CVS CAREMARK

Third Quarter 2012 Earnings Conference Call

Larry Merlo
President & Chief Executive Officer

Dave Denton
Executive Vice President & Chief Financial Officer

November 6, 2012

Safe Harbor Statement

During this presentation, we will make certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. Accordingly, for these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the private securities litigation reform act of 1995. We strongly recommend that you become familiar with the specific risks and uncertainties that are described in the "risk factors" section of our most recently filed annual report on form 10-K and under the caption "cautionary statement concerning forward-looking statements" in our most recently filed quarterly report on form 10-Q. The information in these slides is based on our best estimates and information known to us on November 6, 2012 and CVS Caremark assumes no obligation and expressly disclaims any duty to update information contained in these slides except as required by law.

Additionally, we will discuss some non-GAAP financial measures in talking about our company's performance, namely free cash flow, EBITDA and "Adjusted EPS". In accordance with SEC regulations, you can find the definitions of the non-GAAP items mentioned, as well as the reconciliations to comparable GAAP measures, on the investor relations portion of our website at info.cvscaremark.com/investors.

Robust Quarterly Results Across The Enterprise

(operating profit figures in millions)	Q3 2012	Change vs. Q3 2011
Adjusted EPS (cont. ops)	$0.85	+ 21.4%
GAAP Diluted EPS (cont. ops)	$0.79	+ 22.6%
Retail Operating Profit	$1,305	+ 16.1%
PBM Operating Profit	$784	+ 19.4%

Note: The adjusted income tax provision is computed using the effective income tax rate from the consolidated statement of income

Raising And Narrowing Full-year Guidance

	Full-year 2012
Adjusted EPS (cont. ops)	$3.38 to $3.41
Year-over-year Growth	*+ 21% to 22%*
GAAP Diluted EPS (cont. ops)	$3.15 to $3.18

Note: Estimates include one extra day in 2012 versus 2011 for leap year

Expectations Have Continued To Trend Higher

- Strong operating performance
  - Q3 2012 results exceeded expectations, driven by the PBM
- Share repurchases creating value
  - Anticipate a 1¢ per share benefit in Q4 2012 from recent accelerated share repurchase program
- Capitalizing on industry opportunities
  - Optimistic about exceeding initial goal related to the Walgreens – Express Scripts impasse
  - Now expect to retain, through year-end, at least 60% of prescription volume picked up during the impasse

PBM Business:
2013 Selling Season Update

- ~ 75% of scheduled renewals completed; retention rate stands at 96%
- No material change in net-new business since Q2 2012 update
- Detailed review of selling season will be provided on Analyst Day; will include net effect of Medicare Part D selling season, including the assignment of low income subsidy lives as well as open enrollment results
    - As previously noted on the Q2 2012 earnings call we qualified in 30 of the 33 regions that we participate in today
- Continue to demonstrate superior value in the marketplace with differentiated offerings, which continue to gain traction with existing clients as well as attract new ones

PBM Business:
Strong Interest In Proprietary Programs

- Maintenance Choice
  - 14.5 million lives covered under 1,040 plans implemented or committed to implement through Q1 2013; up from 10.7 million lives from last update
  - More new clients are adopting Maintenance Choice
  - Believe the rollout of 2.0 will ultimately improve adoption into the Maintenance Choice program once payors and their members begin to experience some of the savings and benefits
- Pharmacy Advisor
  - Over 900 clients representing 16.3 million lives enrolled in diabetes program; just under 600 clients with 11 million lives enrolled in cardiovascular program
  - Expect to go live in 2013 with five more Pharmacy Advisor programs addressing additional chronic diseases
  - Pharmacy Advisor will be available to our Medicare client population beginning next year

PBM Business:
Specialty, Aetna And Streamlining Initiative

- Continued growth in specialty pharmacy
  - Specialty revenues increased 34% in Q3 2012 vs. Q3 2011
  - Primary drivers of growth include new PBM clients, new product launches, and drug price inflation
- Aetna implementation
  - Successfully transitioned multiple waves of Aetna clients with more scheduled for remainder of year and into 2013
- PBM streamlining
  - On track to deliver over $1 billion of cumulative cost savings through 2015
  - Anticipate approximately two-thirds of clients will be on destination platform by end of this year

