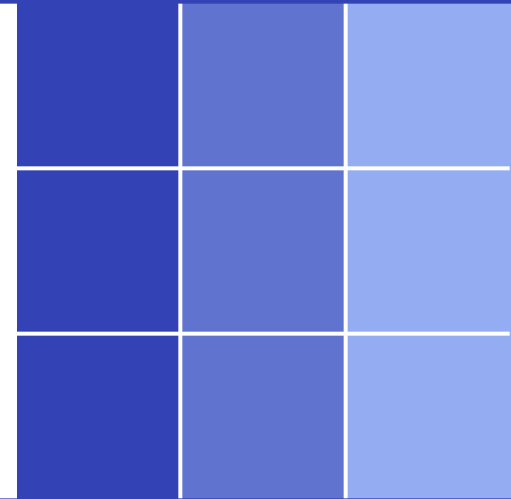


medco






**Medco Health
Solutions, Inc.**



Forward looking statements

This presentation contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that may cause results to differ materially from those set forth in the statements. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this presentation should be evaluated together with the many uncertainties that affect our business, particularly those mentioned in the risk factors section of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

1st Quarter 2004: Strong performance across financial metrics

	Net Revenue	\$ 8.9 BN	+7%
	Mail Order Revenue	\$ 3.2 BN	+17%
	Net Income	\$ 104 MM	+2%
	Generic Dispensing Rate	45%	+2pts
	EBITDA/Adj. Rx	\$ 1.76	+25%

Record renewal year in 2004 – over \$16 BN

Source: Company financials.

Please see latest 10Q for reconciliation of non-GAAP measures and most comparable GAAP measures.

EBITDA is earnings before interest income/expense, taxes, depreciation and amortization.

Medco's scale advantage

Brand drug manufacturers

- Rebate agreements with over 75 brand-name drug manufacturers
- "Most Favored Nations" clause with most of the top branded drug manufacturers
- Over 90% of rebate dollars have been renewed since 2002

Retail pharmacies

- Negotiated discount arrangements with virtually all U.S. retail pharmacies
- Network of over 60,000 retail pharmacies
- Represent 17% of total drug spend at retail pharmacies

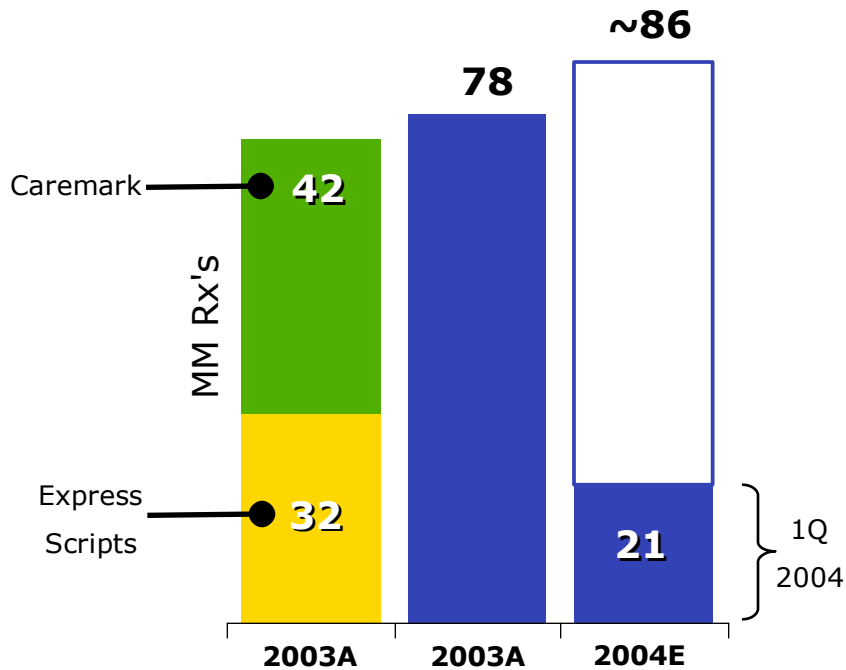
Generic drug manufacturers

- One of the largest purchasers of generic drugs
- Purchase and dispense through mail 8% of the total U.S. volume of generic drugs dispensed (not including in-patient settings)
- Purchase almost all inventory directly

