

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CVS Caremark Corporation

We have audited CVS Caremark Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CVS Caremark Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on CVS Caremark Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CVS Caremark Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CVS Caremark Corporation as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012 of CVS Caremark Corporation and our report dated February 15, 2013 expressed an unqualified opinion thereon.

Ernst + Young LLP

Boston, Massachusetts
February 15, 2013

Consolidated Statements of Income

| | Year Ended December 31, | | |
|---|-------------------------|------------|-----------|
| | 2012 | 2011 | 2010 |
| <i>In millions, except per share amounts</i> | | | |
| Net revenues | \$ 123,133 | \$ 107,100 | \$ 95,778 |
| Cost of revenues | 100,627 | 86,539 | 75,559 |
| Gross profit | 22,506 | 20,561 | 20,219 |
| Operating expenses | 15,278 | 14,231 | 14,082 |
| Operating profit | 7,228 | 6,330 | 6,137 |
| Interest expense, net | 557 | 584 | 536 |
| Loss on early extinguishment of debt | 348 | — | — |
| Income before income tax provision | 6,323 | 5,746 | 5,601 |
| Income tax provision | 2,441 | 2,258 | 2,179 |
| Income from continuing operations | 3,882 | 3,488 | 3,422 |
| Income (loss) from discontinued operations, net of tax | (7) | (31) | 2 |
| Net income | 3,875 | 3,457 | 3,424 |
| Net loss attributable to noncontrolling interest | 2 | 4 | 3 |
| Net income attributable to CVS Caremark | \$ 3,877 | \$ 3,461 | \$ 3,427 |
| Basic earnings per common share: | | | |
| Income from continuing operations attributable to CVS Caremark | \$ 3.06 | \$ 2.61 | \$ 2.51 |
| Income (loss) from discontinued operations attributable to CVS Caremark | (0.01) | (0.02) | — |
| Net income attributable to CVS Caremark | \$ 3.05 | \$ 2.59 | \$ 2.51 |
| Weighted average common shares outstanding | 1,271 | 1,338 | 1,367 |
| Diluted earnings per common share: | | | |
| Income from continuing operations attributable to CVS Caremark | \$ 3.03 | \$ 2.59 | \$ 2.49 |
| Income (loss) from discontinued operations attributable to CVS Caremark | (0.01) | (0.02) | — |
| Net income attributable to CVS Caremark | \$ 3.03 | \$ 2.57 | \$ 2.49 |
| Weighted average common shares outstanding | 1,280 | 1,347 | 1,377 |
| Dividends declared per common share | \$ 0.65 | \$ 0.50 | \$ 0.35 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

| <i>In millions</i> | Year Ended December 31, | | |
|--|-------------------------|----------|----------|
| | 2012 | 2011 | 2010 |
| Net income | \$ 3,875 | \$ 3,457 | \$ 3,424 |
| Other comprehensive income (loss): | | | |
| Net cash flow hedges, net of income tax | 3 | (9) | (1) |
| Pension liability adjustment, net of income tax | (12) | (20) | (7) |
| Comprehensive income | 3,866 | 3,428 | 3,416 |
| Comprehensive loss attributable to noncontrolling interest | 2 | 4 | 3 |
| Comprehensive income attributable to CVS Caremark | \$ 3,868 | \$ 3,432 | \$ 3,419 |

