

**WAL MART MAIN ACCOUNT**

**Moderator: Christi Gallagher**  
**September 30, 2010**  
**3:55 pm CT**

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Wal-Mart Humana Embargoed Media Briefing.

During the presentation all participants will be in a listen-only mode. If at any time during the conference you need to reach an operator, please dial Star 0. As a reminder, this conference is being recorded Thursday, September 30, 2010.

I would now like to turn the conference over to Christi Gallagher, please go ahead, ma'am.

Christi Gallagher: Welcome to today's news media teleconference. I'm Christi Gallagher with the Wal-Mart PR team. Thank you for joining.

Before we begin today's teleconference, I'd like to cover off several important items. First, as you know, everyone dialing in for today's call was required to sign a confidentiality form to participate. These forms verify your compliance with the strict embargo policy that we have adopted concerning the release of plan specific data about 2011 Medicare offerings.

This policy has been adopted to ensure compliance with the Centers for Medicare and Medicaid Services, CMS, guidelines.

The information shared today is high confidential and we rely on each of you to honor the terms of the embargo and non-disclosure agreement which lift at 12:01 a.m. Eastern Time tomorrow, October 1, 2010. If you are not willing to abide by these terms, you must immediately drop off this call and return all documents and other materials provided to you.

By now all of you should have received a copy of our press release. Should you still need a copy, please email [prbrand@wal-mart.com](mailto:prbrand@wal-mart.com) and a copy of the press release will be sent to you.

For broadcast and online media participating in this teleconference, please note that B-roll, Soundbite and high res images for this announcement can be obtained tomorrow via the satellite coordinates noted in the press release, as well as the online press rooms at [humana.com](http://humana.com) and [walmartstores.com/rxplan](http://walmartstores.com/rxplan) starting at 12:01 a.m. Eastern tomorrow morning.

However, if you've like images or B-roll sent to you this afternoon, please email [prbrand@wal-mart.com](mailto:prbrand@wal-mart.com) and we can load it to an FTP site for you.

All press materials relating to this announcement will be held on our online pressroom tomorrow at [walmartstores.com/rxplan](http://walmartstores.com/rxplan) with the news release and video also available on the online newsroom at [humana.com](http://humana.com).

Any follow-up questions can be mailed - emailed to [prbrand@wal-mart.com](mailto:prbrand@wal-mart.com) to [jturner2@humana.com](mailto:jturner2@humana.com) or directed to the Wal-Mart Media Hotline at 1-800-331-0085.

Representatives for Wal-Mart and Humana are here together to answer your questions. This teleconference is being recorded.

For today's teleconference presentation, you will be in listen-only mode. If you would like to ask a question, you may do so by using the Chat feature on the left side of the screen. We ask that you hold all questions until the end of the presentation.

Speakers for today's media briefing include William Fleming, Vice President of Humana Pharmacy Solutions, John Agwunobi, M.D., President of Wal-Mart's Health and Wellness Division and Jill Turner-Mitchael, Senior Vice President of Sam's Club, Health and Wellness Division.

I would now like to turn the session over to today's first speaker, William Fleming, Vice President of Humana Pharmacy Solutions.

William Fleming: Good afternoon. I'm William Fleming. As Vice President of Humana Pharmacy Solutions, I lead the company's pharmacy operations. I've been with Humana for 17 years. Thanks for joining us today.

We at Humana are excited about announcing our new 2011 Medicare Part D Prescription Drug Plan which is cobranded with Wal-Mart. This is an innovative plan that will deliver affordable prescription medicine to many Americans who are looking for every chance they can get to save money on their healthcare.

One of the primary goals of healthcare reform is to make healthcare more affordable. And that's what Humana and Wal-Mart are doing with the introduction of this new low-cost Medicare Part D plan, making prescription drugs more affordable for people with Medicare.

Taking a step back, we thought it would be helpful to provide a brief overview of Medicare Part D which is the prescription drug benefit first made available back in 2006.

