Creating Value by Transforming the Consumer Health Experience

Larry Merlo
President &
Chief Executive Officer
Cautionary statement regarding forward-looking statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of CVS Health Corporation. 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 Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

The presentations at our 2019 Investor Day include non-GAAP financial measures that we use to describe our company’s performance. In accordance with SEC regulations, you can find the definitions of these non-GAAP measures, as well as reconciliations to most comparable GAAP measures, on the Investor Relations portion of our website.

Link to our non-GAAP reconciliations.
Today’s Objectives

Strength of our businesses and how they provide a foundation for transformation

How we intend to dramatically improve the way health care is delivered in the U.S.

Our expectations for 2020 / 2021 and our positioning for long-term growth

How current investments will translate into increased shareholder value
Agenda

Key trends in health care

Well positioned to drive change

Enterprise priorities to accelerate growth
As health care challenges mount, the call for change grows louder.

Modern Healthcare
Healthcare spending will hit 19.4% of GDP in the next decade, CMS projects.

SCIENTIFIC AMERICAN
One Third of Diabetes in the U.S. Is Undiagnosed

CBS NEWS
Shortage of primary care physicians could threaten patient care

INSURANCE JOURNAL
Workers’ health insurance premiums are rising much faster than wages but not lowering out-of-pocket costs
Trends driving change in the health care landscape

- Empowered health care consumer
- Migration from sick care to self care
- Changing perspectives on aging
- Evolution of personalized care
- Evolving payment models
Agenda

- Key trends in health care
- Well positioned to drive change
- Enterprise priorities to accelerate growth
Creating the most consumer-centric health company

- Powerful health care decision-making engine informed by data and analytics
- Owner economics enable broader ability to deliver value across enterprise
- Recognized and trusted brand, supported by large workforce of clinicians and support professionals
- Deep local footprint of consumer-facing assets including retail stores and MinuteClinic®
Unmatched ability to engage with consumers – CVS Health interacts with one in three Americans annually

<table>
<thead>
<tr>
<th>In the community</th>
<th>In the home</th>
<th>In the palm of their hand</th>
</tr>
</thead>
<tbody>
<tr>
<td>~70% of U.S. population lives within three miles of a CVS Pharmacy</td>
<td>700K visits annually</td>
<td>72M patients enrolled in text messaging program</td>
</tr>
</tbody>
</table>
We are uniquely positioned among managed care peers

<table>
<thead>
<tr>
<th></th>
<th>Competitor 1</th>
<th>Competitor 2</th>
<th>Competitor 3</th>
<th>CVS Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical benefits</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
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<tr>
<td>Pharmacy benefits</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
</tr>
<tr>
<td>Specialty pharmacy</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
</tr>
<tr>
<td>Retail pharmacy</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
</tr>
<tr>
<td>Retail clinics</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
</tr>
<tr>
<td>Other providers/services</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
<td>🅿️</td>
</tr>
</tbody>
</table>

Unmatched local consumer touchpoints
Agenda

Key trends in health care

Well positioned to drive change

Enterprise priorities to accelerate growth
Enterprise priorities to accelerate growth

Consumer obsessed – be local, make it simple, improve health

1. Grow and differentiate our businesses
2. Deliver transformational products and services
3. Create a consumer-centric technology infrastructure
4. Modernize enterprise functions and capabilities
<table>
<thead>
<tr>
<th>Priority #1</th>
<th>Grow and differentiate our businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive</td>
<td>engagement through personalization</td>
</tr>
<tr>
<td>Win</td>
<td>in high-growth market segments</td>
</tr>
<tr>
<td>Deliver</td>
<td>new and innovative benefit designs, reimbursement models, and store formats</td>
</tr>
<tr>
<td>Improve</td>
<td>productivity and efficiency</td>
</tr>
<tr>
<td>Introduce</td>
<td>integrated products and services</td>
</tr>
</tbody>
</table>
HealthHUBs®: Positive Results Fuel Broader Expansion

By the end of 2019
Expanding to 4 markets

By the end of 2021
Expecting to open 1,500 locations
Transformation provides multiple growth opportunities

**Products & Services**
- Comprehensive chronic care and disease management
- New consumer facing products
- Optimize government programs
- Risk carve-outs
- Home hemodialysis
- Analytics products

**Value Creation**
- Medical cost savings
- Membership growth
- Expanded use of CVS assets
- Increased customer satisfaction and retention
- Open platform and new businesses

**Operating Income Expectations**
- ~ $850 million in 2022
- ~ $2.5 billion long term
Creating a consumer-centric technology infrastructure

