CVS Health Corporation

Supplemental Financial Information
Preliminary and Unaudited

First Quarter 2016
Earnings Release
May 3, 2016

The information in this supplement includes non-GAAP financial measures related to our company's performance, namely EBITDA and Adjusted EPS. In accordance with SEC regulations, the definitions of the non-GAAP items mentioned, as well as the reconciliations to comparable GAAP measures, are available on the investor relations portion of our website at investors.cvshealth.com. This supplement contains financial information derived from our company's Form 10-Q for the quarter ended March 31, 2016. This filing is available on the investor relations portion of our website at investors.cvshealth.com.

(In millions, except per share amounts)	***First Quarter*** *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ 43,214.7**	$ 36,331.6	18.9%
Cost of revenues	**36,470.8**	30,167.7	(20.9%)
Gross profit	**6,743.9**	6,163.9	9.4%
gross margin	***15.6%***	*17.0%*	*(136) bps*
Operating expenses	**4,568.1**	4,031.8	13.3%
as a % of net revenues	***10.6%***	*11.1%*	*53 bps*
Operating profit	**$ 2,175.8**	$ 2,132.1	2.0%
operating margin	***5.0%***	*5.9%*	*(83) bps*
Interest expense, net	**283.2**	134.1	111.2%
Loss on early extinguishment of debt and foreign currency losses	0.0	(0.0)	NM
Income before income tax provision	**1,892.6**	1,998.1	(5.3%)
Amortization	**199.5**	129.2	54.4%
Charge related to a disputed 1999 legal settlement	**3.1**	0.0	NM
Acquisition-related integration costs	**60.7**	0.0	NM
Adjusted net income before income tax provision	**2,155.9**	2,127.4	1.3%
Adjusted income tax provision	**847.3**	827.5	(2.4%)
effective tax rate	***39.3%***	*38.9%*	*(40) bps*
Adjusted net income	**1,308.6**	1,299.8	0.7%
as a % of net revenues	***3.0%***	*3.6%*	*(55) bps*
Earnings allocated to participating securities	**(6.9)**	(5.5)	(25.3%)
Net loss (income) attributable to noncontrolling interest	**(0.5)**	(0.1)	NM
Adjusted net income attributable to CVS Health	**$ 1,301.2**	$ 1,294.2	0.5%
as a % of net revenues	***3.0%***	*3.6%*	*(55) bps*
Weighted average diluted common shares outstanding	**1,098.8**	1,136.5	3.3%
Adjusted EPS from continuing operations	**$ 1.18**	$ 1.14	4.0%
Depreciation	**417.1**	361.1	15.5%
EBITDA	**$ 2,792.4**	**$ 2,622.5**	6.5%
as a % of net revenues	***6.5%***	*7.2%*	*(76) bps*

Footnotes

Totals may not foot due to rounding.

Supplemental Information: Consolidated Statement of Income (Excluding Acquisition-related Integration Costs and a Charge Related to a Disputed 1999 Legal Settlement)

