CVS Health Corporation

Supplemental Financial Information

Preliminary and Unaudited
Fourth Quarter 2018
Earnings Release
February 20, 2019

The information in this supplement includes non-GAAP financial measures related to our company's performance, namely Adjusted Operating Income, 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, 2018. 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, 2018**	December 31, 2017	+/-Variance	***Full Year*** *Year ended* **December 31, 2018**	December 31, 2017	+/-Variance
Revenues:						
Products	**47,875.3**	47,234.3	1.4%	**183,910.3**	180,063.3	2.1%
Premiums	**5,500.0**	825.9	566.0%	**8,184.1**	3,557.7	130.0%
Services	**873.4**	325.0	168.8%	**1,824.9**	1,144.2	59.5%
Net investment income [1] [2]	**174.0**	6.1	2,752.1%	**659.2**	21.4	2,977.2%
Total revenues [1]	**$ 54,422.8**	$ 48,391.2	12.5%	**$ 194,578.4**	$ 184,786.6	5.3%
Operating costs:						
Cost of products sold [1] [3]	**40,563.1**	40,097.1	1.2%	**156,446.6**	153,448.5	2.0%
Benefit costs	**4,194.3**	395.2	961.4%	**6,593.7**	2,810.0	134.7%
Goodwill impairments [4]	**2,228.1**	46.0	4,743.6%	**6,149.1**	181.0	3,297.3%
Operating expenses [1] [5]	**6,613.1**	4,738.7	39.6%	**21,368.4**	18,808.8	13.6%
Total operating costs	**53,599.6**	45,277.0	(18.4%)	**190,557.8**	175,248.4	(8.7%)
Operating income [1]	**$ 823.1**	$ 3,114.3	(73.6%)	**$ 4,020.6**	$ 9,538.3	(57.8%)
operating margin	***1.5%***	*6.4%*	*(492) bps*	***2.1%***	*5.2%*	*(310) bps*
Interest expense [1] [2]	**732.4**	303.1	(141.6%)	**2,618.9**	1,062.6	(146.5%)
Other expenses [8]	**(10.4)**	2.5	521.7%	**(3.8)**	208.3	101.8%
Income before income tax provision	**101.2**	2,808.7	(96.4%)	**1,405.6**	8,267.4	(83.0%)
Income tax provision	**523.0**	(478.2)	209.4%	**2,001.4**	1,636.9	(22.3%)
effective tax rate [6]	***517.1%***	***-17.0%***	*(53410) bps*	***142.4%***	***19.8%***	*(12259) bps*
Income from continuing operations	**(421.9)**	3,286.9		**(595.8)**	6,630.4	
Income from discontinued operations	**(0.1)**	(0.2)	66.1%	**(0.5)**	(8.0)	93.2%
Net income (loss)	**(422.0)**	3,286.7	(112.8%)	**(596.4)**	6,622.4	(109.0%)
as a % of net revenues	***-0.8%***	*6.8%*	*(757) bps*	***-0.3%***	*3.6%*	*(389) bps*
Net income (loss) attributable to noncontrolling interest	**2.8**	-		**2.3**	(0.5)	
Net income (loss) attributable to CVS Health	**$ (419.2)**	$ 3,286.6	(112.8%)	**$ (594.1)**	$ 6,621.9	(109.0%)
as a % of net revenues	***-0.8%***	*6.8%*	*(756) bps*	***-0.3%***	*3.6%*	*(389) bps*
Earnings allocated to participating securities	**(0.8)**	(7.5)	89.4%	**(3.9)**	(23.5)	83.2%
Income (loss) available for common shareholders	**(420.0)**	3,279.2	(112.8%)	**(598.0)**	6,598.4	109.1%
Weighted average diluted shares outstanding [7]	**1,121.2**	1,017.6	(10.2%)	**1,043.8**	1,024.1	(1.9%)
GAAP diluted earnings (loss) per share from continuing ops	**$ (0.37)**	$ 3.22	(111.6%)	**$ (0.57)**	$ 6.45	(108.9%)

Footnotes

Totals may not foot due to rounding.

1 The consolidated statements of operations for the three months and year ended December 31, 2017 have been retrospectively adjusted to reflect (i) a change to the Company's cost allocation methodology effective January 1, 2018 and (ii) the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation.

