

The Right Strategy for an Evolving Health Care Market

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 **CVS**Health



Forward-looking Statements

During today's presentation, we will make forward-looking statements within the meaning of the federal securities laws. By their nature, all forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our SEC filings, including the risk factors section and cautionary statement disclosure in those filings.

During this presentation, we will also use some non-GAAP financial measures when talking about our company's performance, including free cash flow, cash available to enhance shareholder value and Adjusted EPS. In accordance with SEC regulations, you can find the definitions of these non-GAAP items, as well as reconciliations to comparable GAAP measures, on the investor relations portion of our website.

■ The Most Extensive Suite of Leading Assets ...



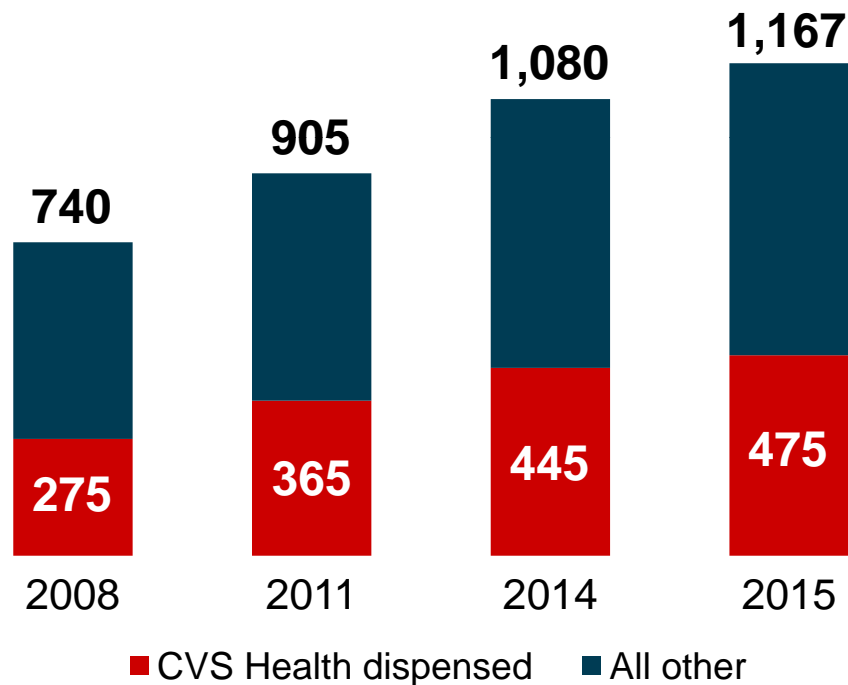
Continue to Build One-of-a-kind Health Care Company with Unmatched Integrated Assets

♥CVSHealth: Our Competitive Edge

- ✓ **Only company** with the ability to impact patients, payors and providers with innovative, channel-agnostic solutions
- ✓ **Broadest capabilities** to holistically manage patients in fast-growing specialty market
- ✓ **Unparalleled scale** in the U.S. makes us a low-cost provider
- ✓ **Largest retail clinic operator** in U.S. with 28 million patient visits to date
- ✓ **Deep clinical expertise and insights** across the enterprise enable us to help deliver superior outcomes at a lower cost
- ✓ **Leading provider** of pharmacy services in long-term care

Prescription Growth Through Enterprise Channels Demonstrates Power of Unique, Integrated Model

CVS Caremark Claims
(Rx, millions)

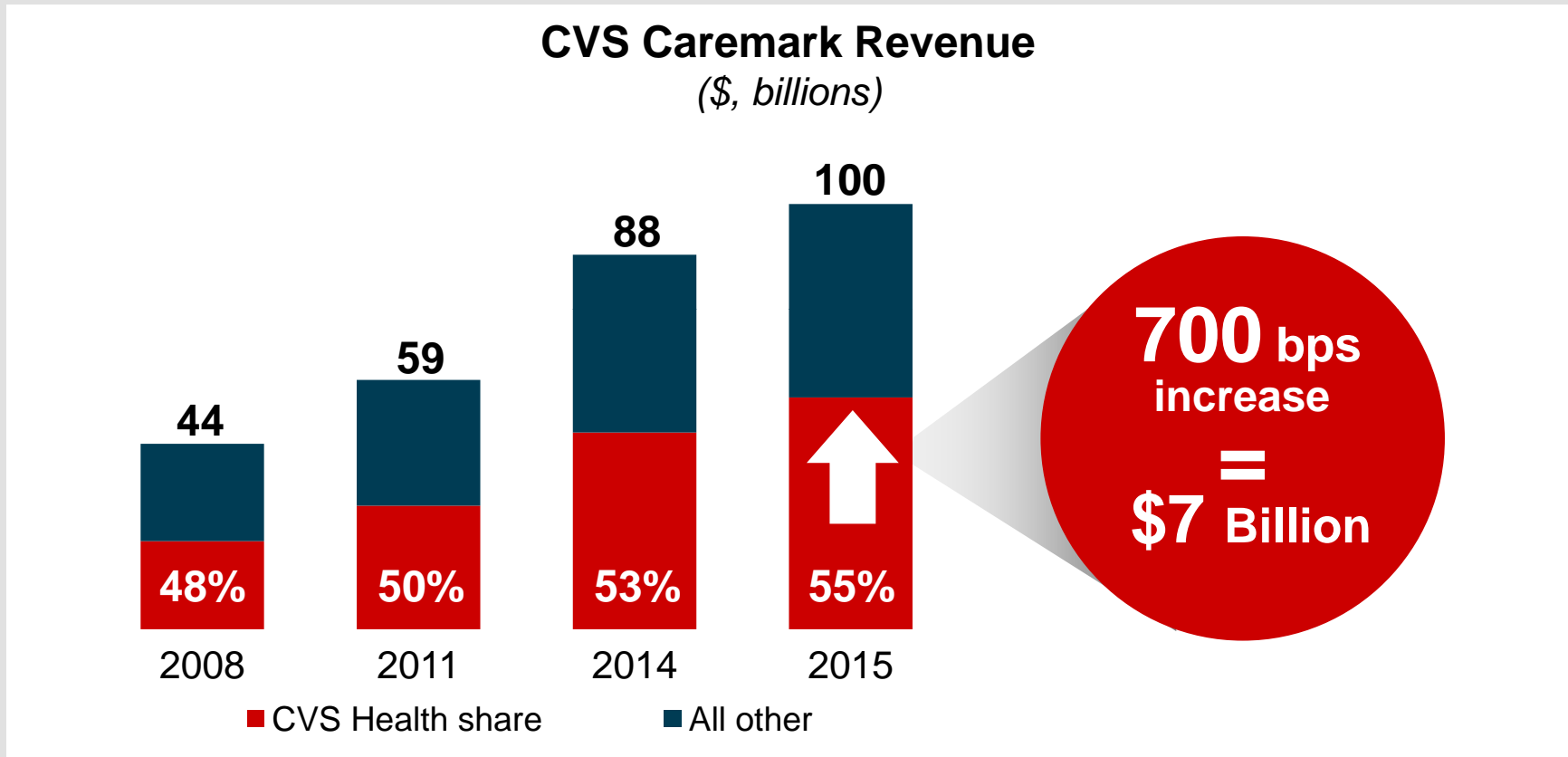


Channel agnostic offerings allow us to capture growth in CVS Caremark claims while helping to drive client savings

Notes:

1. CVS Health dispensed prescriptions include CVS Pharmacy, mail, CVS Specialty and Omnicare prescriptions across all years.
2. CVS retail and mail prescriptions on a 30-day equivalent basis.