Currently nearly 18 million people are enrolled in a stand-alone Part D plan. That includes more than 14 million Americans who are 65 years old or older, as well as nearly 4 million Americans who are disabled and under age 65.

This population generates approximately 1/3 of all prescriptions filled in the United States. In fact, according to the Centers for Medicare and Medicaid Services called CMS, the typical senior fills 43 prescriptions a year. That can really add up.

It's been estimated that healthcare reform and the aging baby boomer population will likely increase the number of Americans enrolled in stand-alone Part D plans to 26 million people by 2015.

Clearly the need for affordable healthcare in America is great. More than half of Americans believe that reducing healthcare cost is a top national priority.

Again, one of the goals of healthcare reform is to make healthcare coverage more affordable. That's what Humana and Wal-Mart are doing with this new Medicare Part D plan.

We know that people are more likely to take their medications when they can afford them. Adhering to prescription drug regimens enables people to live healthier lives and prevents future illness.

At Humana, we believe that prevention helps people achieve long well-being. Humana has a long history, a successful history working with the Medicare program. We understand the program well and know how to provide products and services that make a difference in the lives of people with Medicare.

And we're confident that we're making a difference today with this new plan.

A lot of people with Medicare live on a fixed income. So they have to look for ways to save money. Given what healthcare costs today, any opportunity to save money on their care and prescriptions is a good thing.

And people with Medicare shouldn't have to choose between buying their medications or other essentials for their well-being.

That's one reason we believe that Humana Wal-Mart-Preferred RX Plan will be popular with people with Medicare.

The plan provides an affordable prescription solution to many people who need it most. We have already sent you the news release that's going out tomorrow with details about the plan. But let me touch briefly on the details now.

Beginning with this fall's Medicare enrollment period, Humana will offer a Medicare Part D prescription drug plan cobranded with Wal-Mart with one low national premium of \$14.80 a month.

In-store copayments on generic prescriptions will start as low as \$2 when people enrolled in the plan use preferred pharmacies like Wal-Mart, Neighborhood Market and Sam's Club Pharmacies.

And home delivery or mail-order copayments start as low as \$0 when filled using the plan's preferred mail-order pharmacy, Humana RightSource, which recently ranked the highest nationwide in the mail-order prescription delivery category of the J.D. Power and Associates mail-order rankings.

When you add up the savings, based on the \$14.80 monthly premium and the low copayment and cost shares, we estimate that people enrolled in the plan could save on average more than \$450 in 2011, when compared with the average total cost for Part D plan in 2010.

And the plan features a broad and competitive formulary that is comparable to other Medicare Part D prescription drug plans.

A list of prescription drugs included in the plan is available at Humana-Medicare.com. This alignment with Wal-Mart Pharmacies will also provide members with a destination to go talk to a pharmacist who understands their plan design and will help them with their medication needs.

We strongly believe the relationship with the Wal-Mart pharmacist will provide a unique opportunity for people with Medicare to improve their prescription spending and their experience with their plan overall.

In closing, we believe this new plan clearly meets one of Humana's objectives; to help our members save money on their healthcare. And it also meets one of the main objectives of national healthcare reform; making healthcare coverage more affordable for people across the United States.

Now, I would like to introduce Dr. John Agwunobi, President of Wal-Mart's Health and Wellness Division.

John Agwunobi: Thank you William. I'm John Agwunobi. I joined Wal-Mart in 2007 to help oversee the company's Health and Wellness business unit which includes its pharmacies and its vision centers.

Humana and Wal-Mart each bring different but very complimentary skills and capabilities to this initiative.

As William mentioned, Humana brings its successful expertise in Medicare benefits. Wal-Mart brings its patients and its incredible access to affordably priced prescription drugs through our more than 4,200 pharmacies nationwide.

You know, as the world's largest retailer, Wal-Mart is uniquely positioned to help lower the costs of prescription medications for our customers.

