CVS Health Corporation

Supplemental Financial Information

Preliminary and Unaudited
Fourth Quarter 2017
Earnings Release
February 8, 2018

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-K for the year ended December 31, 2017. This filing is available on the investor relations portion of our website at investors.cvshealth.com.

GAAP

(In millions, except per share amounts)	***Fourth Quarter*** *Three months ended* **December 31, 2017**	December 31, 2016	+/-Variance	***Full Year*** *Year ended* **December 31, 2017**	December 31, 2016	+/-Variance
Net revenues	**$ 48,385.1**	$ 45,971.2	5.3%	**$ 184,765.2**	$ 177,526.3	4.1%
Cost of revenues [1]	**40,481.4**	38,366.0	(5.5%)	**156,220.1**	148,669.5	(5.1%)
Gross profit	**7,903.8**	7,605.2	3.9%	**28,545.2**	28,856.8	(1.1%)
gross margin	***16.3%***	*16.5%*	*(21) bps*	***15.4%***	*16.3%*	*(81) bps*
Operating expenses [2][3]	**4,795.6**	4,606.3	(4.1%)	**19,028.3**	18,491.4	(2.9%)
as a % of net revenues	***9.9%***	*10.0%*	*11 bps*	***10.3%***	*10.4%*	*12 bps*
Operating profit [3]	**$ 3,108.2**	$ 2,998.9	3.6%	**$ 9,516.8**	$ 10,365.5	(8.2%)
operating margin	***6.4%***	*6.5%*	*(10) bps*	***5.2%***	*5.8%*	*(69) bps*
Interest expense, net [4]	**297.0**	242.0	(22.7%)	**1,041.2**	1,057.4	1.5%
Other expenses [5]	**2.5**	4.1	40.3%	**208.3**	671.0	69.0%
Income before income tax provision	**2,808.7**	2,752.8	2.0%	**8,267.3**	8,637.1	(4.3%)
Income tax provision	**(478.2)**	1,046.1	145.7%	**1,636.9**	3,316.7	50.6%
effective tax rate [6]	***-17.0%***	*38.0%*	*5502 bps*	***19.8%***	*38.4%*	*1860 bps*
Discontinued operations	**(0.2)**	(0.2)	8.1%	**(8.0)**	(1.5)	(426.3%)
Net income	**3,286.7**	1,706.5	92.6%	**6,622.4**	5,318.9	24.5%
as a % of net revenues	***6.8%***	*3.7%*	*308 bps*	***3.6%***	*3.0%*	*59 bps*
Net income (loss) attributable to noncontrolling interest	**0.0**	(0.4)	NM	**0.5**	1.2	NM
Net income attributable to CVS Health	**$ 3,286.6**	$ 1,706.9	92.5%	**$ 6,621.9**	$ 5,317.7	24.5%
as a % of net revenues	***6.8%***	*3.7%*	*308 bps*	***3.6%***	*3.0%*	*59 bps*
Earnings allocated to participating securities	**7.5**	8.5	12.0%	**23.5**	26.6	11.9%
Income available for common shareholders	**3,279.2**	1,698.4	(93.1%)	**6,598.4**	5,291.1	(24.7%)
Weighted average diluted shares outstanding	**1,017.6**	1,068.7	4.8%	**1,024.1**	1,078.9	5.1%
GAAP diluted EPS from continuing ops	**$ 3.22**	$ 1.59	102.8%	**$ 6.45**	$ 4.91	31.5%
Depreciation & amortization [7]	**622.5**	628.4	(0.9%)	**2,479.6**	2,475.3	0.2%
EBITDA	**$ 3,728.2**	$ 3,623.3	2.9%	**$ 11,788.1**	$ 12,169.8	(3.1%)
as a % of net revenues	***7.7%***	*7.9%*	*(18) bps*	***6.4%***	*6.9%*	*(48) bps*

Footnotes

Totals may not foot due to rounding.

1 Includes $31 million and $46 million of acquisition-related integration costs during both the three months and year ended December 31, 2016, respectively. Includes a $5 million reduction of acquisition-related integration costs and $2 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively. 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.