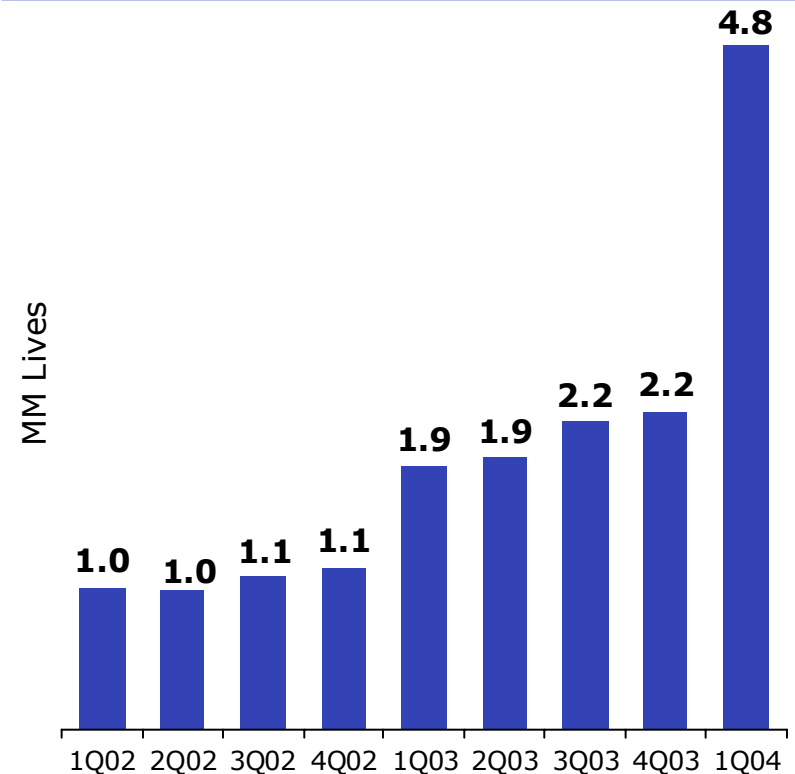
Medco's strength: Scale at mail

Mail Order Rx's

(unadjusted)