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

| | December 31, | |
|--|--------------|-----------|
| | 2012 | 2011 |
| <i>In millions, except per share amounts</i> | | |
| Assets: | | |
| Cash and cash equivalents | \$ 1,375 | \$ 1,413 |
| Short-term investments | 5 | 5 |
| Accounts receivable, net | 6,473 | 6,047 |
| Inventories | 10,759 | 10,046 |
| Deferred income taxes | 663 | 503 |
| Other current assets | 577 | 580 |
| Total current assets | 19,852 | 18,594 |
| Property and equipment, net | 8,632 | 8,467 |
| Goodwill | 26,395 | 26,458 |
| Intangible assets, net | 9,753 | 9,869 |
| Other assets | 1,280 | 1,155 |
| Total assets | \$ 65,912 | \$ 64,543 |
| Liabilities: | | |
| Accounts payable | \$ 5,070 | \$ 4,370 |
| Claims and discounts payable | 3,974 | 3,487 |
| Accrued expenses | 4,051 | 3,293 |
| Short-term debt | 690 | 750 |
| Current portion of long-term debt | 5 | 56 |
| Total current liabilities | 13,790 | 11,956 |
| Long-term debt | 9,133 | 9,208 |
| Deferred income taxes | 3,784 | 3,853 |
| Other long-term liabilities | 1,501 | 1,445 |
| Commitments and contingencies (Note 13) | — | 30 |
| Redeemable noncontrolling interest | — | — |
| Shareholders' equity: | | |
| Preferred stock, par value \$0.01: 0.1 shares authorized; none issued or outstanding | — | — |
| Common stock, par value \$0.01: 3,200 shares authorized; 1,667 shares issued and 1,231 shares outstanding at December 31, 2012 and 1,640 shares issued and 1,298 shares outstanding at December 31, 2011 | 17 | 16 |
| Treasury stock, at cost: 435 shares at December 31, 2012 and 340 shares at December 31, 2011 | (16,270) | (11,953) |
| Shares held in trust: 1 share at December 31, 2012 and 2 shares at December 31, 2011 | (31) | (56) |
| Capital surplus | 29,120 | 28,126 |
| Retained earnings | 25,049 | 22,090 |
| Accumulated other comprehensive loss | (181) | (172) |
| Total shareholders' equity | 37,704 | 38,051 |
| Total liabilities and shareholders' equity | \$ 65,912 | \$ 64,543 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended December 31,

| <i>In millions</i> | 2012 | 2011 | 2010 |
|--|-----------------|-----------------|-----------------|
| Cash flows from operating activities: | | | |
| Cash receipts from customers | \$ 113,205 | \$ 97,688 | \$ 94,503 |
| Cash paid for inventory and prescriptions dispensed by retail network pharmacies | (90,032) | (75,148) | (73,143) |
| Cash paid to other suppliers and employees | (13,643) | (13,635) | (13,778) |
| Interest received | 4 | 4 | 4 |
| Interest paid | (581) | (647) | (583) |
| Income taxes paid | (2,282) | (2,406) | (2,224) |
| Net cash provided by operating activities | 6,671 | 5,856 | 4,779 |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (2,030) | (1,872) | (2,005) |
| Proceeds from sale-leaseback transactions | 529 | 592 | 507 |
| Proceeds from sale of property and equipment | 23 | 4 | 34 |
| Acquisitions (net of cash acquired) and other investments | (378) | (1,441) | (177) |
| Purchase of available-for-sale investments | — | (3) | — |
| Maturity of available-for-sale investments | — | 60 | 1 |
| Proceeds from sale of subsidiary | 7 | 250 | — |
| Net cash used in investing activities | (1,849) | (2,410) | (1,640) |
| Cash flows from financing activities: | | | |
| Increase (decrease) in short-term debt | (60) | 450 | (15) |
| Proceeds from issuance of long-term debt | 1,239 | 1,463 | 991 |
| Repayments of long-term debt | (1,718) | (2,122) | (2,103) |
| Purchase of noncontrolling interest in subsidiary | (26) | — | — |
| Dividends paid | (829) | (674) | (479) |
| Derivative settlements | — | (19) | (5) |
| Proceeds from exercise of stock options | 836 | 431 | 285 |
| Excess tax benefits from stock-based compensation | 28 | 21 | 28 |
| Repurchase of common stock | (4,330) | (3,001) | (1,500) |
| Other | — | (9) | — |
| Net cash used in financing activities | (4,860) | (3,460) | (2,798) |
| Net increase (decrease) in cash and cash equivalents | (38) | (14) | 341 |
| Cash and cash equivalents at the beginning of the year | 1,413 | 1,427 | 1,086 |
| Cash and cash equivalents at the end of the year | \$ 1,375 | \$ 1,413 | \$ 1,427 |
| Reconciliation of net income to net cash provided by operating activities: | | | |
| Net income | \$ 3,875 | \$ 3,457 | \$ 3,424 |
| Adjustments required to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 1,753 | 1,568 | 1,469 |
| Stock-based compensation | 132 | 135 | 150 |
| Loss on early extinguishment of debt | 348 | — | — |
| Gain on sale of subsidiary | — | (53) | — |
| Deferred income taxes and other noncash items | (106) | 144 | 30 |
| Change in operating assets and liabilities, net of effects from acquisitions: | | | |
| Accounts receivable, net | (387) | (748) | 532 |
| Inventories | (858) | 607 | (352) |
| Other current assets | 3 | (420) | (4) |
| Other assets | (99) | (49) | (210) |
| Accounts payable and claims and discounts payable | 1,147 | 1,128 | (40) |
| Accrued expenses | 753 | 85 | (176) |
| Other long-term liabilities | 110 | 2 | (44) |
| Net cash provided by operating activities | \$ 6,671 | \$ 5,856 | \$ 4,779 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

