# 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.*

## 2018 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, gains and losses on divestiture of a subsidiary, net interest expense on financing associated with proposed acquisitions, charges in connection with store rationalization, and any other items specifically identified herein, 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:

### FIRST QUARTER 2018

| *In millions, except per share amounts* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Income before income tax provision | **$ 1,470** | $ 1,534 |
| *Non-GAAP adjustments:* | | |
| Amortization of intangible assets | **210** | 200 |
| Acquisition-related transaction and integration costs [(1)] | **43** | 15 |
| Loss on divestiture of subsidiary [(2)] | **86** | - |
| Net interest expense on financing associated with proposed Aetna acquisition [(3)] | **231** | - |
| Charge in connection with store rationalization [(4)] | **-** | 199 |
| Adjusted income before income tax provision | **2,040** | 1,948 |
| Adjusted income tax provision | **533** | 734 |
| Adjusted income from continuing operations | **1,507** | 1,214 |
| Net income attributable to noncontrolling interest | - | (1) |
| Adjusted Income allocable to participating securities | **(3)** | (5) |
| Adjusted income from continuing operations attributable to CVS Health | **$ 1,504** | $ 1,208 |
| Weighted average diluted shares outstanding | **1,019** | 1,035 |
| Adjusted EPS | **$ 1.48** | $ 1.17 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(3) Includes $161 million of bridge financing costs, plus $112 million of interest expense on the $40 billion of senior notes issued on March 9, 2018 and the $5 billion term loan facility, less related interest income of $42 million earned on the proceeds of the senior notes.
(4) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

# 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 March 31, **2018** | 2017 |
|---|---|---|
| Net cash provided by operating activities | **$ 2,355** | $ 3,533 |
| Subtract: Additions to property and equipment | **(482)** | (457) |
| Free Cash Flow | **$ 1,873** | $ 3,076 |

# 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

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Income from continuing operations | **$ 998** | $ 962 |
| Income tax provision | **472** | 572 |
| Income before income tax provision | **1,470** | 1,534 |
| Interest expense, net [1] | **473** | 252 |
| Depreciation and amortization | **644** | 619 |
| EBITDA | **$ 2,587** | $ 2,405 |
| *Non-GAAP adjustments:* | | |
| Acquisition-related transaction and integration costs [2] | **43** | 15 |
| Loss on divestiture of subsidiary [3] | **86** | - |
| Charge in connection with store rationalization [4] | **-** | 199 |
| Adjusted EBITDA | **$ 2,716** | $ 2,619 |

(1) Includes $161 million of bridge financing costs, plus $112 million of interest expense on the $40 billion of senior notes issued on March 9, 2018 and the $5 billion term loan facility, less related interest income of $42 million earned on the proceeds of the senior notes.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(3) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(4) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

### PHARMACY SERVICES SEGMENT

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Operating profit [1] | **$ 761** | $ 757 |
| Depreciation and amortization [1] | **183** | 179 |
| Other expense | **(1)** | (1) |
| EBITDA | **$ 943** | $ 935 |

(1) The 2017 operating profit was reduced $27 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018. Additionally, the 2017 depreciation and amortization was reduced $1 million for the change.

# 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 March 31, **2018** | 2017 |
|---|---|---|
| Operating profit [(1)] | **$ 1,624** | $ 1,433 |
| Depreciation and amortization [(1)] | **427** | 412 |
| Other expense | **(2)** | (5) |
| EBITDA | **$ 2,049** | $ 1,840 |

(1) Operating profit for the three months ended March 31, 2018 and 2017, includes $3 million and $15 million, respectively, of acquisition-related integration costs. In 2018 and 2017, the costs relate to the acquisition of Omnicare. Operating profit for the three months ended March 31, 2018, includes an $86 million loss on the divestiture of our RxCrossroads subsidiary. Operating profit for the three months ended March 31, 2017, includes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative. The 2017 operating profit increased $22 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018. Additionally, the 2017 depreciation and amortization increased $1 million for the change.