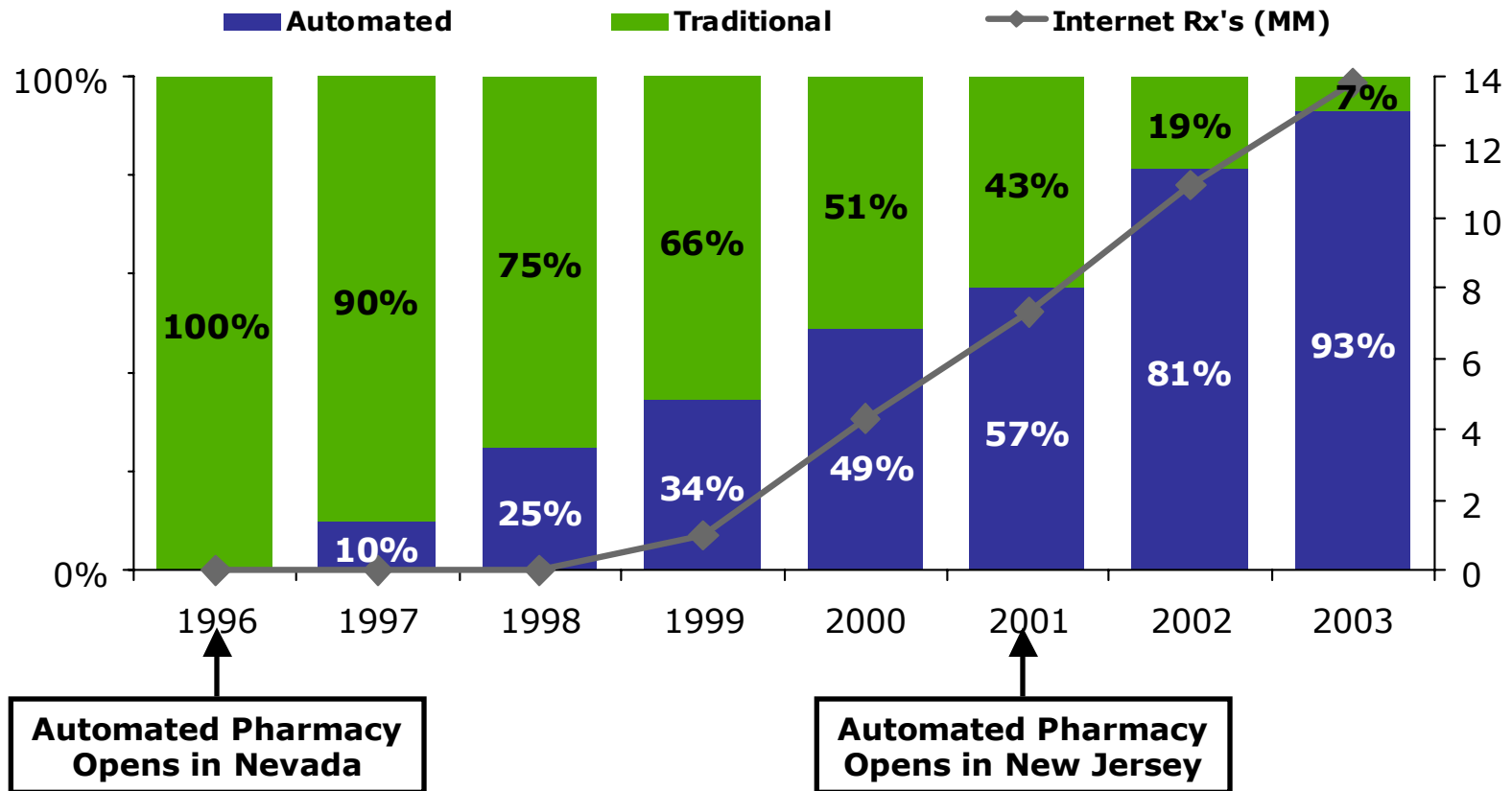
Mandatory Mail Members



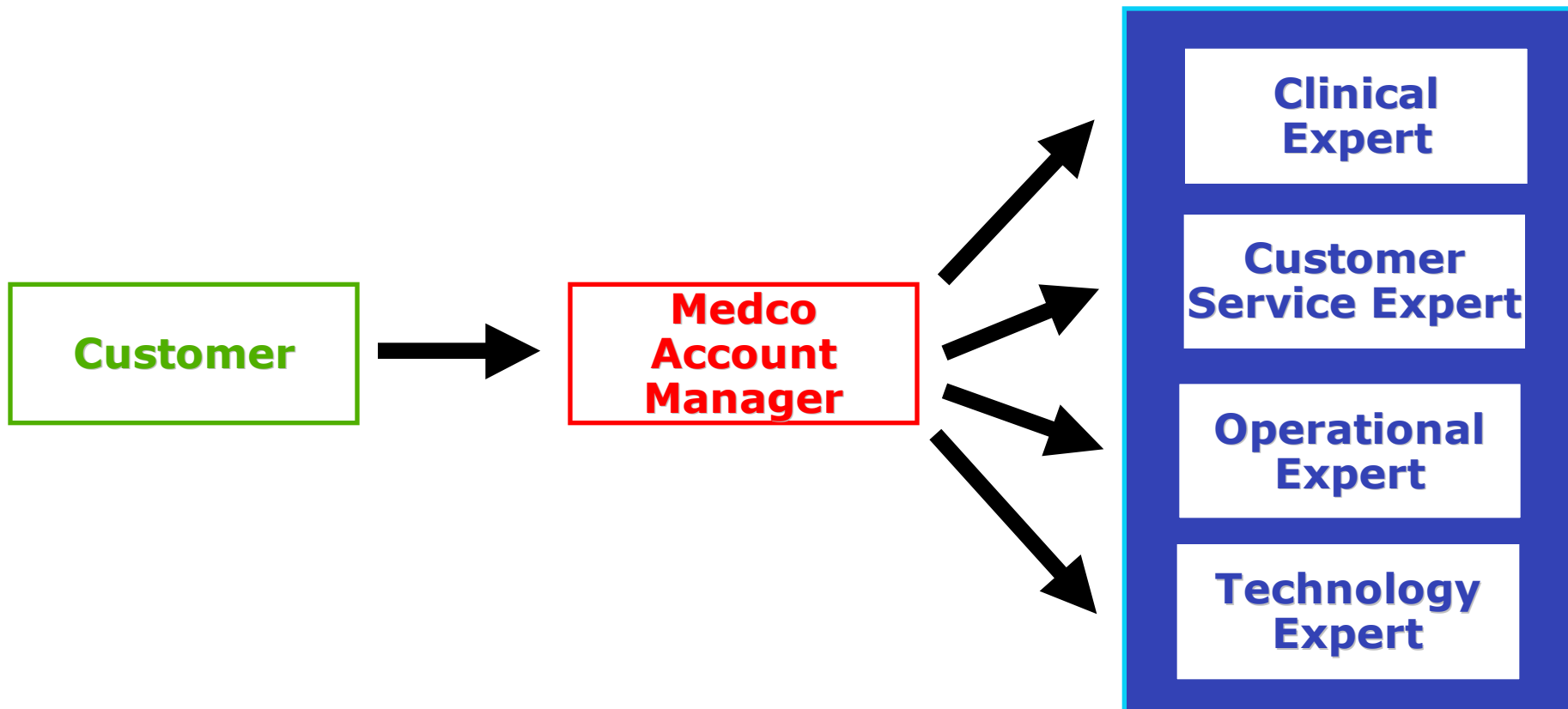
Source: Company reports. Caremark results proforma for AdvancePCS acquisition.

Increasing efficiency: Automated dispensing and Internet Rx growth

Medco's Dispensing Volume: Automated vs. Traditional Pharmacies and Internet Rx Growth

