CVS CAREMARK

Fourth Quarter 2012 Earnings Conference Call

Larry Merlo
President & Chief Executive Officer

Dave Denton
Executive Vice President & Chief Financial Officer

February 6, 2013

Safe Harbor Statement

CVS CAREMARK

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 February 6, 2013 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.

Strong Quarterly And Full-year Results

	Q4 2012	Change vs. Q4 2011	Full-year 2012	Change vs. Full-year 2011
Adjusted EPS	$0.97	8.3%	$3.27	16.9%
Adjusted EPS (excluding debt refinance impact)	$1.14	27.9%	$3.43	22.8%
GAAP diluted EPS	$0.90	7.7%	$3.03	17.1%
Free cash flow	$1.1b	60.0%	$5.2b	13.0%

Note:

1. Adjusted EPS and GAAP Diluted EPS include a $348m loss on early extinguishment of debt (~$0.17 per diluted share) during the fourth quarter of 2012.

Full-year 2013 Adjusted EPS Guidance

	Prior guidance	Updated guidance
Adjusted EPS	$3.84 to $3.98	$3.86 to $4.00
Year-over-year growth	*13.25% to 17.25%*	*12.25% to 16.5%*

Notes:
1. Guidance assumes completion of $4 billion in share repurchases during 2013, as part of a $6.0 billion share repurchase program authorized by CVS Caremark's board of directors in September 2012. Timing of repurchases should roughly follow the timing of share repurchases in 2012.
2. Guidance includes one less day in 2013 versus 2012 for leap year.

PBM Business: Strong Interest In Proprietary Programs

CVS CAREMARK

- Maintenance Choice
  - ~15.8m lives covered by more than 1,100 plans have implemented or committed to implement program through first quarter of 2013
  - Potential to increase number of lives to higher level throughout year
  - Enrolling new lives into both Maintenance Choice offerings; most lives coming from voluntary mail plan designs – clients will begin to see the cost savings the program offers
- Pharmacy Advisor
  - Five new disease states successfully implemented as of January 1st; have seen positive response from clients to the newly-expanded programs
  - Over 900 clients representing 16m lives expected to be enrolled in Pharmacy Advisor programs in 2013
  - Began offering Pharmacy Advisor programs to Medicare clients on January 1st

PBM Business:
Medicare Part D, Specialty, Streamlining Initiative & Aetna

CVS CAREMARK

- Working expeditiously with CMS to resolve Medicare Part D sanction
- Specialty revenues increased more than 31% year-over-year in fourth quarter
  - Driven by new PBM clients, new product launches and drug price inflation
  - Growing interest in our unique specialty products
    - Specialty Guideline Management program recently adopted by some significant clients
    - Multiple pilots underway for Specialty Medical Benefit Management program; expect to close and implement several other customers throughout the year
- PBM streamlining initiative
  - On track with efforts to improve productivity, rationalize capacity and consolidate current adjudication platforms to one destination platform with enhanced capabilities
  - Anticipate ~85% of clients will be on destination platform by end of this year
- Aetna relationship
  - Aetna added more than one million pharmacy lives to their book of business for 2013
  - Have seen interest within Aetna's client base to implement our proprietary programs
  - Optimistic as to what lies ahead while helping Aetna to drive cost savings for their clients

Retail Business: Strong Same-store Sales And Script Growth

- Same-store sales increased 4.0%
  - Front store comps increased 3.9%
  - Pharmacy comps increased 4.0%
    - Pharmacy comps negatively impacted by ~1,100 basis points due to new generics
    - Minimal benefit to quarter from flu
- Script comps increased 11.0% on a 30-day supply basis and 9.0% when counting 90-day supplies as one script
  - Retained at least 60% of scripts gained during the Walgreens - Express Scripts impasse in the fourth quarter, as expected
  - Estimate impasse added ~340 basis points to script comps
    - Equates to about 5.5m to 6.0m scripts

Retail Business: Front Store Trends

- Customer traffic and avg. front store ticket notably increased in fourth quarter
- Private label sales represented 18.1% of front store sales during the fourth quarter … up 20 basis points year-over-year
- Estimate that the Walgreens – Express Scripts impasse positively impacted our front store comps by ~150 basis points in the quarter
- When compared to drug store and "multi-outlet" competitors, market share growth in the fourth quarter was 226 basis points and 17 basis points, respectively

