

Date: 11/4/12

Analyst Name: Trevor Boren

CIF Stock Recommendation Report (Fall 2012)

Company Name: CVS Caremark Corp. Ticker: CVS

Section (A) Summary

Recommendation Buy: Yes No		Target Price: N/A	Stop-Loss Price: N/A
Sector: Consumer Staples (XLP)	Industry: Drug Stores	Market Cap (in Billions): \$59,325.36	# of Shrs. O/S (in Millions): 1,272.24
Current Price: \$47.07	52 WK Hi: \$49.23	52 WK Low: \$36.44	EBO Valuation: \$78.53
Morningstar (MS) Fair Value Est.: \$46.00	MS FV Uncertainty: Medium	MS Consider Buying: \$32.20	MS Consider Selling: \$62.10
EPS (TTM): 2.83	EPS (FY1): 4.23	EPS (FY2): 4.53	MS Star Rating: 3-Stars
Next Fiscal Yr. End "Year": 2012 "Month": December	Last Fiscal Qtr. End: Less Than 8 WK: Y N	If Less Than 8 WK, next Earnings Ann. Date:	Analyst Consensus Recommendation: Buy
Forward P/E: 12.30	Mean LT Growth: 12.50%	PEG: 0.98	Beta: 0.74
% Inst. Ownership: 87.17%	Inst. Ownership- Net Buy: Y N	Short Interest Ratio: 2.80	Short as % of Float: 1.30%
<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	16.46	15.25	32.12
P/S (TTM)	0.51	0.34	3.72
P/B (MRQ)	1.56	1.56	2.48
P/CF (TTM)	11.06	9.54	20.98
Dividend Yield	1.39	1.53	1.77
Total Debt/Equity (MRQ)	24.83	19.45	27.85
Net Profit Margin (TTM)	3.18	2.44	7.18
ROA (TTM)	5.66	5.06	4.25
ROE (TTM)	10.17	9.36	20.05

<p><u>Investment Thesis</u></p> <ul style="list-style-type: none"> - Overall CVS looks to be a very strong stock, with strong revenue and earnings growth. They have a strong advantage in terms of their retail clinics “minute-clinics” which could stand to benefit from the Affordable Care Act, although it is speculated other segments of their business (the ones that provide more of their revenues) may suffer. - Their main competitors are also increasing their store locations, while competitors such as Wal-Mart present a significant threat in terms of their financial abilities to encroach on CVS’s market share. - CVS is moving more towards becoming a more dynamic company, differentiating themselves in terms of their ability to offer various solutions to customers through retail clinics, health care coverage/clarification, order-by-mail and online services to their customers. - Though currently there is much uncertainty in their industry, and the potential upside to this stock can be limited depending on various factors including this upcoming presidential election. 	<p><u>Summary</u> Provide brief summary of your analysis in each section that follows</p> <p><u>Company Profile:</u> CVS Caremark Corp. is an American Pharmacy Benefits Manager/Retailer who competes in the drug store sector. They are increasingly focusing on growing their company within the U.S. and providing diverse health care services to their customers.</p> <p><u>Fundamental Valuation:</u> The EBO valuation yielded an implied price of \$78.53 with an abnormal growth rate of 7 years.</p> <p><u>Relative Valuation:</u> The closest valuation to real prices in terms of CVS’s 52-week range was yielded from Walgreens which was roughly around \$40/share.</p> <p><u>Revenue and Earnings Estimates:</u> CVS’s Revenue and EPS have been very consistent in their growth over the years and are roughly keeping that trend. The overall trend this year is the same, though with some downward revisions in terms of revenues.</p> <p><u>Analyst Recommendations:</u> In almost all sources including Morningstar and Reuters the consensus recommendation is a buy.</p> <p><u>Institutional Ownership:</u> Institutional ownership is currently at 87.17% with a small net selloff at this point. No single institution owns over 5% of CVS.</p> <p><u>Short Interest:</u> Short interest is on the higher side of their average over the last year at a ratio of 2.80, though this is showing a downward trend over the last couple of months.</p> <p><u>Stock Price Chart:</u> CVS has beaten all its main competitors including the S&P 500 and XLP over the last three months and the last year. Over the last 5 years the beat all but the consumer staples sector.</p>
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Section (B) Company Profile (two pages maximum)