2 The three months and year ended December 31, 2018 include interest expense of $280 million and $1.4 billion, respectively, related to (i) bridge financing costs, (ii) interest expense on the $40 billion of 2018 Senior Notes and (iii) the $5 billion term loan facility. Net investment income includes interest income of $83 million and $536 million, respectively, earned on the proceeds of the 2018 Senior Notes. The three months and year ended December 31, 2017 each include interest expense of $56 million related to bridge financing costs. All amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on November 28, 2018.

3 Cost of products sold for the three months ended December 31, 2017 includes a $5 million reduction in integration costs for a change in estimate. Cost of products sold for the year ended December 31, 2017 includes $2 million of acquisition-related integration costs. Those integration costs are related to the acquisition of Omnicare.

4 In 2018, the goodwill impairments relate to the LTC reporting unit within the Retail/LTC segment. In 2017, the goodwill impairments relate to the RxCrossroads reporting unit within the Retail/LTC Segment.

5 The three months ended December 31, 2018 includes the following: $340 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $43 million loss on impairment of long-lived asset impairment primarily related to property and equipment in Retail/LTC. The three months ended December 31, 2017 include $39 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $9 million of transaction costs related to the divestiture of the Company's RxCrossroads subsidiary; and $4 million related to the closure of stores in connection with our enterprise streamlining initiative. The year ended December 31, 2018 includes $492 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $43 million loss on impairment of long-lived asset impairment primarily related to property and equipment in Retail/LTC; and $86 million of loss related to the divestiture of the Company's RxCrossroads subsidiary. The year ended December 31, 2017 includes $63 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $9 million of transaction costs related to the divestiture of the RxCrossroads subsidiary; and $215 million related to the closure of stores in connection with our enterprise streamlining initiative.

6 The income tax provision for the three months and year ended December 31, 2018 and 2017, include the effects of the items described in footnotes 2 through 5.

7 There were 5 million and 3 million of potential common shares in the three months and year ended December 31, 2018 that were excluded from the calculation of GAAP loss per share, as the shares would have had an anti-dilutive effect as a result of the GAAP net loss incurred.

8 Includes $187 million of losses on settlements of defined benefit pension plans in the year ended December 31, 2017.

(In millions)	***Fourth Quarter*** *Three months ended* **December 31, 2018**	December 31, 2017	+/-Variance	***Full Year*** *Year ended* **December 31, 2018**	December 31, 2017	+/-Variance
Revenues:						
Products	**34,093.2**	33,243.8	2.6%	**130,264.1**	126,769.7	2.8%
Premiums	**677.4**	825.9	(18.0%)	**3,361.4**	3,557.7	(5.5%)
Services	**116.7**	82.3	41.9%	**489.7**	268.6	82.3%
Net investment income [1]	**2.6**	1.5	79.8%	**13.0**	5.3	146.4%
Total revenues [1]	**$ 34,889.9**	$ 34,153.4	2.2%	**$ 134,128.2**	$ 130,601.3	2.7%
Cost of products sold [1]	**32,648.9**	31,941.9	2.2%	**125,107.5**	121,800.2	2.7%
Benefit costs	**405.4**	395.2	2.6%	**2,804.7**	2,810.0	(0.2%)
Operating expenses [1]	**341.4**	358.8	(4.8%)	**1,516.9**	1,334.2	13.7%
as a % of revenues [1]	***1.0%***	*1.1%*	*7 bps*	***1.1%***	*1.0%*	*(11) bps*
Operating income [1]	**$ 1,494.3**	$ 1,457.6	2.5%	**$ 4,699.0**	$ 4,656.9	0.9%
operating margin [1]	***4.3%***	*4.3%*	*2 bps*	***3.5%***	*3.6%*	*(6) bps*
Revenues by distribution channel [6]:						
Pharmacy network [2] [3]	**21,958.5**	21,444.3	2.4%	**83,261.2**	80,891.3	2.9%
Mail choice [5]	**12,127.0**	11,759.2	3.1%	**46,933.6**	45,709.5	2.7%
Other [2]	**801.8**	948.4	(15.5%)	**3,920.5**	3,995.4	(1.9%)
Pharmacy claims processed [4]:						
Total adjusted claims	**484.6**	458.7	5.6%	**1,889.8**	1,781.9	6.1%
Adjusted pharmacy network [3]	**409.2**	389.7	5.0%	**1,601.4**	1,516.7	5.6%
Adjusted mail choice [5]	**75.4**	69.0	9.2%	**288.4**	265.2	8.7%
Generic dispensing rate [4]:						
Total	**86.9%**	86.9%	*(1) bps*	**87.3%**	87.0%	*30 bps*
Pharmacy network (3)	**87.5%**	87.5%	*(5) bps*	**87.9%**	87.7%	*24 bps*
Mail Choice [5]	**83.6%**	83.2%	*35 bps*	**83.9%**	83.1%	*76 bps*
Mail choice penetration rate [4]	**15.6%**	15.0%	*50 bps*	**15.3%**	14.9%	*38 bps*

Footnotes

Totals may not foot due to rounding.