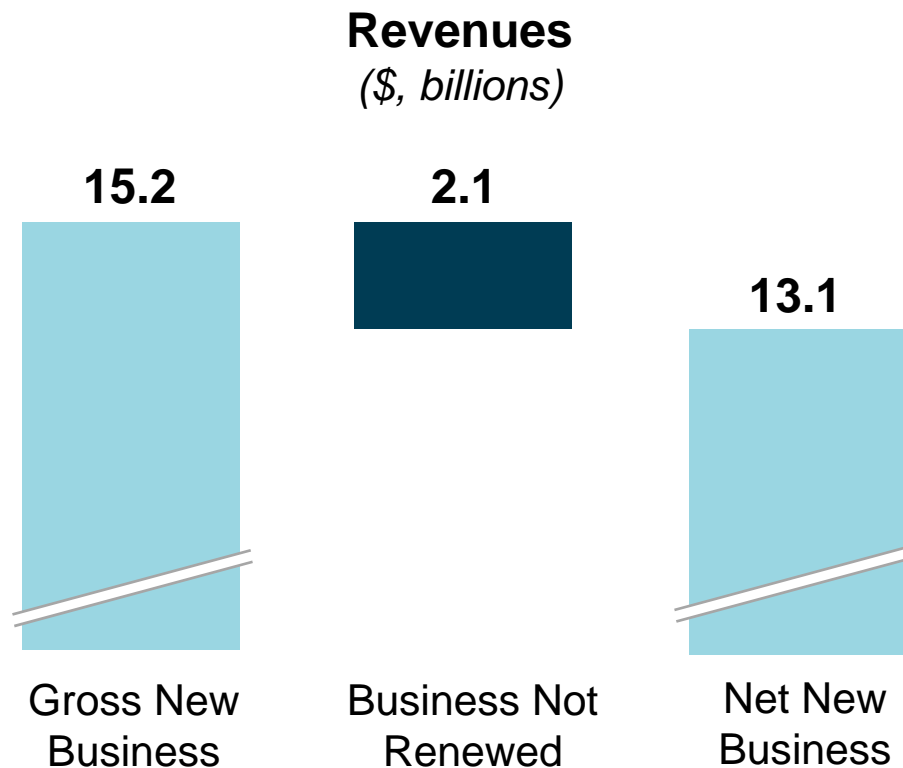
... and Has Allowed Us to Capture 700 bps of Revenue Share, Equating to \$7 Billion



Our outperformance in specialty is a key driver of revenue share gains

Notes: CVS Health share of CVS Caremark revenue equals CVS Caremark revenue dispensed through Enterprise channels (CVS Pharmacy, mail, CVS Specialty, Omnicare) ÷ total CVS Caremark revenue.

Successful 2016 Selling Season: Gross New Business of \$15.2B, Net New Business of \$13.1B



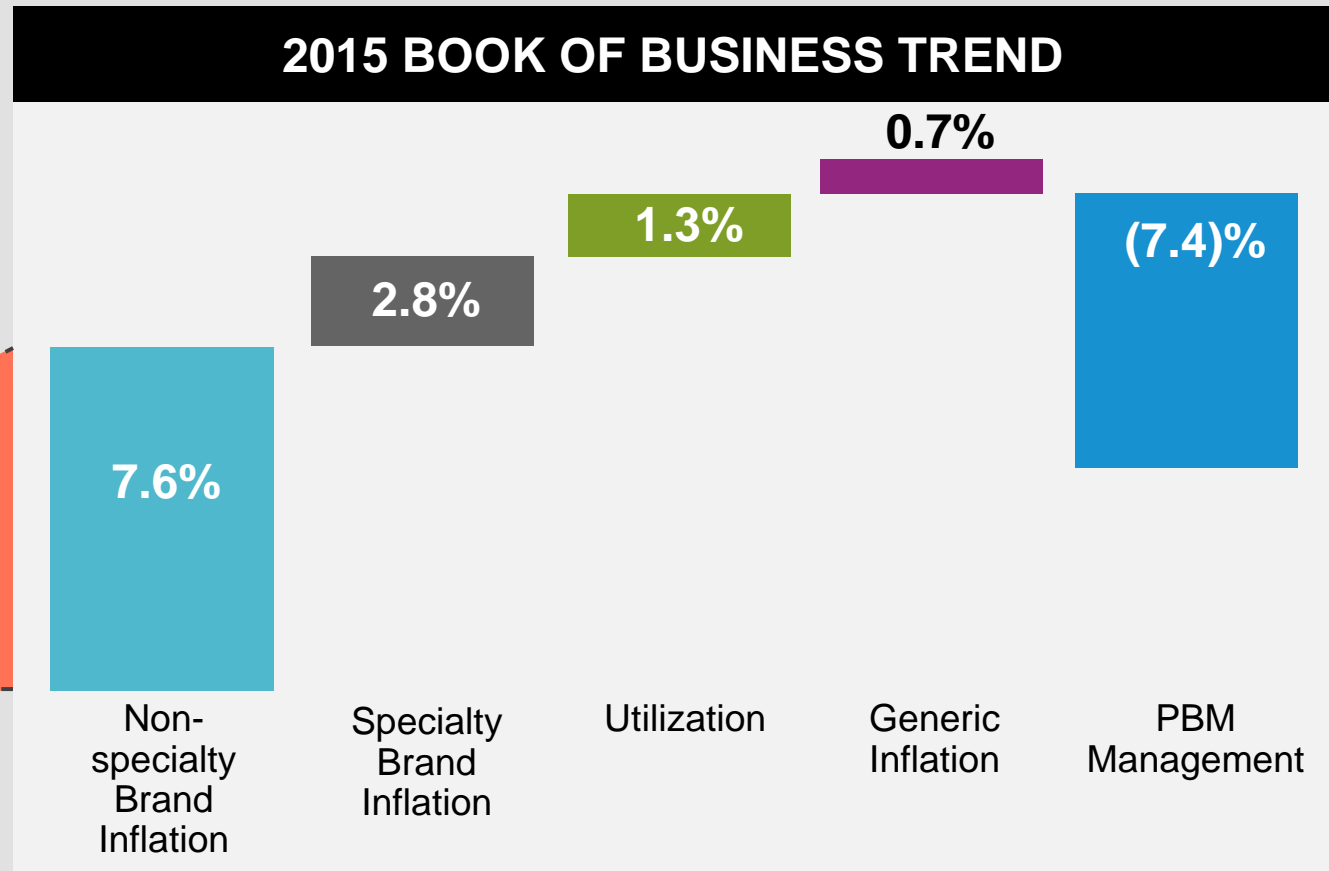
Client retention rate of **97%**

2017 selling season off to very good start, despite recent contract losses

Notes:

1. As of 3/31/2016.
2. Gross wins exclude Medicare Part D SilverScript individual products.

Proactive Pharmacy Management Cut Clients' Trend by More Than Half in 2015



PBM clients' drug trend dropped from 11.8% in 2014 to 5.0% in 2015

Note: Trend is net of rebates.
Source: CVS Health Enterprise Analytics, Book of Business Trend Cohort.

■ We Can Partner with Health Plans in a Multitude of Ways to Drive Value

1

Strong procurement capabilities and claims scale makes us a low-cost provider



2

Broad service portfolio to support plan needs whether or not we are the PBM



3

Pharmacy is our focus and a key lever for managing overall health costs



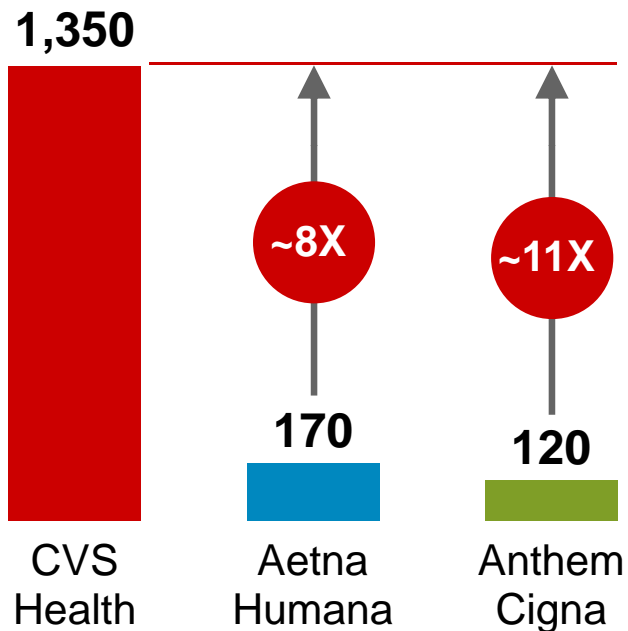
4

Unique ability to leverage consumer insights to improve care



■ We Dispense 8X to 11X the Prescription Volume of the Proposed Combinations ...