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

Retail Business:
ExtraCare Continues To Be A Key Differentiator

CVS CAREMARK

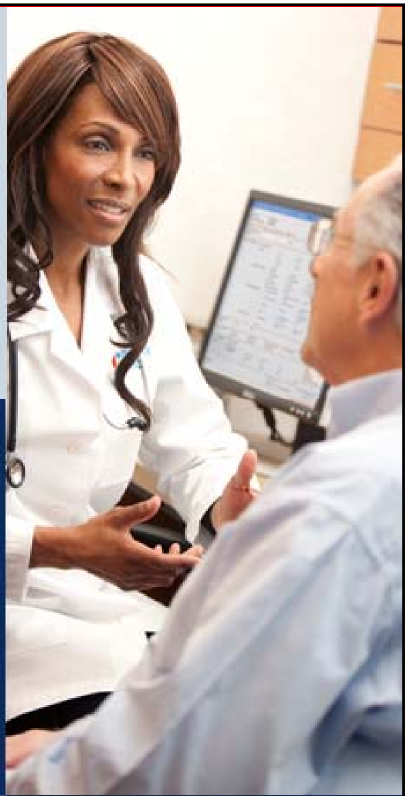
- Increased scale of program dramatically in 2012 even with competitive activity
  - Transactions with ExtraCare card increased in both front store and pharmacy
  - Issued more personalized offers; 19% growth in total number of offers redeemed – many coming from ExtraCare coupon center
- Increased member engagement driving meaningful results
  - Doubled already sizeable e-mail program to more than 15m active participants
    - Over 600m personalized offers sent in 2012 – up 69% year-over-year
  - Beauty Club participation grew by 21% to 11m customers
- Recently launched enhanced ExtraCare program for Pharmacy and Health Rewards
  - Opt-in program with individual enrollment rather than household participation; allows for more personalized communication and offers a wider range of rewards for healthy behaviors
  - Will be a great tool for driving adherence, script consolidation and retention
  - Enables focused and tailored pharmacy rewards while enhancing productivity of investments

Retail Business: Real Estate And Recent Acquisition

- Real estate investments
  - Q4: opened 45 new or relocated stores and closed two … total of 35 net-new stores
  - 2012: opened 150 new or relocated stores and closed 19 … total of 131 net-new stores
    - Represents 2.1% retail square footage growth
- Acquisition of Drogaria Onofre of Sao Paulo, Brazil
  - Privately-held retail drugstore chain with 44 stores
  - Financially-disciplined international expansion

MinuteClinic: Strong Growth Trajectory

- Revenues increased more than 38% in the fourth quarter on a comparable basis
- Strong flu season helped the number of patient visits and flu shots administered reach unprecedented daily levels
- Growth in non-acute services is helping reduce the seasonality of the business
- Opened 31 net-new clinics in quarter … total of 640 total clinics in 25 states and Washington D.C. at year-end
  - Expect to open additional 150 clinics during the year for total of 790 by year-end 2013
- Expanding affiliations with nation’s leading health systems and increasing collaboration with PBM clients



CVS CAREMARK

Fourth Quarter 2012 Earnings Conference Call

Financial Review

February 6, 2013

Dave Denton
Executive Vice President & Chief Financial Officer

Financial Update: Capital Allocation

CVS CAREMARK

- Value-creating share repurchases
  - Repurchased total of ~95m shares for $4.3b in 2012 ($45.58 per share average)
- Increasing dividends
  - Paid total of $829m in dividends in 2012
  - Payout ratio of 21.3%
  - On track to achieve payout ratio of 25% by end of 2013 … two years ahead of schedule
- Returned more than $5.1b to shareholders in 2012
- Expect to return ~$5b to shareholders again in 2013

Financial Update: Balance Sheet And Cash Flows

CVS CAREMARK

- Generated ~$1.1b of free cash in the fourth quarter … total of $5.2b in 2012
- Continued to make great strides in improving cash cycle in 2012
  - Inventory days within retail improved by more than three and a half days
  - Reduced retail cash cycle by more than five days
- Gross capital expenditures totaled $716m for the quarter, offset by $102m of sale-leaseback activity
- For the year, net capital expenditures totaled $1.5b