Seamless, connected digital and physical experiences

Turning data into insights and insights into action

Consumer-centric
Simplify the experience
Improve outcomes
Drive efficiency

An intelligent engagement platform
Integration and modernization expected to deliver significant savings

**Integration synergies**
- Business integration
- General and administrative functions
- Medical cost savings

On track to deliver savings of

$\approx 900M^2$

in 2021 and beyond

**Enterprise modernization**
- Technology enhancements
- Productivity improvements

Targeting savings of

$1.5B-2.0B^2$

in 2022 and beyond
Enterprise priorities create path to accelerate growth

Projected Adjusted EPS growth (%): 2019 - Mid single digits, 2020 - Low single digits, 2021 - Mid single digits, 2022+ - Low double digits

2019: $6.75 to $6.90

2020: Low single digits

2021: Mid single digits

2022+: Low double digits
Our commitment to shareholders

Consistent vision and strategy

Relentless focus on execution across the enterprise

Disciplined investment decisions and thoughtful portfolio evaluation

Delivering superior returns
Driving Profitable Growth as a Consumer Health Company
Karen Lynch

Advancing the Enterprise to Unlock Value
Eva Boratto

Building the Most Consumer-Centric Health Company
Alan Lotvin, MD

Establishing the Foundation for Transformation
Jon Roberts

Evolving Strategy for a Changing Marketplace
Derica Rice

Consumer Innovation Driving Profitable Growth
Kevin Hourican
1. Number of in-home visits includes visits by Coram, Aetna, and vendor nurses or other care team members to homes or other community settings.
2. Currently enacted laws and regulations were used in all the Company’s projections.
3. This financial measure is a non-GAAP financial measure. For an explanation of this financial measure and a reconciliation to the most directly comparable GAAP measure, refer to our Investor Relations website at https://www.investors.cvshealth.com.
Advancing the Enterprise to Unlock Value

Eva Boratto
Executive Vice President & Chief Financial Officer
Continued focus on enhancing long-term shareholder value

Steps of value creation to drive long-term growth

- Sustainable long-term growth
- Launching transformative products
- Generating significant cash flow from operations
- Optimizing capital allocation
Agenda

2019 guidance review

Value creation through integration synergies, modernization & transformation

Financial outlook & capital allocation strategy
Reaffirming all elements of 2019 guidance

($ in billions, except per share data)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Revenues</td>
<td>$251.2 to $254.4</td>
</tr>
<tr>
<td>Adjusted Operating Income&lt;sup&gt;3&lt;/sup&gt;</td>
<td>$15.0 to $15.2</td>
</tr>
<tr>
<td>GAAP Diluted EPS</td>
<td>$4.90 to $5.05</td>
</tr>
<tr>
<td>Adjusted EPS&lt;sup&gt;3&lt;/sup&gt;</td>
<td>$6.75 to $6.90</td>
</tr>
<tr>
<td>Cash Available to Repay Debt&lt;sup&gt;3&lt;/sup&gt;</td>
<td>$4.2 to $4.6</td>
</tr>
</tbody>
</table>
Agenda

2019 guidance review

Value creation through integration synergies, modernization & transformation

Financial outlook & capital allocation strategy
Executing on integration synergies to reach ~$900M run rate

Business integration
- Plan design
- Specialty / Coram / PBM Operations / Other

General & administrative functions
- Vendor contracting
- Streamline corporate functions

Medical cost savings
- Improve adherence and close gaps in care for patients with chronic diseases
- Optimize existing programs in readmission prevention
- Site of care management
2. ENTERPRISE MODERNIZATION

Generating net savings with enterprise modernization

Areas of net savings
- Technology modernization
  - Rationalization
  - Centers of excellence
- Productivity improvements
  - Optimize call centers
  - Vendor management
  - Business initiatives

Projected costs to achieve
- Operating expenses
  - $200M-$300M\(^1\) annually through 2022

Modernization net savings are incremental to previously disclosed cost reduction programs

---

Modernization net savings are projected to be $1.5B-$2.0B\(^1\) for the Run Rate 2022P, $900M-$1.1B\(^1\) for 2021P, and $400M-$600M\(^1\) for 2020P.

