialty revenue growth of 10% year-over-year in Q1
Retail/LTC Business:

Q1 Pharmacy Revenue and Script Growth (6)

- Total same-store sales decreased 4.7%, in line with expectations
- Pharmacy same-store sales decreased 4.7%, in line with expectations
  - Negative impact of ~ 480 bps due to recent generic introductions
- Pharmacy same-store prescription volumes declined 1.4% on a 30-day equivalent basis (7)
  - Previously discussed marketplace changes restricting CVS Pharmacy from participating in certain networks had a negative impact of ~ 460 bps
  - Negative impact of ~ 120 bps related to the absence of the leap day we had in the prior year
  - Adjusting for both the network changes and leap day, same-store prescription volumes would have been ~ 580 bps higher, and would have increased script comps 4.4%

Refer to pages 43 - 47 for end notes.
Retail/LTC Business:
Working With All Payors to Drive Volumes and Capture Share

• Partnership with OptumRx to provide a 90-day retail solution to their ASO clients and members is progressing nicely
  - Teams are currently working on the implementation of the clinical wrap for the offering, which includes our Health Tag and ExtraCare Health Card
  - In the process of co-creating materials to support OptumRx’s sales team in their go-to-market efforts in anticipation of the 7/1 launch
  - Exploring other potential ways to partner with Optum to best leverage the joint capabilities of both companies with the goal of driving better health outcomes and reducing costs

• Continuing the dialogue with other PBMs and health plans, offering a menu of services to partner more broadly, leveraging CVS Pharmacy’s compelling value proposition and enterprise capabilities
Retail/LTC Business:

Target Pharmacies Moving in Right Direction

• Continuing to see improving script performance versus prior quarters, putting aside the network changes

• Performance driven by strength of patient care programs and Maintenance Choice
Retail/LTC Business:

Q1 Front Store Revenue and Gross Margin

• Front store comps decreased 4.9%
  – Reflects softer customer traffic related to a number of factors
  – Negative impact of **175 basis points** from the absence of leap day versus 2016, as well as the shift of Easter into the second quarter
  – Also reflects decision to rationalize our promotional strategies and, to a lesser degree, the previously-announced network changes that reduced our script volumes and had some associated front store impact

• Front store gross margin once again improved nicely in the quarter versus last year
Retail/LTC Business:

Front Store Growth Strategies: Store Design

Remain focused on growing our Beauty, Health Care and Personal Care businesses through a number of actions: Store Design, Digital, and Store Brands

- New store design and enhanced customer experience
- New store formats offer expanded assortment of healthier food, health-focused products and additional beauty offerings paired with “discovery zones” in key categories
- New store format focused on **70 stores** this year
- We will continue to evolve the store experience as we test and learn in order to meet the needs of our customers
Retail/LTC Business:
Front Store Growth Strategies: Digital

• Recognizing the growing presence of the digital market, focused on enhancing our online and mobile capabilities to create an integrated health and pharmacy experience only CVS can provide

• Focused on defining next generation of convenience for our customers
  - Building on the strength of our digital tools within pharmacy, where 60% of our patients are using them

• Ideas include:
  - CVS Curbside
  - Same day delivery options
  - Enhanced mobile functionality
Retail/LTC Business:

Front Store Growth Strategies: Store Brands

• Remains an area of strength and opportunity

• Represented **22.8%** of front store sales in the quarter
  
  - Up ~ **85 basis points** from a year ago

• Significant opportunities to expand the share of Store Brand products by building on core equities in health and beauty, while seeking other areas in which we can provide customers a good value proposition
## Retail/LTC Business:
### Real Estate Update

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores at 2016 year-end</td>
<td>9,747</td>
</tr>
<tr>
<td>Reclass of onsite pharmacies (8)</td>
<td>(38)</td>
</tr>
<tr>
<td>Opened</td>
<td>27</td>
</tr>
<tr>
<td>Closed (60)</td>
<td></td>
</tr>
<tr>
<td>Retail stores at end of Q1 2017</td>
<td>9,676</td>
</tr>
<tr>
<td>Net new stores (33)</td>
<td></td>
</tr>
<tr>
<td>Relocations</td>
<td>10</td>
</tr>
<tr>
<td>Retail stores with pharmacies</td>
<td>9,626</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
Retail/LTC Business:

**CVS MinuteClinic**

- Operate 1,125 clinics across 33 states and Washington, D.C.