1 The three months and year ended December 31, 2017 have been retrospectively adjusted to reflect (i) a change to the Company's cost allocation methodology effective January 1, 2018 and (ii) the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation.

2 Amounts revised for the three months and year ended December 31, 2017, to reflect the reclassification of Medicare Part D premium revenues from pharmacy network revenues to other revenues.

3 Pharmacy network revenues, pharmacy claims processed and generic dispensing rate do not include Maintenance Choice activity, which is included within the mail choice category. Pharmacy network is defined as claims filled at retail and specialty retail pharmacies, including the Company's retail pharmacies and long-term care pharmacies, but excluding Maintenance Choice activity.

4 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.

5 Mail choice is defined as claims filled at a Pharmacy Services mail facility, which includes specialty mail claims inclusive of Specialty Connect® claims picked up at retail, as well as prescriptions filled at the Company's retail pharmacies under the Maintenance Choice® program.

6 Excludes net investment income.

(In millions)	Fourth Quarter Three months ended December 31, 2018	Fourth Quarter Three months ended December 31, 2017	+/-Variance	Full Year Year ended December 31, 2018	Full Year Year ended December 31, 2017	+/-Variance
Revenues:						
Products	**21,792.9**	20,666.7	5.4%	**83,175.1**	78,522.2	5.9%
Services	**235.2**	242.7	(3.1%)	**813.6**	875.6	(7.1%)
Total revenues [6]	**$ 22,028.1**	$ 20,909.4	5.4%	**$ 83,988.7**	$ 79,397.7	5.8%
Cost of products sold [1] [2]	**15,586.8**	14,624.5	(6.6%)	**59,905.4**	56,065.1	6.8%
Operating expenses [2] [3]	**6,711.3**	4,168.9	(61.0%)	**23,463.7**	16,774.3	(39.9%)
as a % of revenues [2]	***30.5%***	*19.9%*	*(1053) bps*	***27.9%***	*21.1%*	*(681) bps*
Operating income (loss) [2]	**$ (270.0)**	$ 2,116.1	(112.8%)	**$ 619.7**	$ 6,558.3	(90.6%)
operating margin [2] [6]	***NM***	*10.1%*		***0.7%***	*8.3%*	*(752) bps*
RETAIL STATISTICS						
Same-store increase (decrease) [4]:						
Total sales	**5.7%**	**0.1%**	*560 bps*	**6.0%**	(2.6%)	*860 bps*
Retail pharmacy sales	**7.4%**	0.4%	*700 bps*	**7.9%**	(2.6%)	*1050 bps*
Retail front store sales	**0.5%**	(0.7%)	*120 bps*	**0.5%**	(2.6%)	*310 bps*
Total prescription volume	**3.1%**	(1.7%)	*480 bps*	**3.2%**	(2.8%)	*600 bps*
Total adjusted prescription volume [5]	**9.1%**	2.5%	*660 bps*	**9.1%**	0.4%	*870 bps*
SEGMENT STATISTICS						
Revenues increase (decrease):						
Total	**5.4%**	0.3%	*510 bps*	**5.8%**	(2.1%)	*788 bps*
Pharmacy	**7.2%**	0.5%	*668 bps*	**7.8%**	(2.2%)	*997 bps*
Front store	**1.7%**	(0.3%)	*201 bps*	**1.5%**	(1.9%)	*338 bps*
Generic dispensing rate [5]	**86.7%**	86.8%	*(10) bps*	**87.5%**	87.3%	*20 bps*
Rx % of revenues	**76.0%**	74.7%	*130 bps*	**76.4%**	75.0%	*144 bps*
FS % of revenues	**23.0%**	23.8%	*(82) bps*	**22.7%**	23.6%	*(95) bps*
Adjusted retail/LTC prescriptions filled [5]	**349.4**	321.8	*8.6%*	**1,339.1**	1,230.5	*8.8%*

Footnotes

Totals may not foot due to rounding.

