Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

2017 ACTUAL RESULTS

CVS Health is providing non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's performance. This information should be considered in addition to, rather than as a substitute for, information prepared in accordance with GAAP. CVS Health's definitions of these non-GAAP items may not be comparable to similarly-titled measurements reported by other companies.

ADJUSTED EARNINGS PER SHARE

Adjusted Earnings per Share, or Adjusted EPS, is income from continuing operations excluding the impact of certain adjustments such as the amortization of intangible assets, acquisition-related transaction and integration costs, charges in connection with store rationalization, goodwill impairments, adjustments to legal reserves in connection with certain legal settlements, losses on early extinguishment of debt and losses on settlements of defined benefit pension plans, divided by the company's weighted average diluted shares outstanding. The company believes that this measure enhances investors' ability to compare the company's past financial performance with its current performance. The following is a reconciliation of income before income tax provision to Adjusted EPS:

THIRD QUARTER 2017

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions, except per share amounts	**2017**	2016	**2017**	2016
Income before income tax provision	**$ 2,062**	$ 2,463	**$ 5,459**	$ 5,884
Non-GAAP adjustments:				
Amortization of intangible assets	**205**	197	**608**	593
Acquisition-related integration costs [(1)]	**6**	65	**31**	207
Losses on settlements of defined benefit pension plans	**187**	-	**187**	-
Charges in connection with store rationalization [(2)]	**6**	-	**211**	-
Goodwill impairment [(3)]	**-**	-	**135**	-
Loss on early extinguishment of debt	**-**	101	**-**	643
Charge related to a disputed 1999 legal settlement	**-**	-	**-**	3
Adjusted income before income tax provision	**2,466**	2,826	**6,631**	7,330
Adjusted income tax provision	**935**	1,063	**2,520**	2,832
Adjusted income from continuing operations	**1,531**	1,763	**4,111**	4,498
Net income attributable to noncontrolling interest	**-**	(1)	**(1)**	(2)
Adjusted Income allocable to participating securities	**(3)**	(8)	**(15)**	(23)
Adjusted income from continuing operations attributable to CVS Health	**$ 1,528**	$ 1,754	**$ 4,095**	$ 4,473
Weighted average diluted shares outstanding	**1,020**	1,073	**1,026**	1,082
Adjusted EPS	**$ 1.50**	$ 1.64	**$ 3.99**	$ 4.13

(1) In 2017, the integration costs relate to the acquisition of Omnicare. In 2016, the integration costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(2) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(3) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

FREE CASH FLOW

For internal comparisons, management finds it useful to assess year-over-year cash flow performance using Free Cash Flow. CVS Health defines Free Cash Flow as net cash provided by operating activities less net additions to property and equipment (i.e., additions to property and equipment plus proceeds from sale-leaseback transactions). The following is a reconciliation of net cash provided by operating activities to Free Cash Flow:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016 [1]	**2017**	2016 [1]
Net cash provided by operating activities	**$ 2,611**	$ 3,934	**$ 8,143**	$ 8,020
Subtract: Additions to property and equipment	**(524)**	(505)	**(1,412)**	(1,607)
Add: Proceeds from sale-leaseback transactions	**265**	230	**265**	230
Free Cash Flow	**$ 2,352**	$ 3,659	**$ 6,996**	$ 6,643

(1) Effective January 1, 2017, the company adopted Accounting Standard Update ("ASU") 2016-09, *Improvements to Employee Share-Based Payment Accounting,* which resulted in a retrospective reclassification of $9 million and $72 million of excess tax benefits from financing activities to operating activities, which increased net cash provided by operating activities for the three and nine months ended September 30, 2016.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

EBITDA and ADJUSTED EBITDA

For internal comparisons, management finds it useful to assess year-over-year operating profitability performance before non-operating expenses and non-cash charges, using EBITDA. CVS Health defines EBITDA as income before income tax provision, loss on early extinguishment of debt, interest, depreciation and amortization. EBITDA can be reconciled to income from continuing operations, which we believe to be the most directly comparable GAAP financial measure. The following are reconciliations of income from continuing operations to EBITDA and Adjusted EBITDA:

CONSOLIDATED

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Income from continuing operations	**$ 1,285**	$ 1,542	**$ 3,344**	$ 3,613
Income tax provision	**777**	921	**2,115**	2,271
Income before income tax provision	**2,062**	2,463	**5,459**	5,884
Loss on early extinguishment of debt	**-**	101	**-**	643
Interest expense, net	**245**	253	**744**	816
Depreciation and amortization [1]	**614**	611	**1,857**	1,847
EBITDA	**$ 2,921**	$ 3,428	**$ 8,060**	$ 9,190
Non-GAAP adjustments:				
Acquisition-related integration costs [2]	**6**	58	**31**	186
Losses on settlements of defined benefit pension plans	**187**	-	**187**	-
Charges in connection with store rationalization [3]	**6**	-	**211**	-
Goodwill impairment [4]	**-**	-	**135**	-
Charge related to a disputed 1999 legal settlement	**-**	-	**-**	3
Adjusted EBITDA	**$ 3,120**	$ 3,486	**$ 8,624**	$ 9,379

(1) For the three and nine months ended September 30, 2016, depreciation and amortization includes $7 million and $21 million, respectively, of acquisition-related integration depreciation related to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(2) Costs associated with the acquisitions of Omnicare and the pharmacies and clinics of Target, excluding the depreciation and amortization mentioned above in footnote (1). In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

PHARMACY SERVICES SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Operating profit [1]	**$ 1,353**	$ 1,459	**$ 3,272**	$ 3,282
Depreciation and amortization	**176**	179	**536**	535
Other expense	**(1)**	(1)	**(3)**	(4)
EBITDA	**$ 1,528**	$ 1,637	**$ 3,805**	$ 3,813

(1) Operating profit for the three and nine months ended September 30, 2016 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 increased Pharmacy Services Segment operating profit by $1 million and $4 million, respectively.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

RETAIL/LTC SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Operating profit [1]	**$ 1,553**	$ 1,778	**$ 4,375**	$ 5,273
Depreciation and amortization [2]	**408**	403	**1,235**	1,222
Other expense	**(4)**	(5)	**(14)**	(18)
EBITDA	**$ 1,957**	$ 2,176	**$ 5,596**	$ 6,477

(1) Operating profit for the three months ended September 30, 2017 and 2016, includes $9 million and $52 million, respectively, of acquisition-related integration costs. Operating profit for the nine months ended September 30, 2017 and 2016, includes $34 million and $194 million, respectively, of acquisition-related integration costs. In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target. Operating profit for the three and nine months ended September 30, 2017, includes charges of $6 million and $211 million primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. Operating profit for the three and nine months ended September 30, 2016 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 increased Retail/LTC Segment operating profit by $5 million and $18 million, respectively.

(2) For the three and nine months ended September 30, 2016, depreciation and amortization includes $7 million and $21 million, respectively, of acquisition-related integration depreciation related to the acquisitions of Omnicare and the pharmacies and clinics of Target.

CORPORATE SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Operating loss [1][2]	**$ (220)**	$ (228)	**$ (686)**	$ (660)
Depreciation and amortization	**30**	29	**86**	90
Other expense [3]	**(187)**	(1)	**(189)**	(1)
EBITDA	**$ (377)**	$ (200)	**$ (789)**	$ (571)

(1) Operating loss for the nine months ended September 30, 2016, includes a $3 million charge related to a disputed 1999 legal settlement.

(2) Operating loss for the three and nine months ended September 30, 2017, include a $3 million reduction in integration costs for a change in estimate related to the Omnicare acquisition.

(3) Other expense for the three and nine months ended September 30, 2017, include $187 million of losses on settlements of defined benefit pension plans.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

ADJUSTED COST OF REVENUES

The following are reconciliations of cost of revenues to adjusted cost of revenues:

CONSOLIDATED

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Cost of revenues	**$ 39,055**	$ 37,123	**$ 115,739**	$ 110,304
Non-GAAP adjustments:				
Acquisition-related integration costs [(1)]	**(2)**	(5)	**(7)**	(15)
Adjusted cost of revenues	**$ 39,053**	$ 37,118	**$ 115,732**	$ 110,289

(1) In 2017, the costs are associated with the acquisition of Omnicare. In 2016, the costs are associated with the acquisitions of Omnicare and the pharmacies and clinics of Target.