2 Includes $53 million and $245 million of acquisition-related integration costs during both the three months and year ended December 31, 2016, respectively. Includes $39 million and $63 million of acquisition-related integration costs during both the year ended December 31, 2017, respectively. 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. Includes a 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. Includes $34 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended Decmber 31, 2016. Includes $4 million and $215 million in charges primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended December 31, 2017, respectively. Includes a $9 million transaction charge related to the sale of RxCrossroads during the three months and year ended December 31, 2017. Includes $46 million and $181 million of goodwill impairment charges related to the RxCrossroads reporting unit within the Retail/LTC segment during the three months and year ended December 31, 2017, respectively.

3 Amounts 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 $5 million and $28 million for the three months and year ended December 31, 2016, respectively.

4 Includes $56 million in bridge financing costs related to the proposed acquisition of Aetna during the three months and year ended December 31, 2017.

5 Includes $643 million from losses on early extinguishment of debt during the year ended December, 2016. Includes $187 of losses on settlements of definied benefit persion plans during the year ended December 31, 2017.

6 The income tax provision for the three months and year ended December 31, 2017, includes the approximately $1.5 billion income tax benefit associated with the enactment of the Tax Cuts and Jobs Act in December 2017.

7 Depreciation and amortization includes $8 million and $30 million, respectively, of acquisition-related integration depreciation related to the acquisitions of Omnicare and the pharmacies and clinics of Target for the three months and year ended December 31, 2016.

(In millions)	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — Three months ended December 31, 2016	+/-Variance	Full Year — Year ended December 31, 2017	Full Year — Year ended December 31, 2016	+/-Variance
Net revenues	**$ 34,151.9**	$ 31,259.3	9.3%	**$ 130,596.0**	$ 119,963.2	8.9%
Cost of revenues	**32,322.7**	29,624.4	(9.1%)	**124,556.3**	114,062.3	(9.2%)
Gross profit	**1,829.2**	1,634.9	11.9%	**6,039.7**	5,900.9	2.4%
gross margin	***5.4%***	*5.2%*	*13 bps*	***4.6%***	*4.9%*	*(29) bps*
Operating expenses [1][2]	**346.2**	240.3	(44.0%)	**1,285.1**	1,225.1	(4.9%)
as a % of net revenues	***1.0%***	*0.8%*	*(24) bps*	***1.0%***	*1.0%*	*4 bps*
Operating profit [1]	**$ 1,483.1**	$ 1,394.6	6.3%	**$ 4,754.6**	$ 4,675.7	1.7%
operating margin	***4.3%***	*4.5%*	*(12) bps*	***3.6%***	*3.9%*	*(26) bps*
Net revenues:						
Mail choice	**11,759.2**	11,115.2	5.8%	**45,709.5**	42,782.9	6.8%
Pharmacy network	**22,297.1**	20,065.2	11.1%	**84,554.9**	76,848.0	10.0%
Other	**95.6**	78.9	21.1%	**331.6**	332.2	(0.2%)
Pharmacy claims processed [3]:						
Total adjusted claims	**458.7**	425.4	7.8%	**1,781.9**	1,639.2	8.7%
Adjusted mail choice	**69.0**	65.2	5.9%	**265.2**	251.5	5.5%
Adjusted pharmacy network	389.6	360.2	8.2%	**1,516.7**	1,387.7	9.3%
Generic dispensing rate [3]:						
Total	**86.9%**	86.1%	*78 bps*	**87.0%**	85.9%	*110 bps*
Mail Choice	**83.2%**	82.2%	*107 bps*	**83.1%**	81.4%	*171 bps*
Pharmacy network	**87.5%**	86.8%	*73 bps*	**87.7%**	86.7%	*101 bps*
Mail choice penetration rate [3]	**15.0%**	15.3%	*(27) bps*	**14.9%**	15.3%	*(46) bps*

Footnotes

Totals may not foot due to rounding.

