Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure

Q1 2020 ACTUAL RESULTS

CVS Health Corporation (the "Company") uses non-GAAP financial measures to analyze underlying business performance and trends. The Company believes that providing these non-GAAP financial measures enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance. These non-GAAP financial measures are provided as supplemental information to the financial measures the Company discloses that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. The Company's definitions of its non-GAAP financial measures may not be comparable to similarly titled measurements reported by other companies.

Non-GAAP financial measures such as adjusted operating income, adjusted earnings per share (EPS), adjusted income attributable to CVS Health, adjusted operating expenses and adjusted effective tax rate exclude from the relevant GAAP metrics, as applicable: amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance.

ADJUSTED OPERATING EXPENSES

The following is a reconciliation of operating expenses to adjusted operating expenses:

CONSOLIDATED

	(Unaudited) Quarter Ended March 31,	
In millions	**2020**	2019
Operating expenses	**$ 8,563**	$ 8,250
Non-GAAP adjustments:		
Amortization of intangible assets	**(586)**	(622)
Acquisition-related integration costs [1]	**(69)**	(148)
Store rationalization charge [2]	**-**	(135)
Adjusted operating expenses	**$ 7,908**	$ 7,345

(1) During the three months ended March 31, 2020 and 2019, acquisition-related integration costs relate to the acquisition of Aetna Inc. The acquisition-related integration costs are reflected in the Company's unaudited GAAP condensed consolidated statements of operations in operating expenses within the Corporate/Other segment.

(2) During the three months ended March 31, 2019, the store rationalization charge primarily relates to the operating lease right-of-use asset impairment charges in connection with the planned closure of 46 underperforming retail pharmacy stores in the second quarter of 2019. The store rationalization charge is reflected in the Company's unaudited GAAP condensed consolidated statement of operations in operating expenses within the Retail/LTC segment.

Proprietary

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ADJUSTED EFFECTIVE INCOME TAX RATE

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

CONSOLIDATED

	(Unaudited) Quarter Ended March 31,	
	2020	2019
Effective Income tax rate (GAAP measure)	**27.6%**	26.4%
Impact of non-GAAP adjustments [(1)]	**(0.6)**	(0.7)
Adjusted effective tax rate	**27.0%**	25.7%

(1) Removes the corresponding tax benefit or expense related to the items excluded from adjusted income attributable to CVS Health in the Company's first quarter 2020 earnings press release that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance: amortization of intangible assets, acquisition-related integration costs and store rationalization charge. The nature of each non-GAAP adjustment is evaluated to determine whether a discrete adjustment should be made to the adjusted income tax provision.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. The information under the heading "Leverage Ratio Calculation" in this document is forward-looking. By their nature, all forward-looking statements are not guarantees of future performance or results and are subject to risks and uncertainties that are difficult to predict and/or quantify. Actual results may differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the COVID-19 pandemic, the severity and the duration of the pandemic, the pandemic's impact on the U.S. and global economies and consumer behavior and health care utilization patterns, and the timing, scope and impact of stimulus legislation and other federal, state and local governmental responses to the pandemic, as well as the risks and uncertainties described in the Company's Securities and Exchange Commission ("SEC") filings, including those set forth in the Risk Factors section and under the heading "Cautionary Statement Concerning Forward-Looking Statements" in the Company's most recently filed Annual Report on Form 10-K, in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 and in its recently filed Current Reports on Form 8-K.

You are cautioned not to place undue reliance on the Company's forward-looking statements. The Company's forward-looking statements are and will be based upon management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. The Company does not assume any duty to update or revise forward-looking statements, whether as a result of new information, future events, uncertainties or otherwise.

LEVERAGE RATIO CALCULATION

The Company defines its Leverage Ratio as Adjusted Debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). Adjusted Debt is defined as short-term debt and total long-term debt, including the current portion of long-term debt (GAAP measure), plus the present value of future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year. Adjusted EBITDA is defined as (i) net income (GAAP measure) before income taxes, depreciation and amortization, plus (ii) implied interest expense on future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year, less (iii) other items, if any,

that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, and any other items specifically identified herein. The Company is not able to project the amount of any such other items for the year ended December 31, 2022 at this time and therefore cannot reconcile projected 2022 Adjusted EBITDA to projected 2022 net income. The Company is unable at this time to accurately quantify the significance of any item of unavailable information.

Proprietary