2015 Estimated Rx Volume (Rx dispensed, millions)



CVS Health Advantages

- Generic purchasing scale makes us a low-cost provider
- Scale is further enhanced by Red Oak sourcing



Notes:

1. Estimated dispensed Rx include prescriptions filled at CVS Pharmacy and mail order and specialty prescriptions filled at CVS Caremark.
 2. Estimated dispensed Rx also displayed on a pro forma basis to include full year 2015 Dispensed Rx volume from Omnicare and Target.
- Source: CVS Health Internal Analysis, Company disclosures. All prescriptions dispensed on a 30-day equivalent basis.

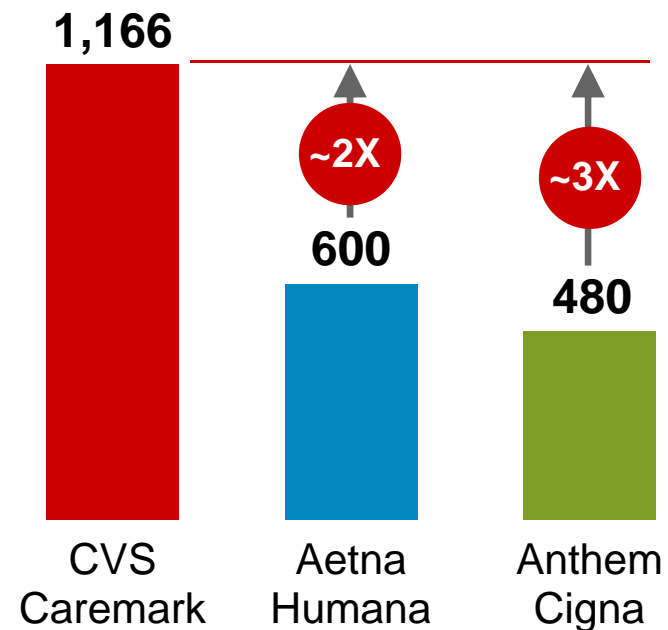
... and We Manage 2X to 3X the Claims Volume of the Proposed Combinations

CVS Health Advantages

- Substantial managed claims volume supports negotiations for rebates / formulary placement
- Creates value as majority of rebates are passed to clients



2015 Estimated Claims Volume (Rx managed, millions)



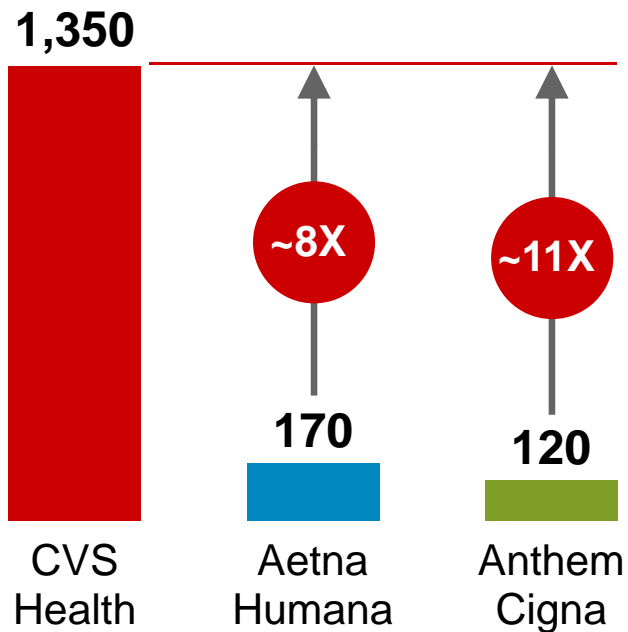
Note:

1. Managed claims include all CVS Caremark network claims plus specialty and adjusted mail claims.

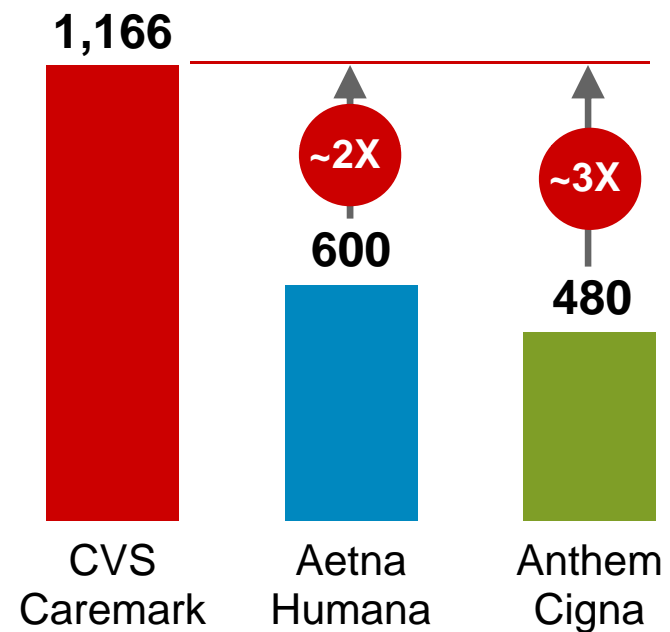
Source: CVS Health Internal Analysis, Company disclosures. CVS Caremark claims represent midpoint of guidance range.

■ We Dispense 8X to 11X and Manage 2X to 3X the Volumes of the Proposed Combinations