1 Amounts 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 and EBITDA by $4 million for the year ended December 31, 2016.

2 Includes an $88 million reversal of legal accrual in connection with legal settlement during the three months and year ended December 31, 2016.

3 Includes the adjustment to convert 90-day 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 prescription.

(In millions)	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — Three months ended December 31, 2016	Fourth Quarter — +/-Variance	Full Year — Year ended December 31, 2017	Full Year — Year ended December 31, 2016	Full Year — +/-Variance
Net revenues	**$ 20,909.4**	$ 20,847.4	0.3%	**$ 79,397.7**	$ 81,100.6	(2.1%)
Cost of revenues [1]	**14,628.0**	14,669.3	0.3%	**56,080.6**	57,362.3	2.2%
Gross profit	**6,281.5**	6,178.1	1.7%	**23,317.2**	23,738.2	(1.8%)
gross margin	***30.0%***	*29.6%*	*41 bps*	***29.4%***	*29.3%*	*10 bps*
Operating expenses [2][3]	**4,187.6**	4,148.7	(0.9%)	**16,848.1**	16,436.1	(2.5%)
as a % of net revenues	***20.0%***	*19.9%*	*(13) bps*	***21.2%***	*20.3%*	*(95) bps*
Operating profit [3]	**$ 2,093.9**	$ 2,029.5	3.2%	**$ 6,469.1**	$ 7,302.1	(11.4%)
operating margin	***10.0%***	*9.7%*	*28 bps*	***8.1%***	*9.0%*	*(86) bps*
RETAIL STATISTICS						
Same-store increase (decrease) [4]:						
Total sales	**0.1%**	(0.7%)	*80 bps*	**(2.6%)**	1.9%	*(450) bps*
Retail pharmacy sales	**0.4%**	0.2%	*20 bps*	**(2.6%)**	3.2%	*(580) bps*
Retail front store sales	**(0.7%)**	(2.9%)	*220 bps*	**(2.6%)**	(1.5%)	*(110) bps*
Total prescription volume	**(1.7%)**	0.2%	*(190) bps*	**(2.8%)**	2.0%	*(480) bps*
Total adjusted prescription volume [5]	**2.5%**	2.0%	*50 bps*	**0.4%**	3.6%	*(320) bps*
SEGMENT STATISTICS						
Net revenues increase (decrease):						
Total	**0.3%**	4.7%	*(445) bps*	**(2.1%)**	12.6%	*(1473) bps*
Pharmacy	**0.5%**	5.7%	*(521) bps*	**(2.2%)**	15.9%	*(1806) bps*
Front store	**(0.3%)**	(1.3%)	*101 bps*	**(1.9%)**	0.3%	*(221) bps*
Generic dispensing rate	**86.8%**	85.2%	*160 bps*	**87.3%**	85.7%	*160 bps*
Rx % of net revenues	**74.7%**	74.6%	*16 bps*	**75.0%**	75.0%	*(4) bps*
FS % of net revenues	**23.8%**	23.9%	*(13) bps*	**23.6%**	23.6%	*2 bps*
Retail/LTC prescriptions filled	**245.0**	248.8	*(1.6%)*	**953.8**	976.3	*(2.3%)*
Adjusted retail/LTC prescriptions filled [5]	**321.8**	314.7	*2.3%*	**1,230.5**	1,223.5	*0.6%*

Footnotes

Totals may not foot due to rounding.

1 Includes $31 million and $46 million of acquisition-related integration costs during both the three months and year ended December 31, 2016, respectively. Includes $5 million of reduction in integration costs and $2 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively. 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.

2 Includes $56 million and $235 million of acquisition-related integration costs during both the three months and year ended December 31, 2016. Includes $5 million and $32 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively. 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. Includes $34 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended Decmber 31, 2016. Includes $4 million and $215 million in charges primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended December 31, 2017, respectively.

3 Amounts 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 $3 million and $21 million for the three months and year ended December 31, 2016, respectively.

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.