Company Summary

- CVS, established in 1979 as Home Health Care of America, is a pharmacy/drug retailing chain and is “largest integrated pharmacy company in the United States” (CVS investor relations). CVS has over 7,300 stores in the U.S., offers retail-based health clinics (called Minute Clinic), sells pharmaceuticals through their website, does mail order pharmaceuticals and sells a small variety of groceries and various consumer goods. So CVS currently consists of three main segments being retail pharmacy, pharmacy services and corporate. According to their 10-k report, their pharmacy services clients “are primarily sponsors of health benefit plans (employers, unions, government employee groups, etc.) and individuals located throughout the United States”.

Also according to this report their retail pharmacy customers are identified as “Managed care organizations, government-funded health care programs (including state Medicaid plans and Medicare Part D drug plans), commercial employers and other third party plans,” all of which accounted for 97.8% of their pharmacy revenues in 2011.

While their corporate office heads up all of the effective decision making. Currently CVS is in the process of expanding their stores into more favorable locations to take advantage of their minute clinics, and pharmacy locations to garner more customers. Their focus is on becoming a sort of all in one health care company where customers can get their medication, help with understanding their health care coverage, potentially cheaper treatment plans (using alternative medications), and some health care provided by nurse practitioners and pharmacists in one location for cheaper than they could elsewhere.

- The major revenue breakdowns by product segments over the last 3 years are as follows.

	Percentage of Net Revenues(1)		
	2011	2010	2009
Prescription drugs	68.3%	68.0%	67.7%
Over-the-counter and personal care	10.9	10.9	11.0
Beauty/cosmetics	5.2	5.1	5.1
General merchandise and other	15.6		

Business Model, Competition, Environment and Strategy

- CVS's currently identifies in large part as a PBM which is a Pharmacy Benefit Manager. Though their business model is focusing more and more on becoming an all in one company that provides their customers with diverse solutions for their overall health care needs. In terms of their competition CVS's main pure play competitor is Walgreens. In the last year Walgreens has experienced so tumult in terms of their business as a result of a falling out with Express Scripts, though has since gotten back together. Many of their customers had switched to CVS in this time, but Walgreens is still a very important competitor as they are the most similar to CVS itself. Though, Walgreens does have fewer stores at this point, and far less walk in clinics than CVS, they are attempting to expand in this segment as well. Wal-Mart is a major competitor as well. Although they do have a major focus on their retail/grocery sales, they are an important competitor in terms of their pharmacy segments and arguably more-so a future threat in that segment than Walgreens because they possess the capital to vastly expand there, as well as in the retail clinics segment (Safeway's a similar player here but on a much smaller scale than Wal-Mart.)

This all naturally points to a very competitive environment. There are a fair amount of diversified and very capable companies with the capital to encroach on CVS's market share. So CVS's strategy at this point is to increase their value to customers. Currently CVS has less stores than Walgreens overall, CVS is on track to have more stores in the near future. Also, CVS has more than double the amount of retail clinics than Walgreens and 10x more than Wal-Mart. This is something CVS is banking heavily on in their attempts to become a diverse health care solutions company. So CVS's strategy is to continue their expansions into more favorable regions, close down some stores that are in regions that aren't as profitable, and create locations where customers can purchase a variety of services so they don't have to look elsewhere for their health care needs. This is something they hope will be capital intensive to replicate and hard to compete with.

Revenue and Earnings History

This information is available in *Reuters.com*, “*Financials*” tab. Copy/paste the quarterly revenue and earnings per share numbers for the most recent three years. Add the numbers over four fiscal quarters to get annual revenue and earnings. For the current fiscal year, go ahead add up as many quarters as are available. **NOTE:** revenue numbers are “*in millions*”.

REVENUE				EARNINGS PER SHARE			
Periods	2010	2011	2012	Periods	2010	2011	2012
March	23760.0	25695.0	30798.0	March	0.55372	0.51787	0.59358
June	24007.0	26414.0	30714.0	June	0.60044	0.59677	0.75136
September	23711.0	26674.0		September	0.59649	0.64776	
December	24589.0	28317.0		December	0.74417	0.83969	
TOTALS:	96,067.0	107,100.0	61,512.0		2.49479	2.60209	1.34494

Discuss any pattern in revenue and earnings (e.g., increasing year over year; seasonal; etc.)