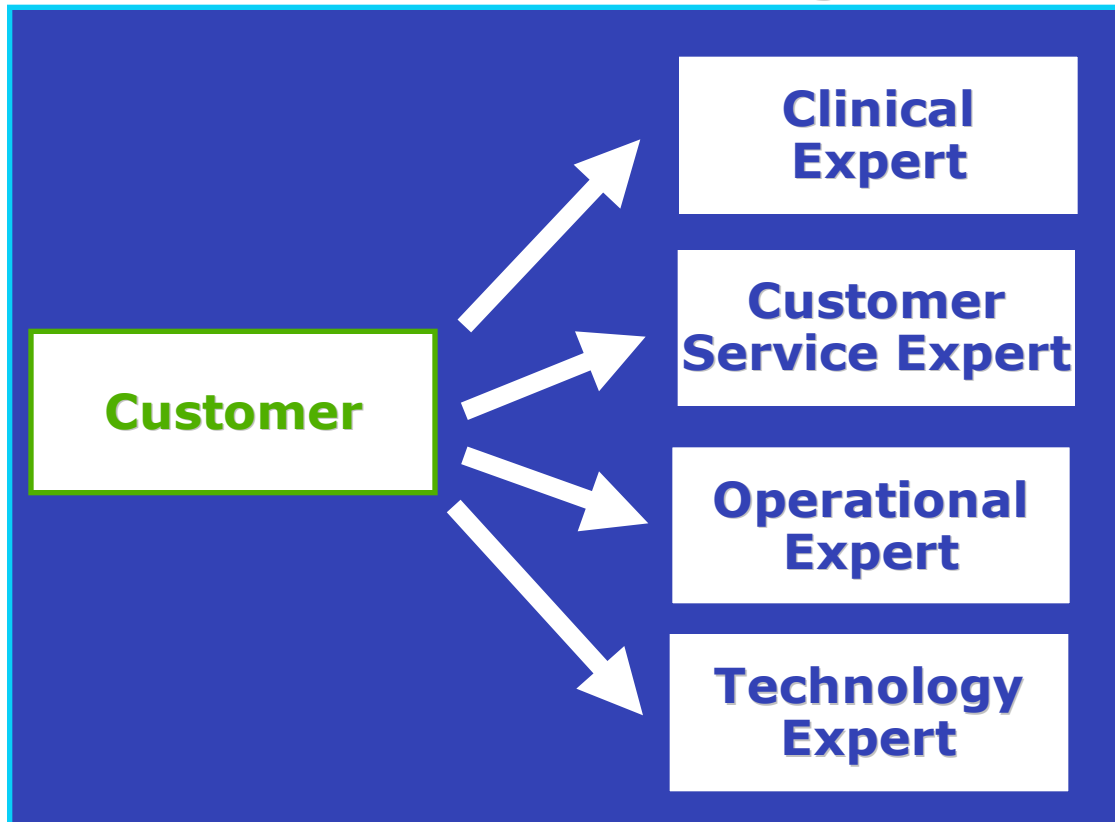


Medco's Client Solutions Center: Dedicated teams with accountable decision makers



Medco's Client Solutions Center: Dedicated teams with accountable decision makers

Medco Account Manager



Expert to Expert Collaboration

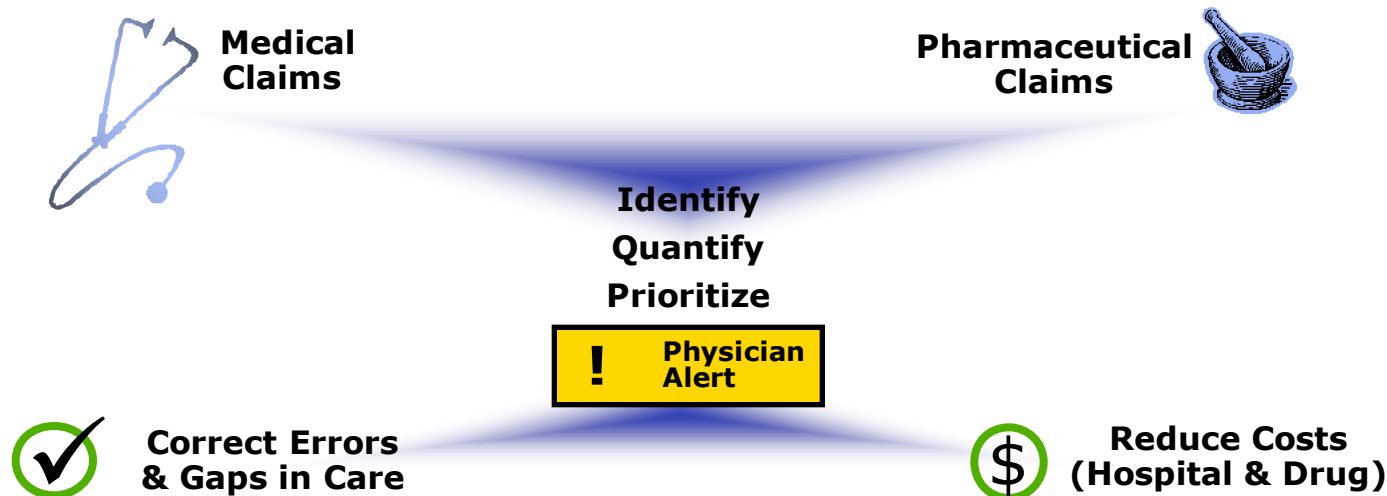
- Access to senior-level experts who:
 - know and understand our business in detail
 - become experts in customer's business needs
- Strengthen customer advocacy
- Drives end-to-end accountability within Medco

Developing innovative products and services leveraging the power of information

EXPER_xT™ Advisor is a leading-edge consultative tool that empowers Medco's account teams to:

- Monitor real-time customer plan performance
- Identify specific financial and clinical opportunities
- Align select solutions with customers' specific business needs
- Deliver financial transparency

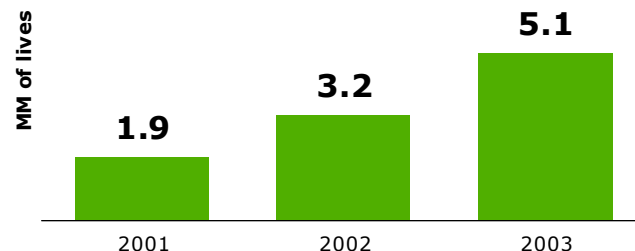
RationalMed[®] : Utilizing the power of information to address inappropriate care



Proven health and safety impact and client savings

- Up to 3% reduction in pharmacy costs
- Up to 3% reduction in inpatient hospital costs