	Fourth Quarter			Full Year		
	Three months ended			Year ended		
(In millions)	**December 31, 2017**	December 31, 2016	+/-Variance	**December 31, 2017**	December 31, 2016	+/-Variance
Net revenues	**$ -**	$ -	N/A	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A	**-**	-	N/A
Gross profit	**-**	-	N/A	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating expenses [1][2]	**279.7**	230.9	(21.2%)	**966.2**	891.0	(8.4%)
as a % of net revenues	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating profit [2]	**$ (279.7)**	$ (230.9)	(21.2%)	**$ (966.2)**	$ (891.0)	(8.4%)
operating margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Includes a $3 million reduction in integration costs for a change in estimate related to the acquisition of Omnicare and expense of $10 million of acquisition-related integration costs during the three months and year ended December 31, 2016, respectively. Includes a $3 million charge related to a disputed 1999 legal settlement during the year ended December 31, 2016. Includes a $3 million reduction in integration costs for a change in estimate related to the acquisition of Omnicare during the year ended December 31, 2017. Includes $34 in transaction costs related to the proposed acquisition of Aetna and $9 million of transaction costs related to the divestiture of RxCrossroads during the three months and year ended December 31, 2017.

2 Amounts 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 $2 million and $3 million for the three months and year ended December 31, 2016, respectively.

(In millions)	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — Three months ended December 31, 2016	Fourth Quarter — +/-Variance	Full Year — Year ended December 31, 2017	Full Year — Year ended December 31, 2016	Full Year — +/-Variance
Net revenues	**$ (6,676.2)**	$ (6,135.5)	(8.8%)	**$ (25,228.5)**	$ (23,537.4)	(7.2%)
Cost of revenues	**(6,469.3)**	(5,927.7)	9.1%	**(24,416.8)**	(22,755.2)	7.3%
Gross profit	**(206.9)**	(207.8)	0.4%	**(811.7)**	(782.3)	(3.8%)
gross margin	***3.1%***	*3.4%*	*(29) bps*	***3.2%***	*3.3%*	*(11) bps*
Operating expenses	**(17.9)**	(15.6)	(14.7%)	**(71.0)**	(60.9)	(16.6%)
as a % of net revenues	***0.3%***	*0.3%*	*1 bps*	***0.3%***	*0.3%*	*2 bps*
Operating profit	**$ (189.1)**	$ (192.2)	1.6%	**$ (740.7)**	$ (721.3)	(2.7%)
operating margin	***2.8%***	*3.1%*	*(30) bps*	***2.9%***	*3.1%*	*(13) bps*

Footnotes

Totals may not foot due to rounding.

Adjusted to Exclude Certain Items

Supplemental Information: Consolidated Statement of Income
(Excluding Certain Items)