## CORPORATE SEGMENT

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Operating loss [(1)] | **$ (264)** | $ (221) |
| Depreciation and amortization | **34** | 28 |
| Other expense | **-** | (1) |
| EBITDA | **$ (230)** | $ (194) |

(1) Operating loss for the three months ended March 31, 2018 includes $40 million in acquisition-related transaction and integration costs related to the proposed of Aetna acquisition. The 2017 operating loss was reduced $5 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.

# 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

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Operating expenses | **$ 4,913** | $ 4,778 |
| *Non-GAAP adjustments:* | | |
| Acquisition-related transaction and integration costs [1] | **(43)** | (15) |
| Loss on divestiture of subsidiary [2] | **(86)** | |
| Charge in connection with store rationalization [3] | **-** | (199) |
| Adjusted operating expenses | **$ 4,784** | $ 4,564 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(3) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

### RETAIL/LTC SEGMENT

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Operating expenses [1] | **$ 4,292** | $ 4,248 |
| *Non-GAAP adjustment:* | | |
| Acquisition-related integration costs [2] | **(3)** | (15) |
| Loss on divestiture of subsidiary [3] | **(86)** | - |
| Charge in connection with store rationalization [4] | **-** | (199) |
| Adjusted operating expenses | **$ 4,203** | $ 4,034 |

(1) The 2017 operating expense was reduced $17 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018 and 2017, integration costs relate to the acquisition of Omnicare.
(3) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(4) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

# 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 March 31, **2018** | 2017 |
|---|---|---|
| Operating expenses [1] | **$ 264** | $ 221 |
| *Non-GAAP adjustments:* | | |
| Acquisition-related transaction and integration costs [2] | **(40)** | - |
| Adjusted operating expenses | **$ 224** | $ 221 |

(1) The 2017 operating expense was reduced $5 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare.

## ADJUSTED OPERATING PROFIT

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

## CONSOLIDATED

| *In millions* | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| Operating profit | **$ 1,946** | $ 1,793 |
| *Non-GAAP adjustments:* | | |
| Acquisition-related transaction and integration costs [1] | **43** | 15 |
| Loss on divestiture of subsidiary [2] | **86** | - |
| Charge in connection with store rationalization [3] | **-** | 199 |
| Adjusted operating profit | **$ 2,075** | $ 2,007 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(3) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

# 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 March 31, 2018 | 2017 |
|---|---|---|
| Operating profit [1] | **$ 1,624** | $ 1,433 |
| *Non-GAAP adjustment:* | | |
| Acquisition-related integration costs [2] | **3** | 15 |
| Loss on divestiture of subsidiary [3] | **86** | - |
| Charge in connection with store rationalization [4] | **-** | 199 |
| Adjusted operating profit | **$ 1,713** | $ 1,647 |

(1) The 2017 operating profit increased $22 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(3) Represents the pre-tax loss on the sale of RxCrossroads for $725 million which closed on January 2, 2018.
(4) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

## CORPORATE SEGMENT

| *In millions* | Three Months Ended March 31, 2018 | 2017 |
|---|---|---|
| Operating loss [1] | **$ (264)** | $ (221) |
| *Non-GAAP adjustments:* | | |
| Acquisition-related transaction and integration costs [2] | **40** | - |
| Adjusted operating loss | **$ (224)** | $ (221) |

(1) The 2017 operating loss was reduced $5 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna.

## ADJUSTED INTEREST EXPENSE, NET

The following is a reconciliation of interest expense, net, to adjusted interest expense, net:

## CONSOLIDATED

| *In millions* | Three Months Ended March 31, 2018 | 2017 |
|---|---|---|
| Interest expense, net | **$ 473** | $ 252 |
| *Non-GAAP adjustment:* | | |
| Net interest expense on financing associated with proposed Aetna acquisition [1] | **(231)** | - |
| Adjusted interest expense, net | **$ 242** | $ 252 |

(1) Includes $161 million of bridge financing costs, plus $112 million of interest expense on the $40 billion of senior notes issued on March 9, 2018 and the $5 billion term loan facility, less related interest income of $42 million earned on the proceeds of the senior notes.