When we launched our \$4 generic prescription program back in 2006, we were a pioneer in driving down prescription medication costs. To date, that program, the \$4 prescription program has saved our customers an estimated \$3.4 billion in healthcare costs. But we don't want to stop there.

As we've continued to evolve our health and wellness offerings, we've been particularly interested in providing Medicare beneficiaries an affordable low cost Medicare prescription plan solution.

Many Medicare Part D beneficiaries take less medication than was prescribed or they forego basic needs in order to afford, in order to pay for their medications.

At Wal-Mart we believe no one should have to choose between buying their groceries and buying their medications. That's why we're proud to be participating as a partner in this new Humana plan.

We know that every dollar counts. According to CMS, the \$14.80 monthly plan premium of this Humana Wal-Mart-Preferred Prescription Drug Plan is the lowest national plan premium in the 2011 cycle.

For a standalone Medicare Part D plan offered in all 50 states and Washington, DC.

This new cobranded prescription drug plan may save the typical Medicare Part D beneficiary enrolled in the Humana Wal-Mart Prescription Plan an estimated average of more than \$450 in 2011 and that includes plan premiums, prescription medication copayments and cost shares.

This plan is different from many other Medicare Part D prescription drug plans because it offers one low monthly rate nationwide. The monthly plan premium is \$14.80 a month regardless of where a person lives in the country. Premiums for other plans can vary state by state.

So how does this \$14.80 monthly plan premium compare to other Part D plan premiums?

It's less than half the weighted 2010 national average. The plan also provides other great ways for people to save. In-store copayments on generic prescriptions will now start as low as \$2 when plan members use preferred pharmacies like Wal-Mart, Neighborhood Market or Sam's Club.

Copayments for branded medications will be 20% to 35% of the total cost when filled at preferred pharmacies. Those copayments on branded medication percentages will increase to 37% or 50% when prescriptions are filled at non-preferred retail pharmacies.

You know, these savings at the pharmacy can really add up, especially given the fact that the average senior fills 42 prescriptions per year, according to CMS.

Wal-Mart's participation in this plan is another example of our commitment to helping customers save money so they can live better.

All right. So beginning in October 1 -- that's tomorrow -- people eligible for Medicare Part D can get information on the plan through several different routes, several different sources. So I'm going to read them off here.

You can either call Human at 1-800-899-0441, or if you're using TTY, call 711 from 8 am to 8 pm, seven days a week. You can visit Human-Medicare.com or Medicare.gov. You can click on [walmart.com/rxplan](http://walmart.com/rxplan), [rxplan](http://rxplan) being one word, or [samsclub.com/rxplan](http://samsclub.com/rxplan). You can visit a Wal-Mart store to speak to a Human representative.

Information kiosks are going to be set up in our stores starting tomorrow, and most will be staffed by Human representatives. They'll be available in approximately 3,000 Wal-Mart stores across the country. Medicare beneficiaries can click on Find a Location Near You at [walmart.com/rxplan](http://walmart.com/rxplan) to locate an onsite Humana representative. We want to encourage anyone who may not be familiar with Wal-Mart, Sam's Club or neighborhood market pharmacies, to visit their local store and talk to our trusted team of pharmacists.

This group of talented professionals is on hand to answer any questions people may have about their prescriptions. So, having said all of that, I'd like to turn this over to one of those talented pharmacists. Our presentation will now be turned over to Jill Turner-Mitchell from Sam's Club.

Jill Turner-Mitchell: Thanks, John. Hi. I'm Jill Turner-Mitchell, Senior Vice-President of Sam's Club Health and Wellness division. I started my career with Wal-Mart almost 20 years ago as a pharmacist in Texas and know firsthand how much

our customers and our members trust our pharmacists for counsel and advice on their prescriptions and their healthcare needs.