2015 Estimated Rx Volume
(Rx dispensed, millions)



2015 Estimated Claims Volume
(Rx managed, millions)

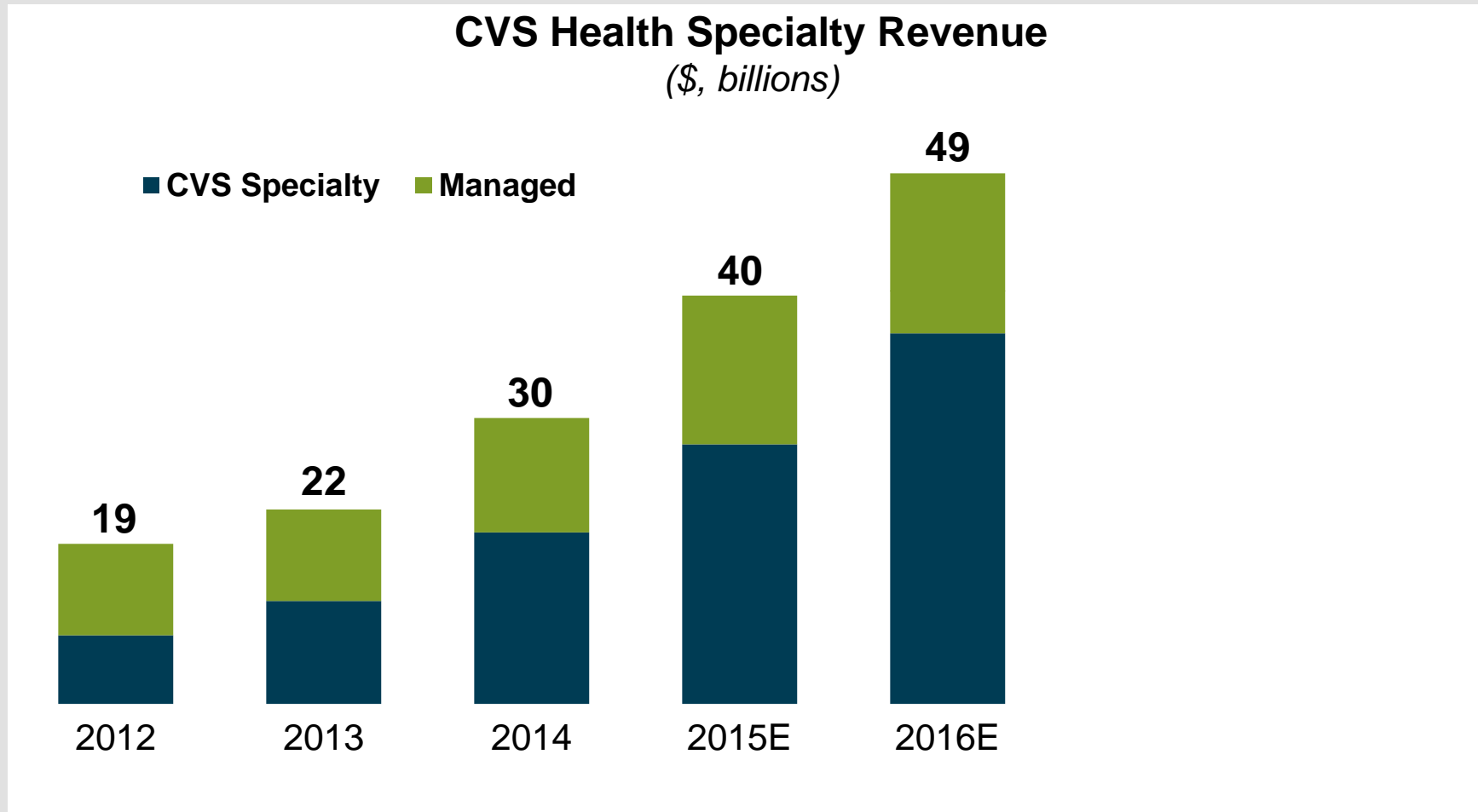


Scale is critical to being a low-cost provider

Note: Estimated dispensed Rx include prescriptions filled at CVS Pharmacy and mail order and specialty prescriptions filled at CVS Caremark. Dispensed Rx also displayed on a pro forma basis to include full year 2015 Dispensed Rx volume from Omnicare and Target. Estimated dispensed prescriptions on a 30-day equivalent basis. Managed claims include all CVS Caremark network claims plus specialty and adjusted mail claims.

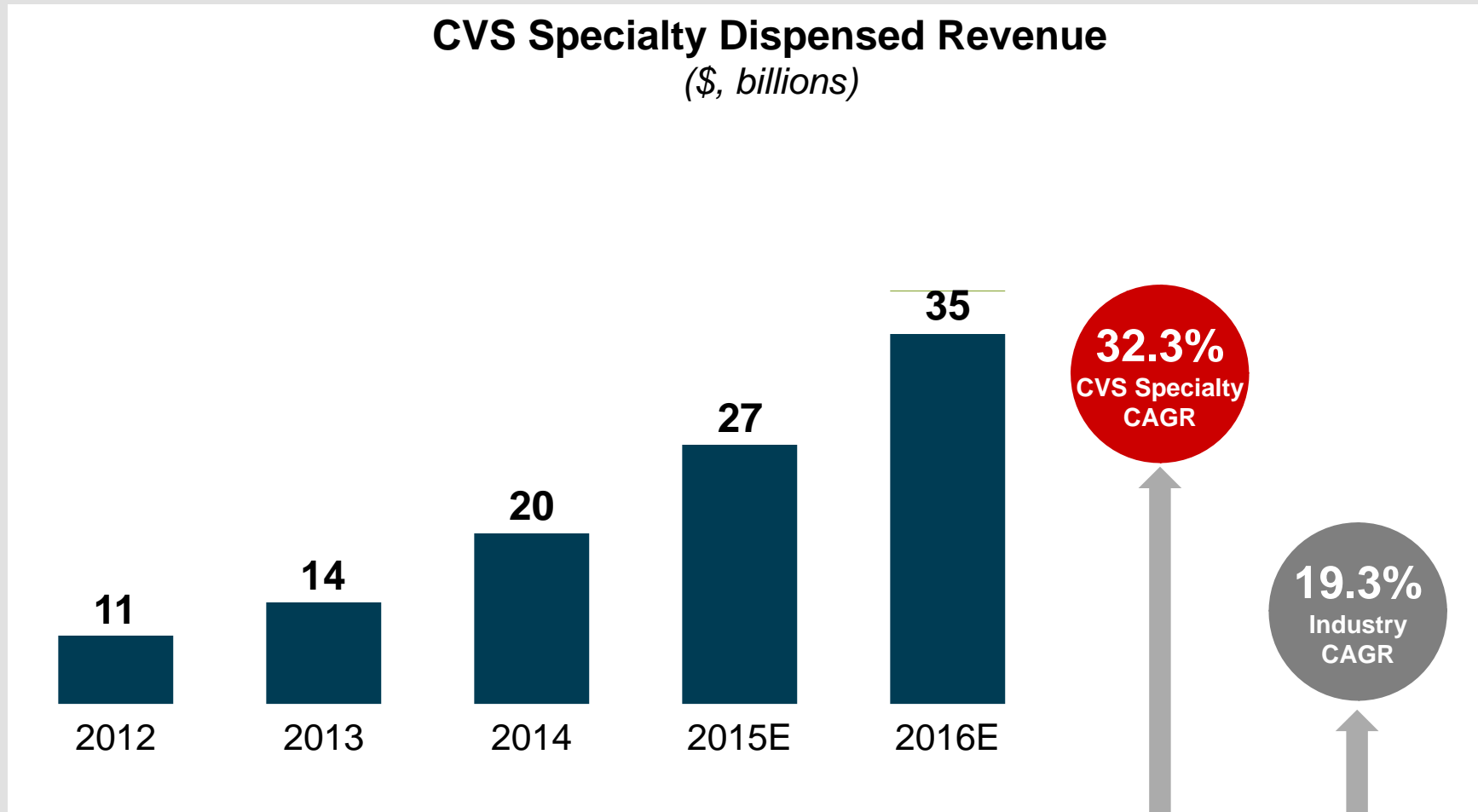
Source: CVS Health Internal Analysis, Company disclosures. CVS claims represent midpoint of guidance range.

CVS Specialty Has Grown Faster Than the Industry



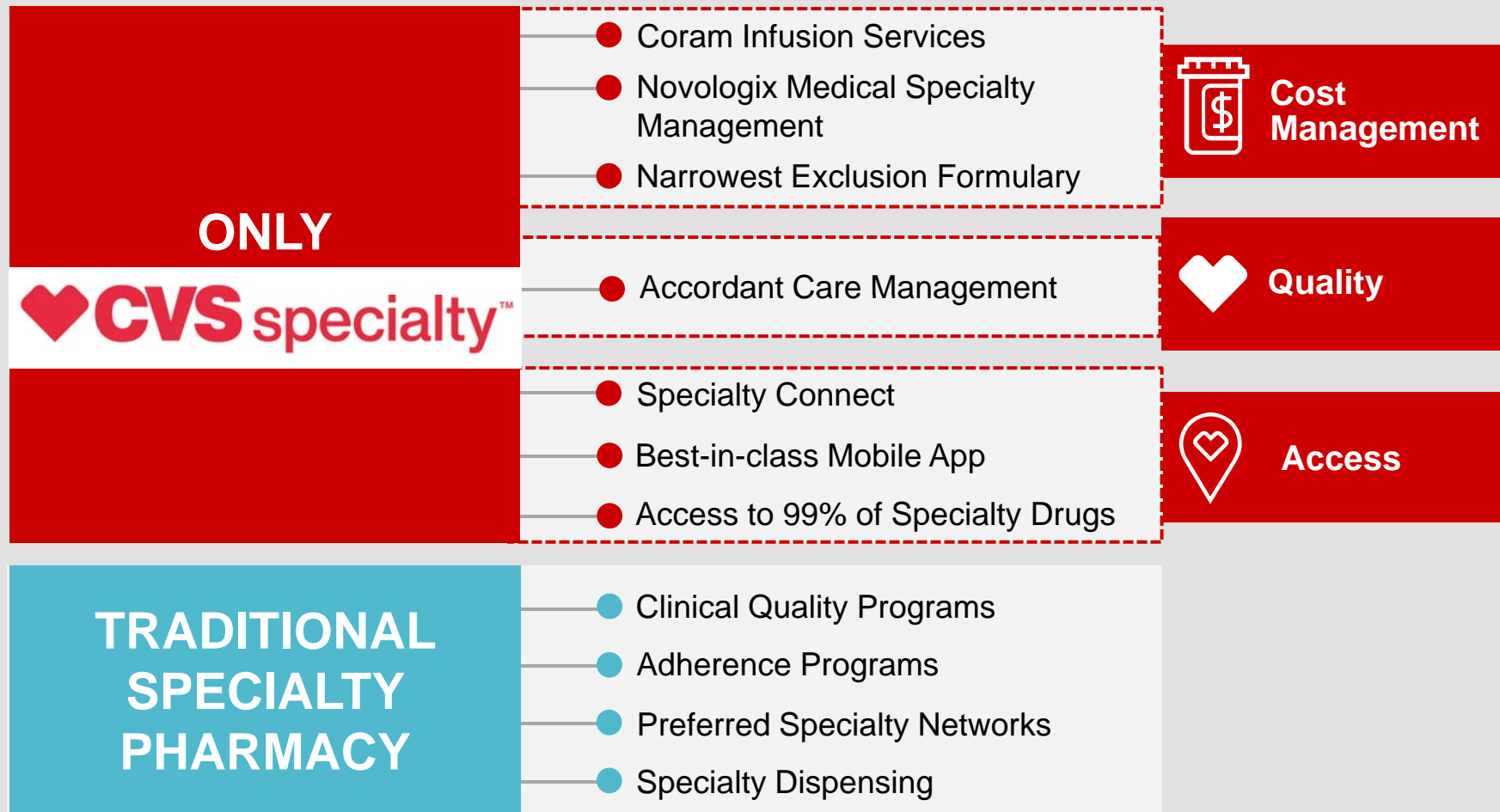
Source: CVS Health Internal Analysis, does not include specialty revenue from Target pharmacies.