Member Growth

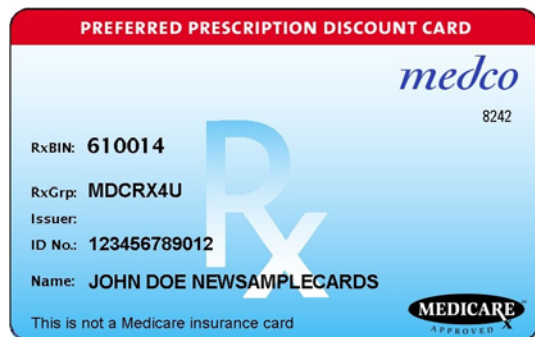


The marketplace is seeing...and believing

- Existing clients have honored us with over \$16 BN in renewals for 2004, including UnitedHealth Group for 5 years
- Over \$7.5 BN sales opportunity for mid 2004 – 1/1/2005 installations, vs. \$3.7 BN a year ago
- Major consulting firms validate our value proposition
 - “In client requests for additional transparency of rebates – consultants agree that Medco has the most transparent contracts in 2004 in all regards”
Wall Street research
 - Medco selected for Towers Perrin collaborative, one of 6 consultant-driven coalitions Medco now serves
- We have accelerated our “carve-out” wins
 - Commonwealth of VA - \$250 MM
 - 60% of Systemed 2004 wins were take-aways from “carve-in” vendors
 - No meaningful losses to “carve-in”

Medicare discount card opportunity – multiple ways to participate

Medco Direct



- Preferred Prescription Discount Card (Including formulary)
- Prescription Discount Card (Open access)

Client Co-logo



- Bankers Fidelity Life
- Health Alliance Plan
- FirstCarolinaCare, Inc.
- Medical Mutual of Ohio
- Nationwide Health Plans
- NeighborCare, Inc.
- Oxford Health Plans, Inc.
- The Health Plan of the Upper Ohio Valley, Inc.
- WPS Health Insurance

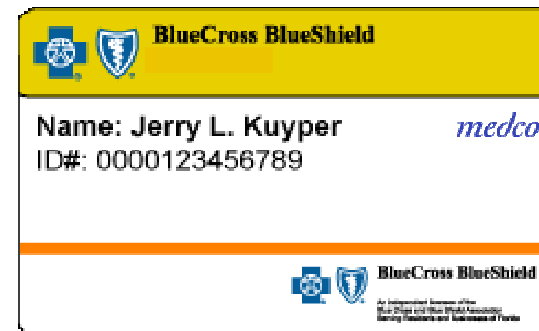
Medicare discount card opportunity – multiple ways to participate

Client Branded



- United Healthcare Insurance Company (*Ushare*)

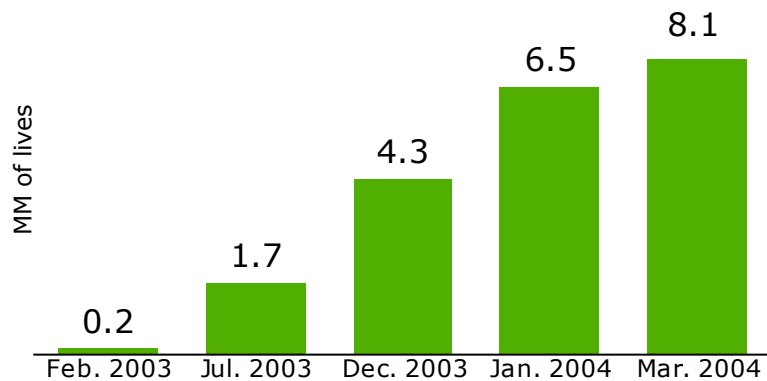
Client M+C Exclusive



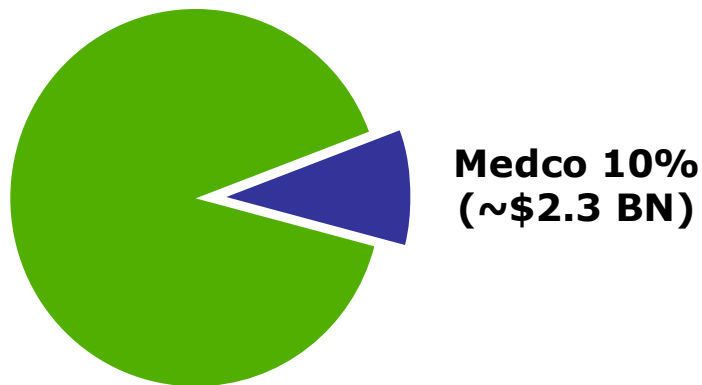
- Highmark Blue Cross Blue Shield
- The Health Plan of the Upper Ohio Valley, Inc.
- United Healthcare Insurance Company
- Western Health Advantage

Cards above are samples and not meant to be representatives of official cards.

Medco's specialty pharmacy spend grew 27% in 2003



2003 U. S. Specialty Rx Spend (~\$24 BN)



- Medco's Specialty Pharmacy of Excellence currently has signed 290 customers representing 8.1 MM lives
- Rheumatoid arthritis, cancer, MS, growth hormone deficiency and infertility medications accounted for 90% of specialty drug trend
- Utilization of specialty drugs grew approximately 18% in 2003
- Therapeutic classes include;
 - Cancer
 - Growth Hormone
 - Hemophilia
 - Hepatitis
 - Immune Deficiency
 - Anemia
 - Infertility
 - MS
 - Pulmonary Hypertension
 - Rheumatoid Arthritis

Source: Company reports.