Retail Business:
Strong Same-store Sales Growth

- Q3 2012 same-store sales increased 4.3%
  - Pharmacy comps increased 5.3%
    - Pharmacy comps negatively impacted by more than 900 basis points due to recent generic introductions
    - Script comps increased 11.1% on a 30-day supply basis; 8.7% when counting 90-day supplies as one script
  - Front store comps increased 2.2%
- Q3 2012 script comps reflect healthy underlying growth, as well as a significant benefit from the Walgreens – Express Scripts impasse

Retail Business:
Impact Of Walgreens – Express Scripts Impasse

- Estimate impasse added 400 to 430 basis points to script comps which equates to about 6.5 to 7.0 million scripts
- Realized about a 3.5¢ per share benefit in Q3 2012 from the impasse, as anticipated
- Now tracking ahead of retention expectations since Walgreens re-entered broadest Express Scripts network
- Expect at least another 2.5¢ benefit in Q4 2012
  - Previously expected a 5¢ per share benefit in Q3 and Q4 combined
  - Total for Q3 and Q4 combined now expected to be at least 6¢ per share
  - Assumes at least 60% retention through year-end of prescription volume gained from impasse (up from original estimate of at least 50%)
  - Benefit is net of projected estimated investments we are making to maximize retention

Retail Business:
Front Store Trends

- Both customer traffic and average front store ticket increased in Q3 2012
- Estimate that the Walgreens – Express Scripts impasse positively impacted our front store comps by ~ 150 basis points in Q3 2012
- Saw strength in allergy and flu-related sales
- CVS/pharmacy gained front store share this quarter vs. Q3 2011
  - When compared to drug store and "multi-outlet" competitors, our market share growth in the third quarter was 103 basis points and 6 basis points, respectively

Note: Multi-outlet includes the following channels/retailers: food, drug, mass, club stores, and dollar stores

Retail Business:
ExtraCare And Real Estate

- ExtraCare continues to be a key differentiator
  - ~ 15 years of history
  - 70 million active cardholders
  - ExtraCare members have received $2.7 billion in value from savings and ExtraBucks rewards year-to-date
  - ~ 85% of new high-value Express Scripts customers have enrolled in ExtraCare
- Real estate program
  - During the quarter we opened 63 new or relocated CVS/pharmacy stores and closed three, resulting in 42 net-new stores
  - Remain on track to increase retail square footage by approximately 2% to 3% for 2012

MinuteClinic:
Strong Growth Trajectory

- Revenues increased 43% in Q3 2012 vs. Q3 2011
- Opened 25 net-new clinics in the quarter; total number of clinics is now 609 in 25 states and Washington D.C.
- Recently reaccredited by the Joint Commission, the independent certifying body for 19,000 health care organizations across the country
- Continue to enhance role as collaborator with integrated health networks
  - Added two new affiliations in Q3 2012: UCLA Health System and Oklahoma University Physicians
  - MinuteClinic now affiliated with 20 highly regarded health systems nationwide

CVS CAREMARK

Third Quarter 2012 Earnings Conference Call

Financial Review

Dave Denton

Executive Vice President & Chief Financial Officer

November 6, 2012

Financial Update:
Capital Allocation

- Value-creating share repurchases
  - In September, Board of Directors authorized new $6 billion share repurchase program
  - Following new authorization, immediately commenced an accelerated share repurchase program that completed our prior authorization and used $1 billion of the new authorization
  - Repurchased 30.1 million shares for ~ $2 billion during Q3 2012
- Increasing dividends
  - Paid $207 million in dividends in Q3 2012
  - Anticipated payout ratio of ~ 21% in 2012
  - On track to achieve targeted payout ratio of 25% to 30% by 2015
- Expect to return more than $4.8 billion to shareholders in 2012

Financial Update:
Balance Sheet And Cash Flows

- Generated approximately $4.1 billion of free cash flow year-to-date and $854 million in Q3 2012
- Working capital improvements expected to continue to enhance cash generation capabilities going forward
  - Inventory days within retail segment have improved by more than three days from the end of 2011
  - Reduced retail cash cycle by nearly five days, year-to-date
  - Retail team remains committed to $500 million inventory reduction target for full year 2012
- Gross capital expenditures totaled $496 million for the quarter
- Net capital expenditures totaled $69 million, given $427 million in sale-leaseback proceeds