- Overall revenue and EPS increased consistently on an annual basis. So far this year they are on track to beat the prior year in both categories pretty handily. CVS seems to have their strongest revenues and EPS in Q4, then second most in Q2. The year over year trend here is pretty positive.

EBO valuation would be (you can include more than one scenario in each of the following):

\$74.39 if changing above normal growth period to 9 years.

\$87.97 if changing growth rate from mean (consensus) to the highest estimate 15.20%

\$69.04 if changing growth rate from mean (consensus) to the lowest estimate 9.5%

\$51.07 if changing discount rate to 9.67%

\$69.04 if changing target ROE to 19.00%

Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

CVS													
				Mean FY2									
Ticker	Name	Mkt Cap	Current Price	Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM	
1 WAG	Walgreens	\$ 32,938.09	\$ 34.08	\$ 3.41	9.99	12.77%	0.78	1.81	15.59%	0.12	0.46	10.00	
2 WMT	Wal Mart	\$ 244,612.30	\$ 73.14	\$ 5.93	12.33	9.40%	1.31	3.49	21.37%	0.16	0.53	9.66	
3 ESRX	Express Scripts Holdings	\$ 50,282.71	\$ 62.88	\$ 4.49	14.00	17.73%	0.79	2.27	44.08%	0.05	0.79	25.66	
CVS	CVS Caremark Corp.	\$ 59,235.30	\$ 46.63	\$ 3.79	12.30	12.50%	0.98	1.56	10.17%	0.15	0.51	11.04	
Implied Price based on:				P/E		PEG	P/B	Value		P/S	P/CF		
1 WAG	Walgreens				\$37.88		\$37.08	\$54.10	\$35.29	\$42.06	\$42.24		
2 WMT	Wal Mart				\$46.75		\$62.16	\$104.32	\$49.65	\$48.46	\$40.80		
3 ESRX	Express Scripts Holdings				\$53.08		\$37.42	\$67.85	\$15.65	\$72.23	\$108.38		
	High				\$53.08		\$62.16	\$104.32	\$49.65	\$72.23	\$108.38		
	Low				\$37.88		\$37.08	\$54.10	\$15.65	\$42.06	\$40.80		
	Median				\$46.75		\$37.42	\$67.85	\$35.29	\$48.46	\$42.24		

From the top panel

Discuss whether your stock and its competitors have very different multiples. Point out if any of the four stocks have multiple that is far off from the others. Make an attempt to explain why (you would want to read analyst research report in **Morningstar Direct**; you should also look for comments from other financial sites). **The discussions should address all of the following valuation metrics: forward P/E, PEG, P/B (MRQ), P/S (TTM), and P/CF (TTM).**

Compare the implied prices derived from various valuation metrics. Also compare those implied price to the stock's current price, and 52-week high and low.

- The multiples are pretty different because all the competitors except for WAG are very different. Wal-Mart competes with their pharmacy segment, but their business is structured very differently as they focus more on retail sales. While express scripts works with both WAG and CVS as a sort of intermediary, but is also structured very differently. So the only pure play competitor is WAG. Their growth, earnings estimates, P/B, P/S, and P/CF are understandably the most similar to CVS. This is obvious when you walk into either store and see that they both sell small amounts of groceries and various retail goods while focusing on their pharmaceutical segments. Most of the implied

prices are outside of the 52-week high and low, with the exception of Walgreens, which for the most part hovers within this range.

From the bottom panel

Discuss the various implied prices of your stock derived from competitors' ("comparables") multiples. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain why (**HINT**: is that because that particular valuation metrics is not very relevant for the industry? Do you best to provide convincing arguments).

For each valuation metrics, Compare the current price and 52-week high /low of your stock to the High-low range derived from multiples of its competitors.

Among the valuation metrics analyzed, **which ones do you think are most relevant as a valuation tool for your stock?**

- The implied prices based on the valuations vary pretty wildly. From the high of \$108.38/share based on ESRX's P/CF, to the low of \$15.65/share based on ESRX's value ratio the difference are drastic. Though the closest to current market value is from WMT based on P/E. Though oddly none of these come from the closes competitor, being Walgreens which exhibits an implied price that is much lower than what CVS currently trades at. This value is actually the closest to CVS's 52-week low. While the rest of the implied prices are pretty far outside of the 52-week high and low in all categories. Though overall the outlier prices come from WMT and ESRX, this is on account of their industries being much different that CVS and WAG's industries, so their relevant metrics aren't as applicable to one another.

