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, goodwill impairments, gains and losses on divestitures of subsidiaries, net interest expense on financing associated with proposed acquisitions, 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:

THIRD QUARTER 2018

In millions, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	**2018**	2017
Income before income tax provision	**$ 1,899**	$ 2,062	**$ 1,304**	$ 5,459
Non-GAAP adjustments:				
Amortization of intangible assets	**215**	205	**639**	608
Acquisition-related transaction and integration costs [(1)]	**70**	6	**152**	31
Goodwill impairments [(2)]	**-**	-	**3,921**	135
Loss on divestiture of subsidiary [(3)]	**-**	-	**86**	-
Net interest expense on financing for the proposed acquisition of Aetna [(4)]	**227**	-	**697**	-
Losses on settlements of defined benefit pension plans	**-**	187	**-**	187
Charges in connection with store rationalization [(5)]	**-**	6	**-**	211
Adjusted income before income tax provision	**2,411**	2,466	**6,799**	6,631
Adjusted income tax provision [(6)]	**641**	935	**1,798**	2,520
Adjusted income from continuing operations	**1,770**	1,531	**5,001**	4,111
Income from continuing operations attributable to noncontrolling interests	-	-	**-**	(1)
Adjusted Income allocable to participating securities	**(2)**	(3)	**(10)**	(15)
Adjusted income from continuing operations attributable to CVS Health	**$ 1,768**	$ 1,528	**$ 4,991**	$ 4,095
Weighted average diluted shares outstanding [(7)]	**1,022**	1,020	**1,020**	1,026
Adjusted EPS	**$ 1.73**	$ 1.50	**$ 4.89**	$ 3.99

(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) In 2018, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(3) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.
(4) The three and nine months ended September 30, 2018 include $2 million and $171 million, respectively, of bridge financing costs, plus $434 million and $979 million, respectively, 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 $209 million and $453 million, respectively, earned on the proceeds of the 2018 senior notes.

(5) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

(6) The Company computes its adjusted income tax provision by determining the annual expected effective tax rate after taking into account items excluded from adjusted income before income tax provision. The nature of each of our non-GAAP adjustments are evaluated to determine whether a discrete adjustment should be made to our adjusted income tax provision.

(7) Adjusted earnings per share for the nine months ended September 30, 2018 is calculated utilizing weighted average diluted shares outstanding, which include 2 million of potential common shares, as the impact of the potential common shares was dilutive. The potential common shares were excluded from the calculation of GAAP loss per share for the nine months ended September 30, 2018, as the shares would have had an anti-dilutive effect as a result of the GAAP net loss incurred.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Net cash provided by operating activities	**$ 1,097**	$ 2,611	**$ 6,386**	$ 8,143
Subtract: Additions to property and equipment	**(540)**	(524)	**(1,452)**	(1,412)
Add: Proceeds from sale-leaseback transactions	**-**	265	**-**	265
Free Cash Flow	**$ 557**	$ 2,352	**$ 4,934**	$ 6,996

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	**2018**	2017	**2018**	2017
Income (loss) from continuing operations	**$ 1,390**	$ 1,285	**$ (174)**	$ 3,344
Income tax provision	**509**	777	**1,478**	2,115
Income before income tax provision	**1,899**	2,062	**1,304**	5,459
Interest expense, net [1]	**453**	245	**1,401**	744
Depreciation and amortization	**620**	614	**1,911**	1,856
EBITDA	**$ 2,972**	$ 2,921	**$ 4,616**	$ 8,059
Non-GAAP adjustments:				
Acquisition-related transaction and integration costs [2]	**70**	6	**152**	31
Goodwill impairments [3]	**-**	-	**3,921**	135
Loss on divestiture of subsidiary [4]	**-**	-	**86**	-
Losses on settlements of defined benefit pension plans	**-**	187	**-**	187
Charges in connection with store rationalization [5]	**-**	6	**-**	211
Adjusted EBITDA	**$ 3,042**	$ 3,120	**$ 8,775**	$ 8,623