At Sam's Club, we know very well that financial health is a fundamental part of a person's well-being. To us, the most exciting part about the Humana Wal-Mart Preferred Prescription Plan is the low-cost, monthly plan premium that is offered nationwide. So whether you live in Tucson or Toledo, the monthly plan premium is still \$14.80 a month.

Like Wal-Mart, Sam's Club offers highly-qualified and well-trained pharmacists who can answer customer's and member's questions about their prescription drug needs. And it's important to point out that you do not need to be a member of Sam's Club to take advantage of our pharmacy services.

At Sam's, our saying is Savings Made Simple. And that's why we're committed to doing everything we can to ensure Medicare beneficiaries have the medications they need at a price they can afford. For more information, customers can visit [samsclub.com](http://samsclub.com).

Now I'd like to cover some key milestone dates for you. So tomorrow, October the 1st, is the date when all plan information is shared with the public. Annual enrollment for Medicare plans begins Monday, November 15, 2010 and continues to December 31, 2010. Medicare coverage for the 2011 calendar year begins on January 1, 2011. At this time, I'll turn the teleconference back over to Christi Gallagher at Wal-Mart.

Christi Gallagher: Thank you, Jill. We will begin taking your questions now. Should you have a question, please use the chat feature embedded on the left side of your screen. Please identify the publication or media outlet that you represent, followed by your question. We will attempt to answer as many questions as we can, but should we not get to a specific question, please know that you can contact us via the methods on the screen. Our media hotline number is 1-800-331-0085 and our email addresses are [prbrand@wal-mart.com](mailto:prbrand@wal-mart.com) and [jturner2@humana.com](mailto:jturner2@humana.com).

So we're going to go ahead and open it up with the first question. And this will probably be directed to both William and John. How is what Human and Wal-Mart doing now, different than what you've done in recent years? Haven't you already been working together in Medicare?



So John, we'll turn that over to your first and then we'll give William a moment to answer as well.

John Agwunobi: Yeah, so anyone who's followed Humana and Wal-Mart, recognizes that over the last oh, I would say three, four, perhaps even longer - five years - since 2006 actually, we've been working quite closely with Humana. And indeed, in the past, Humana has had a presence in our stores, helping enroll eligible individuals into their Medicare Part D programs.

What's news and what's powerful about today and about the announcement that we're making is that this is - we've taken this partnership to a whole 'nother level in support of our customer and in support of our patients.

You know, at \$14.80, the lowest Medicare Part D plan monthly premium in this upcoming year, we believe we truly are standing as advocates for our patients at a time when they couldn't have needed us more.

This notion that in this economy, with fixed incomes, seniors and individuals living with disabilities who are eligible for Medicare Part D, struggling to make ends meet and, I believe the story is that Human and Wal-Mart saw that, decided to come together and decided to do something about it. And that \$14.80, a \$2.00 co-pay on Tier 1 generics, that's the news.

But there's more. Would you say, William?

William Fleming: Yeah, I agree John. You know, I think that, you know, aside from the plan premium savings, the low cost shares, is the relationship with the Wal-Mart pharmacists that I believe will help consumers - help the, you know, people with Medicare get access to the right medication at the right time and help them with their medication needs - help guide them, help get them information which will manifest itself as helping people save money when they need it most.

John Agwunobi: You know, as I look out across the kind of history of Medicare Part D, I don't think there's ever been a single price nationally offered - I know there's never been one offered, you know, as a partnership. This is the only one we have this year. One low national price in every state, \$14.80.

Christi Gallagher: Great. Okay, we have a second question. It's going to be directed to William, with Humana. How many people have you estimated will participate in the 2011 plan year?

William Fleming: Well obviously, that's the million dollar question. And, you know, for us, I think that with the work that we've done to provide a competitive plan offering with the monthly premiums that we've talked about, with the plan design features that we've talked about, we certainly believe this plan is going to be attractive to a lot of people with Medicare.

This plan, it's really hard for us to tell and would inappropriate for us to give any guidance around specifics that we think could enroll or might enroll. But we certainly believe that it will be attractive to a lot of seniors here in the U.S.