Section (E) Revenue and Earnings Estimates

Copy/Paste the “Historical Surprises” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings; make note that revenues might be in “millions”)

Review recent trends in company’s reported revenue and earnings, and discuss whether (1) the company has a pattern of “surprising” the market with numbers different from analysts’ estimates; (2) Were they positive(actual greater than estimate) or negative (actual less than estimate) surprises? (3) Were surprises more notable for revenue or earnings? (4) Look up the stock chart to see how the stock price reacted to the “surprises. **NOTE:** Reuters does not put the sign on the surprise. **You need to put a “negative” sign when it is a negative surprise.**

HISTORICAL SURPRISES				
Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Jun-12	30,963.40	30,714.00	249.44	0.81
Quarter Ending Mar-12	30,306.50	30,798.00	491.52	1.62
Quarter Ending Dec-11	28,107.00	28,317.00	210.00	0.75
Quarter Ending Sep-11	26,748.20	26,674.00	74.22	0.28
Quarter Ending Jun-11	26,771.00	26,629.00	142.04	0.53
Earnings (per share)				
Quarter Ending Jun-12	0.80	0.81	0.01	1.66
Quarter Ending Mar-12	0.63	0.65	0.02	3.16
Quarter Ending Dec-11	0.89	0.89	0.00	0.19
Quarter Ending Sep-11	0.68	0.70	0.02	3.70
Quarter Ending Jun-11	0.64	0.65	0.01	0.85

- The overall trend is that CVS tends to beat analyst expectations in earnings, while in sales they tend more towards falling below expectations. Though they have beaten expectations in sales a couple of times. The surprises overall were most notable for earnings, since the percentages are greater, and the trend is positive in every category (except for one where it is even in Q4 of 2011). The stocks reactions to these surprises are naturally mixed. Since the sales are most often down slightly while earnings are most often up, the reactions are mixed. Though the overall trend is slightly positive.

Copy/paste the “Consensus Estimates Analysis” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)

Review the range and the consensus of analysts’ estimates. (1) Calculate the % difference of the “high” estimate from the consensus (mean); (2) Calculate the % (negative) difference of the “low” estimate from the consensus; (3) Are the divergent more notable for the current or out-quarter, FY1 or FY2, revenue or earnings? (4) Note the number of analysts providing LT growth rate estimate. Is that roughly the same as the number of analysts providing revenue and earnings estimates?

	# analysts	Mean	High	Low	1-year ago	% diff. high/mean	% diff. low/mean
Sales							
Quarter Ending Dec-12	19	31,251.60	32,520.00	30,647.00	30,218.00	3.90%	-1.97%
Quarter Ending Mar-13	9	31,991.90	34,677.00	31,111.10	29,165.20	7.74%	-2.83%
Year Ending Dec-12	22	122,802.00	125,755.00	122,184.00	114,771.00	2.35%	-0.51%
Year Ending Dec-13	23	127,981.00	139,595.00	121,333.00	118,767.00	8.32%	-5.48%
Earnings (per share)							
Quarter Ending Dec-12	20	1.08	1.12	1.01	1.05	3.57%	-6.93%
Quarter Ending Mar-13	10	0.75	0.79	0.7	0.75	5.06%	-7.14%
Year Ending Dec-12	22	3.37	3.44	3.33	3.19	2.03%	-1.20%
Year Ending Dec-13	22	3.79	4.06	3.68	3.58	6.65%	-2.99%
LT Growth Rate (%)	9	12.5	15.2	9.5	11.56	17.76%	-31.58%

- The divergence is more notable for the out quarter and for FY2. And both are more notable in the sales category. The number of analysts providing LT growth rate estimates are much smaller on average than the number of analysts providing estimated for both sales and earnings.

Copy/paste the “Consensus Estimates Trend” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)

Review recent trend of analysts’ consensus (mean) estimates on revenue and earnings. (1) Are the consensus estimates trending up, down, or stay the same? (2) Is the trend more notable for the near- or out- quarter, FY1 or FY2, revenue or earnings?