CVS Specialty Has Grown Faster Than the Industry



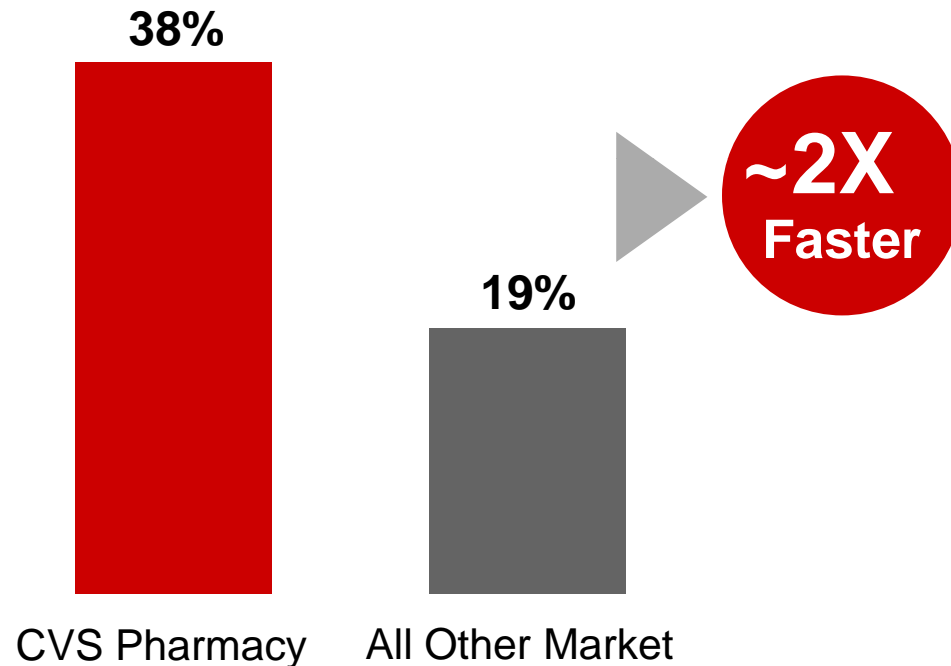
Source: CVS Health Internal Analysis, does not include specialty revenue from Target pharmacies.

CVS Health's Enterprise Assets 'Raise the Bar' in Specialty Pharmacy



Continued Strength in Core Retail Pharmacy Business

Growth in Prescriptions
(2010 – 2015)



Nearly 44% of our growth through non-CVS Caremark payors

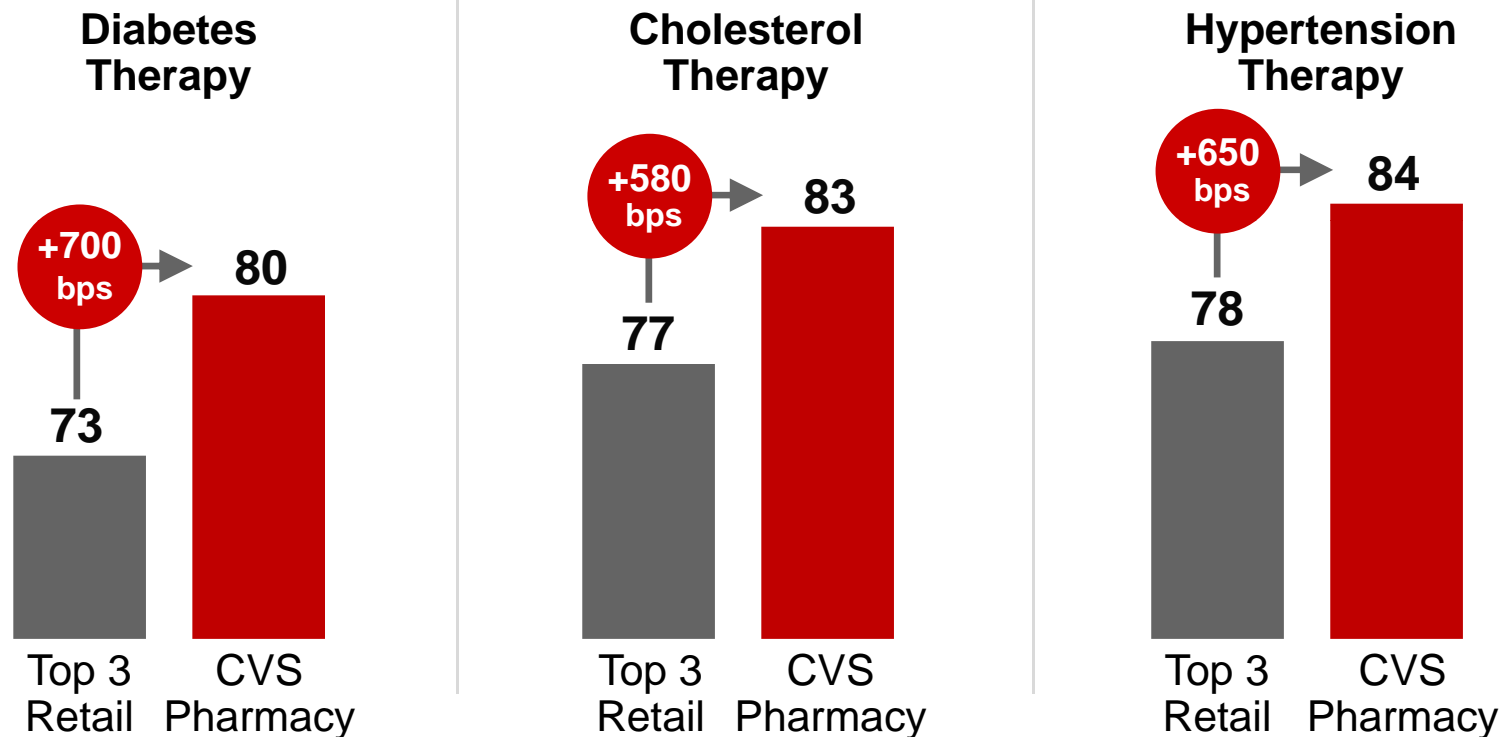
Notes:

1. Compares total CVS Pharmacy prescriptions for 90 day adjusted scripts January through August for 2010 compared with January through August for 2015
2. Compares total market (excluding CVS Pharmacy) for 90 day adjusted scripts January through August for 2010 compared with January through August for 2015
3. Reduction in labor cost to fill excludes wage inflation.