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\(^1\) Modernization net savings are incremental to previously disclosed cost reduction programs.
Driving long-term value through transformation

- Medical cost savings
  - Commercial insured
  - Medicare Advantage

- Membership growth
  - Plan sponsors
  - Medicare Advantage members

- Expanded use of CVS assets
  - Pharmacy
  - MinuteClinic®
  - Front of store
  - Coram
  - Medicare Advantage quality improvement

- Increased customer satisfaction and retention
  - Improving the consumer experience

- Open platform and new businesses
  - Payor agnostic solutions
  - Data and analytics products
  - New businesses

Projected to drive ~$850M of incremental operating income in 2022, growing to ~$2.5B long term¹
Substantial long-term value creation through strategic initiatives & consumer-centric products

Projected to drive a run rate of ~$3.5B in operating income in 2022¹

1. Integration synergies
2. Enterprise modernization
3. Transformation

$1.5B - $2.0B
~$900M
~$850M
Agenda

2019 guidance review

Value creation through integration synergies, modernization & transformation

Financial outlook & capital allocation strategy
Balancing near-term execution with long-term vision

1. Mitigate headwinds
2. Execute streamlining and expense reduction initiatives
3. Focus on integration process and exceed synergy expectations
4. Refine and roll out new front doors to health care
5. Optimize enterprise portfolio and evaluate asset base
6. Enhance shareholder returns through disciplined capital allocation
Well positioned for long-term growth

Projected Adjusted EPS growth\(^{1,3,6}\) (%)

- **2019**: $6.75 to 6.90
- **2020**: Low single digits
- **2021**: Mid single digits
- **2022+**: Low double digits\(^5\)

**2020P Key Elements\(^1\)**
- $7.00+ Adjusted EPS\(^{3,6}\)
- Revenue up low single digits %
- Tax rate ~ 28.5%
# Health Care Benefits – 2020 year-over-year drivers

<table>
<thead>
<tr>
<th>Total Revenues(^1)</th>
<th>Adjusted Operating Income(^1,3,4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divestiture of Aetna PDP</td>
<td>Competitive environment</td>
</tr>
<tr>
<td>Health insurance fee reinstatement</td>
<td>Divestiture of Aetna PDP and stranded costs</td>
</tr>
<tr>
<td>Outpace industry growth in gov’t services</td>
<td>Health insurance fee reinstatement(^2)</td>
</tr>
<tr>
<td></td>
<td>Outpace industry growth in gov’t services</td>
</tr>
<tr>
<td></td>
<td>Synergies / enterprise modernization</td>
</tr>
<tr>
<td></td>
<td>Transformation</td>
</tr>
</tbody>
</table>

2020P up mid single digits %  

2020P up high single digits %
## Retail / LTC – 2020 year-over-year drivers

<table>
<thead>
<tr>
<th>Total Revenues</th>
<th>Adjusted Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front store continued shift to digital</td>
<td>▼</td>
</tr>
<tr>
<td>Front store formats &amp; personalization</td>
<td>▲</td>
</tr>
<tr>
<td>Omnicare</td>
<td>▲</td>
</tr>
<tr>
<td>Outpace industry growth in Rx</td>
<td>▲</td>
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<td></td>
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</tbody>
</table>

2020P up low-to-mid single digits %  
2020P up low single digits %
Pharmacy Services – 2020 year-over-year drivers

<table>
<thead>
<tr>
<th>Total Revenues(^1)</th>
<th>Adjusted Operating Income(^1,3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthem</td>
<td>▲</td>
</tr>
<tr>
<td>Net new business / Centene migration</td>
<td>▼</td>
</tr>
<tr>
<td>Specialty</td>
<td>▲</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Purchasing economics ▲
Rebate guarantees ▲
Synergies / enterprise modernization ▲

2020P down low-to-mid single digits %
2020P down mid single digits %
Investing in capabilities to drive sustainable long-term value

$2.3B to $2.6B
Annual projected capital expenditures

Key areas of capital spending

**Historical**
- Remodels
- New stores
- Technology
- Initiatives

**Projected**
- Innovative HealthHUB®s
- Transformative products and modernization
- New stores
- Data analytics
- Consumer experiences
Strong cash flow generation and effective capital deployment

Plan to reduce debt significantly to reach leverage ratio target of low 3x’s

~4.7x

at transaction close³

Leverage Ratio¹,³,⁷

Mid ~3x

2021P¹,³,⁷

Low ~3x

2022P⁺¹,³,⁷

Focused on debt reduction in the near term
- Committed to returning to low 3x’s leverage ratio target
- Significant cash flow from operations supports debt repayment

Expect to pay down ~$7.5B of debt from close of Aetna transaction to the end of 2019
- Aggregate $5.1B of cumulative debt repaid to date

Increased opportunity to enhance shareholder value once leverage ratio target achieved
Thoughtful capital allocation strategy to drive long-term value creation

Near term (2020P-2021P)¹

- Debt Paydown: ~45%
- Net Capital Expenditures
- Capital Deployment to Shareholders – Dividends Only: ~25%
- Additional Retained Capital Needs of Insurance Subsidiaries: ~20%
- Additional Retained Capital Needs: ~10%