Fourth Quarter 2012: Consolidated Results

CVS CAREMARK

(in millions, except per share amounts)	Q4 2012	Change vs. Q4 2011
Net revenues	$ 31,394.1	10.9%
Gross profit	6,296.9	13.3%
Gross margin	*20.1%*	*44 bps*
Total operating expenses	3,993.6	11.0%
Operating expense as % of revenues . . .	*12.7%*	*(1 bps)*
Operating profit	2,303.3	17.7%
Operating margin	*7.3%*	*43 bps*
GAAP Diluted EPS.	$ 0.90	7.1%
Adjusted EPS.	$ 0.97	8.3%

Note:

1. The adjusted income tax provision is computed using the effective income tax rate from the consolidated statement of income.
2. Adjusted EPS and GAAP Diluted EPS include a $348m loss on early extinguishment of debt (~$0.17 per diluted share) during the fourth quarter of 2012.

Fourth Quarter 2012: Pharmacy Services Segment

CVS CAREMARK

(in millions)	Q4 2012	Change vs. Q4 2011
Net revenues	$ 18,642.0	17.4%
Gross profit	1,334.1	31.4%
Gross margin	*7.2%*	*76 bps*
Total operating expenses	299.0	2.7%
Operating expense as % of revenues . . .	*1.6%*	*23 bps*
Operating profit	1,035.1	42.9%
Operating margin	*5.6%*	*99 bps*
EBITDA	1,172.1	39.5%
EBITDA margin	*6.3%*	*99 bps*

Fourth Quarter 2012: Pharmacy Services Segment

CVS CAREMARK

(in millions, except EBITDA / Adjusted claim)	**Q4 2012**	**Change vs. Q4 2011**
Net revenues		
Mail choice	$ 5,758.7	17.5%
Pharmacy network	12,838.2	17.5%
Other	45.1	(8.5%)
Pharmacy claims processed		
Total	225.9	7.1%
Mail choice	20.4	14.6%
Pharmacy network	205.5	6.5%
Total adjusted claims	264.0	8.2%
Generic dispensing rate	80.0%	500 bps
Mail choice dispensing rate	74.5%	840 bps
EBITDA / adjusted claim	$ 4.44	28.9%

Fourth Quarter 2012: Retail Pharmacy Segment

(in millions)	Q4 2012	Change vs. Q4 2011
Net revenues	$ 16,280.2	5.1%
Gross profit	5,095.0	10.6%
Gross margin	*31.3%*	*155 bps*
Total operating expenses	3,512.7	11.3%
Operating expense as % of revenues . . .	*21.6%*	*(121 bps)*
Operating profit	1,582.3	8.9%
Operating margin	*9.7%*	*34 bps*
EBITDA	1,880.0	9.7%
EBITDA margin	*11.5%*	*49 bps*

Fourth Quarter 2012: Retail Pharmacy Segment

CVS CAREMARK

(in millions)	Q4 2012	Change vs. Q4 2011
Net revenues		
Pharmacy	$ 11,004.6	4.9%
Front store	5,275.6	5.5%
Retail prescriptions filled		
90-day counted as 1	185.5	9.8%
90-day counted as 3	219.7	11.5%
Same store sales increase / (decrease) over prior year		
Total	4.0%	
Pharmacy	4.0%	
Front store	3.9%	
Rx Volume (90-day counted as 1)	9.0%	
Rx Volume (90-day counted as 3)	11.0%	
Generic dispensing rate	79.9%	400 bps

Full-year 2012: Consolidated Results

(in millions, except per share amounts)	2012	Change vs. 2011
Net revenues	$123,133.3	15.0%
Gross profit	22,506.2	9.5%
Gross margin	*18.3%*	*(92 bps)*
Total operating expenses	15,277.7	7.4%
Operating expense as % of revenues . . .	*12.4%*	*88 bps*
Operating profit	7,228.5	14.2%
Operating margin	*5.9%*	*(4 bps)*
GAAP Diluted EPS.	$ 3.03	17.0%
Adjusted EPS.	$ 3.27	16.9%

Note:

1. The adjusted income tax provision is computed using the effective income tax rate from the consolidated statement of income.
2. Adjusted EPS and GAAP Diluted EPS include a $348m loss on early extinguishment of debt (~$0.17 per diluted share) during the fourth quarter of 2012.