Source: IMS

CVS Health Best-in-class Tools to Drive Adherence

Medication Possession Ratio



Adherence for these common conditions can drive Star ratings

Note:

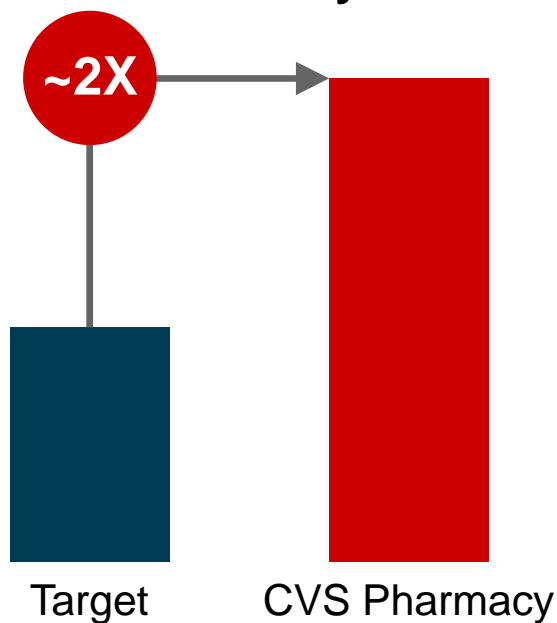
1. Adherence measured by Medication Possession Ratio, calculated as total days supply divided by total days in evaluation period.

Source: CVS Health Internal Analysis, based on rolling 12 month period: November 2014 to October 2015.

■ Growing Our Business Through Acquisition of Target Pharmacies and Clinics

Opportunity to Narrow the Prescription Volume Gap...

Average Prescriptions per Pharmacy



... and Help Patients on Their Path to Better Health

- Target guests gain access to **best-in-class health care services**
 - Maintenance Choice
 - Pharmacy Advisor
 - Specialty Connect
- Integration expected to be completed by end of summer

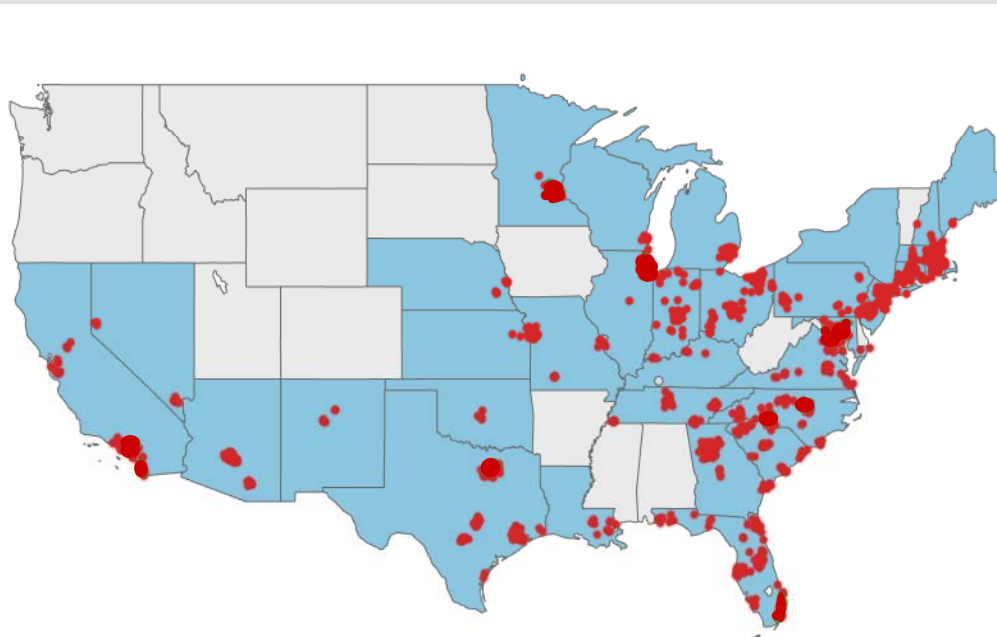


Note:

1. FY 2014 data, prescriptions on a 30-day equivalent basis.

Source: Target.

CVS MinuteClinic Is the Leading Walk-in Medical Clinic in the U.S.



Legend: ■ Clinic State ● Minute Clinic

More than 50% of the U.S. population is within 10 miles of a MinuteClinic

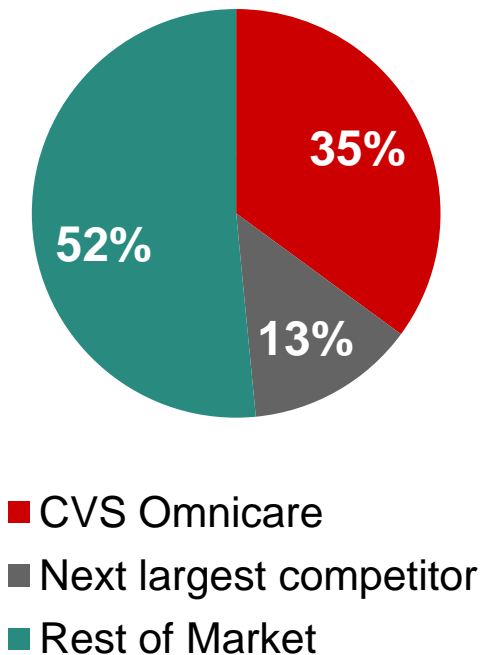
Performance Highlights

- 1,136 retail clinics across 33 states and D.C.
- More than 2,400 nurse practitioners
- More than 30 million visits since inception
- 95% patient satisfaction



Acquisition of Omnicare Broadens Our Pharmacy Reach

LTC Pharmacy Market Share



Significant Opportunity for Growth in Long-term Care

- 70% of people over age 65 will require some form of LTC
- Between 2000 and 2040, number of disabled older adults expected to increase from 10 to 21 million
- Expect to complete vast majority of integration activities by year end



Enhancing ability to serve seniors along continuum of care

CVS Omnicare Value Proposition Provides New Channels to More Effectively Serve Broader Population