First Quarter 2016

(In millions, except per share amounts)	***First Quarter*** *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ 43,214.7**	$ 36,331.6	18.9%
Cost of revenues [1]	**36,466.9**	30,167.7	(20.9%)
Gross profit	**6,747.8**	6,163.9	9.5%
gross margin	***15.6%***	*17.0%*	*(135) bps*
Operating expenses [2]	**4,508.2**	4,031.8	11.8%
as a % of net revenues	***10.4%***	*11.1%*	*66 bps*
Operating profit	**$ 2,239.6**	$ 2,132.1	5.0%
operating margin	***5.2%***	*5.9%*	*(69) bps*
Interest expense, net	**283.2**	134.1	111.2%
Loss on early extinguishment of debt and foreign currency losses	0.0	(0.0)	NM
Income before income tax provision	**1,956.4**	1,998.1	(2.1%)
Amortization	**199.5**	129.2	54.4%
Adjusted net income before income tax provision	**2,155.9**	2,127.4	1.3%
Adjusted income tax provision	**847.3**	827.5	(2.4%)
effective tax rate	***39.3%***	*38.9%*	*(40) bps*
Adjusted net income	**1,308.6**	1,299.8	0.7%
as a % of net revenues	***3.0%***	*3.6%*	*(55) bps*
Earnings allocated to participating securities	**(6.9)**	(5.5)	(25.3%)
Net loss (income) attributable to noncontrolling interest	**(0.5)**	(0.1)	NM
Adjusted net income attributable to CVS Health	**$ 1,301.2**	$ 1,294.2	0.5%
as a % of net revenues	***3.0%***	*3.6%*	*(55) bps*
Weighted average diluted common shares outstanding	**1,098.8**	1,136.5	3.3%
Adjusted EPS from continuing operations	**$ 1.18**	$ 1.14	4.0%
Depreciation [3]	**409.9**	361.1	13.5%
EBITDA	**$ 2,849.0**	$ 2,622.5	8.6%
as a % of net revenues	***6.6%***	*7.2%*	*(63) bps*

Footnotes

Totals may not foot due to rounding.

1 Excludes $3.9 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.

2 Excludes $56.8 million of acquisition-related integration costs and a $3.1 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016. The costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.

3 Excludes $7.2 million of acquisition-related integration depreciation during the three months ended March 31, 2016. The depreciation relates to the acquisitions of Omnicare and the pharmacies and clinics of Target.

(In millions)	First Quarter — Three months ended March 31, 2016	March 31, 2015	+/- Variance
Net revenues	**$ 28,765.0**	$ 23,878.9	20.5%
Cost of revenues	**27,663.2**	22,853.0	(21.0%)
Gross profit	**1,101.8**	1,025.9	7.4%
gross margin	***3.8%***	*4.3%*	*(47) bps*
Operating expenses	**319.4**	291.9	(9.4%)
as a % of net revenues	***1.1%***	*1.2%*	*11 bps*
Operating profit	**$ 782.5**	$ 734.0	6.6%
operating margin	***2.7%***	*3.1%*	*(35) bps*
Depreciation and amortization	**178.0**	160.1	11.2%
EBITDA	**$ 960.5**	$ 894.1	7.4%
as a % of net revenues	***3.3%***	*3.7%*	*(41) bps*
Net revenues:			
Mail choice	**10,149.5**	8,750.0	16.0%
Pharmacy network	**18,536.3**	15,058.9	23.1%
Other	**79.2**	70.1	13.1%
Pharmacy claims processed:			
Total	**304.8**	251.2	21.3%
Mail choice	**21.7**	20.3	6.6%
Pharmacy network	**283.1**	230.8	22.6%
Total adjusted claims [1]	**343.7**	287.8	19.4%
Generic dispensing rate:			
Total	**85.2%**	83.5%	*172 bps*
Mail Choice	**77.3%**	76.1%	*123 bps*
Pharmacy network	**85.8%**	84.1%	*167 bps*
Mail choice penetration rate	**17.6%**	19.8%	*(216) bps*

Footnotes

Totals may not foot due to rounding.

1 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.

Supplemental Information: Pharmacy Services Segment
(Excluding Acquisition-related Integration Costs)