(In millions, except per share amounts)	***Fourth Quarter*** *Three months ended* **December 31, 2017**	December 31, 2016	+/-Variance	***Full Year*** *Year ended* **December 31, 2017**	December 31, 2016	+/-Variance
Net revenues	**$ 48,385.1**	$ 45,971.2	5.3%	**$ 184,765.2**	$ 177,526.3	4.1%
Cost of revenues [1]	**40,485.9**	38,335.6	(5.6%)	**156,216.7**	148,624.1	(5.1%)
Gross profit	**7,899.2**	7,635.6	3.5%	**28,548.6**	28,902.2	(1.2%)
gross margin	***16.3%***	*16.6%*	*(28) bps*	***15.5%***	*16.3%*	*(83) bps*
Operating expenses [2][3]	**4,698.3**	4,606.5	(2.0%)	**18,561.3**	18,295.9	(1.5%)
as a % of net revenues	***9.7%***	*10.0%*	*31 bps*	***10.0%***	*10.3%*	*26 bps*
Operating profit [3]	**$ 3,200.9**	$ 3,029.1	5.7%	**$ 9,987.3**	$ 10,606.3	(5.8%)
operating margin	***6.6%***	*6.6%*	*3 bps*	***5.4%***	*6.0%*	*(57) bps*
Interest expense, net [4]	**240.5**	242.0	0.6%	**984.7**	1,057.4	6.9%
Other expenses [5]	**2.5**	4.1	39.9%	**21.0**	28.0	25.2%
Income before income tax provision	**2,957.9**	2,783.0	6.3%	**8,981.6**	9,520.9	(5.7%)
Amortization	**208.7**	202.6	3.0%	**817.4**	795.3	2.8%
Adjusted net income before income tax provision	**3,166.7**	2,985.6	6.1%	**9,799.0**	10,316.2	(5.0%)
Adjusted income tax provision	**1,212.4**	1,149.8	(5.4%)	**3,733.4**	3,986.7	6.4%
effective tax rate [6]	***38.3%***	*38.5%*	*23 bps*	***38.1%***	*38.6%*	*54 bps*
Adjusted net income	**1,954.3**	1,835.8	6.5%	**6,065.6**	6,329.6	(4.2%)
as a % of net revenues	***4.0%***	*4.0%*	*5 bps*	***3.3%***	*3.6%*	*(28) bps*
Earnings allocated to participating securities	**4.6**	9.1	48.9%	**21.5**	31.7	32.1%
Net income attributable to noncontrolling interest	**0.0**	(0.4)	NM	**0.5**	1.2	NM
Adjusted net income attributable to CVS Health	**$ 1,949.6**	$ 1,827.1	6.7%	**$ 6,043.6**	$ 6,296.6	(4.0%)
as a % of net revenues	***4.0%***	*4.0%*	*5 bps*	***3.3%***	*3.5%*	*(28) bps*
Weighted average diluted shares outstanding	**1,017.6**	1,068.7	4.8%	**1,024.1**	1,078.9	5.1%
Adjusted EPS from continuing operations	**$ 1.92**	$ 1.71	12.1%	**$ 5.90**	$ 5.84	1.1%
Depreciation & amortization [7]	**622.5**	620.1	0.4%	**2,479.0**	2,445.5	1.4%
EBITDA	**$ 3,820.9**	$ 3,645.1	4.8%	**$ 12,445.3**	$ 13,023.8	(4.4%)
as a % of net revenues	***7.9%***	*7.9%*	*(3) bps*	***6.7%***	*7.3%*	*(60) bps*

Footnotes

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6 The income tax provision for the three months and year ended December 31, 2017, excludes the approximately $1.5 billion income tax benefit associated with the enactment of the Tax Cuts and Jobs Act in December 2017.

7 Depreciation and amortization excludes $8 million and $30 million, respectively, of acquisition-related integration depreciation related to the acquisitions of Omnicare and the pharmacies and clinics of Target for the three months and year ended December 31, 2016.

Supplemental Information: Pharmacy Services Segment
(Excluding Certain Items)