**Skilled
Nursing
Facilities**

Transitions
of Care



**Assisted
Living
Facilities**

Segmented
Offering



**Independent
Living**

Broader
Services



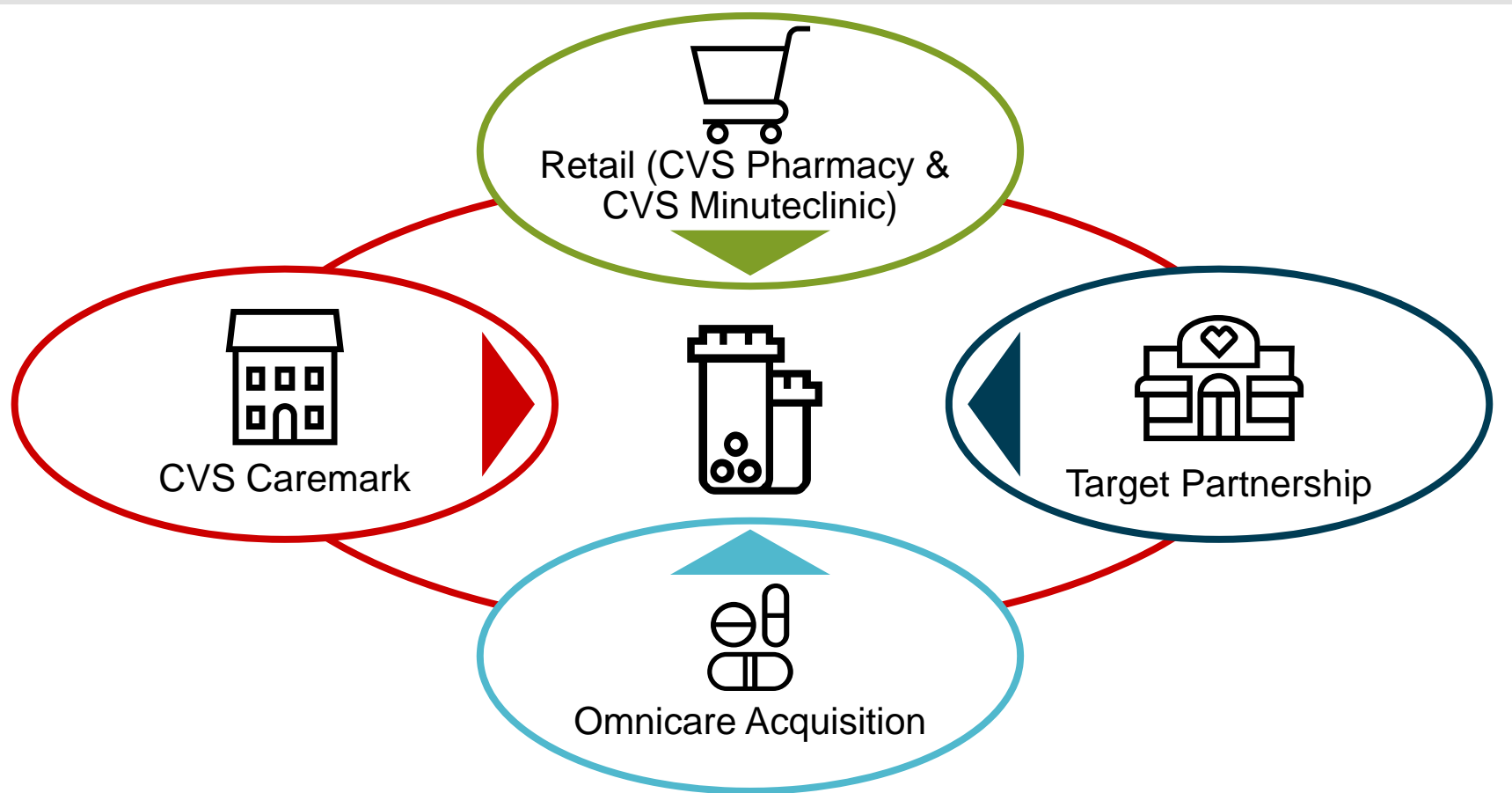
**Home
Care**

Care
Coordination



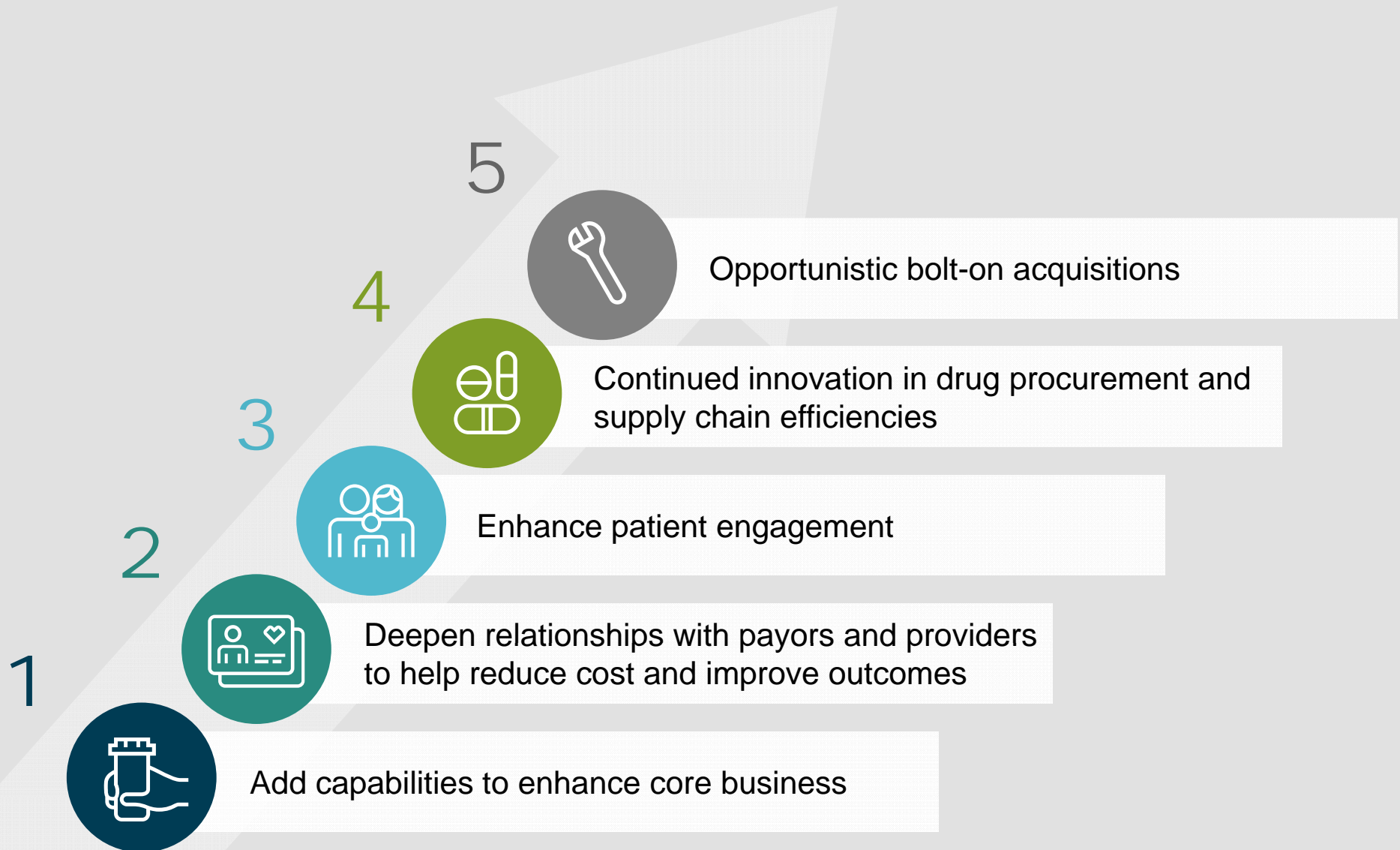
CVS Omnicare best positioned to serve senior care continuum