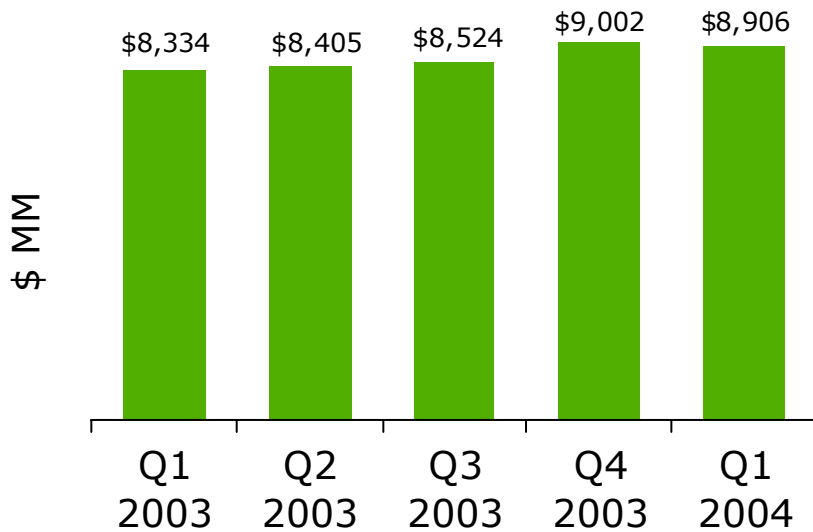
Three months ending March

Dollars in millions, except per share amounts

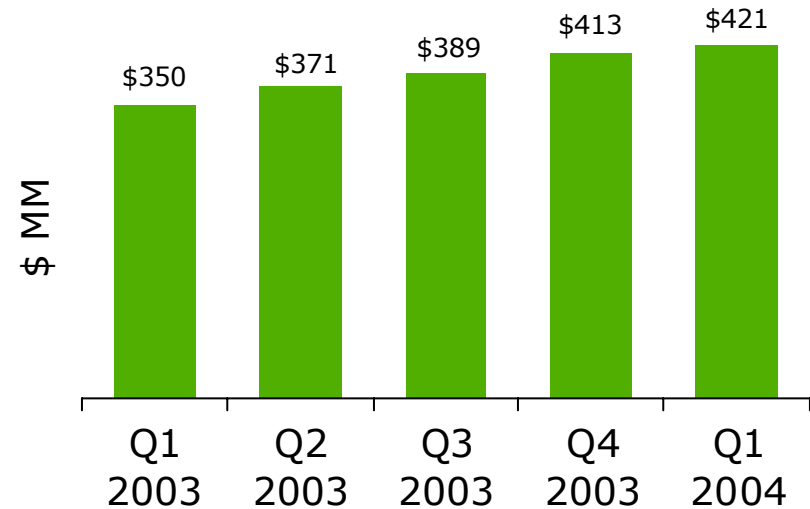
MM	2004	2003	Growth
Net Revenues	\$8,906	\$8,334	7%
Gross Margin <i>% of Net Revenues</i>	\$421 4.7%	\$350 4.2%	20%
Net Income <i>% of Net Revenues</i>	\$104 1.2%	\$102 1.2%	2%
GAAP Diluted EPS Diluted EPS adj. for intang.	\$0.38 \$0.48	\$0.38 \$0.43	12%
EBITDA <i>% of Net Revenues</i>	\$304 3.4%	\$244 2.9%	25%

Historical revenue and gross profit growth

Net Revenue



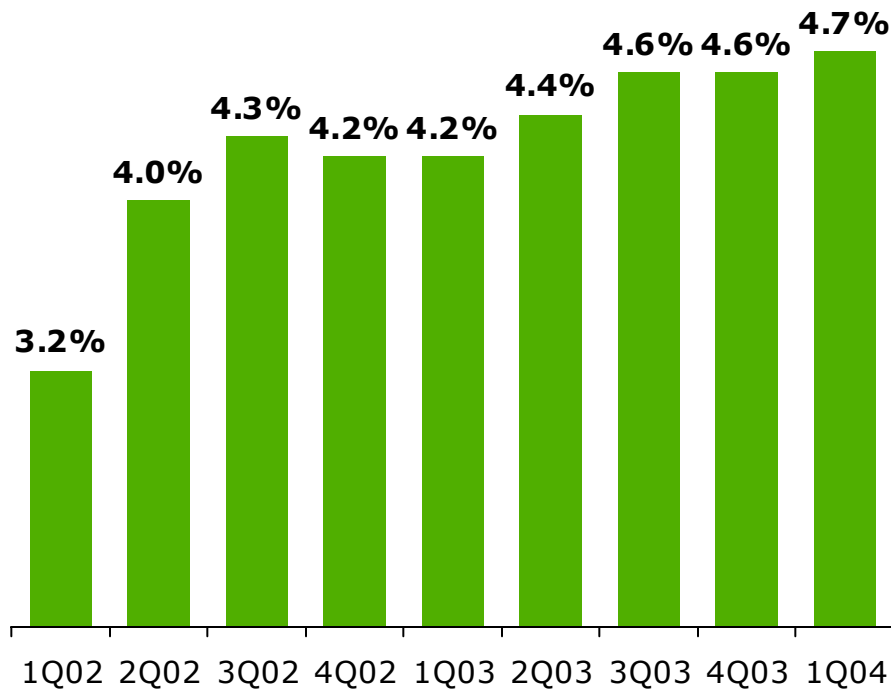
Gross Profit



Source: Company reports.