Third Quarter 2012:
Consolidated Results

($ in millions; except per share figures)	Q3 2012	Change vs. Q3 2011
Net Revenues	$ 30,227.3	+ 13.3%
Gross Profit	$ 5,647.0	+ 9.0%
Gross Margin	*18.7%*	*(73 bps)*
Total Operating Expenses	$ 3,833.3	+ 6.6%
Operating Expense as % of Revenues	*12.7%*	*80 bps*
Operating Profit	$ 1,813.8	+ 14.5%
Operating Margin	*6.0%*	*6 bps*
GAAP Diluted EPS (cont. ops)	$ 0.79	+ 22.6%
Adjusted EPS (cont. ops)	$ 0.85	+ 21.4%

Note: The adjusted income tax provision is computed using the effective income tax rate from the consolidated statement of income

Third Quarter 2012:
Pharmacy Services Segment

($ in millions)	Q3 2012	Change vs. Q3 2011
Net Revenues	$ 18,079.4	+ 22.2%
Gross Profit	$ 1,080.7	+ 18.3%
Gross Margin	*6.0%*	*(20 bps)*
Total Operating Expenses	$ 296.7	+ 15.6%
Operating Expense as % of Revenues	*1.6%*	*9 bps*
Operating Profit	$ 784.0	+ 19.4%
Operating Margin	*4.3%*	*(10 bps)*
EBITDA	$ 913.5	+ 18.8%
EBITDA Margin	*5.1%*	*(14 bps)*

Third Quarter 2012:
Pharmacy Services Segment

($ in millions, except EBITDA / Adjusted Claim)	Q3 2012	Change vs. Q3 2011
Net Revenues		
Mail Choice	$ 5,674.6	+ 19.7%
Pharmacy Network	$ 12,363.5	+ 23.6%
Other	$ 41.3	(24.1%)
Pharmacy Claims Processed		
Total	217.4	+ 10.5%
Mail Choice	20.4	+ 16.3%
Pharmacy Network	197.0	+ 10.0%
Generic Dispensing Rate	79.3%	+ 500 bps
Mail Choice Penetration Rate	22.9%	+ 110 bps
EBITDA / Adjusted Claim	$ 3.58	+ 6.7%

Third Quarter 2012:
Retail Pharmacy Segment

($ in millions)	Q3 2012	Change vs. Q3 2011
Net Revenues	$ 15,503.9	+ 5.5%
Gross Profit	$ 4,672.3	+ 8.5%
Gross Margin	*30.1%*	*83 bps*
Total Operating Expenses	$ 3,367.8	+ 5.8%
Operating Expense as % of Revenues	*21.7%*	*(6 bps)*
Operating Profit	$ 1,304.5	+ 16.1%
Operating Margin	*8.4%*	*77 bps*
EBITDA	$ 1,597.3	+ 14.2%
EBITDA Margin	*10.3%*	*78 bps*

Third Quarter 2012:
Retail Pharmacy Segment

($ in millions)	Q3 2012	Change vs. Q3 2011
Net Revenues		
Pharmacy	$ 10,707.8	+ 6.3%
Front Store	$ 4,796.1	+ 3.7%
Retail Prescriptions Filled (90-day = 1 Rx)	176.5	+ 9.6%
Retail Prescriptions Filled (90-day = 3 Rx)	209.8	+ 11.9%
Same-store Increase/(Decrease) over prior year		
Total Sales	+ 4.3%	
Pharmacy Sales	+ 5.3%	
Front Store Sales	+ 2.2%	
Prescription Volume (90-day = 1 Rx)	+ 8.7%	
Prescription Volume (90-day = 3 Rx)	+ 11.1%	
Generic Dispensing Rate	79.9%	+ 420 bps

2012 Guidance:
Earnings Per Share

	Full-year 2012
Adjusted EPS (cont. ops)	$3.38 to $3.41[1]
Year-over-year Growth	*+ 21% to 22%*
GAAP Diluted EPS (cont. ops)	$3.15 to $3.18

1) Low-end of guidance contemplates a one cent per share negative impact in Q4 2012 related to Hurricane Sandy

Note: Estimates include one extra day in 2012 versus 2011 for leap year

Fourth Quarter 2012 Guidance:
Earnings Per Share

	Q4 2012
Adjusted EPS (cont. ops)	$1.08 to $1.11[1]
Year-over-year Growth	*+ 21% to 24%*
GAAP Diluted EPS (cont. ops)	$1.02 to $1.05

1) Low-end of guidance contemplates a one cent per share negative impact related to Hurricane Sandy

Fourth Quarter 2012 Guidance:
Pharmacy Services Segment

	Q4 2012 vs. Q4 2011
Net Revenue	+ 15.5% to 16.5%
Gross Profit Margin	Notably Up
Operating Expenses (% of revenue)	Modest Improvement
Operating Profit	+ 38% to 41%