■ We Are Continuing to Use Various Channels to Drive Growth in Pharmacy Volume

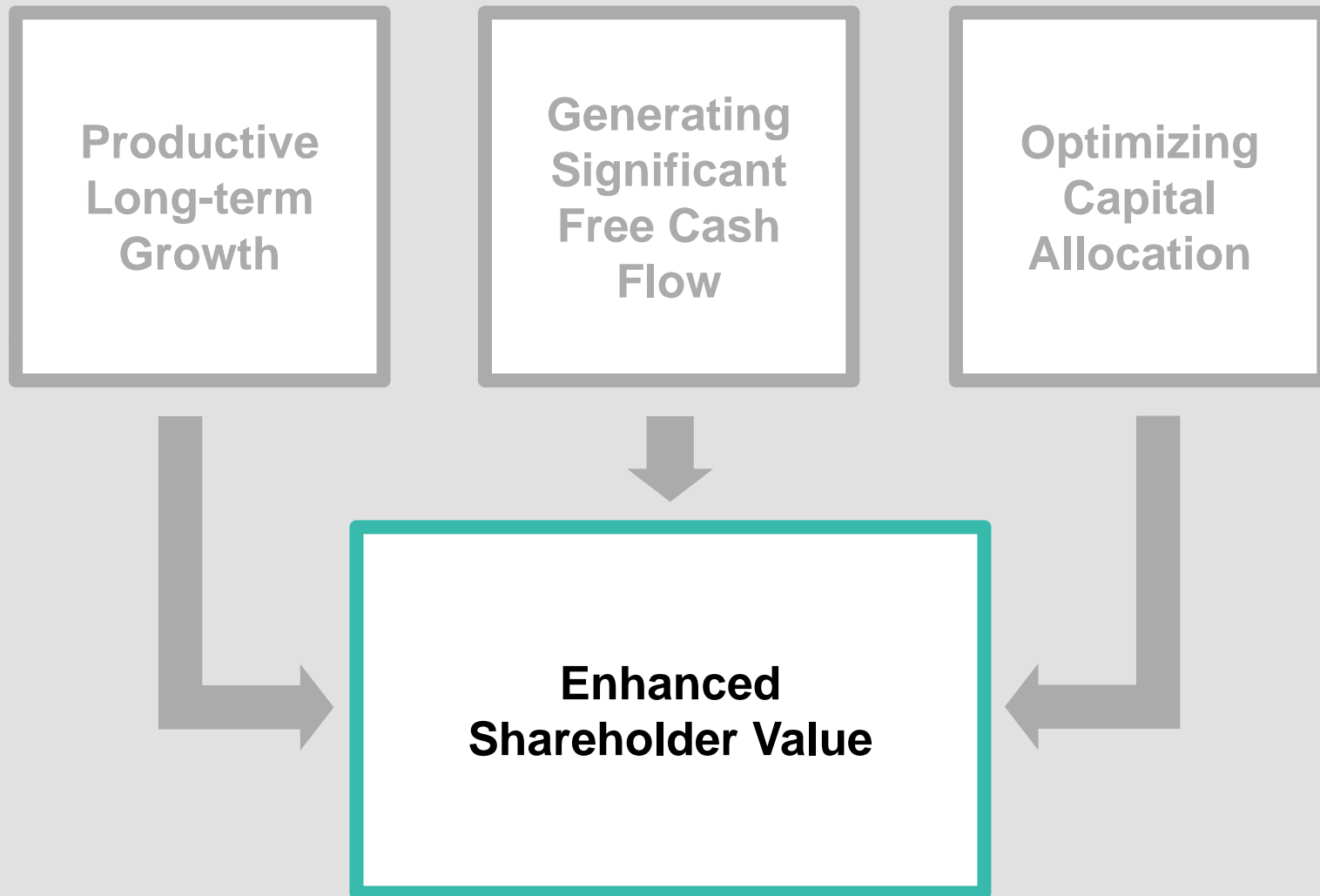


Leveraging our integrated model to drive pharmacy innovation

Our Strategy for Long-term Enterprise Growth



Continuing Focus on Enhancing Shareholder Value



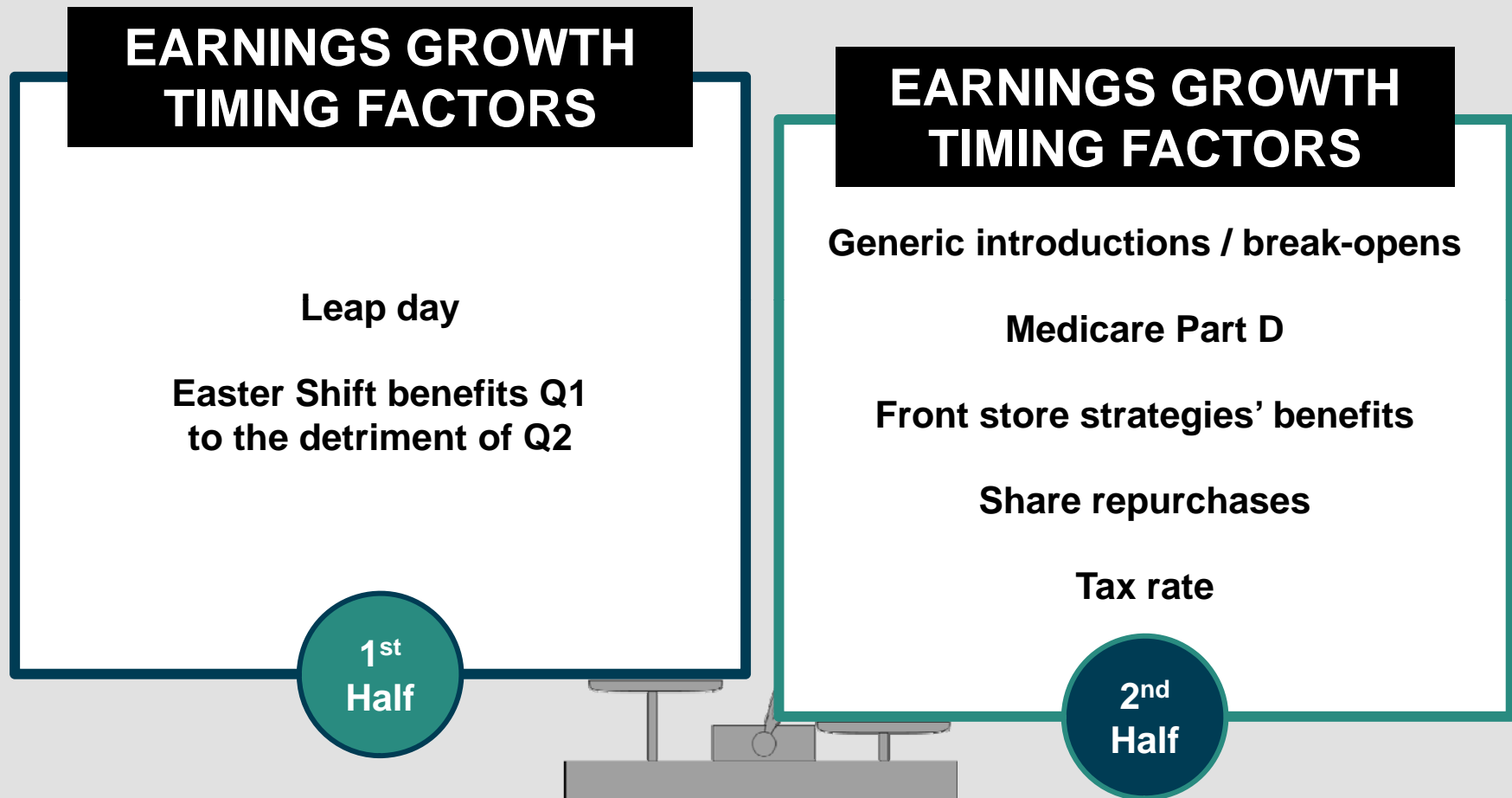
2016 Guidance: Healthy Enterprise Growth

	Full-year 2016
Net Revenue Growth	17.5% to 19.0%
Adjusted EPS <i>Year-over-year Growth</i>	\$5.73 to \$5.88 <i>11.0% to 14.0%</i>
GAAP Diluted EPS	\$5.24 to \$5.39
Free Cash Flow (billions) <i>Year-over-year Growth</i>	\$5.3 to \$5.6 <i>Down 7% to 12%</i>

Notes:

1. EPS estimates assume completion of approximately \$4 billion in share repurchases in 2016.
2. EPS estimates include dilution of \$0.01 in 2016 related to the termination of pension plans. The impact on 2017 is expected to be between \$0.10 and \$0.15.
3. Adjusted EPS for the year ending December 31, 2016, excludes \$61 million of acquisition-related integration costs, and a \$3 million charge related to a disputed 1999 legal settlement incurred during the three months ended March 31, 2016, as well as approximately \$800 million of amortization of intangible assets. Estimated acquisition-related integration costs for future periods are not included in guidance.
4. GAAP Diluted EPS excludes impact from debt tender offer announced on May 16, 2016.
5. Cash flow guidance includes approximately \$500 million of cash outflows from acquisition-related transaction and integration expenses.

2016 Earnings Growth Significantly Back-half Weighted



2016 Capital Deployment to Include Dividend Increase and Further Repurchases

2016 Annual
Dividend

\$1.70

- Increasing **21%**,
from \$1.40 to \$1.70

- Currently **\$5.6 billion** authorized
and remaining from 2014 share
repurchase program

2016 Share
Repurchases

\$4
billion

More than \$5 billion expected to be returned to shareholders in 2016

Today's Key Takeaways

Demonstrating Value to People, Payors and Providers

Leadership in multiple competencies to drive superior value for health care partners

Growing the Core, Broadening the Base

Expanding core pharmacy business while broadening reach into new health care channels

Always Looking Ahead

Introducing innovative products and making long-term, value enhancing investments

Driving Sustainable Enterprise Growth

Driving shareholder value with strong earnings and cash flow as well as disciplined capital allocation