1 Cost of products sold for the three months ended December 31, 2017 includes a $5 million reduction in integration costs for a change in estimate. Cost of products sold for the year ended December 31, 2017 includes $2 million of acquisition-related integration costs. Those integration costs are related to the acquisition of Omnicare.

2 Amounts revised to reflect a change to the company's cost allocation methodology effective January 1, 2018.

3 Includes $7 million of acquisition-related integration costs during the year ended December 31, 2018, related to the acquisition of Omnicare. Includes $5 million and $32 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively, related to the acquisition of Omnicare. Includes $2.2 billion and $6.1 billion of goodwill impairment charges for the three months and year ended December 31, 2018, respectively, related to the LTC reporting unit. Includes $46 million and $181 million of goodwill impairment charges for the three months and year ended December 31, 2017, respectively, related to the RxCrossroads reporting unit. Includes $43 million loss on impairment of long-lived assets primarily related to the impairment of property and equipment. The year ended December 31, 2018 includes $86 million loss on the divestiture of the Company's RxCrossroads subsidiary. Includes $4 million and $215 million of charges associated with stores closures during the three months and year ended December 31, 2017, respectively.

4 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and, in 2017, from commercialization services provided through RxCrossroads.

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.

6 Percentage for the three months ended December 31, 2018 is not meaningful.

Supplemental Information: Health Care Benefits Segment

(In millions)	*Partial Period From November 28, 2018 to December 31, 2018*
Revenues:	
Products	**163.8**
Premiums	**4,819.4**
Services	**520.7**
Net investment income	**45.2**
Total revenues	**$ 5,549.0**
Cost of products sold	**147.0**
Benefit costs	**3,872.6**
Operating expenses	**1,253.6**
Operating income	**$ 275.8**

MEMBERSHIP STATISTICS *(in thousands)*

Medical membership:

	Insured	ASC [1]	Total
Commercial	**3,871**	**13,888**	**17,759**
Medicare Advantage	**1,758**	**-**	**1,758**
Medicare Supplement	**793**	**-**	**793**
Medicaid	**1,128**	**663**	**1,791**
Total medical membership	**7,550**	**14,551**	**22,101**

Footnotes

Totals may not foot due to rounding.

1 Includes self-insured membership under Administrative Service Contracts.

(In millions)	Fourth Quarter — Three months ended December 31, 2018	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — +/-Variance	Full Year — Year ended December 31, 2018	Full Year — Year ended December 31, 2017	Full Year — +/-Variance
Revenues:						
Premiums	**3.2**	-	100.0%	**3.2**	-	100.0%
Services	**0.9**	-	100.0%	**0.9**	-	100.0%
Net investment income [3]	**126.2**	4.6	(2,624.8%)	**601.1**	16.2	(3,620.3%)
Total revenues [3]	**$ 130.3**	$ 4.6	(2,712.9%)	**$ 605.2**	$ 16.2	(3,645.6%)
Benefit costs	**21.9**	-	100.0%	**21.9**	-	100.0%
Operating expenses [1] [2]	**575.3**	275.0	(109.2%)	**1,388.9**	952.3	(45.8%)
as a % of net revenues	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating loss [1] [2]	**$ (467.0)**	$ (270.3)	(72.8%)	**$ (805.6)**	$ (936.2)	13.9%
operating margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Amounts revised to reflect a change to the company's cost allocation methodology effective January 1, 2018.

2 Includes $340 million and $485 million of acquisition-related transaction and integration costs for the three months and year ended December 31, 2018, respectively, related to the acquisition of Aetna. Includes $34 million and $31 million of acquisition-related transaction and integration costs for the three months and year ended December 31, 2017, respectively, related to the acquisitions of Aetna and Omnicare. Includes $9 million in both the three months and year ended December 31, 2017 of transaction costs related to the divestiture of RxCrossroads.

3 The three months and year ended December 31, 2017 have been retrospectively adjusted to reflect the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation. Net investment income includes interest income of $83 million and $536 million, respectively, related to the 2018 Senior Notes. All such amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on November 28, 2018.