Expect $10B - $12B¹,² cash available annually for enhancing shareholder value in the long term (2022+).
## Long-term assumptions – 2022 and beyond

<table>
<thead>
<tr>
<th>Health Care Benefits</th>
<th>Retail / LTC</th>
<th>Pharmacy Services</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial retention</td>
<td>▲ Generics ▼</td>
<td>▲ Claims growth</td>
<td>▲ Capital deployment ▲</td>
</tr>
<tr>
<td>Competitive environment</td>
<td>▼ HealthHUB / services growth ▲</td>
<td>▲ Generics ▼</td>
<td>▲ Impact of digital ▼▲</td>
</tr>
<tr>
<td>Membership growth</td>
<td>▲ Improvement in LTC ▲</td>
<td>▲ Introduction of biosimilars ▲</td>
<td>▲ Interest expense ▲</td>
</tr>
<tr>
<td>Reimbursement pressure</td>
<td>▼ Pricing pressure ▼</td>
<td></td>
<td>Transformation / open platform ▲</td>
</tr>
<tr>
<td>Rx growth</td>
<td>▲ Specialty growth ▲</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Project adjusted EPS\(^{1,3}\)** growth in low double digits % on average
## Scorecard to evaluate success

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EPS Growth</strong>³</td>
<td>$6.75 - $6.90</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>$7.00+ (Low single digits%)</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>Mid single digits %</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>Low double digits %</td>
<td>2022+</td>
</tr>
<tr>
<td><strong>Integration synergies</strong></td>
<td>$300M - $350M</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>~ $800M</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>~ $900M</td>
<td>2021+</td>
</tr>
<tr>
<td><strong>Enterprise modernization</strong></td>
<td>$1.5B - $2B</td>
<td>Run Rate 2022</td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>~ $850M</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>~ $2.5B</td>
<td>Long-term</td>
</tr>
<tr>
<td><strong>Leverage ratio</strong>³,⁷</td>
<td>Low 3x's</td>
<td>2022</td>
</tr>
<tr>
<td><strong>Cash available for enhancing shareholder value</strong>⁸</td>
<td>$10B - $12B</td>
<td>Annually Long-term</td>
</tr>
<tr>
<td><strong>Inventory reduction</strong></td>
<td>~ $1.5B</td>
<td>2022</td>
</tr>
</tbody>
</table>
KEY TAKEAWAYS

Steps to unlocking significant value well underway

Strong progress executing our plan to grow and differentiate our businesses

Significant upside to synergy targets

Positioned for long-term enterprise growth

Thoughtful allocation and prioritization of capital
Endnotes

1. Currently enacted laws and regulations were used in all the Company’s projections.
2. After income taxes, the Health Insurer Fee is projected to be a headwind for the Health Care Benefits segment.
3. This financial measure is a non-GAAP financial measure. For an explanation of this financial measure and a reconciliation to the most directly comparable GAAP measure, refer to our Investor Relations website at https://www.investors.cvshealth.com.
4. Health Care Benefits segment projections do not include an estimate of prior years’ development.
5. 2022 includes modest share repurchases.
6. Projected Adjusted EPS after 2019 excludes from GAAP diluted EPS the impact of amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance, the corresponding tax benefit or expense related to the items excluded from adjusted net income attributable to CVS Health and the corresponding impact to income allocable to participating securities, net of tax, related to the items excluded from net income attributable to CVS Health in determining adjusted net income attributable to CVS Health. The Company is not able to project the amount of any such other items during periods after 2019 at this time and therefore cannot reconcile projected Adjusted EPS after 2019 to projected GAAP diluted EPS. The Company is unable at this time to accurately quantify the significance of any item of unavailable information.
7. The Company defines its leverage ratio as Adjusted Debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). Adjusted Debt is defined as short-term debt and total long-term debt (including the current portion of long-term debt), plus the present value of future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year. Adjusted EBITDA is defined as (i) net income before income taxes, depreciation and amortization, plus (ii) implied interest expense on future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year, less (iii) other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance, such as goodwill impairments, interest income on financings associated with proposed acquisitions (for periods prior to the acquisition) and any other items specifically identified herein. The Company is not able to project the Adjusted EBITDA amount during 2021 or 2022 and beyond at this time and therefore cannot reconcile projected adjusted EBITDA to projected GAAP net income. The Company is unable at this time to accurately quantify the significance of any item of unavailable information.