Christi Gallagher: Great. We have another question. How are you able to offer a plan that costs less than all others all across the country? And I want to direct that to William with Human as well.

William Fleming: Again, I think we - talking about - piggy-backing on some of the things that John just talked about - it's the combination of things that come together with our expertise in Medicare and with Wal-Mart's expertise and ability to provide affordable prescriptions. Plus, the unique combination of the Wal-Mart pharmacist who is highly-engaged around this plan design in helping the patient when they come in the door to understand their medication needs, to understand their prescription regimens and to help them get access to these affordable medications, allows all this to come together in a way that manifests itself as something that's good for the people with Medicare.

Christi Gallagher: Perfect. Okay, we have another question here. Are there any preferred pharmacies other than Wal-Mart, Sam's Club or Neighborhood Market pharmacies? And again, I'll give that to William with Humana.

William Fleming: Well, the Preferred Pharmacy Network are the Wal-Mart pharmacies the Neighborhood Market pharmacies and the Sam's Club pharmacies in addition to Human's wholly-owned pharmacies that we have in South Florida, plus our Human Right Source mail-order pharmacy.

John Agwunobi: William, (unintelligible) on the mail orders, I understand that there's a zero co-pay on that mail order as well.

William Fleming: Yes. There's a zero dollar co-payment, which is another opportunity for people with Medicare to get access to medications if they choose to want to purchase the medications by way of prescription home delivery.

Christi Gallagher: Great. And I have another question here that I'll give to Dr. John, with Wal-Mart. Wal-Mart already has a \$4 prescription drug offer. Is that related to this in any way?

John Agwunobi: They're separate programs. We continue to be very proud of the work that we're doing with our \$4 program as I indicated before. I think I actually, I don't know that we've announced this to the world before, but it has saved, by our estimates \$3.4 billion for our customers.

We didn't include in that number what we think \$4 programs have saved customers of other retailers who followed us and were very proud that they have, in bringing lower-cost generics to the marketplace. So it is a standalone program, the \$4 program. That will continue. We're very proud of it. It continues to grow and we hope it continues to be something that's seen as very valuable for our customers.

The Humana Wal-Mart Preferred Medicare Part D drug plan is distinct and separate. It does build on many of those same competencies - our ability to find ways to bring low-cost drugs to our customers, but they are distinct and separate.

Christi Gallagher: Great. We have another one here. And this might be something that both Dr. John and William can answer. Aside from the media coverage you will receive from today's announcement, how else will you be communicating with Medicare patients to promote enrollment in the program and what expectations regarding how many of the 18 million enrollees will opt for the program?

William Fleming: Yeah, I'll take that first. This is William. You know, as far as how many people will enroll, we're not at liberty to discuss at this point. At some point, we will be able to offer that up through our investment relations area, but at this point we will not be discussing expected plan enrollment.

As far as communicating with members, I think Dr. John talked about the several methods that we will be communicating the opportunities that are with this plan. There will be robust marketing with the plan. Members will find out about the plan by way of TV and other print. They can certainly come to Humana.com, Human-Medicare.com or Medicare.gov, Wal-Mart.com and Samsclub.com will also have the information available.

And lastly, you'll see a lot of interactions with the Human employees who are in the Wal-Mart stores ready to talk about the plan when a potential member - a potential enrollee comes into the Wal-Mart store.

Christi Gallagher: Great. We have another question here. What margin do we expect from the program and how will the two companies divide those? I will pass that to William. From a Wal-Mart perspective, that would be proprietary on our end, but we'll pass that to William.

John Agwunobi: I would imagine that's proprietary for...

((Crosstalk))

William Fleming: I think it's proprietary for us too. You know, and certainly, as far as the margin, yeah I think the short answer to the question is that Humana does expect to gain membership out of this plan. Wal-Mart expects to gain prescription drug customers and there's a bunch of other things that happen in that sort of discussion.