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

## 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 March 31, | |
|---|---|---|
| | **2018** | 2017 |
| Effective Income tax rate | **32.1%** | 37.3% |
| Impact of non-GAAP adjustments | **(6.0)** | 0.4 |
| Adjusted income tax rate | **26.1%** | 37.7% |

# 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.*

## 2018 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 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, gains, losses and transaction costs on divestitures of a subsidiaries, net interest expense on financing associated with proposed acquisitions, goodwill impairments, charges in connection with store rationalization, losses on settlements of defined benefits plans, and any other items specifically identified herein, 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:

# 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.*

## SECOND QUARTER 2018

| *In millions, except per share amounts* | Three Months Ended June 30, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Income before income tax provision | **$ 1,697** | **$ 1,767** | $ 1,863 |
| *Non-GAAP adjustments:* | | | |
| Amortization of intangible assets | **215** | **215** | 203 |
| Acquisition-related transaction and integration costs (1) | **40** | **40** | 10 |
| Net interest expense on financing associated with proposed Aetna acquisition (2) | **268** | **268** | - |
| Charge in connection with store rationalization (3) | | | 6 |
| Goodwill impairment (4) | **-** | **-** | 135 |
| Adjusted income before income tax provision | **2,220** | **2,290** | 2,217 |
| Adjusted income tax provision | **600** | **620** | 852 |
| Adjusted income from continuing operations | **1,620** | **1,670** | 1,365 |
| Net income attributable to noncontrolling interest | **-** | **-** | - |
| Adjusted income allocable to participating securities | **(2)** | **(2)** | (4) |
| Adjusted income from continuing operations attributable to CVS Health | **$ 1,618** | **$ 1,668** | $ 1,361 |
| Weighted average diluted common shares outstanding | **1,020** | **1,020** | 1,024 |
| Adjusted EPS | **$ 1.59** | **$ 1.64** | $ 1.33 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Includes $268 million interest expense on the $40 billion of senior notes issued on March 9, 2018 and the $5 billion term loan facility, less related interest income earned on the proceeds of the senior notes.
(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.*

## FULL-YEAR 2018

| *In millions, except per share amounts* | Year Ended December 31, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Income before income tax provision | **$ 7,324** | **$ 7,624** | $ 8,268 |
| *Non-GAAP adjustments:* | | | |
| Amortization of intangible assets | **850** | **850** | 817 |
| Acquisition-related transaction and integration costs (1) | **255** | **255** | 65 |
| Transaction costs and loss on divestiture of subsidiary (2) | **86** | **86** | 9 |
| Net interest expense on financing associated with proposed Aetna acquisition (3) | **1,115** | **1,115** | 56 |
| Goodwill impairments (4) | **-** | **-** | 181 |
| Charge in connection with store rationalization (5) | **-** | **-** | 215 |
| Losses on settlements of defined benefit pension plans | **-** | **-** | 187 |
| Adjusted income before income tax provision | **9,630** | **9,930** | 9,798 |
| Adjusted income tax provision | **2,600** | **2,680** | 3,733 |
| Adjusted income from continuing operations | **7,030** | **7,250** | 6,065 |
| Net income attributable to noncontrolling interest | **(1)** | **(1)** | (1) |
| Income allocable to participating securities | **(12)** | **(12)** | (22) |
| Adjusted income from continuing operations attributable to CVS Health | **$ 7,017** | **$ 7,237** | $ 6,042 |
| Weighted average diluted common shares outstanding | **1,022** | **1,022** | 1,024 |
| Adjusted earnings per share | **$ 6.87** | **$ 7.08** | $ 5.90 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Transaction costs and loss associated with the sale of RxCrossroads for $725 million which closed on January 2, 2018.
(3) Includes $1.1 billion of bridge financing costs and interest expense on the $40 billion of senior notes issued on March 9, 2018 and the $5 billion term loan facility, less related interest income earned on the proceeds of the senior notes.
(4) Goodwill impairments related to the RxCrossroads reporting unit within the Retail/LTC Segment.
(5) Primarily related to charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

# 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 PROFIT

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

### SECOND QUARTER 2018

### CONSOLIDATED

| | Quarter Ended June 30, | | |
|---|---|---|---|
| | **2018E** | | 2017 |
| *In millions* | **Low** | **High** | Actual |
| Operating profit | **$ 2,230** | **$ 2,300** | $ 2,117 |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related transaction and integration costs [(1)] | **40** | **40** | 10 |
| Charges in connection with store rationalization [(2)] | **-** | **-** | 6 |
| Goodwill impairment [(3)] | **-** | **-** | 135 |
| | **$ 2,270** | **$ 2,340** | $ 2,268 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(3) Goodwill impairments related to the RxCrossroads reporting unit within the Retail/LTC Segment.

