
Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our Company's internal control over financial reporting includes those policies and procedures that pertain to the Company's ability to record, process, summarize and report a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that the unauthorized acquisition, use or disposition of assets are prevented or timely detected and that transactions are authorized, recorded and reported properly to permit the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and receipts and expenditures are duly authorized. In order to ensure the Company's internal control over financial reporting is effective, management regularly assesses such controls and did so most recently for its financial reporting as of December 31, 2015.

We conducted an assessment of the effectiveness of our internal controls over financial reporting based on the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). This evaluation included review of the documentation, evaluation of the design effectiveness and testing of the operating effectiveness of controls. Our system of internal control over financial reporting is enhanced by periodic reviews by our internal auditors, written policies and procedures and a written Code of Conduct adopted by our Company's Board of Directors, applicable to all employees of our Company. In addition, we have an internal Disclosure Committee, comprised of management from each functional area within the Company, which performs a separate review of our disclosure controls and procedures. There are inherent limitations in the effectiveness of any system of internal controls over financial reporting.

Management's assessment of the effectiveness of our internal control over financial reporting did not include two acquisitions, Omnicare, Inc. and the pharmacies and clinics of Target Corporation, consummated during fiscal year 2015. Omnicare, Inc. and the Target Corporation pharmacy and clinic businesses are included in the Company's 2015 consolidated financial statements and represent 18% of total assets as of December 31, 2015 and 2% of net revenues for the year then ended.

Based on our assessment, we conclude our Company's internal control over financial reporting is effective and provides reasonable assurance that assets are safeguarded and that the financial records are reliable for preparing financial statements as of December 31, 2015.

Ernst & Young LLP, independent registered public accounting firm, is appointed by the Board of Directors and ratified by our Company's shareholders. They were engaged to render an opinion regarding the fair presentation of our consolidated financial statements as well as conducting an audit of internal control over financial reporting. Their accompanying reports are based upon audits conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

February 9, 2016

Consolidated Statements of Income

YEAR ENDED DECEMBER 31,

IN MILLIONS, EXCEPT PER SHARE AMOUNTS

	2015	2014	2013
Net revenues	\$ 153,290	\$ 139,367	\$ 126,761
Cost of revenues	126,762	114,000	102,978
Gross profit	26,528	25,367	23,783
Operating expenses	17,074	16,568	15,746
Operating profit	9,454	8,799	8,037
Interest expense, net	838	600	509
Loss on early extinguishment of debt	—	521	—
Income before income tax provision	8,616	7,678	7,528
Income tax provision	3,386	3,033	2,928
Income from continuing operations	5,230	4,645	4,600
Income (loss) from discontinued operations, net of tax	9	(1)	(8)
Net income	5,239	4,644	4,592
Net income attributable to noncontrolling interest	(2)	—	—
Net income attributable to CVS Health	\$ 5,237	\$ 4,644	\$ 4,592
Basic earnings per share:			
Income from continuing operations attributable to CVS Health	\$ 4.65	\$ 3.98	\$ 3.78
Income (loss) from discontinued operations attributable to CVS Health	\$ 0.01	\$ —	\$ (0.01)
Net income attributable to CVS Health	\$ 4.66	\$ 3.98	\$ 3.77
Weighted average shares outstanding	1,118	1,161	1,217
Diluted earnings per share:			
Income from continuing operations attributable to CVS Health	\$ 4.62	\$ 3.96	\$ 3.75
Income (loss) from discontinued operations attributable to CVS Health	\$ 0.01	\$ —	\$ (0.01)
Net income attributable to CVS Health	\$ 4.63	\$ 3.96	\$ 3.74
Weighted average shares outstanding	1,126	1,169	1,226
Dividends declared per share	\$ 1.40	\$ 1.10	\$ 0.90

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

YEAR ENDED DECEMBER 31,

IN MILLIONS

	2015	2014	2013
Net income	\$ 5,239	\$ 4,644	\$ 4,592
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax	(100)	(35)	(30)
Net cash flow hedges, net of tax	2	4	3
Pension and other postretirement benefits, net of tax	(43)	(37)	59
Total other comprehensive income (loss)	(141)	(68)	32
Comprehensive income	5,098	4,576	4,624
Comprehensive income attributable to noncontrolling interest	(2)	—	—
Comprehensive income attributable to CVS Health	\$ 5,096	\$ 4,576	\$ 4,624

See accompanying notes to consolidated financial statements.