But I think those are the two (salient) points. From a profitability perspective, Human anticipates that this Humana-Wal-Mart plan - margin will contribute, you know, to Humana's overall Medicare target pretax operating margin of approximately, you know, 5%, which is our - something standard that I think we've, I think, have been discussing over the last several months and years for these Medicare plans.

Christi Gallagher: Very good. We have another one here for William. The \$14.80 premium is less than half of what Humana charged for basic coverage last year. So how are you going to make this profitable?

William Fleming: Yeah, again, I think this is the so what. And this is the what matters. And I think this is the issue that, you know John and I talked about at length. You

know, at a time of financial crisis and a time when people need access to low-cost prescription drug plans the most, we've been able to, you know, partner with a company that clearly understands how to purchase medications at an affordable price.

And we've been able to work on a plan design that makes sense for people with Medicare. And be able to bring forward this \$14.80 plan with affordable co-payments and the unique value proposition of having the Wal-Mart pharmacist clearly engaged on helping people get access to affordable medications and the medication for them at the right time, allows this product to come together and be the so-what.

It's the saving that's the so-what. And it's the way we've been able to bring this plan design together that I think will benefit seniors greatly.

Christi Gallagher: Great. The next question is for William. What is the national average premium for a Part D plan?

William Fleming: Well according to the Kaiser Family Foundation, that runs in the \$37 to \$38 range and that makes this \$14.80 plan offering less than half of the national average plan premium.

John Agwunobi: (Bill), this is John. It makes that premium powerful.

William Fleming: It does.

John Agwunobi: It makes it compelling and it makes this something and I believe Medicare beneficiaries are going to respond to it in a big way.

William Fleming: I agree with you John.

John Agwunobi: They need the savings that this is bringing to them. It couldn't be more timely.

William Fleming: I agree totally.

Christi Gallagher: Great. And I have a follow-up to that question. How did you determine the annual savings number of \$450?

William Fleming: Again, this is the combination of looking at the plan premium delta between the national average and where we landed on this \$14.80 plus the savings that the Medicare beneficiary will receive looking at the co-payments and cost shares.

And you add all that up; it's a very powerful message of \$450 a year saved by joining this plan. It's a very powerful message.

Christi Gallagher: Great. The next question, what are you modeling for participation in the first year?

William Fleming: Again, I think this is the same question perhaps asked a little differently. And we're not able to talk about enrollment at this point.

Christi Gallagher: And this next question is for John with Wal-Mart. Is the goal of this plan to increase the share of Wal-Mart's US sales from health and wellness? It has been 10% for the last ten years.

John Agwunobi: I don't want to speculate on the share of Wal-Mart's US shares because Wal-Mart grows even as we do. But we do intend...it will grow our business. It is intended to grow our business.

Christi Gallagher: Great. The next question, what will co-payments be for branded drugs?

John Agwunobi: So for branded drugs so the folks on the line saw the slide that we flashed I imagine. It had a matrix of the different co-pays and the different co-insurances. On Tier 1 preferred generics, Tier Two generics, and Tier Three and Tier Four preferred, non-preferred and preferred branded drugs.

I'll defer to my colleagues from Humana on the specifics. I don't know if the question gave you enough information to answer the specific percentages?

William Fleming: Yes, I think that, you know, as far as the cost shares for brand drugs, you'll see the cost shares of 20% for a number of brand drugs up to as high as 35% for other branded medications.

And then in the preferred network with the Wal-Mart pharmacies, the Sam's Club pharmacies and the neighborhood market pharmacies. And then the cost

sharing that's higher is the potential member who chooses to use a non-preferred retail network pharmacy.

Christi Gallagher: So we have a question for Jill with Sam's Club. Just a confirmation on what Sam's will be doing?

Jill Turner-Mitchael: So we'll also be participating in the exact plan as Wal-Mart; the same co-pays, the same premium savings, the same everything. Just the one thing I'd like to point out again is that as a customer or patient, you do not have to have a membership to participate in the pharmacy at Sam's Club.