### RETAIL/LTC SEGMENT

| | Quarter Ended June 30, | | |
|---|---|---|---|
| | **2018E** | | 2017 |
| *In millions* | **Low** | **High** | Actual |
| Operating profit [(1)] | **$ 1,660** | **$ 1,705** | $ 1,428 |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related integration costs [(2)] | **-** | **-** | 10 |
| Charges in connection with store rationalization [(3)] | **-** | **-** | 6 |
| Goodwill impairment [(4)] | **-** | **-** | 135 |
| | **$ 1,660** | **$ 1,705** | $ 1,579 |

(1) The 2017 operating profit increased $17 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) The integration costs relate to the acquisition of Omnicare.
(3) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.
(4) Goodwill impairments related 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* | Quarter Ended June 30, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Operating Loss [1] | **$ (275)** | **$ (270)** | $ (234) |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related transaction and integration costs [1] | **40** | **40** | - |
| | **$ (235)** | **$ (230)** | $ (234) |

(1) The 2017 operating loss was reduced $6 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna.

## FULL-YEAR 2018

## CONSOLIDATED

| *In millions* | Year Ended December 31, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Operating profit | **$ 9,480** | **$ 9,780** | $ 9,517 |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related transaction and integration costs [1] | **255** | **255** | 65 |
| Transaction costs and loss on divestiture of subsidiary [2] | **86** | **86** | 9 |
| Goodwill impairments [3] | **-** | **-** | 181 |
| Charges in connection with store rationalization [4] | **-** | **-** | 215 |
| | **$ 9,821** | **$ 10,121** | $ 9,987 |

(1) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(2) Represents transaction costs and the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.
(3) Goodwill impairments related to the RxCrossroads reporting unit within the Retail/LTC Segment.
(4) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

# 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* | Year Ended December 31, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Operating profit [1] | **$ 6,670** | **$ 6,810** | $ 6,558 |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related integration costs [2] | **3** | **3** | 34 |
| Loss on divestiture of subsidiary [3] | **86** | **86** | **-** |
| Goodwill impairments [4] | **-** | **-** | 181 |
| Charges in connection with store rationalization [5] | **-** | **-** | 215 |
| | **$ 6,759** | **$ 6,899** | $ 6,988 |

(1) The 2017 operating profit increased $89 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna and the acquisition of Omnicare. In 2017, integration costs relate to the acquisition of Omnicare.
(3) Represents the pre-tax loss on the sale of RxCrossroads for $725 million which closed on January 2, 2018.
(4) Goodwill impairments related to the RxCrossroads reporting unit within the Retail/LTC Segment.
(5) Primarily represents a charge for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

## CORPORATE SEGMENT

| *In millions* | Year Ended December 31, 2018E Low | 2018E High | 2017 Actual |
|---|---|---|---|
| Operating loss [1] | **$ (1,175)** | **$ (1,165)** | $ (952) |
| *Non-GAAP adjustments:* | | | |
| Acquisition-related transaction and integration costs [2] | **252** | **252** | 31 |
| Transaction costs in connection with divestiture of subsidiary [3] | **-** | **-** | 9 |
| | **$ (923)** | **$ (913)** | $ (912) |

(1) The 2017 operating loss was reduced $14 million to reflect the company's retrospective change in cost allocations between segments in conjunction with the implementation of a new enterprise resource planning system in the first quarter of 2018.
(2) In 2018, transaction and integration costs relate to the proposed acquisition of Aetna.
(3) Represents transaction costs on the sale of RxCrossroads subsidiary for $725 million on January 2, 2018.