Note: Estimates include one extra day in 2012 versus 2011 for leap year

Fourth Quarter 2012 Guidance:
Retail Pharmacy Segment

	Q4 2012 vs. Q4 2011
Net Revenue	+ 3% to 4%
Same-store Sales Growth	+ 2% to 3%
Same-store Script Growth	+ 7% to 8%
Gross Profit Margin	Significantly Up
Operating Expenses (% of revenue)	Deteriorate Significantly
Operating Profit	+ 6% to 8%

Notes:
1) Same-store script growth is estimated using the standard convention of counting all scripts, regardless of the days supply, as one script
2) Estimates, including "same store " estimates, include one extra day in 2012 versus 2011 for leap year

Fourth Quarter 2012 Guidance: Consolidated Income Statement

	Q4 2012 vs. Q4 2011
Net Revenue	+ 9.25% to 10.25%
Intercompany Eliminations *(% of combined segment revenues)*	~ 9.75%
Gross Profit Margin	Notably Up
Operating Expenses (% of revenue)	~ 13%
Operating Profit Margin	Moderately Up

Note: Estimates include one extra day in 2012 versus 2011 for leap year

Fourth Quarter 2012 Guidance:
Consolidated Income Statement Items

	Q4 2012
Corporate Segment Expense	~ $180 Million
Net Interest Expense	$135 to $140 Million
Effective Tax Rate	~ 38.6%
Weighted Average Shares	~ 1.26 Billion
Consolidated Amortization	~ $120 Million

Note: Estimates include one extra day in 2012 versus 2011 for leap year

2012 Guidance:
Pharmacy Services Segment

	Full-year 2012 vs. 2011
Net Revenue	+ 24.25% to 24.5%
Adjusted Total Claims	~ 1.03 Billion
Gross Profit Margin	Moderately Down
Operating Expenses (% of revenue)	Modest Improvement
Operating Profit	+ 19% to 20%
Operating Profit Margin	Down 10 to 15 bps

Note: Estimates include one extra day in 2012 versus 2011 for leap year

2012 Guidance:
Retail Pharmacy Segment

	Full-year 2012 vs. 2011
Net Revenue	+ 6.25% to 6.5%
Same-store Sales Growth	+ 4.75% to 5%
Same-store Script Growth	+ 7.75% to 8%
Gross Profit Margin	Up Notably
Operating Expenses (% of revenue)	Modestly Deteriorate
Operating Profit	+ 14.25% to 14.75%
Operating Profit Margin	Up 60 to 65 bps

Notes:
1) Same-store script growth is estimated using the standard convention of counting all scripts, regardless of the days supply, as one script
2) Estimates, including "same store " estimates, include one extra day in 2012 versus 2011 for leap year

2012 Guidance:
Consolidated Income Statement

	Full-year 2012 vs. 2011
Net Revenue	+ 14.5% to 14.75%
Intercompany Eliminations *(% of combined segment revenues)*	~ 10.1%
Gross Profit Margin	Significantly Down
Operating Expenses (% of revenue)	Significantly Improving
Operating Profit Margin	Down 5 to 10 bps

Note: Estimates include one extra day in 2012 versus 2011 for leap year

2012 Guidance:
Consolidated Income Statement Items

	Full-year 2012
Corporate Segment Expense	~ $690 Million
Net Interest Expense	$530 to $535 Million
Effective Tax Rate	~ 39%
Weighted Average Shares	~ 1.28 Billion
Consolidated Amortization	~ $480 Million
Consolidated D & A	~ $1.7 Billion

Note: Estimates include one extra day in 2012 versus 2011 for leap year

2012 Guidance:
Cash Flow And Capital Expenditures

(In Billions)	**Full-year 2012**
Operating Cash Flow	$6.2 to $6.4
Gross Capital Expenditures	*Approximately ($2.1)*
Sale-leaseback Proceeds	*$0.5 to $0.6*
Net Capital Expenditures	($1.6) to ($1.5)
Free Cash Flow	**$4.6 to $4.9**

Notes:
1) The Company finances a portion of its store development program through sale-leaseback transactions. Use of sale-leaseback financing is subject to change, as we evaluate a variety of financing vehicles for future development; this may also result in changes to our definition of Free Cash Flow
2) Estimates include one extra day in 2012 versus 2011 for leap year
3) Figures might not foot due to rounding

CVS CAREMARK

Third Quarter 2012 Earnings Conference Call

November 6, 2012