CONSENSUS ESTIMATES TREND					
	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	31,251.60	31,261.50	31,261.50	31,260.70	30,218.00
Quarter Ending Mar-13	31,991.90	32,033.70	32,033.70	32,016.60	29,165.20
Year Ending Dec-12	122,802.00	122,810.00	122,810.00	122,800.00	114,771.00
Year Ending Dec-13	127,981.00	128,033.00	128,021.00	127,934.00	118,767.00
Earnings (per share)					
Quarter Ending Dec-12	1.08	1.08	1.08	1.08	1.05
Quarter Ending Mar-13	0.75	0.75	0.75	0.74	0.75
Quarter Ending Dec-12	3.37	3.37	3.37	3.37	3.19
Quarter Ending Dec-13	3.79	3.79	3.79	3.78	3.58

- The consensus estimates are up in almost all cases for sales up until the current category. In sales the current trend in relation to 1-week ago are all downward. While in earnings all of the estimates are unchanged for the last month, and overall exhibit an upward trend. So the most notable trend is the fact that all sales estimates are down over the last week. This isn't too disconcerting as the change is small in terms of their overall sales amounts in dollars, it is simply the most notable trend.

Copy/paste the “Estimates Revisions Summary” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)

Review the number of analysts revising up or down their estimates (both revenue and earnings) **in the last and last four weeks.** (1) Note whether there are more up or down revisions; (2) are the revisions predominantly one directional? (3) Any notable difference last week versus last four weeks, revenue versus earnings?

ESTIMATES REVISIONS SUMMARY	Last Week		Last 4 Weeks	
Number Of Revisions:	Up	Down	Up	Down
Revenue				
Quarter Ending Dec-12	0	1	0	1
Quarter Ending Mar-13	0	1	0	1
Year Ending Dec-12	0	1	0	2
Year Ending Dec-13	0	1	1	1
Earnings				
Quarter Ending Dec-12	0	0	0	0
Quarter Ending Mar-13	0	1	0	1
Year Ending Dec-12	1	0	1	0
Year Ending Dec-13	1	0	2	0

You will need to incorporate what you see here with Morningstar's analyst research report (you can access ***Morningstar Direct at the Financial Markets Lab.***) and other readings/analysis you found from various on-line financial sites. Discuss whether you think the company has a good chance of making or beating analyst consensus estimate, and why. Based on how the stock has been trading lately, do you think market has already anticipated strong or lackluster financial outlook from the company?

- The trend in this segment is very small, but slightly positive in its connotations (if including other sources). For revenue, all the revisions are downward and the one upward revision for FY2 was removed in the last week. This is also the case in terms of

CVS's earnings. The only change here is that FY2's earnings have one upward revision dropping out as well.

- In terms of their ability to beat analyst recommendations, I feel that CVS has the ability to do so, but has been inconsistent in this respect. Though they have not fallen below analyst expectations often in the past. And I don't believe anything that their business has experienced recently will cause them to falter either. In terms of Morningstar's analysts and various other readings I have read, I would say that they are mixed. Yahoo, Morningstar and Nasdaq are slightly more positive, with overall more upward trends than Reuters. Though these trends are small in numbers and the overall inconsistency makes this data less robust than I would like it to be.

Section (F) Analysts' Recommendations

Copy/paste the "Analyst Recommendations and Revisions" Table from *Reuters.com*, "Analysts" tab. NOTE: Make sure you copy the entire table including the "Mean Rating" at the bottom of the table.

ANALYST RECOMMENDATIONS AND REVISIONS				
1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	9	9	9	7
(2) OUTPERFORM	13	13	13	13
(3) HOLD	3	3	3	4
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.76	1.76	1.76	1.88

Review the trend of analyst recommendations over the last three months. Is there a notable change of analyst opinions, turning more bullish or bearish? How many different ratings out of the five possible ones did the company receive currently, one, two, and three months ago? Is there a notable trend of opinion convergence or divergence? Is what you see here consistent to comments in Morningstar analyst's research report as well as various online financial sites you had researched on?

NOTE: On a Five-point scale, Reuters assigns “1” to “Buy”, the most bullish recommendation, and “5” to “Sell”, the most bearish recommendation. **Some other online sites have opposite scale**, with their “1” being the most bearish and “5” being the most bullish recommendations.