- Q1 revenues up ~ 15% vs. same quarter a year ago, including clinics within Target stores

- We continue to introduce digital tools that deliver added convenience and access to care for our patients

- MinuteClinic plays a pivotal role in the Transforming Diabetes Care program
  - With a focus on improving outcomes, reducing overall health care spend and increasing medication adherence, members in this program will be eligible for a series of comprehensive diabetes monitoring visits at MinuteClinic without any out-of-pocket cost
Financial Update:  
Capital Allocation

- Paid ~ $516 million in dividends in Q1; increased quarterly cash dividend by 18% for year
  - 12-month trailing dividend payout ratio of 36.8% \(^{(10)}\)
    - Ratio is artificially high due to some expenses that are more temporary in nature, such as the loss on the early extinguishment of debt we incurred last year, as well as other items described in our non-GAAP reconciliations on our website
    - On track to reach 35% targeted payout ratio by the end of 2018
- In Q1, bought back ~ 36 million shares for ~ $3.6 billion and returned ~ $4.1 billion to shareholders through dividends and share repurchases
- Final receipt of 9.9 million shares from the ASRs occurred in April, closing out the transactions earlier than anticipated
- In total through the ASRs, we repurchased ~ 46 million shares at an average price of $78.74 per share
- With $14.6 billion left in authorizations, continue to expect to repurchase $5 billion in 2017
- In 2017, expect to return more than $7 billion to shareholders through dividends and share repurchases

Refer to pages 43 - 47 for end notes.
Financial Update:
Free Cash Flow

• In Q1, generated $3.1 billion of free cash
  – Unusually high due in large part to the timing of a Med D payment, as expected

• Continue to expect to produce free cash of between $6.0 billion and $6.4 billion for the full year
Q1 2017 Income Statement:  
Earnings per Share

• Q1 Adjusted EPS of $1.17 (3), down 1.4%, 4¢ above high end of guidance range
  – Below-the-line items contributed roughly 2¢ to the over-performance
  – Retail business over-delivered by about 3¢ due to timing factors; PBM within expectations
    • Retail pharmacy margin benefited from several timing items that were anticipated to occur later in the year
    • Retail operating expenses were lower than expected as certain store-related costs shifted to later in the year

• GAAP diluted EPS of $0.92

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:
Revenues: Consolidated, PBM

• Consolidated revenues of ~ $44.5 billion, up 3.0% vs. LY

• PBM revenues of $31.2 billion, up 8.5% vs. LY
  – Growth driven by increased volume in pharmacy network claims as well as brand inflation and growth in specialty pharmacy
  – Partially offset by increase in GDR to 87.0%, up ~ 140 bps

• PBM adjusted claims grew 9.6% (12)

Refer to pages 43 - 47 for end notes.
### Q1 2017 Income Statement:
#### Revenues: PBM Claims Processed