First Quarter 2016

(In millions)	*First Quarter* — *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ 28,765.0**	$ 23,878.9	20.5%
Cost of revenues	**27,663.2**	22,853.0	(21.0%)
Gross profit	**1,101.8**	1,025.9	7.4%
gross margin	***3.8%***	*4.3%*	*(47) bps*
Operating expenses [1]	**319.3**	291.9	(9.4%)
as a % of net revenues	***1.1%***	*1.2%*	*11 bps*
Operating profit	**$ 782.5**	$ 734.0	6.6%
operating margin	***2.7%***	*3.1%*	*(35) bps*
Depreciation and amortization	**178.0**	160.1	11.2%
EBITDA	**$ 960.5**	$ 894.1	7.4%
as a % of net revenues	***3.3%***	*3.7%*	*(41) bps*
Net revenues:			
Mail choice	**10,149.5**	8,750.0	16.0%
Pharmacy network	**18,536.3**	15,058.9	23.1%
Other	**79.2**	70.1	13.1%
Pharmacy claims processed:			
Total	**304.8**	251.2	21.3%
Mail choice	**21.7**	20.3	6.6%
Pharmacy network	**283.1**	230.8	22.6%
Total adjusted claims [2]	**343.7**	287.8	19.4%
Generic dispensing rate:			
Total	**85.2%**	83.5%	*172 bps*
Mail Choice	**77.3%**	76.1%	*123 bps*
Pharmacy network	**85.8%**	84.1%	*167 bps*
Mail choice penetration rate	**17.6%**	19.8%	*(216) bps*

Footnotes

Totals may not foot due to rounding.

1 Excludes $23 thousand of acquisition-related integration costs for the three months ended March 31, 2016.

2 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.

(In millions)	***First Quarter*** *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ 20,111.7**	$ 16,950.8	18.6%
Cost of revenues	**14,282.1**	11,656.2	(22.5%)
Gross profit	**5,829.6**	5,294.6	10.1%
gross margin	***29.0%***	*31.2%*	*(225) bps*
Operating expenses	**4,052.4**	3,567.9	(13.6%)
as a % of net revenues	***20.1%***	*21.0%*	*90 bps*
Operating profit	**$ 1,777.2**	$ 1,726.7	2.9%
operating margin	***8.8%***	*10.2%*	*(135) bps*
Depreciation and amortization	**408.2**	304.8	33.9%
EBITDA	**$ 2,185.4**	$ 2,031.5	7.6%
as a % of net revenues	***10.9%***	*12.0%*	*(112) bps*
RETAIL STATISTICS			
Same-store increase (decrease) [(1)]:			
Total sales	**4.2%**	1.2%	*300 bps*
Retail pharmacy sales	**5.5%**	4.2%	*130 bps*
Retail front store sales	**0.7%**	(6.1%)	*680 bps*
Total prescription volume	**4.4%**	3.0%	*140 bps*
Total adj. prescription volume [(2)]	**5.9%**	5.1%	*80 bps*
SEGMENT STATISTICS			
Net revenues increase (decrease):			
Total	**18.6%**	2.9%	*15.8 pps*
Pharmacy	**23.6%**	5.3%	*18.3 pps*
Front store	**2.6%**	(3.6%)	*614 bps*
Generic dispensing rate	**85.7%**	84.4%	*126 bps*
Rx % of net revenues	**74.6%**	71.7%	*297 bps*
Retail/LTC prescriptions filled	**246.4**	193.1	*27.6%*
Adj. retail/LTC prescriptions filled [(2)]	**305.1**	241.3	*26.4%*

Totals may not foot due to rounding.

1 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and from commercialization services.

2 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.

Supplemental Information: Retail/LTC Segment
(Excluding Acquisition-related Integration Costs)