Fourth Quarter 2017

(In millions)	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — Three months ended December 31, 2016	Fourth Quarter — +/-Variance	Full Year — Year ended December 31, 2017	Full Year — Year ended December 31, 2016	Full Year — +/-Variance
Net revenues	**$ 34,151.9**	$ 31,259.3	9.3%	**$ 130,596.0**	$ 119,963.2	8.9%
Cost of revenues	**32,322.7**	29,624.4	(9.1%)	**124,556.3**	114,062.3	(9.2%)
Gross profit	**1,829.2**	1,634.9	11.9%	**6,039.7**	5,900.9	2.4%
gross margin	***5.4%***	*5.2%*	*13 bps*	***4.6%***	*4.9%*	*(29) bps*
Operating expenses [1][2]	**346.2**	328.4	(5.4%)	**1,285.1**	1,313.1	2.1%
as a % of net revenues	***1.0%***	*1.1%*	*4 bps*	***1.0%***	*1.1%*	*11 bps*
Operating profit [1]	**$ 1,483.1**	$ 1,306.5	13.5%	**$ 4,754.6**	$ 4,587.8	3.6%
operating margin	***4.3%***	*4.2%*	*16 bps*	***3.6%***	*3.8%*	*(18) bps*
Depreciation and amortization	**176.2**	178.9	(1.5%)	**711.7**	713.5	(0.3%)
EBITDA	**$ 1,659.3**	$ 1,485.4	11.7%	**$ 5,466.3**	$ 5,301.3	3.1%
as a % of net revenues	***4.9%***	*4.8%*	*11 bps*	***4.2%***	*4.4%*	*(23) bps*
Net revenues:						
Mail choice	**11,759.2**	11,115.2	5.8%	**45,709.5**	42,782.9	6.8%
Pharmacy network	**22,297.1**	20,065.2	11.1%	**84,554.9**	76,848.0	10.0%
Other	**95.6**	78.9	21.1%	**331.6**	332.2	(0.2%)
Pharmacy claims processed [3]:						
Total adjusted claims	**458.7**	425.4	7.8%	**1,781.9**	1,639.2	8.7%
Adjusted mail choice	**69.0**	65.2	5.9%	**265.2**	251.5	5.5%
Adjusted pharmacy network	**389.6**	360.2	8.2%	**1,516.7**	1,387.7	9.3%
Generic dispensing rate:						
Total	**86.9%**	86.1%	*78 bps*	**87.0%**	85.9%	*110 bps*
Mail Choice	**83.2%**	82.2%	*107 bps*	**83.1%**	81.4%	*171 bps*
Pharmacy network	**87.5%**	86.8%	*73 bps*	**87.7%**	86.7%	*101 bps*
Mail choice penetration rate [3]	**15.0%**	15.3%	*(27) bps*	**14.9%**	15.3%	*(46) bps*

Footnotes

Totals may not foot due to rounding.

1 Amounts 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 and EBITDA by $4 million for the year ended December 31, 2016.

2 Excludes an $88 million reversal of legal accrual in connection with legal settlement during the three months and year ended December 31, 2016.

3 Includes the adjustment to convert 90-day 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 prescription.

Supplemental Information: Retail/LTC Segment
(Excluding Certain Items)

Fourth Quarter 2017

(In millions)	Fourth Quarter – Three months ended December 31, 2017	Fourth Quarter – Three months ended December 31, 2016	+/-Variance	Full Year – Year ended December 31, 2017	Full Year – Year ended December 31, 2016	+/-Variance
Net revenues	**$ 20,909.4**	$ 20,847.4	0.3%	**$ 79,397.7**	$ 81,100.6	(2.1%)
Cost of revenues [1]	**14,632.5**	14,638.9	0.0%	**56,077.2**	57,316.9	2.2%
Gross profit	**6,276.9**	6,208.5	1.1%	**23,320.6**	23,783.6	(1.9%)
gross margin	***30.0%***	*29.8%*	*24 bps*	***29.4%***	*29.3%*	*5 bps*
Operating expenses [2][3]	**4,133.6**	4,056.8	(1.9%)	**16,421.5**	16,167.0	(1.6%)
as a % of net revenues	***19.8%***	*19.5%*	*(31) bps*	***20.7%***	*19.9%*	*(75) bps*
Operating profit [3]	**$ 2,143.3**	$ 2,151.7	(0.4%)	**$ 6,899.1**	$ 7,616.6	(9.4%)
operating margin	***10.3%***	*10.3%*	*(7) bps*	***8.7%***	*9.4%*	*(70) bps*
Depreciation and amortization [4]	**417.0**	411.8	1.2%	**1,651.5**	1,612.8	2.4%
EBITDA	**$ 2,560.3**	$ 2,563.6	(0.1%)	**$ 8,550.6**	$ 9,229.4	(7.4%)
as a % of net revenues	***12.2%***	*12.3%*	*(5) bps*	***10.8%***	*11.4%*	*(61) bps*
RETAIL STATISTICS						
Same-store increase (decrease) [5]:						
Total sales	**0.1%**	(0.7%)	*80 bps*	**(2.6%)**	1.9%	*(450) bps*
Retail pharmacy sales	**0.4%**	0.2%	*20 bps*	**(2.6%)**	3.2%	*(580) bps*
Retail front store sales	**(0.7%)**	(2.9%)	*220 bps*	**(2.6%)**	(1.5%)	*(110) bps*
Total prescription volume	**(1.7%)**	0.2%	*(190) bps*	**(2.8%)**	2.0%	*(480) bps*
Total adjusted prescription volume [6]	**2.5%**	2.0%	*50 bps*	**0.4%**	3.6%	*(320) bps*
SEGMENT STATISTICS						
Net revenues increase (decrease):						
Total	**0.3%**	4.7%	*(445) bps*	**(2.1%)**	12.6%	*(1473) bps*
Pharmacy	**0.5%**	5.7%	*(521) bps*	**(2.2%)**	15.9%	*(1806) bps*
Front store	**(0.3%)**	(1.3%)	*101 bps*	**(1.9%)**	0.3%	*(221) bps*
Generic dispensing rate	**86.8%**	85.2%	*160 bps*	**87.3%**	85.7%	*160 bps*
Rx % of net revenues	**74.7%**	74.6%	*16 bps*	**75.0%**	75.0%	*(4) bps*
FS % of net revenues	**23.8%**	23.9%	*(13) bps*	**23.6%**	23.6%	*2 bps*
Retail/LTC prescriptions filled	**245.0**	248.8	*(1.6%)*	**953.8**	976.3	*(2.3%)*
Adjusted retail/LTC prescriptions filled [6]	**321.8**	314.7	*2.3%*	**1,230.5**	1,223.5	*0.6%*