(In millions)	Fourth Quarter Three months ended December 31, 2018	December 31, 2017	+/-Variance	Full Year Year ended December 31, 2018	December 31, 2017	+/-Variance
Total revenues	**$ (8,174.5)**	$ (6,676.2)	(22.4%)	**$ (29,692.7)**	$ (25,228.5)	(17.7%)
Cost of products sold	**(7,819.6)**	(6,469.3)	(20.9%)	**(28,713.3)**	(24,416.8)	(17.6%)
Benefit costs	**(105.5)**	-	100.0%	**(105.5)**	-	100.0%
Operating expenses	**(39.5)**	(17.9)	(120.7%)	**(105.7)**	(71.0)	(48.8%)
as a % of net revenues	***0.5%***	*0.3%*	*21 bps*	***0.4%***	*0.3%*	*7 bps*
Operating income	**$ (210.0)**	**$ (189.1)**	(11.1%)	**$ (768.2)**	**$ (740.7)**	(3.7%)
operating margin	***2.6%***	*2.8%*	*(26) bps*	***2.6%***	*2.9%*	*(35) bps*

Footnotes

Totals may not foot due to rounding.

Adjusted to Exclude Certain Items

(In millions, except per share amounts)	Fourth Quarter — Three months ended			Full Year — Year ended		
	December 31, 2018	December 31, 2017	+/-Variance	**December 31, 2018**	December 31, 2017	+/-Variance
Revenues:						
Products	**47,875.3**	47,234.3	1.4%	**183,910.3**	180,063.3	2.1%
Premiums	**5,500.0**	825.9	566.0%	**8,184.1**	3,557.7	130.0%
Services	**873.4**	325.0	168.8%	**1,824.9**	1,144.2	59.5%
Net investment income [1] [2]	**90.3**	6.1	1,380.2%	**121.4**	21.4	466.5%
Total revenues [1]	**$ 54,339.1**	$ 48,391.2	12.3%	**$ 194,040.6**	$ 184,786.6	5.0%
Operating costs:						
Cost of products sold [1] [3]	**40,563.1**	40,101.6	1.2%	**156,446.5**	153,445.1	2.0%
Benefit costs	**4,194.3**	395.2	961.4%	**6,593.7**	2,810.0	134.7%
Goodwill impairments [4]	**-**	-	0.0%	**-**	-	0.0%
Operating expenses [1] [5]	**6,230.1**	4,687.5	32.9%	**20,745.7**	18,523.8	12.0%
Total operating costs [1]	**50,987.5**	45,184.2	(12.8%)	**183,785.9**	174,778.9	(5.2%)
Operating income [1]	**$ 3,351.5**	$ 3,207.0	4.5%	**$ 10,254.7**	$ 10,007.7	2.5%
operating margin [1]	***6.2%***	*6.6%*	*(46) bps*	***5.3%***	*5.4%*	*(13) bps*
Interest expense [1] [2]	**451.5**	246.6	(83.1%)	**1,187.0**	1,006.1	(18.0%)
Other expenses [8]	**(10.4)**	2.5	521.7%	**(3.8)**	21.0	118.2%
Income before income tax provision	**2,910.4**	2,958.0	(1.6%)	**9,071.5**	8,980.6	1.0%
Amortization	**366.9**	208.7	(75.8%)	**1,005.6**	817.4	(23.0%)
Adjusted net income before income tax provision	**3,277.4**	3,166.7	(3.5%)	**10,077.1**	9,798.0	(2.8%)
Adjusted Income tax provision	**861.8**	1,212.6	28.9%	**2,660.3**	3,733.1	28.7%
effective tax rate [6]	***26.3%***	*38.3%*	*1200 bps*	***26.4%***	*38.1%*	*1170 bps*
Adjusted net income (loss)	**2,415.6**	1,954.1	23.6%	**7,416.8**	6,065.0	22.3%
as a % of net revenues	***4.4%***	*4.0%*	*41 bps*	***3.8%***	*3.3%*	*54 bps*
Earnings allocated to participating securities	**(3.2)**	(4.6)	(29.7%)	**(13.1)**	**(21.5)**	(38.9%)
Net income (loss) attributable to noncontrolling interest	**2.8**	-	(5,746.1%)	**2.3**	(0.5)	(556.3%)
Adjusted net income (loss) attributable to CVS Health	**$ 2,415.1**	$ 1,949.4	23.9%	**$ 7,406.0**	$ 6,043.0	22.6%
as a % of net revenues	***4.4%***	*4.0%*	*42 bps*	***3.8%***	*3.3%*	*55 bps*
Weighted average diluted shares outstanding [7]	**1,125.9**	1,017.6	(10.6%)	**1,046.7**	1,024.1	(2.2%)
Adjusted earnings (loss) per share from continuing ops	**$ 2.14**	$ 1.92	12.0%	**$ 7.08**	**$ 5.90**	19.9%

Footnotes

Totals may not foot due to rounding.