(1) The three and nine months ended September 30, 2018 include $2 million and $171 million, respectively, of bridge financing costs, plus $434 million and $979 million, respectively, 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 $209 million and $453 million, respectively, earned on the proceeds of the 2018 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) In 2018, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(4) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.
(5) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

PHARMACY SERVICES SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Operating profit [1]	**$ 1,345**	$ 1,327	**$ 3,194**	$ 3,196
Depreciation and amortization [1]	**171**	176	**536**	533
Other expense	**-**	(1)	**-**	(3)
EBITDA	**$ 1,516**	**$ 1,502**	**$ 3,730**	$ 3,726

(1) The 2017 operating profit was reduced $26 million and $76 million for the three and nine months ended September 30, 2017, respectively, 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 $3 million for the change in the nine months ended September 30, 2017.

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,	
	2018	2017	**2018**	2017
Operating profit [(1)]	**$ 1,491**	$ 1,581	**$ 890**	$ 4,442
Depreciation and amortization [(1)]	**415**	408	**1,273**	1,236
Other expense	**-**	(4)	**-**	(14)
EBITDA	**$ 1,906**	$ 1,985	**$ 2,163**	$ 5,664

(1) Operating profit for the three and nine months ended September 30, 2018, includes $4 million and $7 million, respectively, of acquisition-related transaction and integration costs related to the acquisition of Omnicare. Operating profit for the three and nine months ended September 30, 2017, include $9 million and $34 million, respectively, of acquisition-related integration costs related to the acquisition of Omnicare. Operating profit for the nine months ended September 30, 2018 and 2017, include goodwill impairment charges of $3.9 billion related to the LTC reporting unit and $135 million related to the RxCrossroads reporting unit, respectively. Operating profit for the nine months ended September 30, 2018, includes an $86 million loss on the divestiture of our RxCrossroads subsidiary. Operating profit for the three and nine months ended September 30, 2017, include $6 million and $211 million, respectively, of charges associated with stores closures. Operating profit for the three and nine months ended September 30, 2017, increased $28 million and $67 million, respectively, 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, depreciation and amortization increased $1 million for the change for the nine months ended September 30, 2017.

CORPORATE SEGMENT

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	**2018**	2017
Operating loss [(1)]	**$ (287)**	$ (222)	**$ (814)**	$ (677)
Depreciation and amortization [(1)]	**34**	30	**102**	88
Other expense	**(1)**	(187)	**(7)**	(189)
EBITDA	**$ (254)**	$ (379)	**$ (719)**	$ (778)

(1) Operating loss for the three and nine months ended September 30, 2018 include $66 million and $145 million in acquisition-related transaction and integration costs related to the proposed of Aetna acquisition. Operating loss for the three and nine months ended September 30, 2017, was increased $2 million and reduced $9 million, respectively, 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. In addition, depreciation and amortization for the nine months ended September 30, 2017 increased $2 million related to this 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.

ADJUSTED COST OF REVENUES

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

CONSOLIDATED

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Cost of revenues	**$ 39,941**	$ 39,064	**$ 118,282**	$ 115,766
Non-GAAP adjustment:				
Acquisition-related integration costs [1]	**-**	(2)	**-**	(7)
Adjusted cost of revenues	**$ 39,941**	$ 39,062	**$ 118,282**	$ 115,759

(1) In 2017, the costs are associated with the acquisition of Omnicare.

RETAIL/LTC SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Cost of revenues	**$ 15,042**	$ 13,904	**$ 44,318**	$ 41,440
Non-GAAP adjustment:				
Acquisition-related integration costs [1]	**-**	(2)	**-**	(7)
Adjusted cost of revenues	**$ 15,042**	$ 13,902	**$ 44,318**	$ 41,433

(1) In 2017, the costs are associated with the acquisition of Omnicare.

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	**2018**	2017	**2018**	2017
Operating expenses [1]	**$ 4,975**	$ 4,618	**$ 18,676**	$ 14,205
Non-GAAP adjustments:				
Acquisition-related transaction and integration costs [2]	**(70)**	(4)	**(152)**	(24)
Goodwill impairments [3]	**-**	-	**(3,921)**	(135)
Loss on divestiture of subsidiary [4]	**-**	-	**(86)**	-
Charges in connection with store rationalization [5]	**-**	(6)	**-**	(211)
Adjusted operating expenses	**$ 4,905**	$ 4,608	**$ 14,517**	$ 13,835

(1) Operating expenses for the three and nine months ended September 30, 2017, have been reduced by $9 million and $27 million, respectively, 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) In 2018, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(4) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.