- Overall the trend in the last three months is leaning more towards the buy recommendation. There is one analyst moving out of the hold category, and two analysts overall moving into the buy category. While the outperform category has remained unchanged. Also as we can see there are no analysts who believe this stock will underperform or be a sell. So the small but notable trend is here is towards a buy. And this is pretty much in line with Morningstar’s analyst’s reports. Overall these analyst recommendations are leaning heavily towards the bullish side. Though I believe these tend to be overly optimistic about CVS’s prospects with such uncertainty in relation to the health care industry, and the potential for major downward pressure on prices and other such inputs.

Section (G) Institutional Ownership

Copy/paste the completed “*CIF Institutional Ownership*” spreadsheet here.

CVS				
Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			1,272,181,635	100.00%
# of Holders/Tot Shares Held	1,291	101.89%	1,108,960,731	87.17%
# New Positions	39	3.08%		
# Closed Positions	15	1.18%		
# Increased Positions	192	15.15%		
# Decreased Positions	203	16.02%		
Beg. Total Inst. Positions	1,267	100.00%	1,107,267,436	87.04%
# Net Buyers/3 Mo. Net Chg	-11	48.61%	1,693,295	0.13%
Ownership Information	% Outstanding			
Top 10 Institutions % Ownership	31.30%			
Mutual Fund % Ownership	1.97%			
Float %	99.65%			
> 5% Ownership				
Holder Name	% Outstanding	Report Date		
N/A				

Combine information provided in all three sections to discuss whether (1) institutions, on net basis, have been increasing or decreasing ownership and how significant, (2) the stock has sizable institution interests and support, (3) the extent of the (> 5%) owners, and (4) this could be a bullish or bearish indication of future stock price movement.

- Institutions overall have added to their holdings in terms of shares outstanding. Though the number of institutions decreasing their ownership is more than that of institutions increasing their holdings. This is again mixed in terms of whether it's bullish or bearish. The fact that there are more new positions, but more decreased positions overall is a tad more bearish, but this is not significant enough to influence a decision on whether to invest or not.

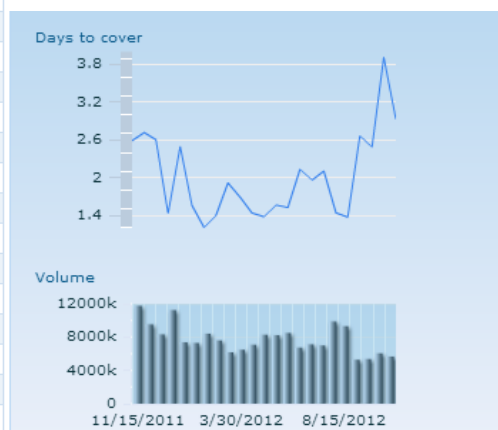
Section (H) Short Interest (two pages)

From <http://www.nasdaq.com/> (NASDAQ's website)

Copy/paste or enter the data in the following table. You also need to copy/paste the chart to the right.

Copy/paste or type the information from "short interest" table. You will start from the most recent release date, and go back for a year (some stocks may not have data go back for a year)

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
10/15/2012	16,520,020	5,642,080	2.928002
9/28/2012	23,687,571	6,050,467	3.914999
9/14/2012	13,246,037	5,332,501	2.484020
8/31/2012	13,981,845	5,245,915	2.665282
8/15/2012	12,740,880	9,296,646	1.370481
7/31/2012	14,194,688	9,850,802	1.440968
7/13/2012	14,648,218	6,960,489	2.104481
6/29/2012	13,981,339	7,115,610	1.964883
6/15/2012	14,355,718	6,739,966	2.129939
5/31/2012	12,964,415	8,501,745	1.524912
5/15/2012	12,882,712	8,242,803	1.562904
4/30/2012	11,397,358	8,279,251	1.376617
4/13/2012	10,165,526	7,067,063	1.438437
3/30/2012	10,936,256	6,480,071	1.687675
3/15/2012	11,829,203	6,180,898	1.913832
2/29/2012	10,571,721	7,594,667	1.391993
2/15/2012	10,157,708	8,415,318	1.207050
1/31/2012	11,361,494	7,279,339	1.560786
1/13/2012	18,360,445	7,350,095	2.497987
12/30/2011	16,054,925	11,237,575	1.428682
12/15/2011	21,607,835	8,296,882	2.604332
11/30/2011	25,859,209	9,507,874	2.719768
11/15/2011	30,397,375	11,756,232	2.585639



From <http://finance.yahoo.com/>

Complete the following table with information from the *“share statistics” table*.