<table>
<thead>
<tr>
<th></th>
<th>2016 (millions)</th>
<th>2017 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mail Choice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>21.7</td>
<td>22.2</td>
</tr>
<tr>
<td>Q2</td>
<td>22.2</td>
<td>22.4</td>
</tr>
<tr>
<td>Q3</td>
<td>22.4</td>
<td>23.2</td>
</tr>
<tr>
<td>Q4</td>
<td>23.2</td>
<td>89.5</td>
</tr>
<tr>
<td><strong>Network</strong></td>
<td>283.1</td>
<td>280.5</td>
</tr>
<tr>
<td></td>
<td>282.6</td>
<td>294.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>304.8</td>
<td>1,140.5</td>
</tr>
<tr>
<td><strong>Mail Penetration Rate</strong></td>
<td>17.6%</td>
<td>18.1%</td>
</tr>
<tr>
<td><strong>Total Adjusted</strong></td>
<td>343.7</td>
<td>342.5</td>
</tr>
<tr>
<td><strong>YoY growth</strong></td>
<td>19.4%</td>
<td>18.7%</td>
</tr>
<tr>
<td></td>
<td>18.9%</td>
<td>19.9%</td>
</tr>
<tr>
<td></td>
<td>19.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Generic Dispensing Rate (GDR)</strong></td>
<td>85.2%</td>
<td>85.4%</td>
</tr>
<tr>
<td><strong>Mail choice GDR</strong></td>
<td>77.3%</td>
<td>78.0%</td>
</tr>
<tr>
<td></td>
<td>78.5%</td>
<td>78.9%</td>
</tr>
<tr>
<td><strong>Pharmacy network GDR</strong></td>
<td>85.8%</td>
<td>86.0%</td>
</tr>
<tr>
<td></td>
<td>85.9%</td>
<td>85.9%</td>
</tr>
<tr>
<td><strong>Adjusted mail choice</strong></td>
<td>61.0</td>
<td>62.3</td>
</tr>
<tr>
<td><strong>Adjusted network</strong></td>
<td>340.9</td>
<td>340.9</td>
</tr>
<tr>
<td><strong>Total Adjusted</strong></td>
<td>401.9</td>
<td>403.2</td>
</tr>
<tr>
<td><strong>YoY growth</strong></td>
<td>23.5%</td>
<td>23.0%</td>
</tr>
<tr>
<td></td>
<td>23.4%</td>
<td>24.6%</td>
</tr>
<tr>
<td></td>
<td>23.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Mail Penetration Rate</strong></td>
<td>15.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Total Generic Dispensing Rate (GDR)</strong></td>
<td>85.6%</td>
<td>85.9%</td>
</tr>
<tr>
<td><strong>Mail choice GDR</strong></td>
<td>77.3%</td>
<td>78.0%</td>
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<td></td>
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<td>78.9%</td>
</tr>
<tr>
<td><strong>Pharmacy network GDR</strong></td>
<td>86.5%</td>
<td>86.8%</td>
</tr>
<tr>
<td></td>
<td>86.8%</td>
<td>86.7%</td>
</tr>
</tbody>
</table>

**YoY growth**
- Mail Choice: 19.4%
- Mail Penetration Rate: 17.6%
- Total Generic Dispensing Rate (GDR): 85.2%
- Mail choice GDR: 77.3%
- Pharmacy network GDR: 85.8%

**Total Adjusted**
- Mail Choice: 22.8
- Mail Penetration Rate: 17.1%
- Total Generic Dispensing Rate (GDR): 85.4%
- Mail choice GDR: 78.2%
- Pharmacy network GDR: 85.9%

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:
Revenues: Retail/LTC

- Retail/LTC revenues of $19.3 billion, down 3.8% vs. LY, in line with expectations
  - Decline driven primarily by decline in script volumes due to the previously-discussed marketplace changes restricting CVS Pharmacy from participating in certain networks
  - Retail/LTC GDR of 87.5%, up ~ 180 bps vs. Q1 2016
  - Also saw a decline in front store revenues due to softer customer traffic and our promotional decisions
  - Front store same store sales had a negative impact of ~ 175 basis points from the absence of leap day as well as from the shift of Easter into the second quarter of this year
Q1 2017 Income Statement:

Gross Profit Margin: Consolidated, PBM

- Consolidated gross margin of **14.8%**, down ~ 85 bps vs. LY \(^{(13)}\), and consistent with expectations, primarily driven by mix shift, as lower-margin PBM is growing faster than Retail/LTC

- Consolidated gross profit dollars **decreased 2.5%**

- PBM gross margin of **3.5%**, down ~ 30 bps vs. LY
  - Decrease primarily attributable to continued price compression and changing mix of our business

- PBM gross profit **dollars** **flat year-over-year**

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:

Gross Profit Margin: Retail/LTC

• Retail/LTC gross margin of 29.4%, up ~ 35 bps vs. LY (13)
  
  – Increase primarily driven by increase in GDR and improvement in front store margin rate and dollars related to the continued rationalization of our promotional strategies and improved product mix
  
  – Partially offset by continued pressure on reimbursement rates
  
• Retail/LTC gross profit dollars decreased 2.7% (13), mainly due to the loss of scripts

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:
Operating Expenses and Margin

