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## CVS Caremark Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Eric Bosshard - Cleveland Research Company.

#### Eric Bosshard - Cleveland Research Company

First of all, the Retail comp improvement that you talked about in March/April, the combined number, seems like the 2Q comp guidance may be a little bit conservative. Can you just talk about what's going on there?

And then secondly, can you talk about how the year-over-year PBM profit should play out as we move quarter to quarter through the year?

#### Tom Ryan

For the front end comps, I told you our front end comps for March and April were 3 - 4. Obviously, we had a very good Easter selling season and we think it's fairly reasonable, our projections, for the quarterly comps.

And the second piece was what?

#### Eric Bosshard - Cleveland Research Company

I think you had originally talked about 2% to 5% profit growth for the PBM this year. It was down in the first quarter. I know there was some noise in the number here in the first quarter, but can you talk a little bit about how we should expect that to play in? Is the profit going to be down again in the second quarter and then turn up in the second half?

#### Tom Ryan

No. The 2 to 5, we're still comfortable with the 2 to 5 and the profits should kind of ramp up through the year.

#### Eric Bosshard - Cleveland Research Company

Can you give us any sense should the profits be up in the second quarter in that business?

#### Dave Rickard

Well, Eric, you know that we don't actually disclose -

**Tom Ryan**

They're going to ramp up through the year, Eric, 2 to 3 to 4 each quarter. They typically ramp up each year anyway in the beginning to the end, so it would be consistent with typical PBM performance.

**Operator**

Your next question comes from Lisa Gill - J.P. Morgan.

**Lisa Gill - J.P. Morgan**

Can you talk on an enterprise-wide basis, is Maintenance Choice more profitable, less profitable or equally as profitable to mail order scripts? So not comparing PBM to Retail, Tom. Let's talk about the whole enterprise when you get a person into the store and tell us is that more profitable?

And then secondly, a customer of yours, Chrysler, looks like it's going to go through bankruptcy. There's some question around what's going to happen with the VEBA trust. Can you maybe talk about what's happening in your customer base right now as companies like this try to work through bankruptcy and what it means for somebody like CVS?

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