1 The consolidated statements of operations for the three months and year ended December 31, 2017 have been retrospectively adjusted to reflect (i) a change to the Company's cost allocation methodology effective January 1, 2018 and (ii) the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation.

2 The three months and year ended December 31, 2018 exclude interest expense of $280 million and $1.4 billion, respectively, related to (i) bridge financing costs, (ii) interest expense on the $40 billion of 2018 Senior Notes and (iii) the $5 billion term loan facility. Net investment income excludes interest income of $83 million and $536 million, respectively, earned on the proceeds of the 2018 Senior Notes. The three months and year ended December 31, 2017 each exclude interest expense of $56 million related to bridge financing costs. All amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on November 28, 2018.

3 Cost of products sold for the three months ended December 31, 2017 excludes a $5 million reduction in integration costs for a change in estimate. Cost of products sold for the year ended December 31, 2017 excludes $2 million of acquisition-related integration costs. Those integration costs are related to the acquisition of Omnicare.

4 The three months and year ended December 31, 2018 exclude $2.2 billion and $6.1 billion of goodwill impairments relate to the LTC reporting unit within the Retail/LTC segment. The three months and year ended December 31, 2017 exclude $46 million and $181 million of goodwill impairments relate to the RxCrossroads reporting unit within the Retail/LTC Segment.

5 The three months ended December 31, 2018 excludes the following: $340 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $43 million loss on impairment of long-lived asset impairment primarily related to property and equipment in Retail/LTC. The three months ended December 31, 2017 excludes $39 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $9 million of transaction costs related to the divestiture of the Company's RxCrossroads subsidiary; and $4 million related to the closure of stores in connection with our enterprise streamlining initiative. The year ended December 31, 2018 excludes $492 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $43 million loss on impairment of long-lived asset impairment primarily related to property and equipment in Retail/LTC; and $86 million of loss related to the divestiture of the Company's RxCrossroads subsidiary. The year ended December 31, 2017 excludes $63 million of acquisition-related transaction and integration costs associated with the Aetna and Omnicare acquisitions; $9 million of transaction costs related to the divestiture of RxCrossroads; and $215 million related to the closure of stores in connection with our enterprise streamlining initiative.

6 The income tax provision for the three months and year ended December 31, 2018 and 2017, exclude the effects of the items described in footnotes 2 through 5.

7 The Adjusted earnings per share for the three months and year ended December 31, 2018 are calculated utilizing weighted average diluted shares outstanding, which include 5 million and 3 million, respectively, potential common shares, as the impact of the potential common shares was dilutive.

8 Excludes $187 million of losses on settlements of defined benefit pension plans in the year ended December 31, 2017.

(In millions)	Fourth Quarter — Three months ended December 31, 2018	Fourth Quarter — Three months ended December 31, 2017	+/-Variance	Full Year — Year ended December 31, 2018	Full Year — Year ended December 31, 2017	+/-Variance
Revenues:						
Products	**34,093.2**	33,243.8	2.6%	**130,264.1**	126,769.7	2.8%
Premiums	**677.4**	825.9	(18.0%)	**3,361.4**	3,557.7	(5.5%)
Services	**116.7**	82.3	41.9%	**489.7**	268.6	82.3%
Net investment income [1]	**2.6**	1.5	79.8%	**13.0**	5.3	146.4%
Total revenues [1]	**$ 34,889.9**	$ 34,153.4	2.2%	**$ 134,128.2**	$ 130,601.3	2.7%
Cost of products sold [1]	**32,648.9**	31,941.9	2.2%	**125,107.5**	121,800.2	2.7%
Benefit costs	**405.4**	395.2	2.6%	**2,804.7**	2,810.0	(0.2%)
Operating expenses [1]	**341.4**	358.8	(4.8%)	**1,516.9**	1,334.2	13.7%
as a % of revenues [1]	***1.0%***	*1.1%*	*7 bps*	***1.1%***	*1.0%*	*(11) bps*
Operating income [1]	**$ 1,494.3**	$ 1,457.6	2.5%	**$ 4,699.0**	$ 4,656.9	0.9%
operating margin [1]	***4.3%***	*4.3%*	*2 bps*	***3.5%***	*3.6%*	*(6) bps*
Revenues by distribution channel [6]:						
Pharmacy network [3] [4]	**21,958.5**	21,444.3	2.4%	**83,261.3**	80,891.2	2.9%
Mail choice [5]	**12,127.0**	11,759.2	3.1%	**46,933.5**	45,709.5	2.7%
Other [2]	**801.8**	948.4	(15.5%)	**3,920.4**	3,995.3	(1.9%)
Pharmacy claims processed [4]:						
Total adjusted claims	**484.6**	458.7	5.6%	**1,889.8**	1,781.9	6.1%
Adjusted pharmacy network [3]	**409.2**	389.6	5.0%	**1,601.4**	1,516.7	5.6%
Adjusted mail choice [5]	**75.4**	69.0	9.2%	**288.4**	265.2	8.7%
Generic dispensing rate [4]:						
Total	**86.9%**	86.9%	*(1) bps*	**87.3%**	87.0%	*30 bps*
Pharmacy network	**87.5%**	87.5%	*(5) bps*	**87.9%**	87.7%	*24 bps*
Mail Choice [5]	**83.6%**	83.2%	*35 bps*	**83.9%**	83.1%	*76 bps*
Mail choice penetration rate [4]	**15.6%**	15.0%	*50 bps*	**15.3%**	14.9%	*38 bps*