RETAIL/LTC SEGMENT

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Cost of revenues	**$ 13,908**	$ 14,250	**$ 41,452**	$ 42,693
Non-GAAP adjustments:				
Acquisition-related integration costs [(1)]	**(2)**	(5)	**(7)**	(15)
Adjusted cost of revenues	**$ 13,906**	$ 14,245	**$ 41,445**	$ 42,678

(1) In 2017, the costs are associated with the acquisition of Omnicare. In 2016, the costs are associated with the acquisitions of Omnicare and the pharmacies and clinics of Target.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

ADJUSTED OPERATING EXPENSES

The following are reconciliations of operating expenses to adjusted operating expenses:

CONSOLIDATED

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Operating expenses [1]	**$ 4,627**	$ 4,668	**$ 14,232**	$ 13,885
Non-GAAP adjustments:				
Acquisition-related integration costs [2]	**(4)**	(60)	**(24)**	(192)
Charges in connection with store rationalization [3]	**(6)**	-	**(211)**	-
Goodwill impairment [4]	**-**	-	**(135)**	-
Charge related to a disputed 1999 legal settlement	**-**	-	**-**	(3)
Adjusted operating expenses	**$ 4,617**	$ 4,608	**$ 13,862**	$ 13,690

(1) The 2016 operating expense 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 consolidated operating expenses by $7 million and $23 million for the three and nine months ended September 30, 2016, respectively.
(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

RETAIL/LTC SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2017**	2016	**2017**	2016
Operating expenses [1]	**$ 4,132**	$ 4,115	**$ 12,661**	$ 12,287
Non-GAAP adjustment:				
Acquisition-related integration costs [2]	**(7)**	(47)	**(27)**	(179)
Charges in connection with store rationalization [3]	**(6)**	-	**(211)**	-
Goodwill impairment [4]	**-**	-	**(135)**	-
Adjusted operating expenses	**$ 4,119**	$ 4,068	**$ 12,288**	$ 12,108

(1) The 2016 operating expense 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 Retail/LTC Segment operating expenses by $5 million and $18 million for the three and nine months ended September 30, 2016, respectively.
(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

CORPORATE SEGMENT

In millions	Three Months Ended September 30, **2017**	2016	Nine Months Ended September 30, **2017**	2016
Operating expenses	**$ 220**	$ 228	**$ 686**	$ 660
Non-GAAP adjustments:				
Acquisition-related integration costs [1]	**3**	(13)	3	(13)
Charge related to a disputed 1999 legal settlement	-	-	-	(3)
Adjusted operating expenses	**$ 223**	$ 215	**$ 689**	$ 644

(1) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.

ADJUSTED OPERATING PROFIT

The following are reconciliations of operating profit to adjusted operating profit:

CONSOLIDATED

In millions	Three Months Ended September 30, **2017**	2016	Nine Months Ended September 30, **2017**	2016
Operating profit [1]	**$ 2,499**	$ 2,824	**$ 6,409**	$ 7,366
Non-GAAP adjustments:				
Acquisition-related integration costs [2]	**6**	65	**31**	207
Charges in connection with store rationalization [3]	**6**	-	**211**	-
Goodwill impairment [4]	**-**	-	**135**	-
Charge related to a disputed 1999 legal settlement	**-**	-	**-**	3
Adjusted operating profit	**$ 2,511**	$ 2,889	**$ 6,786**	$ 7,576

(1) 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 consolidated operating profit by $7 million and $23 million for the three and nine months ended September 30, 2016, respectively.
(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

RETAIL/LTC SEGMENT

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Operating profit [1]	**$ 1,553**	$ 1,778	**$ 4,375**	$ 5,273
Non-GAAP adjustment:				
Acquisition-related integration costs [2]	**9**	52	**34**	194
Charges in connection with store rationalization [3]	**6**	-	**211**	-
Goodwill impairment [4]	**-**	-	**135**	-
Adjusted operating profit	**$ 1,568**	$ 1,830	**$ 4,755**	$ 5,467

(1) 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 $5 million and $18 million for the three and nine months ended September 30, 2016, respectively.
(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.