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
6,211,890	5,789,570	1.27B	1.27B
Shares Short (Most recent date)	Short Ratio (Most recent date)	Short % of Float (Most recent date)	Shares Short (2 weeks prior)
16.52M	2.80	1.30%	23.69M

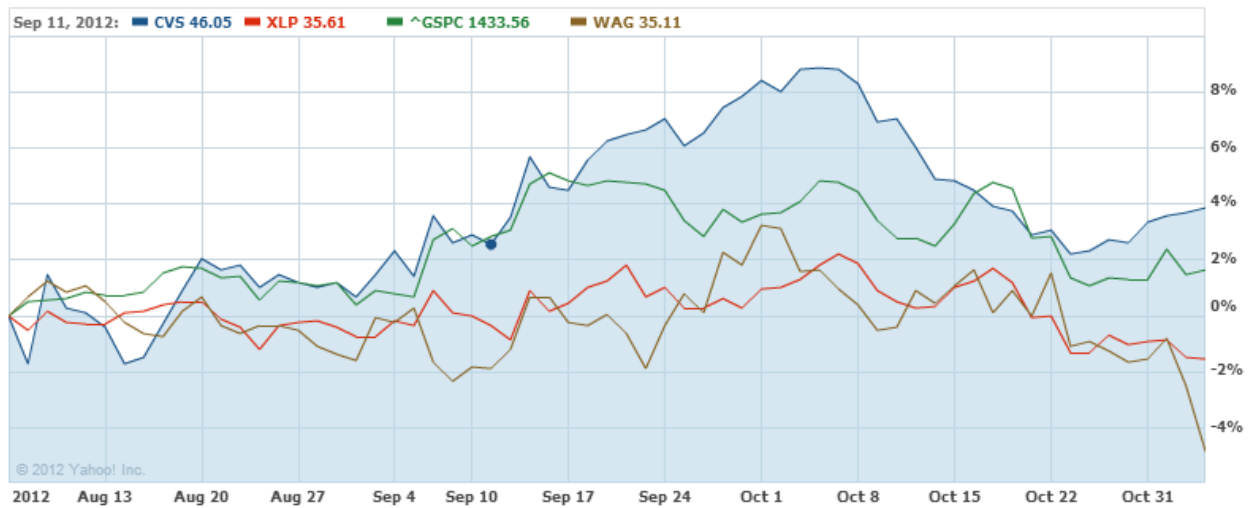
Based on the short interest statistics and its recent trend, how is the market sentiment on the stock? Has the sentiment turned more bullish or bearish over the last year? How about in more recent month and why?

- The short interest here is relatively mixed. It has been coming down over the last month or so, but the short interest is still nearly at its highest level over the last year. This could be a good thing if right now is the right time to get in on the stock, and short interest will continue to fall. So this could be a good downward trend as it was in early 2011, or short interest can continue to fluctuate around higher levels.