- Consolidated: expenses were 10.3% of revenues \(^{(14)}\) ... ~ 15 bps YOY improvement
- PBM: expenses were 1.0% of revenues \(^{(15)}\) ... ~ 10 bps YOY improvement
  - Driven by efficiency improvements
- Retail/LTC: expenses were 20.9% of revenues \(^{(16)}\) ... ~ 110 bps YOY deterioration
  - Driven in part by investments in process improvements and technology enhancements as part of enterprise streamlining initiative
- Closed 60 stores in Q1 related to store rationalization efforts; recorded charge of $199 million primarily representing PV of the noncancelable lease obligations
  - As the majority of the 70 planned store closures have now occurred, we only expect minimal store closure costs during remainder of year
- Corporate expenses increased ~ $14 million \(^{(17)}\) to $226 million, in line with expectations

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:
Operating Profit and Margin

• Consolidated
  – Operating profit decreased 10.8% (1)
  – Operating margin of 4.5% (1), down ~ 70 bps vs. LY

• PBM
  – Operating profit flat (15)
  – Operating margin of 2.5% (15), down ~ 20 bps vs. LY

• Retail/LTC
  – Operating profit decreased 11.9% (18)
  – Operating margin of 8.4% (18), down ~ 80 bps vs. LY

Refer to pages 43 - 47 for end notes.
Q1 2017 Income Statement:
Below-the-line

• Net interest expense of $252 million, down ~ $31 million vs. LY
  – Driven by paying down debt in prior year and a lower average interest rate on the debt that remains outstanding

• Effective tax rate (19) of 37.7%
  – Better than expected for the quarter due to our estimates of discrete tax benefits from the adoption of the new share-based payment accounting guidance
  – The accounting change will continue to impact the tax rate going forward and fluctuate, perhaps significantly, based on changes in our stock price

• Weighted-average share count of ~ 1.0 billion shares
  – Reflects first receipt of shares from ASRs

Refer to pages 43 - 47 for end notes.
Share-Based Compensation Accounting Change

SHARE-BASED COMPENSATION ACCOUNTING CHANGE EFFECTIVE JANUARY 1, 2017

• All excess tax benefits and deficiencies are now recognized in the income statement; previously they were recorded to equity

• Impacts the income, income tax provision and earnings per share calculation

• This accounting change will continue to impact the tax rate going forward and will fluctuate, perhaps significantly, based on changes in our stock price
Defined Benefit Pension Plan Settlement to Affect Only GAAP Results

ESTIMATED SETTLEMENT CHARGE OF $200 MILLION

- In September 2015, four of our defined benefit pension plans merged into one plan
- In December 2015, the merged plan was terminated
- The settlement of the terminated plan is expected to occur in the third quarter of 2017
## Guidance: 2017 Full-year Enterprise Outlook

<table>
<thead>
<tr>
<th></th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue Growth</strong></td>
<td>2.5% to 4.25%</td>
</tr>
<tr>
<td><strong>Operating Profit Change</strong></td>
<td>(5.25%) to (3.0%)</td>
</tr>
<tr>
<td><em>Operating Profit Margin</em></td>
<td><em>Moderate decline</em></td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong></td>
<td>$5.77 to $5.93</td>
</tr>
<tr>
<td><em>Year-Over-Year Change</em></td>
<td>(1.25)% to 1.5%</td>
</tr>
<tr>
<td><strong>GAAP Diluted EPS</strong></td>
<td>$5.02 to $5.18</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
### Guidance: 2017 Full-year

#### Healthy Growth in PBM

<table>
<thead>
<tr>
<th>Metric</th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue Growth</strong></td>
<td>7.5% to 9.5%</td>
</tr>
<tr>
<td><strong>Total Adjusted Claims</strong>&lt;sup&gt;(12)&lt;/sup&gt;</td>
<td>1.76 billion to 1.78 billion</td>
</tr>
<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>Modest decline</td>
</tr>
<tr>
<td><strong>Operating Expense</strong>&lt;sup&gt;(23)&lt;/sup&gt; (% of revenue)</td>
<td>Modest improvement</td>
</tr>
<tr>
<td><strong>Operating Profit Growth</strong>&lt;sup&gt;(23)&lt;/sup&gt;</td>
<td>5.75% to 8.75%&lt;br&gt;&lt;em&gt;Flat to down&lt;/em&gt;</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
### Guidance: 2017 Full-year Retail/LTC Outlook