(5) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

RETAIL/LTC SEGMENT

In millions	Three Months Ended September 30, **2018**	2017	Nine Months Ended September 30, **2018**	2017
Operating expenses [1]	**$ 4,323**	$ 4,108	**$ 16,752**	$ 12,606
Non-GAAP adjustments:				
Acquisition-related integration costs [2]	**(4)**	(7)	**(7)**	(27)
Goodwill impairments [3]	**-**	-	**(3,921)**	(135)
Loss on divestiture of subsidiary [4]	**-**	-	**(86)**	-
Charges in connection with store rationalization [5]	**-**	(6)	**-**	(211)
Adjusted operating expenses	**$ 4,319**	$ 4,095	**$ 12,738**	$ 12,233

(1) Operating expenses for the three and nine months ended September 30, 2017, were reduced $24 million and $55 million, respectively, 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, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(3) In 2018 and 2017, integration costs relate to the acquisition of Omnicare.
(4) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.
(5) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

CORPORATE SEGMENT

In millions	Three Months Ended September 30, **2018**	2017	Nine Months Ended September 30, **2018**	2017
Operating expenses [1]	**$ 287**	$ 222	**$ 814**	$ 677
Non-GAAP adjustment:				
Acquisition-related transaction and integration costs [2]	**(66)**	3	**(145)**	3
Adjusted operating expenses	**$ 221**	$ 225	**$ 669**	$ 680

(1) Operating expenses for the three and nine months ended September 30, 2017, were increased $2 million and reduced $9 million, respectively, 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. In 2017, the amount relates to a change in estimated integration costs in connection with the acquisition of Omnicare.

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 (loss) to adjusted operating profit:

CONSOLIDATED

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Operating profit	**$ 2,353**	$ 2,499	**$ 2,712**	$ 6,409
Non-GAAP adjustments:				
Acquisition-related transaction and integration costs [1]	**70**	6	**152**	31
Goodwill impairments [2]	**-**	-	**3,921**	135
Loss on divestiture of subsidiary [3]	**-**	-	**86**	-
Charges in connection with store rationalization [4]	**-**	6	**-**	211
Adjusted operating profit	**$ 2,423**	$ 2,511	**$ 6,871**	$ 6,786

(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) In 2018, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(3) Represents the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.
(4) Primarily represents charges for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative.

RETAIL/LTC SEGMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2018**	2017	**2018**	2017
Operating profit [1]	**$ 1,491**	$ 1,581	**$ 890**	$ 4,442
Non-GAAP adjustments:				
Acquisition-related integration costs [2]	**4**	9	**7**	34
Goodwill impairments [3]	**-**	-	**3,921**	135
Loss on divestiture of subsidiary [4]	**-**	-	**86**	-
Charges in connection with store rationalization [5]	**-**	6	**-**	211
Adjusted operating profit	**$ 1,495**	$ 1,596	**$ 4,904**	$ 4,822

(1) Operating profit for the three and nine months ended September 30, 2017, increased $28 million and $67 million, respectively, 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) In 2018, the goodwill impairment relates to the LTC reporting unit within the Retail/LTC Segment. In 2017, the goodwill impairment relates to the RxCrossroads reporting unit within the Retail/LTC Segment.
(4) Represents the pre-tax loss on the sale of RxCrossroads for $725 million.
(5) Primarily represents 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.

CORPORATE SEGMENT

In millions	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating loss [1]	**$ (287)**	$ (222)	**$ (814)**	$ (677)
Non-GAAP adjustment:				
Acquisition-related transaction and integration costs [2]	**66**	(3)	**145**	(3)
Adjusted operating loss	**$ (221)**	$ (225)	**$ (669)**	$ (680)

(1) Operating loss for the three and nine months ended September 30, 2017, increased $2 million and was reduced $9 million, respectively, 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. In 2017, the amount relates to a change in estimated integration costs in connection with the acquisition of Omnicare.