Section (I) Stock Charts

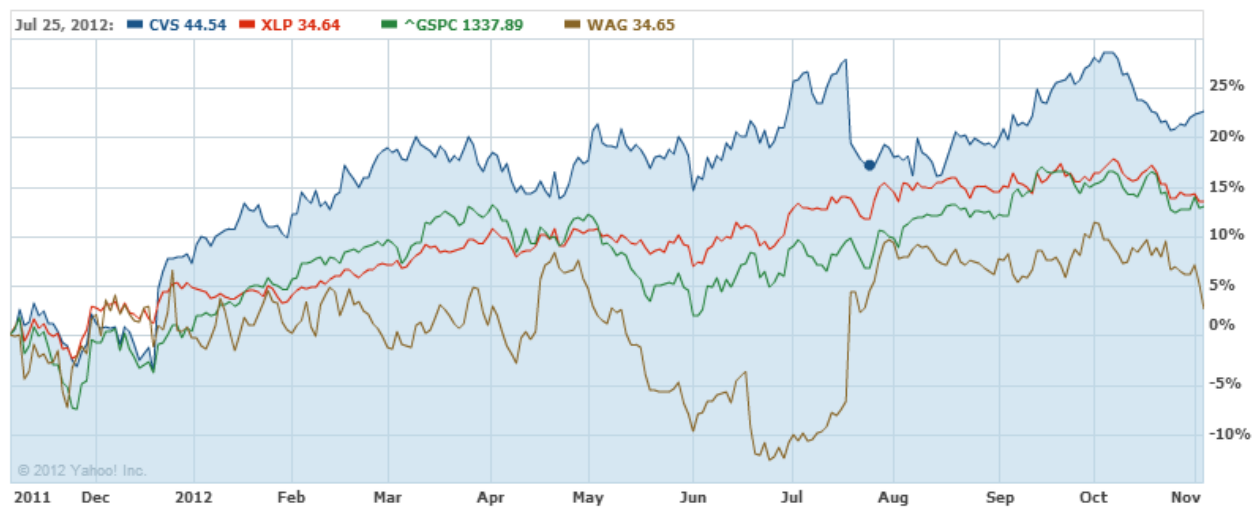
A three months price chart

Copy/paste the “3 Mos.” stock chart here



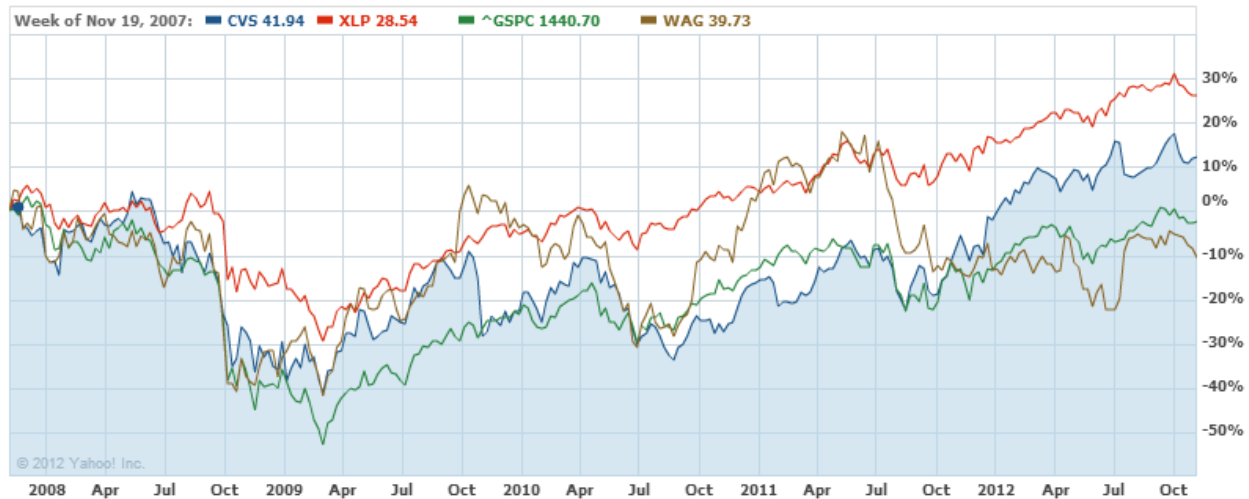
A one year price chart

Copy/paste the “1 Yr” stock chart here



A five year price chart

Copy/paste the "5 Yrs." stock chart here



Discuss what you observe from the stock charts. This should include comparing your stock to competitors, sector, and SP500 over the three different time horizons.

- In the last three months and the last year CVS has outperformed their largest competitor, the S&P 500, and the consumer staples sector overall. Over this period CVS had relatively strong earnings reports, and Walgreens had some business related issues, most notably with express scripts. This had a large benefit to CVS, and this is show in their relative stock performance. While in the earlier portion of the 5-yr performance they had remained relatively average, simply hovering in the middle. In more recent times it appears that their stock had taken off starting October of 2011. Though the XLP overall in this 5-year period had the greatest return.

References:

<http://finance.yahoo.com/q/ae?s=CVS+Analyst+Estimates>

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<http://investor.cvs.com/phoenix.zhtml?c=99533&p=irol-homeProfile>

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