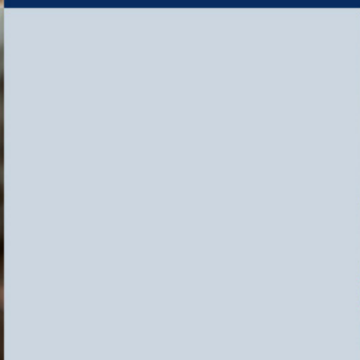


CVS
CAREMARK | A Pharmacy
Innovation
Company



Positioning The PBM For Long-term Success

Per Lofberg

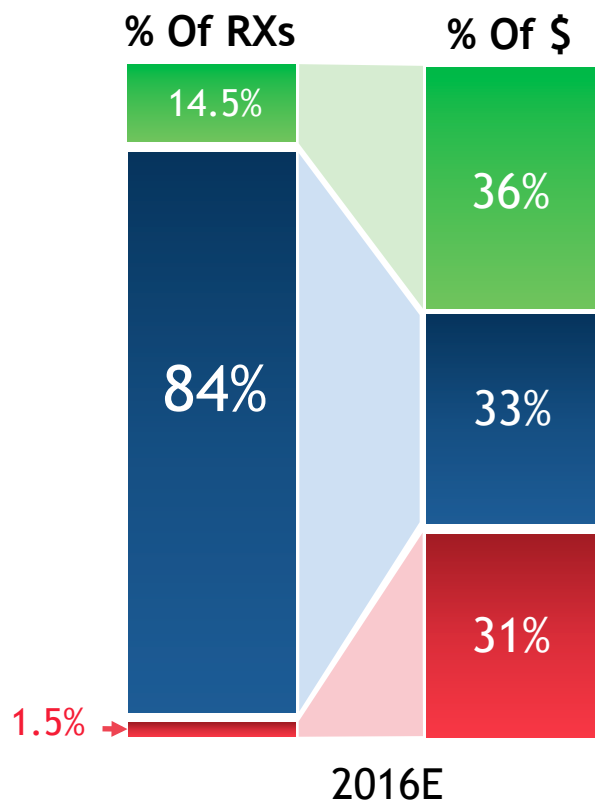
Executive Vice President

The Past Three Years Have Set The Stage For Long-term Success



- Integrated model embraced by market and business fundamentals are strong
- \$24 billion of net-new business over past three years
- Established leadership positions in Medicare and Managed Medicaid
- Continued investments and rapid growth in specialty pharmacy
- Expanding suite of clinical programs gaining adoption
- Streamlining initiative improving competitiveness and cost structure