<table>
<thead>
<tr>
<th></th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue Change</strong></td>
<td>(3.25%) to (1.75%)</td>
</tr>
<tr>
<td><strong>Same-store Sales</strong></td>
<td>(4.25%) to (2.75%)</td>
</tr>
<tr>
<td><strong>Same-store Adjusted Scripts</strong></td>
<td>(0.25%) to 0.75%</td>
</tr>
<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>Modest improvement</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>Notable deterioration</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit Change</strong></td>
<td>(9.5%) to (7.75%)</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>Notable decline</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
## Guidance: 2017 Full-year

### Consolidated Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Segment Expense (26)</td>
<td>$890 million to $900 million</td>
</tr>
<tr>
<td>Intercompany Eliminations (% of combined segment revenues)</td>
<td>~ 12%</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>Notable decline</td>
</tr>
<tr>
<td>Operating Expense (27) (% of revenue)</td>
<td>Modest improvement</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
### Guidance: 2017 Full-year

#### Consolidated Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Interest Expense</strong></td>
<td>~$1.01 billion to $1.02 billion</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>~ 39%</td>
</tr>
<tr>
<td><strong>Weighted Average Shares</strong></td>
<td>~ 1.03 billion</td>
</tr>
<tr>
<td><strong>Consolidated Amortization</strong></td>
<td>~ $820 million</td>
</tr>
<tr>
<td><strong>Consolidated D&amp;A</strong></td>
<td>~ $2.5 billion</td>
</tr>
</tbody>
</table>
# Guidance: 2017 Q2

## Enterprise Revenue and Earnings per Share

<table>
<thead>
<tr>
<th></th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue Growth</strong></td>
<td>3.25% to 5.0%</td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong> (28)</td>
<td>$1.29 to $1.33</td>
</tr>
<tr>
<td><em>Year-over-year Growth</em> (28)</td>
<td>(2.5%) to 1.0%</td>
</tr>
<tr>
<td><strong>GAAP Diluted EPS</strong> (29)</td>
<td>$1.15 to $1.19</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
## Guidance: 2017 Q2

### Segment Performance

<table>
<thead>
<tr>
<th>Segment</th>
<th><strong>Net Revenue Change</strong></th>
<th><strong>Operating Profit Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail/LTC</td>
<td><strong>Same-store sales</strong>&lt;sup&gt;(6)&lt;/sup&gt; (4.25%) to (2.5%)</td>
<td>(13.25%) to (10.25%)</td>
</tr>
<tr>
<td></td>
<td><strong>Same-store adjusted scripts</strong>&lt;sup&gt;(6) (7)&lt;/sup&gt; (4.75%) to (3.0%)</td>
<td></td>
</tr>
<tr>
<td>Pharmacy Services</td>
<td><strong>Net Revenue Change</strong></td>
<td>9.0% to 10.75%</td>
</tr>
<tr>
<td></td>
<td><strong>Operating Profit Change</strong>&lt;sup&gt;(30)&lt;/sup&gt;</td>
<td>2.5% to 5.5%</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
Guidance: 2017 Full-year
Free Cash Flow

<table>
<thead>
<tr>
<th>(billion$)</th>
<th>Full-year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$7.7 to $8.6</td>
</tr>
<tr>
<td>Gross Capital Expenditures</td>
<td>($2.0) to ($2.4)</td>
</tr>
<tr>
<td>Sale-leaseback proceeds (32)</td>
<td>$0.3 to $0.2</td>
</tr>
<tr>
<td>Net Capital Expenditures</td>
<td>($1.7) to ($2.2)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$6.0 to $6.4</td>
</tr>
<tr>
<td>Year-over-year Change (33)</td>
<td>(26%) to (21%)</td>
</tr>
</tbody>
</table>

Refer to pages 43 - 47 for end notes.
Endnotes

1. Consolidated operating profit excludes $61 million of acquisition-related integration costs and a $3 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016. Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the costs relate to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. The 2016 operating profit was revised to reflect the adoption of Accounting Standard Update (“ASU”) 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which decreased consolidated operating expenses and increased consolidated operating profit by $9 million.