Footnotes

Totals may not foot due to rounding.

1 The three months and year ended December 31, 2017 have been retrospectively adjusted to reflect (i) a change to the Company's cost allocation methodology effective January 1, 2018 and (ii) the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation.

2 Amounts revised for the three months and year ended December 31, 2017, to reflect the reclassification of Medicare Part D premium revenues from pharmacy network revenues to other revenues.

3 Pharmacy network revenues, pharmacy claims processed and generic dispensing rate do not include Maintenance Choice activity, which is included within the mail choice category. Pharmacy network is defined as claims filled at retail and specialty retail pharmacies, including the Company's retail pharmacies and long-term care pharmacies, but excluding

4 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, 2018	Fourth Quarter Three months ended December 31, 2017	+/-Variance	Full Year Year ended December 31, 2018	Full Year Year ended December 31, 2017	+/-Variance
Revenues:						
Products	**21,792.9**	20,666.7	5.4%	**83,175.1**	$ 78,522.2	5.9%
Services	**235.2**	242.7	(3.1%)	**813.6**	$ 875.6	(7.1%)
Total revenues [6]	**$ 22,028.1**	$ 20,909.4	5.3%	**$ 83,988.7**	$ 79,397.7	5.8%
Cost of products sold [1] [2]	**15,586.8**	14,629.0	(6.5%)	**59,905.3**	56,061.7	6.9%
Operating expenses [2] [3]	**4,439.7**	4,114.9	(7.9%)	**17,177.9**	16,348.8	(5.1%)
as a % of revenues [2]	***20.2%***	*19.7%*	*(48) bps*	***20.5%***	*20.6%*	*14 bps*
Operating income (loss) [2]	**$ 2,001.6**	$ 2,165.6	(7.6%)	**$ 6,905.5**	$ 6,987.3	(1.2%)
operating margin [2]	***9.1%***	*10.4%*	*(127) bps*	***8.2%***	*8.8%*	*(58) bps*
RETAIL STATISTICS						
Same-store increase (decrease) [4]:						
Total sales	**5.7%**	0.1%	*560 bps*	**6.0%**	(2.6%)	*860 bps*
Retail pharmacy sales	**7.4%**	0.4%	*700 bps*	**7.9%**	(2.6%)	*1050 bps*
Retail front store sales	**0.5%**	(0.7%)	*120 bps*	**0.5%**	(2.6%)	*310 bps*
Total prescription volume	**3.1%**	(1.7%)	*480 bps*	**3.2%**	(2.8%)	*600 bps*
Total adjusted prescription volume [5]	**9.1%**	2.5%	*660 bps*	**9.1%**	0.4%	*870 bps*
SEGMENT STATISTICS						
Revenues:						
Total	**22,028.1**	20,909.4	*5.3%*	**83,988.7**	79,397.7	*5.8%*
Pharmacy	**16,750.6**	15,627.3	*7.2%*	**64,178.6**	59,528.0	*7.8%*
Front store	**5,065.4**	4,980.3	*1.7%*	**19,055.2**	18,768.6	*1.5%*
Generic dispensing rate [5]	**86.7%**	86.8%	*(4) bps*	**87.5%**	87.3%	*28 bps*
Rx % of revenues	**76.0%**	74.7%	*130 bps*	**76.4%**	75.0%	*144 bps*
FS % of revenues	**23.0%**	23.8%	*(82) bps*	**22.7%**	23.6%	*(95) bps*
Adjusted retail/LTC prescriptions filled [5]	**349.4**	321.8	*8.6%*	**1,339.1**	1,230.5	*8.8%*

Footnotes

Totals may not foot due to rounding.