So members and non-members can come to Sam's and use our clubs to get educated on this plan as well as enroll in this plan when the November 15 date comes around.

Christi Gallagher: Okay we have another question here, what opportunities may this provide to enroll these new PDP customers in the Humana Medicare Advantage plan?

William Fleming: Well certainly the Medicare member will have opportunities to look at Humana's portfolio of offerings as they go into Humana-Wal-Mart's Preferred Rx plan. And as they consider the opportunities for what Medicare Advantage brings them.

So they will have the opportunity to do that just as they do with any other Humana plan.

Christi Gallagher: Great. We have a bit of a follow-up question to a previous question and that is for William. How are you able to offer the premiums at such low monthly premium?

William Fleming: Well aside from what I talked about before, I wanted to mention here that, you know, as we set the nationwide premium for this plan, our internal and external consulting actuaries gave consideration to a number of things as we tried to develop the plan offering and plan design that included things such as, you know, variations in costs across the nation and how that plays itself out.

Expectation that this plan might be looked at more favorably from a premium perspective than other Part D plans. Expectation for some dual eligible membership allocation. Movement of current membership to this plan from

other Humana Part D plans as well as the variation that could exist from Wal-Mart's presence and geographic footprint across the US.

So, you know, we took into consideration a number of things as we developed the \$14.80 premium, the co-pays, and how we're able to work collaboratively with the Wal-Mart pharmacists to make this make sense for beneficiaries across the US.

Christi Gallagher: Great. I have a question for John with Wal-Mart. What percentage of enrollees in this plan will be new customers from Wal-Mart?

John Agwunobi: I would just remind folks on the line that Wal-Mart I think sees about 140 million customers come through our doors every week in the US. It's quite a large number. I can't speculate on how many folks will sign up for our program who are our current customers versus our new customers. That would be speculation and I don't want to throw that out there.

Christi Gallagher: I have another question. How many of the 18 million Medicare patients currently use Wal-Mart pharmacies for their prescription drugs and I'll give that one to John as well.

John Agwunobi: You know, I actually don't know that percentage off the top of my head. I'll have to look into it and get back to the person asking the question.

Christi Gallagher: Great. We have another question here. If someone wants to stick with their brand name drugs instead of generics, is this still a good plan for them?

John Agwunobi: William do you want to...

William Fleming: You know John, I think the answer to the question is probably. I'd be hard pressed to think that a \$14.80 premium and the savings that that provides compared to the other premiums nationwide plus the competitive co-payments and cost sharings for brand medication that it's, you know, if a Medicare beneficiary likes brand drugs and is attracted to them that they couldn't make this plan make sense. And likely help save them a lot of money.

Perhaps that customer won't save as much as the \$450. And maybe that's where the mallets will bury under the \$450 savings. But I believe the savings



will still be relevant. Especially when you think about the concept that for less than \$180 a year, you can buy this plan from a premium perspective.

John Agwunobi: Yes. It's a powerful program. I agree.

Christi Gallagher: Okay we have two more questions in the queue and then we will end the call. The first one, how does the relationship between Wal-Mart and Humana work? Does one company pay the other? How do the finances work?

And I'll turn it over to William and then let John add anything if he wants to add.

William Fleming: Well John made me promise to take him out to dinner. So I've got to make sure to achieve that. So I think the important thing here is that, you know, we, Humana, stand to gain membership into our PDP plan offerings. And that's the real core value for Humana.

And I believe the core value prop for Wal-Mart is what John talked about in terms of all the Americans who go to Wal-Mart stores plus the fact that Wal-Mart will be able to expand its prescription drug volume. And I think along the way they'll be able to continue to offer these prescription medicines at the same affordable prices that they're offering today.

John Agwunobi: Yes, I think I would just add, this is a partnership and we have taken our relationship with Humana to another level. I would just remind you, William rather, that we have a very strict gift policy at Wal-Mart.