ADJUSTED INTEREST EXPENSE, NET

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

CONSOLIDATED

In millions	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Interest expense, net	**$ 453**	$ 245	**$ 1,401**	$ 744
Non-GAAP adjustment:				
Net interest expense on financing for the proposed acquisition of Aetna [1]	**(227)**	-	**(697)**	-
Adjusted interest expense, net	**$ 226**	$ 245	**$ 704**	$ 744

(1) The three and nine months ended September 30, 2018 include $2 million and $171 million, respectively, of bridge financing costs, plus $434 million and $979 million, respectively, 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 $209 million and $453 million, respectively, earned on the proceeds of the 2018 senior notes.

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, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Effective Income tax rate	**26.8%**	37.7%	**113.3%**	38.7%
Impact of non-GAAP adjustments	**(0.2)**	0.2	**(86.8)**	(0.7)
Adjusted income tax rate	**26.6%**	37.9%	**26.5%**	38.0%

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, goodwill impairments, gains, losses and transaction costs on divestitures of 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.

FULL-YEAR 2018

In millions, except per share amounts	Year Ended December 31, 2018E Low	2018E High	2017 Actual
Income before income tax provision	**$ 3,499**	**$ 3,646**	$ 8,268
Non-GAAP adjustments:			
Amortization of intangible assets	**850**	**850**	817
Acquisition-related transaction and integration costs (1)	**333**	**333**	65
Goodwill impairments (2)	**3,921**	**3,921**	181
Loss on divestiture of subsidiary (3)	**86**	**86**	9
Net interest expense on financing for the proposed acquisition of Aetna (4)	**1,075**	**1,075**	56
Charge in connection with store rationalization (5)	**-**	**-**	215
Losses on settlements of defined benefit pension plans	**-**	**-**	187
Adjusted income before income tax provision	**9,764**	**9,911**	9,798
Adjusted income tax provision	**2,620**	**2,667**	3,733
Adjusted income from continuing operations	**7,144**	**7,244**	6,065
Net income attributable to noncontrolling interests	**(1)**	**(1)**	(1)
Income allocable to participating securities	**(13)**	**(13)**	(22)
Adjusted income from continuing operations attributable to CVS Health	**$ 7,130**	**$ 7,230**	$ 6,042
Weighted average diluted common shares outstanding	**1,021**	**1,021**	1,024
Adjusted earnings per share	**$ 6.98**	**$ 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) Goodwill impairments related to the LTC reporting unit in 2018 and the RxCrossroads reporting unit in 2017, both of which are part of the Retail/LTC Segment.
(3) Transaction costs and loss associated with the sale of RxCrossroads for $725 million.
(4) 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.
(5) 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.

ADJUSTED OPERATING PROFIT

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

FULL-YEAR 2018

CONSOLIDATED

	Year Ended December 31,		
	2018E		2017
In millions	**Low**	**High**	Actual
Operating profit	**$ 5,570**	**$ 5,720**	$ 9,517
Non-GAAP adjustments:			
Acquisition-related transaction and integration costs [(1)]	**333**	**333**	65
Goodwill impairments [(2)]	**3,921**	**3,921**	181
Loss on divestiture of subsidiary [(3)]	**86**	**86**	9
Charge in connection with store rationalization [(4)]	**-**	**-**	215
	$ 9,910	**$ 10,060**	$ 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) Goodwill impairments related to the LTC reporting unit in 2018 and the RxCrossroads reporting unit in 2017, both of which are part of the Retail/LTC Segment.
(3) Represents transaction costs and the pre-tax loss on the sale of RxCrossroads subsidiary for $725 million.
(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:

	Year Ended December 31,	
	2018E	2017
In millions		Actual
Net cash provided by operating activities	**$ 9,050**	$ 8,007
Subtract: Additions to property and equipment	**(2,150)**	(1,918)
Add: Proceeds from sale-leaseback transactions	**-**	265
Free Cash Flow	**$ 6,900**	$ 6,354