| In millions | Shares | | | Dollars | | |
|--|-------------------------|-------|-------|-------------------------|-------------|------------|
| | Year Ended December 31, | | | Year Ended December 31, | | |
| | 2012 | 2011 | 2010 | 2012 | 2011 | 2010 |
| Common stock: | | | | | | |
| Beginning of year | 1,640 | 1,624 | 1,612 | \$ 16 | \$ 16 | \$ 16 |
| Stock options exercised and issuance of stock awards | 27 | 16 | 12 | 1 | — | — |
| End of year | 1,667 | 1,640 | 1,624 | \$ 17 | \$ 16 | \$ 16 |
| Treasury stock: | | | | | | |
| Beginning of year | (340) | (259) | (219) | \$(11,953) | \$ (9,030) | \$ (7,610) |
| Purchase of treasury shares | (95) | (84) | (42) | (4,330) | (3,001) | (1,500) |
| Employee stock purchase plan issuances | 1 | 3 | 2 | 47 | 78 | 80 |
| Transfer of shares from shares held in trust | (1) | — | — | (34) | — | — |
| End of year | (435) | (340) | (259) | \$(16,270) | \$ (11,953) | \$ (9,030) |
| Shares held in trust: | | | | | | |
| Beginning of year | (2) | (2) | (2) | \$ (56) | \$ (56) | \$ (56) |
| Transfer of shares to treasury stock | 1 | — | — | 25 | — | — |
| End of year | (1) | (2) | (2) | \$ (31) | \$ (56) | \$ (56) |
| Capital surplus: | | | | | | |
| Beginning of year | | | | \$28,126 | \$ 27,610 | \$ 27,198 |
| Stock option activity and stock awards | | | | 955 | 495 | 384 |
| Tax benefit on stock options and stock awards | | | | 28 | 21 | 28 |
| Transfer of shares held in trust to treasury stock | | | | 9 | — | — |
| Purchase of noncontrolling interest in subsidiary | | | | 2 | — | — |
| End of year | | | | \$29,120 | \$ 28,126 | \$ 27,610 |
| Retained earnings: | | | | | | |
| Beginning of year | | | | \$22,090 | \$ 19,303 | \$ 16,355 |
| Changes in inventory accounting principles (Note 2) | | | | (89) | — | — |
| Net income attributable to CVS Caremark | | | | 3,877 | 3,461 | 3,427 |
| Common stock dividends | | | | (829) | (674) | (479) |
| End of year | | | | \$25,049 | \$ 22,090 | \$ 19,303 |
| Accumulated other comprehensive loss: | | | | | | |
| Beginning of year | | | | \$ (172) | \$ (143) | \$ (135) |
| Net cash flow hedges, net of income tax | | | | 3 | (9) | (1) |
| Pension liability adjustment, net of income tax | | | | (12) | (20) | (7) |
| End of year | | | | \$ (181) | \$ (172) | \$ (143) |
| Total shareholders' equity | | | | \$37,704 | \$ 38,051 | \$ 37,700 |

See accompanying notes to consolidated financial statements.