I'm not allowed to take dinner or anything else from any of our partners.

William Fleming: We'll go Dutch.

John Agwunobi: We'll go Dutch. But I would say this, that, you know, we have committed our pharmacy teams and our stores in a way that we have never done so in the past. So we've asked our pharmacy teams in our stores, at Sam's, at the neighborhood markets and in Wal-Mart to really play an active role in making sure the customer is able to benefit from the value that this particular plan brings.

We've worked hard and closely with Humana in a business model. That I think is going to do very well for both of us. But I'm actually more excited by how well I think it's going to do for the customer.

William Fleming: Yes, I agree with you John.

Christi Gallagher: Great. So the last question here...

John Agwunobi: I'll just add that we don't actually get paid by Medicare in this plan. Humana is who pays us for our side of this effort.

Christi Gallagher: Great. The last question, what is Wal-Mart doing to enhance the services it provides in the pharmacy in light of an anticipated increase in patient volume?

John Agwunobi: So I'll take that one unless William wants it?

William Fleming: No, I'll take the bench. That's all yours John.

John Agwunobi: Yes, so I mean at the end of the day, we are a retailer that has an awful lot of customers. Sam's I think has relatively fewer but is also a very busy and successful retailer in its own right. And the pharmacies are no different.

They're very busy. There are lots of customers who take advantage of \$4 prescriptions and I have no doubt there'll be lots of customers who take advantage of \$2 co-pays and this wonderful premium that have Humana and Wal-Mart have brought to the customer.

So I fully expect that there will be increased volumes of patients. As you can imagine, expecting as much, we have invested in really building up our pharmacies, making sure that we have the right staff in the right place at the right time. We have a number of pharmacies that continue to have the ability to I think offer more service and they will do so.

A part of this relationship is clearly about offering the customer information, counseling and support as they go about treating the many diseases and illnesses that they deal with for our Medicare Part D eligible individuals. We're going to be fully ready to take care of that and we fully expect that our service levels will be as good as if not better than they've ever been.

William Fleming: And the thing I would add to that is over the years since 2006 when Part D first started, Wal-Mart has been a really good partner to work with from the pharmacy perspective. And delivering good care to members with Medicare.

We've seen it. We've been a part of it. We've been part of the relationship. And I fully expect Wal-Mart to be able to deliver really good service to these customers. And really help these members get access to these affordable medications when they need it most.

Christi Gallagher: Great. So I'm going to ask each of the spokespersons if they have any final comments and then we'll close the call. William, any final comment?

William Fleming: No, we certainly look forward to any follow-up phone calls and appreciate everybody's time today to hear about this unique, innovative plan offering with Wal-Mart.

We really appreciate your attention to listen and to hopefully share in our enthusiasm for what we believe is something that achieves a national healthcare agenda of helping make healthcare coverage more affordable for people with Medicare.

John Agwunobi: And I would just add that, you know, with our \$4 program, Wal-Mart showed that if you support the customer with a price she can afford, she'll support you with her patronage by using your store, by coming to your pharmacy.

And I've got to tell you, I look at the price that Humana and Wal-Mart for premiums nationally and the co-pays that we're offering in this particular plan, and I believe strongly that the customer is going to thank us for bringing this kind of savings at this time because it's tough out there.

Jill Turner-Mitchael: I'd just say, we're really (unintelligible) that all of you participated on the call today. Extremely excited about this new partnership and plan. The savings that it will bring to our members and to our customers is just unprecedented and we're just extremely excited to be able to deliver this to the country at a time when it needs savings.

So thank you for participating.

Christi Gallagher: Thank you. As a reminder, our media hotline is 1-800-331-0085 if you have any follow-up questions. We appreciate your participation in the call today and hope you all have a nice evening.

Operator: Ladies and gentlemen, that does conclude the conference call for today. We thank your for your participation and ask that you please disconnect your lines.

END