2. Adjusted EBITDA excludes $61 million of acquisition-related integration costs and a $3 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016. Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the costs relate to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. Excludes $7 million of acquisition-related integration depreciation during the three months ended March 31, 2016 related to the acquisitions of Omnicare and the pharmacies and clinics of Target.

3. Adjusted EPS for the three months ended March 31, 2016 excludes $199 million of amortization of intangible assets, $61 million of acquisition-related integration and a $3 million charge related to a disputed 1999 legal settlement. Adjusted EPS for the three months ended March 31, 2017 excludes $200 million of amortization of intangible assets, $15 million of acquisition-related integration costs and a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. In 2016, the integration costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the integration costs relate to the acquisition of Omnicare.

4. For the three months ended March 31, 2016 and March 31, 2017, net income, a component of net cash provided by operating activities, includes the non-GAAP adjustments referenced in endnote #3. During the three months ended March 31, 2017, the company adopted ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which resulted in a retrospective reclassification of $27 million of excess tax benefits from financing activities to operating activities, which increased net cash provided by operating activities for the three months ended March 31, 2016.

5. Client retention rate is defined as: 1 less (estimated lost revenues from any known terminations plus annualization of any mid-year terminations, divided by estimated PBM revenues for that selling season year) expressed as a percentage. Both terminations and PBM revenues exclude Medicare Part D SilverScript individual products.
6. Same store sales and prescriptions exclude revenues from MinuteClinic, and revenue and prescriptions from stores in Brazil, long-term care operations and from commercialization services.

7. Includes the adjustment to convert 90-day, non-specialty prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal 30-day prescription.

8. In order to roll the retail stores only, the onsite pharmacies as of December 31, 2016 are being removed from the total.

9. Including 7,948 CVS Pharmacy stores that operated a pharmacy and 1,678 pharmacies located within Target stores. Excludes onsite pharmacy stores.

10. The dividend payout ratio is defined as the sum of the dividends paid for the last four quarters, divided by the sum of net income for the last four quarters. Dividends paid and net income are both included on the consolidated statements of cash flows.

11. Includes the adjustment to convert 90-day, non-specialty mail-choice prescriptions to the equivalent of three 30-day prescriptions.

12. The pharmacy claims processed and the generic dispensing rate for all periods presented are adjusted to reflect 90-day prescriptions as the equivalent of three 30-day prescriptions.

13. Consolidated gross profit and Retail/LTC gross profit have been adjusted to exclude $4 million of acquisition-related integration costs during the three months ended March 31, 2016. The costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.

14. Consolidated operating expenses have been adjusted to exclude $57 million of acquisition-related integration costs and a $3 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016. Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017. In 2016, the integration costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the integration costs relate to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. The 2016 operating expense amount was revised to reflect the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which decreased consolidated operating expenses by $9 million.

15. The 2016 PBM operating expense and operating profit amounts were revised to reflect the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which decreased PBM operating expenses and increased PBM operating profit by $2 million.
Endnotes

16. Retail/LTC operating expenses have been adjusted to exclude $57 million of acquisition-related integration costs during the three months ended March 31, 2016. Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the costs relate to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. The 2016 operating expense amount was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which decreased Retail/LTC operating expenses by $7 million.

17. Corporate operating expenses have been adjusted to exclude a $3 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016.

18. Retail/LTC operating profit excludes $61 million of acquisition-related integration costs during the three months ended March 31, 2016. Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. In 2017, the costs relate to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. The 2016 operating profit was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which increased Retail/LTC operating profit by $7 million.

19. For the quarter ended March 31, 2017, the exclusion of the non-GAAP adjustments from income before income tax provision ($200 million of amortization of intangible assets, $15 million of acquisition-related integration costs, and a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative) resulted in a 40 basis point increase in the effective income tax rate, from 37.3% to 37.7%.