Footnotes

Totals may not foot due to rounding.

1 Excludes $31 million and $46 million of acquisition-related integration costs during both the three months and year ended December 31, 2016, respectively. Excludes $5 million of reduction in integration costs and $2 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively. 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.

2 Excludes $56 million and $235 million of acquisition-related integration costs during both the three months and year ended December 31, 2016. Excludes $5 million and $32 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively. 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 $34 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended Decmber 31, 2016. Excludes $4 million and $215 million in charges primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months and year ended December 31, 2017, respectively.

3 Amounts 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 $3 million and $21 million for the three months and year ended December 31, 2016, respectively.

4 Depreciation and amortization includes $8 million and $30 million, respectively, of acquisition-related integration depreciation related to the acquisitions of Omnicare and the pharmacies and clinics of Target for the three months and year ended December 31, 2016.

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

6 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: Corporate Segment
(Excluding Certain Items)

Fourth Quarter 2017

(In millions)	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — Three months ended December 31, 2016	+/-Variance	Full Year — Year ended December 31, 2017	Full Year — Year ended December 31, 2016	+/-Variance
Net revenues	**$ -**	$ -	N/A	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A	**-**	-	N/A
Gross profit	**-**	-	N/A	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating expenses [1][2]	**236.5**	235.9	(0.2%)	**925.7**	876.8	(5.6%)
as a % of net revenues	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating profit [2]	**$ (236.5)**	$ (235.9)	(0.2%)	**$ (925.7)**	$ (876.8)	(5.6%)
operating margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Depreciation and amortization	**30.3**	29.4	3.1%	**116.7**	119.2	(2.1%)
EBITDA	**$ (206.2)**	$ (206.5)	0.2%	**$ (809.0)**	$ (757.6)	(6.8%)
as a % of net revenues	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Excludes a $3 million reduction in integration costs for a change in estimate related to the acquisition of Omnicare and expense of $10 million of acquisition-related integration costs during the three months and year ended December 31, 2016, respectively. Excludes a $3 million charge related to a disputed 1999 legal settlement during the year ended December 31, 2016. Excludes a $3 million reduction in integration costs for a change in estimate related to the acquisition of Omnicare during the year ended December 31, 2017. Excludes $34 in transaction costs related to the proposed acquisition of Aetna and $9 million of transaction costs related to the divestiture of RxCrossroads during the three months and year ended December 31, 2017.

2 Amounts 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 $2 million and $3 million for the three months and year ended December 31, 2016, respectively.