1 Cost of products sold for the three months ended December 31, 2017 excludes a $5 million reduction in integration costs for a change in estimate. Cost of products sold for the year ended December 31, 2017 excludes $2 million of acquisition-related integration costs. Those integration costs are related to the

2 Amounts revised to reflect a change to the company's cost allocation methodology effective January 1, 2018.

3 Excludes $7 million of acquisition-related integration costs during the year ended December 31, 2018, related to the acquisition of Omnicare. Excludes $5 million and $32 million of acquisition-related integration costs during the three months and year ended December 31, 2017, respectively, related to the acquisition of Omnicare. Excludes $2.2 billion and $6.1 billion of goodwill impairment charges for the three months and year ended December 31, 2018, respectively, related to the LTC reporting unit. Excludes $46 million and $181 million of goodwill impairment charges for the three months and year ended December 31, 2017, respectively, related to the RxCrossroads reporting unit. Excludes $43 million loss on impairment of long-lived assets primarily related to the impairment of property and equipment. The year ended December 31, 2018 excludes $86 million loss on the divestiture of the Company's RxCrossroads subsidiary. Excludes $4 million and $215 million of charges associated with stores closures during the three months and year ended December 31, 2017, respectively.

4 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and, in 2017, from commercialization services provided through RxCrossroads.

5 Excludes 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: Health Care Benefits Segment
(Excluding Certain Items)

(In millions)	Partial Period From November 28, 2018 to December 31, 2018
Revenues:	
Products	**163.8**
Premiums	**4,819.4**
Services	**520.7**
Net investment income	**45.2**
Total revenues	**$ 5,549.0**
Cost of products sold	**147.0**
Benefit costs	**3,872.6**
Operating expenses	**1,253.6**
Operating income	**$ 275.8**

MEMBERSHIP STATISTICS *(in thousands)*

Medical membership:

	Insured	ASC [1]	Total
Commercial	**3,871**	**13,888**	**17,759**
Medicare Advantage	**1,758**		**1,758**
Medicare Supplement	**793**		**793**
Medicaid	**1,128**	**663**	**1,791**
Total medical membership	**7,550**	**14,551**	**22,101**

Footnotes

Totals may not foot due to rounding.

1 Includes self-insured membership under Administrative Service Contracts.

Supplemental Information: Corporate Segment
(Excluding Certain Items)

Fourth Quarter 2018

(In millions)	Fourth Quarter — Three months ended December 31, 2018	Fourth Quarter — Three months ended December 31, 2017	Fourth Quarter — +/-Variance	Full Year — Year ended December 31, 2018	Full Year — Year ended December 31, 2017	Full Year — +/-Variance
Revenues:						
Premiums	**3.2**	-	N/A	**3.2**	$ -	N/A
Services	**0.9**	-	N/A	**0.9**	$ -	N/A
Net investment income [3]	**42.5**	4.6	N/A	**63.2**	$ 16.2	N/A
Total revenues [3]	**$ 46.6**	$ 4.6	N/A	**$ 67.3**	$ 16.2	N/A
Benefit costs	**21.9**	-	N/A	**21.9**	$ -	N/A
Operating expenses [1] [2]	**234.8**	231.7	(1.3%)	**902.8**	911.8	1.0%
as a % of net revenues	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*
Operating loss [1] [2]	**$ (210.2)**	$ (227.1)	7.4%	**$ (857.5)**	$ (895.7)	4.3%
operating margin	***N/A***	*N/A*	*N/A*	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Amounts revised to reflect a change to the company's cost allocation methodology effective January 1, 2018.

2 Excludes $340 million and $485 million of acquisition-related transaction and integration costs for the three months and year ended December 31, 2018, respectively, related to the acquisition of Aetna. Excludes $34 million and $31 million of acquisition-related transaction and integration costs for the three months and year ended December 31, 2017, respectively, related to the acquisitions of Aetna and Omnicare. Excludes $9 million in both the three months and year ended December 31, 2017 of transaction costs related to the divestiture of RxCrossroads.

3 The three months and year ended December 31, 2017 have been retrospectively adjusted to reflect the reclassification of interest income from interest expense, net, to net investment income within revenues to conform with insurance company presentation. Net investment income excludes interest income of $83 million and $536 million, respectively, related to the 2018 Senior Notes. All such amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on November 28, 2018.