CORPORATE SEGMENT

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Operating loss	**$ (220)**	$ (228)	**$ (686)**	$ (660)
Non-GAAP adjustments:				
Acquisition-related integration costs [1]	**(3)**	13	**(3)**	13
Charge related to a disputed 1999 legal settlement	**-**	-	**-**	3
Adjusted operating loss	**$ (223)**	$ (215)	**$ (689)**	$ (644)

(1) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.

ADJUSTED EFFECTIVE INCOME TAX RATE

The following is a reconciliation of the effective income tax rate to the adjusted income tax rate:

CONSOLIDATED

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Effective Income tax rate	**37.7%**	37.4%	**38.7%**	38.6%
Impact of non-GAAP adjustments	**0.2**	0.2	**(0.7)**	-
Adjusted income tax rate	**37.9%**	37.6%	**38.0%**	38.6%

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

2017 GUIDANCE

CVS Health is providing non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's performance. This information should be considered in addition to, rather than as a substitute for, information prepared in accordance with GAAP. CVS Health's definitions of these non-GAAP items may not be comparable to similarly-titled measurements reported by other companies.

The following reconciliations contain forward-looking information. All forward-looking information involves risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking information for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled "Cautionary Statement Concerning Forward-Looking Statements" in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

ADJUSTED OPERATING PROFIT

Operating profit, is operating profit excluding the impact of acquisition-related integration costs, charges in connection with store rationalization, goodwill impairments, losses on settlements of defined benefit pension plans, and adjustments to legal reserves in connection with certain legal settlements. The company believes that this measure enhances investors' ability to compare the company's past financial performance with its current performance. The following are reconciliations of operating profit to adjusted operating profit:

CONSOLIDATED – FULL-YEAR 2017

	Year Ended December 31,		
	2017E		2016
In millions	**Low**	**High**	Actual
Operating profit [1]	**$ 9,600**	**$ 9,660**	$ 10,366
Non-GAAP adjustments:			
Acquisition-related integration costs [2]	**45**	**45**	291
Charges in connection with store rationalization [3]	**220**	**220**	34
Goodwill impairment [4]	**135**	**135**	-
Adjustments to legal reserves in connection with legal settlements [5]	**-**	**-**	(85)
	$ 10,000	**$ 10,060**	$ 10,606

(1) 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 consolidated operating profit by $28 million for the year ended December 31, 2016.
(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(5) Represents legal charge of $3 million in the first quarter of 2016 in connection with a disputed 1999 legal settlement, and an $88 million reversal of an accrual in connection with a legal settlement in the fourth quarter of 2016.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

CONSOLIDATED – FOURTH QUARTER 2017

	Quarter Ended December 31,		
	2017E		2016
In millions	**Low**	**High**	Actual
Operating profit [(1)]	**$ 3,191**	**$ 3,251**	$ 3,000
Non-GAAP adjustments:			
Acquisition-related integration costs [(2)]	**14**	**14**	84
Charges in connection with store rationalization [(3)]	**9**	**9**	34
Adjustments to legal reserves in connection with legal settlements [(4)]	**-**	**-**	(88)
	$ 3,214	**$ 3,274**	$ 3,030

(1) 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 $5 for the three months ended December 31, 2016.

(2) In 2017, the costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.

(3) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

(4) Represents an $88 million reversal of an accrual in connection with a legal settlement in the fourth quarter of 2016.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

ADJUSTED EARNINGS PER SHARE

Adjusted Earnings per Share, or Adjusted EPS, is income from continuing operations excluding the impact of the amortization of intangible assets, acquisition-related integration costs, charges in connection with store rationalization, goodwill impairments, losses on settlements of defined benefit pension plans, losses on early extinguishment of debt, and adjustments to legal reserves in connection with certain legal settlements, divided by the company's weighted average diluted shares outstanding. The company believes that this measure enhances investors' ability to compare the company's past financial performance with its current performance. The following is a reconciliation of income before income tax provision to Adjusted EPS:

FOURTH QUARTER 2017

	Three Months Ended December 31,		
	2017E		2016
In millions, except per share amounts	**Low**	**High**	Actual
Income before income tax provision	**$ 2,918**	**$ 2,988**	$ 2,753
Non-GAAP adjustments:			
Amortization of intangible assets	**212**	**212**	202
Acquisition-related integration costs [(1)]	**14**	**14**	84
Charges in connection with store rationalization [(2)]	**9**	**9**	34
Adjustments to legal reserves in connection with legal settlements [(3)]	**-**	**-**	(88)
Adjusted income before income tax provision	**3,153**	**3,223**	2,986
Adjusted income tax provision	**1,237**	**1,265**	1,149
Adjusted income from continuing operations	**1,916**	**1,958**	1,836
Net income attributable to noncontrolling interest	**-**	**-**	-
Adjusted income allocable to participating securities	**(5)**	**(5)**	(9)
Adjusted income from continuing operations attributable to CVS Health	**$ 1,911**	**$ 1,953**	$ 1,827
Weighted average diluted common shares outstanding	**1,015**	**1,015**	1,069
Adjusted EPS	**$ 1.88**	**$ 1.92**	$ 1.71

(1) In 2017, the estimated costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(2) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(3) Represents an $88 million reversal of an accrual in connection with a legal settlement in the fourth quarter of 2016.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

FULL-YEAR 2017

In millions, except per share amounts	Year Ended December 31, 2017E Low	2017E High	2016 Actual
Income before income tax provision	**$ 8,380**	**$ 8,450**	$ 8,637
Non-GAAP adjustments:			
Amortization of intangible assets	**820**	**820**	795
Acquisition-related integration costs [(1)]	**45**	**45**	291
Charges in connection with store rationalization [(2)]	**220**	**220**	34
Goodwill impairment [(3)]	**135**	**135**	-
Losses on settlements of defined benefit pension plans	**187**	**187**	-
Loss on early extinguishment of debt	**-**	**-**	643
Adjustments to legal reserves in connection with legal settlements [(4)]	**-**	**-**	(85)
Adjusted income before income tax provision	**9,787**	**9,857**	10,315
Adjusted income tax provision	**3,758**	**3,785**	3,982
Adjusted income from continuing operations	**6,029**	**6,072**	6,333
Net income attributable to noncontrolling interest	**(1)**	**(1)**	(2)
Income allocable to participating securities	**(21)**	**(22)**	(31)
Adjusted income from continuing operations attributable to CVS Health	**$ 6,007**	**$ 6,049**	$ 6,300
Weighted average diluted common shares outstanding	**1,024**	**1,024**	1,079
Adjusted earnings per share	**$ 5.87**	**$ 5.91**	$ 5.84

(1) In 2017, the estimated costs relate to the acquisition of Omnicare. In 2016, the costs relate to the acquisitions of Omnicare and the pharmacies and clinics of Target.
(2) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(3) The goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(4) Represents legal charge of $3 million in the first quarter of 2016 in connection with a disputed 1999 legal settlement, and an $88 million reversal of an accrual in connection with a legal settlement in the fourth quarter of 2016.

Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to their most directly comparable GAAP measures.

FREE CASH FLOW

For internal comparisons, management finds it useful to assess year-over-year cash flow performance using Free Cash Flow. CVS Health defines Free Cash Flow as net cash provided by operating activities less net additions to property and equipment (i.e., additions to property and equipment plus proceeds from sale-leaseback transactions). The following is a reconciliation of net cash provided by operating activities to Free Cash Flow:

	Year Ended December 31,		
	2017E		2016 [1]
In millions	**Low**	**High**	Actual
Net cash provided by operating activities	**$ 7,700**	**$ 8,600**	$ 10,141
Subtract: Additions to property and equipment	**(2,000)**	**(2,465)**	(2,224)
Add: Proceeds from sale-leaseback transactions	**300**	**265**	230
Free Cash Flow	**$ 6,000**	**$ 6,400**	$ 8,147

(1) Effective January 1, 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.