First Quarter 2016

(In millions)	*First Quarter* — *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ 20,111.7**	$ 16,950.8	18.6%
Cost of revenues [1]	**14,278.2**	11,656.2	(22.5%)
Gross profit	**5,833.5**	5,294.6	10.2%
gross margin	***29.0%***	*31.2%*	*(223) bps*
Operating expenses [2]	**3,995.8**	3,567.9	(12.0%)
as a % of net revenues	***19.9%***	*21.0%*	*118 bps*
Operating profit	**$ 1,837.7**	$ 1,726.7	6.4%
operating margin	***9.1%***	*10.2%*	*(105) bps*
Depreciation and amortization [3]	**400.9**	304.8	31.6%
EBITDA	**$ 2,238.6**	$ 2,031.5	10.2%
as a % of net revenues	***11.1%***	*12.0%*	*(85) bps*
RETAIL STATISTICS			
Same-store increase (decrease) [4]:			
Total sales	**4.2%**	1.2%	*300 bps*
Retail pharmacy sales	**5.5%**	4.2%	*130 bps*
Retail front store sales	**0.7%**	(6.1%)	*680 bps*
Total prescription volume	**4.4%**	3.0%	*140 bps*
Total adj. prescription volume [5]	**5.9%**	5.1%	*80 bps*
SEGMENT STATISTICS			
Net revenues increase (decrease):			
Total	**18.6%**	2.9%	*15.8 pps*
Pharmacy	**23.6%**	5.3%	*18.3 pps*
Front store	**2.6%**	(3.6%)	*614 bps*
Generic dispensing rate	**85.7%**	84.4%	*126 bps*
Rx % of net revenues	**74.6%**	71.7%	*297 bps*
Retail/LTC prescriptions filled	**246.4**	193.1	*27.6%*
Adj. retail/LTC prescriptions filled [5]	**305.1**	241.3	*26.4%*

Totals may not foot due to rounding.

1 Excludes $3.9 million of acquisition-related integration costs during the three months ended March 31, 2016.
2 Excludes $56.8 million of acquisition-related integration costs during the three months ended March 31, 2016.
3 Excludes $7.2 million of acquisition-related integration depreciation during the three months ended March 31, 2016.
4 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and from commercialization services.
5 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.

(In millions)	***First Quarter*** *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A
Gross profit	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*
Operating expenses	**211.7**	188.7	(12.2%)
as a % of net revenues	***N/A***	*N/A*	*N/A*
Operating profit	**$ (211.7)**	$ (188.7)	(12.2%)
operating margin	***N/A***	*N/A*	*N/A*
Depreciation and amortization	**30.4**	25.5	19.3%
EBITDA	**$ (181.3)**	$ (163.1)	(11.1%)
as a % of net revenues	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

Supplemental Information: Corporate Segment (Excluding Acquisition-related Integration Costs and a Charge Related to a Disputed 1999 Legal Settlement)

First Quarter 2016

(In millions)	***First Quarter*** *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A
Gross profit	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*
Operating expenses [1]	**208.4**	188.7	(10.5%)
as a % of net revenues	***N/A***	*N/A*	*N/A*
Operating profit	**$ (208.4)**	$ (188.7)	(10.5%)
operating margin	***N/A***	*N/A*	*N/A*
Depreciation and amortization	**30.4**	25.5	19.3%
EBITDA	**$ (178.0)**	$ (163.1)	(9.1%)
as a % of net revenues	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Excludes $257 thousand in acquisition-related integration costs during the three months ended March 31, 2016. Excludes a $3.1 million charge related to a disputed 1999 legal settlement during the three months ended March 31, 2016.

Supplemental Information: Eliminations **First Quarter 2016**

(In millions)	*First Quarter* — *Three months ended* **March 31, 2016**	March 31, 2015	+/- Variance
Net revenues	**$ (5,662.0)**	$ (4,498.1)	(25.9%)
Cost of revenues	**(5,474.5)**	(4,341.5)	26.1%
Gross profit	**(187.5)**	(156.6)	(19.7%)
gross margin	***3.3%***	*3.5%*	*(17) bps*
Operating expenses	**(15.3)**	(16.7)	8.1%
as a % of net revenues	***0.3%***	*0.4%*	*(10) bps*
Operating profit	**$ (172.2)**	$ (140.0)	(23.0%)
operating margin	***3.0%***	*3.1%*	*(7) bps*
Depreciation and amortization	**-**	-	N/A
EBITDA	**$ (172.2)**	$ (140.0)	(23.0%)
as a % of net revenues	***3.0%***	*3.1%*	*(7) bps*

Footnotes

Totals may not foot due to rounding.