Full-year 2012: Pharmacy Services Segment

CVS CAREMARK

(in millions)	**2012**	**Change vs. 2011**
Net revenues	$ 73,443.8	24.7%
Gross profit	3,808.0	16.1%
Gross margin	*5.2%*	*(38 bps)*
Total operating expenses	1,128.7	6.6%
Operating expense as % of revenues . . .	*1.5%*	*26 bps*
Operating profit	2,679.3	20.7%
Operating margin	*3.6%*	*(12 bps)*
EBITDA	3,196.5	20.5%
EBITDA margin	*4.4%*	*(15 bps)*

Full-year 2012:
Pharmacy Services Segment

(in millions, except EBITDA / Adjusted claim)	**2012**	**Change vs. 2011**
Net revenues		
Mail choice	$ 22,842.8	22.7%
Pharmacy network	50,411.3	25.9%
Other	189.7	(13.0%)
Pharmacy claims processed		
Total	880.5	13.7%
Mail choice	81.7	15.7%
Pharmacy network	798.8	13.5%
Total adjusted claims	1,033.0	14.1%
Generic dispensing rate	78.5%	440 bps
Mail choice dispensing rate	72.0%	710 bps
EBITDA / adjusted claim	$ 3.09	5.6%

Full-year 2012:
Retail Pharmacy Segment

(in millions)	2012	Change vs. 2011
Net revenues	$ 63,653.6	6.8%
Gross profit	19,108.8	9.4%
Gross margin	*30.0%*	*71 bps*
Total operating expenses	13,455.2	7.2%
Operating expense as % of revenues . . .	*21.1%*	*(7 bps)*
Operating profit	5,653.6	15.1%
Operating margin	*8.9%*	*64 bps*
EBITDA	6,806.2	14.0%
EBITDA margin	*10.7%*	*67 bps*

Full-year 2012: Retail Pharmacy Segment

CVS CAREMARK

(in millions)	**2012**	**Change vs. 2011**
Net revenues		
Pharmacy	$ 43,816.1	7.6%
Front store	19,837.5	5.1%
Retail prescriptions filled		
90-day counted as 1	717.9	9.1%
90-day counted as 3	848.0	11.1%
Same store sales increase / (decrease) over prior year		
Total	5.5%	
Pharmacy	6.5%	
Front store	3.4%	
Rx Volume (90-day counted as 1)	8.1%	
Rx Volume (90-day counted as 3)	10.3%	
Generic dispensing rate	79.2%	360 bps

2013 Guidance:
Enterprise Revenue & Earnings Per Share

	Full-year 2013
Net revenue growth	0.75% to 2.0%
GAAP diluted EPS	$3.61 to $3.75
Adjusted EPS	$3.86 to $4.00
Year-over-year growth	*12.25% to 16.5%*

Notes:
1. Guidance assumes completion of $4 billion in share repurchases during 2013, as part of a $6.0 billion share repurchase program authorized by CVS Caremark's board of directors in September 2012. Timing of repurchases should roughly follow the timing of share repurchases in 2012.
2. Adjusted EPS year-over-year growth rates calculated after excluding debt refinancing impact in 2012.
3. Guidance includes one less day in 2013 versus 2012 for leap year.

2013 Guidance:
Pharmacy Services Segment

CVS CAREMARK

	Full-year 2013
Net revenue growth	1.5% to 2.75%
Total adjusted claims	*1.035b to 1.045b*
Gross profit margin	Modestly Up
Operating expense (% of revenue)	Modest improvement
Operating profit growth	10% to 14%
Operating profit margin	Up 30 bps to 40 bps

Note:
1. Guidance includes one less day in 2013 versus 2012 for leap year.

2013 Guidance:
Retail Pharmacy Segment

	Full-year 2013
Net revenue growth	1.25% to 2.5%
Same store sales	*0.25% to 1.5%*
Same store scripts	*1.5% to 2.5%*
Gross profit margin	Up Moderately
Operating expense (% of revenue)	Flattish
Operating profit growth	5% to 6.75%
Operating profit margin	Up 30 bps to 40 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 less day in 2013 versus 2012 for leap year.