Rapidly-changing Pharmacy Landscape Requires Increased Focus On Specialty



Brand Generic Specialty

Reduce spending on expensive drugs
without unique clinical benefits

Maximize use of cost effective
generics and improve adherence

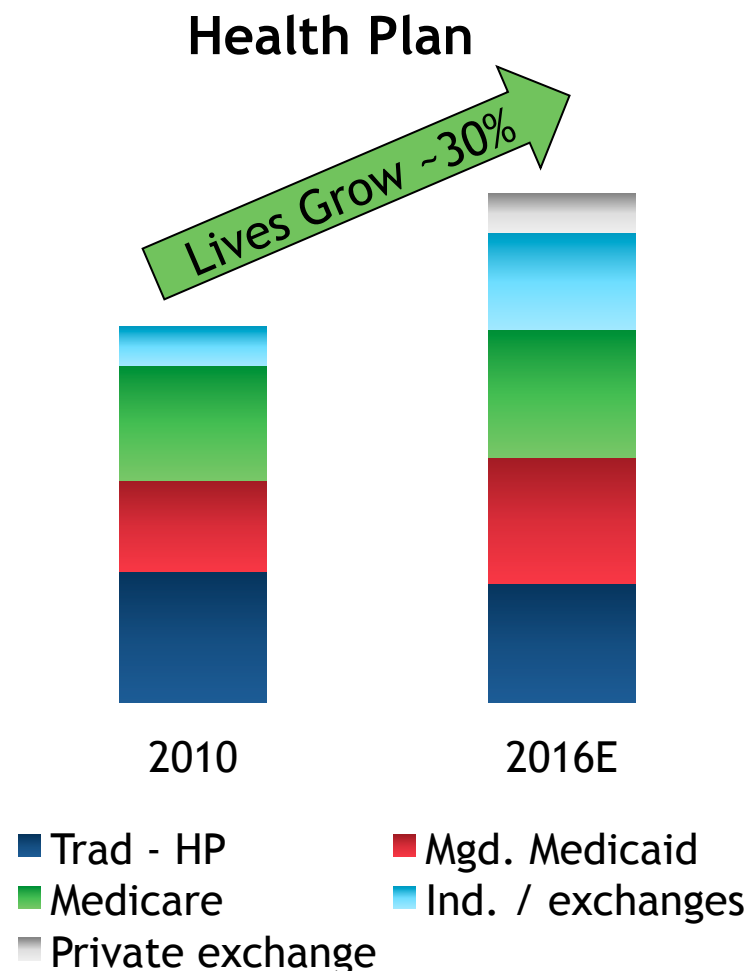
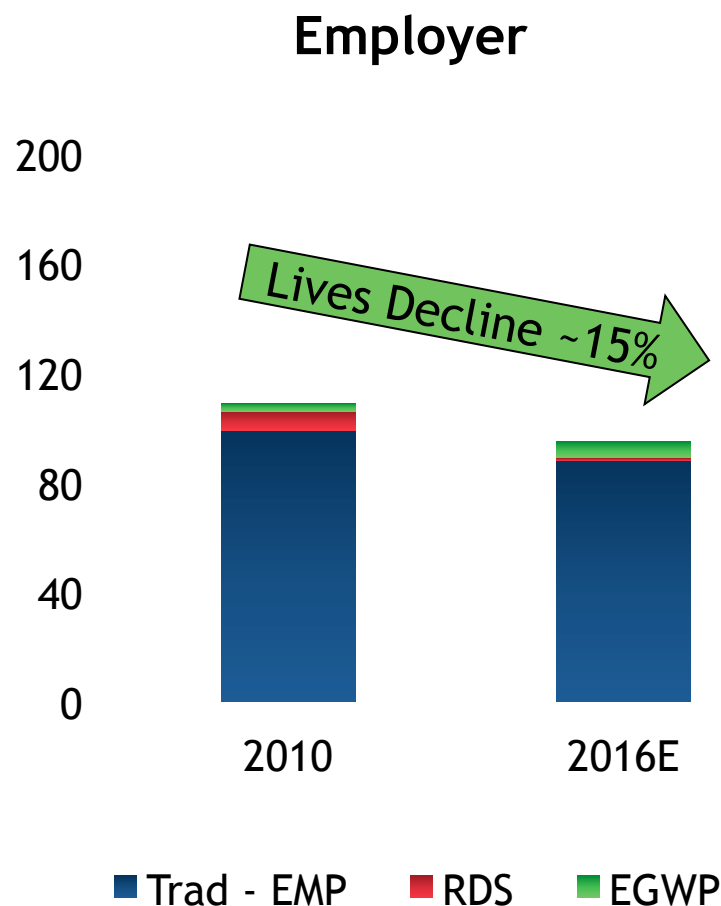
Proactive management to optimize
use and control trend

Rigorous cost management is crucial, with focus on high-cost specialty drugs

Sources: CVS Caremark analysis; Generic Drug Savings in the U.S., Generic Pharmaceutical Assn. 2012; Payer Strategies to Manage High-Cost Specialty Drug Expected to Hit Market Soon, Atlantic Information Services Webinar, August, 2012.
















PBM Market Shifting From Traditional Group Plans To Individual Choice Plans

PBM Managed Lives By Segment (millions)



Note: Population of PBM managed lives excludes Uninsured and Medicaid FFS segments.
Sources: CVS Caremark analysis; 2012 Medicare Trustees Report.

PBM Industry Consolidation Driven By Changing Market Dynamics

Past		2013	
Companies		Company	Market Share
<ul style="list-style-type: none"> PharmaCare (CVS) Caremark PCS 	<ul style="list-style-type: none"> Advance Paradigm RxAmerica 	 	 26%
<ul style="list-style-type: none"> Express Scripts ValueRx NextRx (WellPoint) 	<ul style="list-style-type: none"> DPS NPA Medco 	 	 34%
<ul style="list-style-type: none"> Prescription Solution / Optum Medco Carve-in 		 	 12%
<ul style="list-style-type: none"> WHI Catalyst FutureScripts RegenceRx 	<ul style="list-style-type: none"> SxC NMHC HealthTrans 	 	 5%
<ul style="list-style-type: none"> Prime 		 	 5%

Notes:

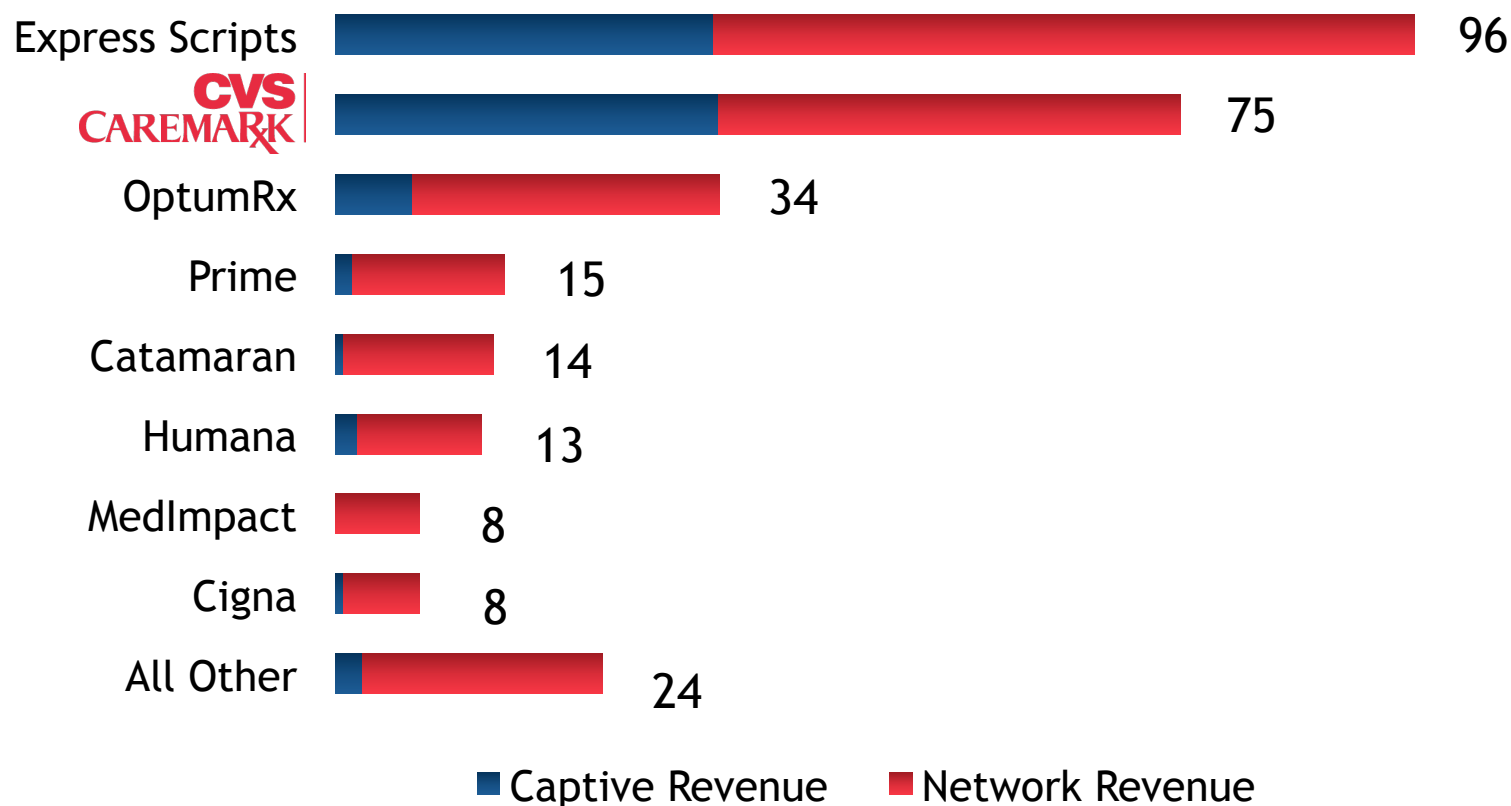
1. Market share calculated on revenue basis, as percent of estimated \$283 billion market.
2. Express Scripts and OptumRx estimated on a pro-forma basis, adjusted for shift of UNH volumes from Express Scripts to OptumRx upon termination of the legacy Medco contract.

Significant Consolidation In PBM Industry



Share Of Total PBM Market



















(\$ billions - 2013 projected revenues)



Top two PBMs represent 60% of overall revenues

Note: CVS Caremark figure reflects mid-point of guidance range; CVS Caremark captive revenues include mail, specialty and CVS Retail.
Sources: Total Market Revenues, IMS 2008-2010; company 10-K filings; CVS Caremark analysis.

Our Integrated Model Is Focused On Growth Areas

		CVS CAREMARK	Traditional PBM (ESRX)	Captive Health Plan (OptumRx)
Traditional	Employer			
	Commercial health plan			
Growing	Medicare			
	Medicaid			
	Individuals/ exchanges			
	ACOs			

Our Capabilities Support The Increasing Importance Of Clinical Outcomes



Medicare Stars

Focus shift to clinical measures

Accountable Care Organizations

Moving toward provider risk models versus fee-for-service

Patient Centered Medical Homes

Opportunity to collaborate with clients and physicians

Pay-for-performance models will play an increasingly important role

Improved outcomes from better adherence and addressing gaps in care critical to provider performance

CVS Caremark Is Uniquely Positioned To Win In The Marketplace



- Differentiation through our integrated model
- Scale combined with financial, technological and people strengths
- Leadership in growing government market segments
- Investing in specialty pharmacy and clinical programs
- CVS Retail presence supports emerging product offerings