20. Consolidated operating profit for the year ended December 31, 2016, excludes $291 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, a $34 million asset impairment charge in connection with 2017 planned store closures related to our enterprise streamlining initiative, a $3 million charge related to a disputed 1999 legal settlement, and an $88 million reversal of a legal accrual in connection with legal settlement. Operating profit for the year ending December 31, 2017 excludes an estimated $40 million in acquisition-related integration costs related to the acquisition of Omnicare, an estimated $220 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative, and a $200 million loss on settlement of defined benefit pension plan. The 2016 operating profit was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which decreased consolidated operating expenses and increased consolidated operating profit by $28 million.
Endnotes

21. Adjusted EPS for the year ended December 31, 2016, excludes $795 million of amortization of intangible assets, a $643 million loss on early extinguishment of debt, $291 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, $34 million asset impairment charge in connection with 2017 planned store closures related to our enterprise streamlining initiative, a $3 million charge related to a disputed 1999 legal settlement, and an $88 million reversal of a legal accrual in connection with legal settlement. Adjusted EPS for the year ending December 31, 2017, excludes an estimated $820 million in amortization, a $220 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative, $200 million related to the previously announced loss on settlement of defined benefit plan and $40 million in acquisition-related integration costs related to the acquisition of Omnicare.

22. GAAP Diluted EPS for the year ending December 31, 2017 includes the estimated items in endnote #21.

23. PBM operating expenses have been adjusted to exclude $88 million for a reversal of a legal accrual in connection with a legal settlement during the year ended December 31, 2016. The 2016 operating expense and operating profit amounts were revised to reflect the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which decreased operating expenses and increased operating profit by $4 million.

24. Retail/LTC operating expenses for the year ended December 31, 2016, excludes $235 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, and a $34 million asset impairment charge in connection with 2017 planned store closures related to our enterprise streamlining initiative. Operating expenses for the year ending December 31, 2017 excludes an estimated $40 million in acquisition-related integration costs related to the acquisition of Omnicare, and an estimated $220 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. The 2016 operating expense amount was revised to reflect the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which decreased operating expenses by $21 million.

25. Retail/LTC operating profit for the year ended December 31, 2016, excludes $281 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, and a $34 million asset impairment charge in connection with 2017 planned store closures related to our enterprise streamlining initiative. Operating profit change for the year ending December 31, 2017 excludes an estimated $40 million in acquisition-related integration costs related to the acquisition of Omnicare, and an estimated $220 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. The 2016 operating profit amount was revised to reflect the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which increased operating profit by $21 million.

26. Corporate segment expense for the year ending December 31, 2017 excludes an estimated $200 million loss on settlement of defined benefit plan.
Endnotes

27. Consolidated operating expenses for the year ended December 31, 2016, excludes $245 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, a $3 million charge related to a disputed 1999 legal settlement, a $34 million asset impairment charge in connection with 2017 planned store closures related to our enterprise streamlining initiative, and an $88 million reversal of a legal accrual in connection with legal settlement. Operating expenses for the year ending December 31, 2017 excludes an estimated $40 million in acquisition-related integration costs related to the acquisition of Omnicare, an estimated $220 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative, and a $200 million loss on settlement of defined benefit pension plan. The 2016 operating expense amount was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which decreased operating expenses by $28 million.

28. Adjusted EPS for the quarter ended June 30, 2016, excludes $197 million of amortization of intangible assets, $81 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target, and a $542 million loss on early extinguishment of debt. Adjusted EPS for the quarter ending June 30, 2017, excludes an estimated $200 million in amortization, a $10 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative, and $15 million in acquisition-related integration costs related to the acquisition of Omnicare.

29. GAAP Diluted EPS for the quarter ended June 30, 2017 includes the estimated items in endnote #28.

30. The 2016 PBM operating profit was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which increased operating profit by $1 million.

31. Retail/LTC operating profit for the three months ended June 30, 2016, excludes $81 million of acquisition-related integration costs related to the acquisitions of Omnicare and the pharmacies and clinics of Target. Operating profit for the three months ending June 30, 2017 exclude an estimated $15 million in acquisition-related integration costs related to the acquisition of Omnicare, and an estimated $10 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. The 2016 operating profit amount was revised to reflect the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which increased operating profit by $6 million.

32. CVS Health finances a portion of its store development program through sale-leaseback transactions. Use of sale-leaseback financing is subject to change, as we evaluate a variety of financing vehicles for future development; this may also result in changes to our definition of free cash flow.

33. During the three months ended March 31, 2017, the company adopted ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which resulted in a retrospective reclassification of $72 million of excess tax benefits from financing activities to operating activities, which increased net cash provided by operating activities for the year ended December 31, 2016.