2013 Guidance:
Consolidated Income Statement

CVS CAREMARK

	Full-year 2013
Net interest expense	$475m to $485m
Effective tax rate	~ 39%
Weighted average shares	~ 1.21b
Consolidated amortization	~ $485m
Consolidated D&A	~ $1.9b

Notes:
1. Guidance assumes completion of $4 billion in share repurchases during 2013, as part of a $6.0 billion share repurchase program authorized by CVS Caremark's board of directors in September 2012. Timing of repurchases should roughly follow the timing of share repurchases in 2012.
2. Guidance includes one less day in 2013 versus 2012 for leap year.

2013 Guidance: Consolidated Income Statement

	Full-year 2013
Corporate segment expense	\$730m to \$745m
Intercompany eliminations *(% of combined segment revenues)*	~ 10.7%
Gross profit margin	Moderately Up
Operating expense *(% of revenue)*	Flattish
Operating profit margin	Up 30 bps to 40 bps

Notes:
1. Guidance assumes completion of \$4 billion in share repurchases during 2013, as part of a \$6.0 billion share repurchase program authorized by CVS Caremark's board of directors in September 2012. Timing of repurchases should roughly follow the timing of share repurchases in 2012.
2. Guidance includes one less day in 2013 versus 2012 for leap year.

First Quarter 2013 Guidance: Enterprise Revenue & Earnings Per Share

	Q1 2013
Net revenue growth	(4%) to (2.5%)
GAAP diluted EPS	71¢ to 74¢
Adjusted EPS	77¢ to 80¢
Year-over-year growth	*18% to 23%*

Notes:
1. Guidance assumes completion of $4 billion in share repurchases during 2013, as part of a $6.0 billion share repurchase program authorized by CVS Caremark's board of directors in September 2012. Timing of repurchases should roughly follow the timing of share repurchases in 2012.
2. Guidance includes one less day in 2013 versus 2012 for leap year.

First Quarter 2013 Guidance: Segment Breakdown

CVS CAREMARK

		Q1 2013
Pharmacy Services	Net revenue growth	(3%) to (1.75%)
	Operating profit growth	24% to 31%
Retail Pharmacy	Net revenue growth	(2.5%) to (1%)
	Same store sales	*(3.5%) to (2%)*
	Same store scripts	*0.75% to 1.75%*
	Operating profit growth	9.5% to 11.5%

Notes:

1. Guidance, including "same store" guidance, includes one less day in 2013 versus 2012 for leap year. The one extra day due to leap year positively impacted pharmacy same store sales in the first quarter of 2012 by approximately 75 basis points and front end same store sales by approximately 120 basis points.
2. Same store script growth is estimated using the standard convention of counting all scripts, regardless of the days supply, as one script.

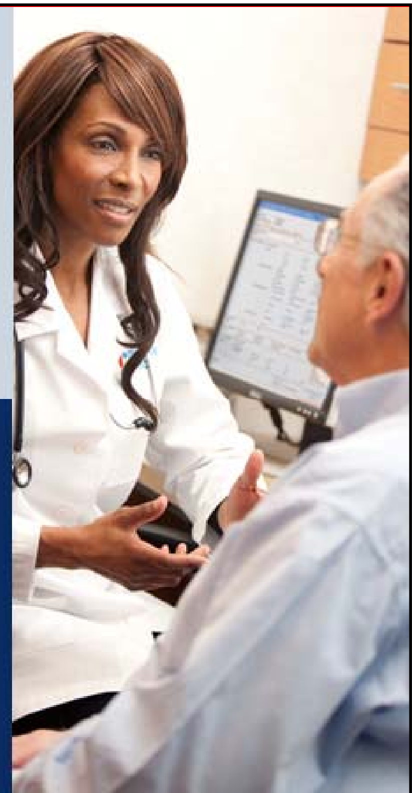
2013 Guidance:
Cash Flow And Capital Expenditures

CVS CAREMARK

(billions)	**Full-year 2013**
Operating cash flow	$6.4 to $6.6
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	**$4.8 to $5.1**

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. Guidance includes one less day in 2013 versus 2012 for leap year.
3. Figures might not foot due to rounding.



CVS CAREMARK

Fourth Quarter 2012 Earnings Conference Call

February 6, 2013