Gross margin continued an upward trend

Total Gross Margin

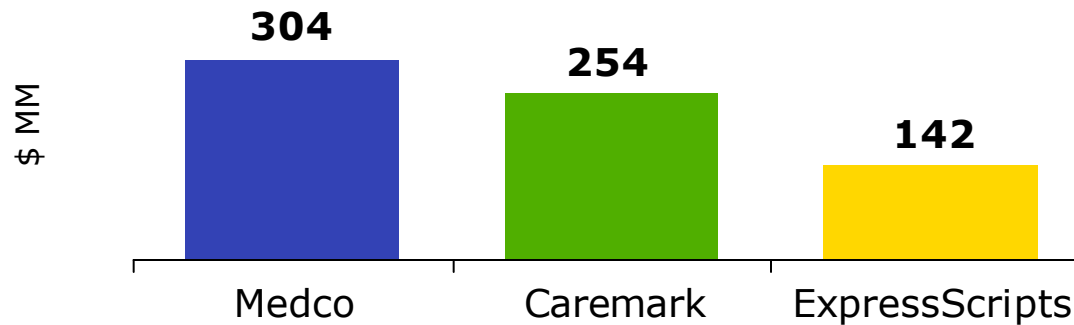


Drivers

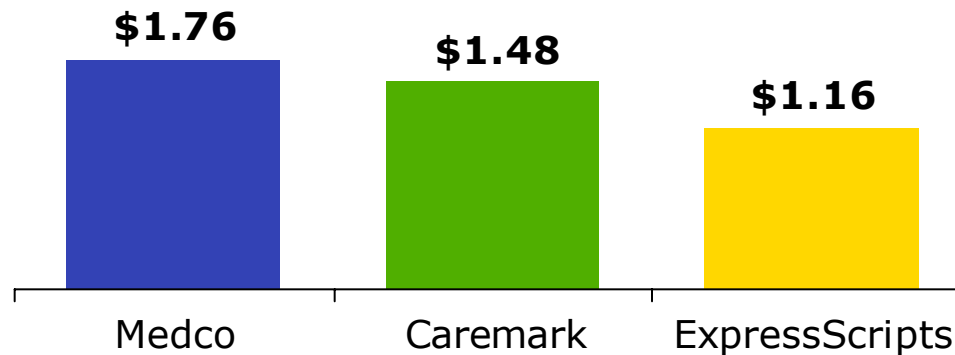
- Increases in generic utilization
- Operational efficiencies from automation
- Productivity gains from investments in technology
- Improvement in formulary management

Industry leading profitability

1st Quarter 2004 EBITDA



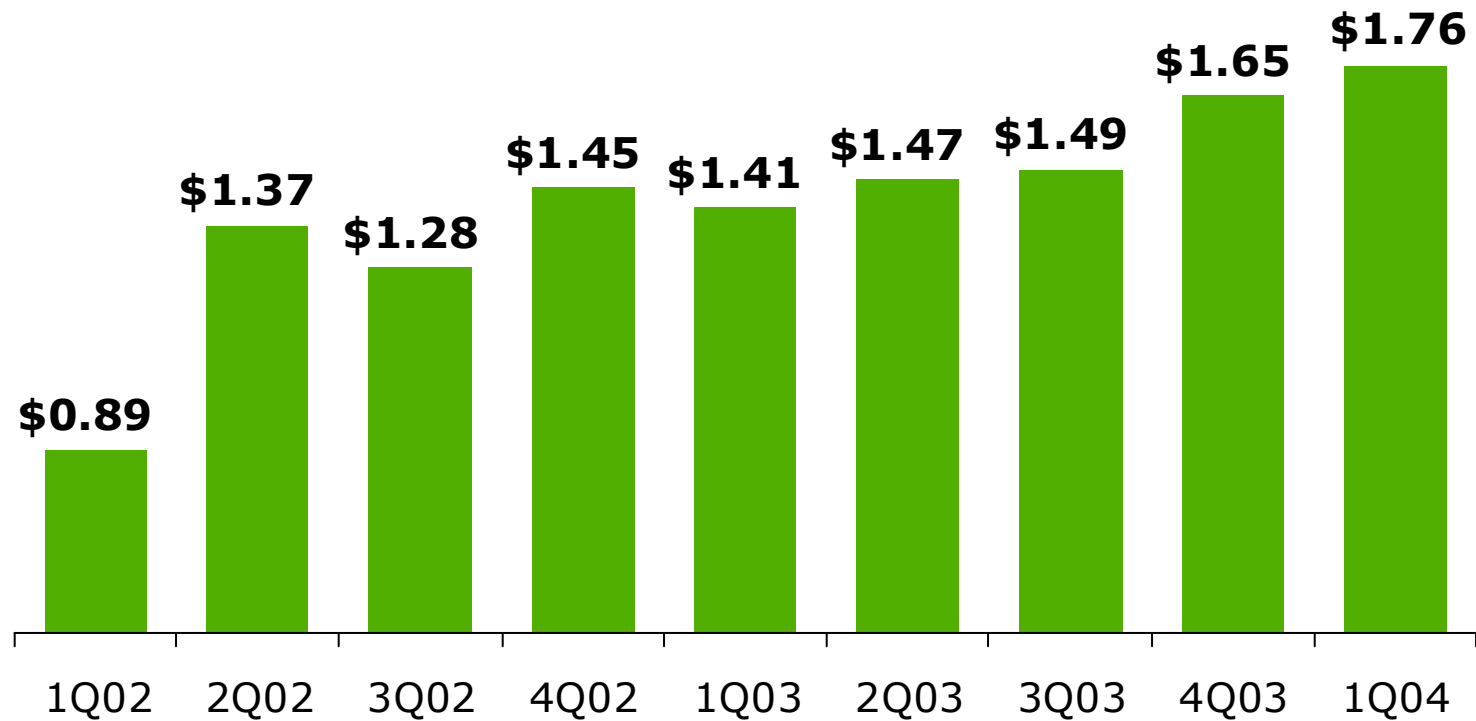
1st Quarter 2004 EBITDA per Adjusted R_x



Note: Per company reports. Caremark's figures are proforma for AdvancePCS acquisition.

Improved profitability per R_x

EBITDA per Adjusted R_x



Capitalization

Balance Sheet as of 3/27/04

\$ MM	
Cash and Investments	\$ 701
Property and Equipment, Net	718
Other Assets	3,450
Intangibles, Net	2,276
Goodwill, Net	3,310
Total Assets	\$10,455
Current Liabilities	\$ 2,805
Long-term debt	1,237
Other non-current Liabilities	<u>1,215</u>
Total Liabilities	5,257
Equity	5,198
Total Liabilities and Equity	\$10,455

Senior Unsecured Ratings

- S&P: BBB (positive outlook)
- Moody's: Ba1 (stable outlook)

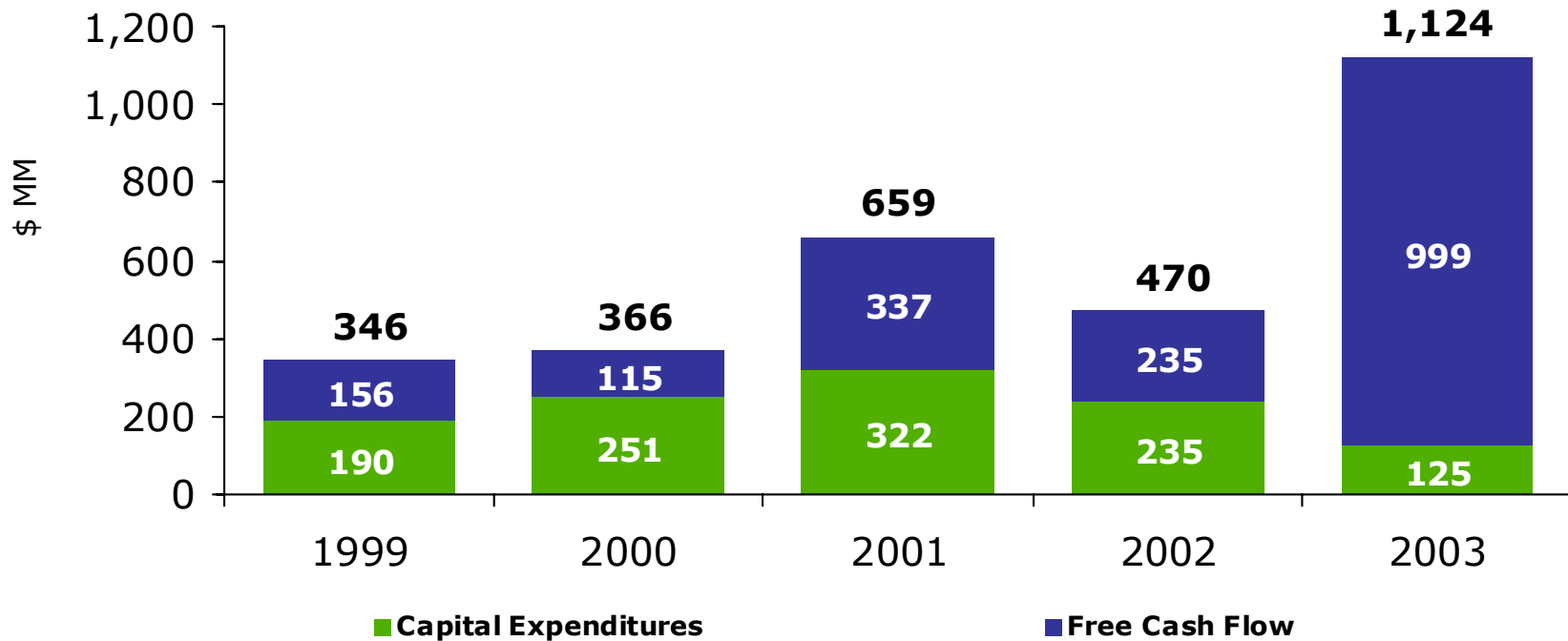
Strong LTM credit ratios*:

- EBITDA/Interest Expense: 23.1x
- Debt/EBITDA: 1.2x
- Debt/Total Capital: 20.0%

*LTM = Last Twelve Months as of March 27, 2004.

Strong cash flow generation

Cash from operations



Note: Free cash flow = Cash from operations – Capital expenditures.

Uses of cash in 2004 and beyond

- Estimated debt repayments of \$200 million
- Projected capital expenditures of less than \$150 million
- Potential acquisitions, up to \$250 million
- Medicare investments, up to \$150 million
- Assumes approximately \$600 million for working capital requirements related to client formulary rebates and prescription claim payments.

Future considerations:

- Evaluation of dividends and share repurchase programs in future years. Current limitations by covenants in credit facilities.

Guidance for 2004

EPS growth (adj. for intangible amortization)	15–20%
EPS (adj. for intangible amortization)	\$2.03–\$2.14
EPS (GAAP)	\$1.64–\$1.75
Capital Expenditures	<\$150MM
Dilutive Shares	275M