8. Cash available for enhancing shareholder value annually in the long term is inclusive of current shareholder dividends.
Building the Most Consumer-Centric Health Company

Alan Lotvin, MD
Executive Vice President &
Chief Transformation Officer
A team with a diverse experience set to lead our company through a time of change

Alan Lotvin, MD
Chief Transformation Officer

Dan Finke
Transformation Products & Services

Megan Hall
Strategy & Partnerships

Ali Keshavarz
Analytics & Behavior Change

Bruce Culleton, MD
Kidney Care

Kari Holloway
Kidney Care

Nicki MacManus
Primary Care Optimization

Ben Wanamaker
Consumer Products

Quinby Squire
Chief Financial Officer

Dave Edelman
Chief Marketing Officer

Betsy Ferguson
Legal

Eldridge Banks
Human Resources

Tammy Arnold
Communications

CVS Health.
Agenda

Strategy for accelerating growth

Our differentiated consumer experience

Product roadmap and value creation
A truly consumer-centric health company

Be local
Community-focused
Within 3 miles of ~70% of US population

Make it simple
Technology-enabled
Connecting physical and digital experiences

Improve health
Solving unmet needs to help achieve best health
More than 30K health care professionals
Our community assets differentiate us

Consumers invite us into their **homes**

We are embedded in their digital lives, in their **hands**

Our stores are in their community – a local “**hub**”
We meet consumers where they are
We’re reinventing local health care delivery with our community assets

ONE EXAMPLE:

MinuteClinic® services in 2019

Traditional primary care

Urgent care

MinuteClinic® can manage ~ 80% of the scope of typical primary care practice

Currently over 1,100 MinuteClinic® locations

New services include:
- Sleep apnea screening
- Retina evaluations
- Phlebotomy

High Acuity Acute  Low Acuity Acute  Preventive  Low Complexity Chronic  High Complexity Chronic
Transformational products and services

- Solve customers’ biggest problems
- Accelerate in fastest growing segments
- Deliver true innovation
- Differentiate legacy businesses
Our product and service portfolio targets the biggest challenges in health care

- **New consumer facing products**
  - **Comprehensive chronic care and disease management**
    - 60% adults have chronic disease\(^1\)
    - $3T in spend in U.S.\(^2\)
    - $50B spent by Aetna clients\(^3\)
- **Optimize government programs**
  - **Home hemodialysis**
    - $114B in Medicare spend on CKD and ESRD patients\(^5\)
    - CMS to maximize home therapy\(^11\)
- **Risk carve-outs**
- **Analytics products**

Focusing on large opportunities enables us to create significant financial value
Agenda

Strategy for accelerating growth

Our differentiated consumer experience

Product roadmap and value creation
360° member view enables personalized engagement

Identify consumer risk stratification
- Complex chronic
- Common chronic
- Healthy

Personalized engagement

Impactful interventions
- Coordinate care
- Integrate member context
- Influence meaningful moments
Transforming the patient journey

Multiple community touchpoints

Connecting physical and virtual experience

Two-way data flows to defragment care

JOSEPH
48 years old
- Has type-2 diabetes
- Infrequently sees his primary care doctor
- On medication
- Demanding job

SUSAN
62 years old
- Has difficult-to-control high blood pressure
- Last visit with PCP was 1 year ago
- Wants to work until age 70

Refer to endnote 9.
JOSEPH’S JOURNEY

Identified as needing an annual diabetes exam, Joseph is counseled while filling his prescription.
JOSEPH’S JOURNEY

MinuteClinic® administers annual diabetes exam. Need for additional support identified.

Dietician  Primary care provider  Care manager  Pharmacy  MinuteClinic®
JOSEPH’S JOURNEY

Care manager visits Joseph at home and creates a care plan to keep him on track.

Joseph’s care plan:

- Annual diabetic exam
- Medication reconciliation
- In home assessment
- Blood sugar testing
- Meet with dietician
- Follow up with specialist(s)
Analytics identify elevated risk. Care management contacts Susan.

Note: Home hemodialysis device still pending FDA approval
SUSAN’S JOURNEY

Discusses options for future renal replacement therapy and makes a plan for future dialysis.

Note: Home hemodialysis device still pending FDA approval
SUSAN’S JOURNEY

Starts home hemodialysis and is able to continue working.

Note: Home hemodialysis device still pending FDA approval
The CVS Health difference

Community touchpoints are our differentiator:

- Changing behavior by being a part of daily life
- Improving outcomes associated with chronic disease
Agenda

- Strategy for accelerating growth
- Our differentiated consumer experience
- Product roadmap and value creation
Our product and service portfolio targets the biggest challenges in health care

- **New consumer facing products**
  - Greenfield opportunity
  - Substantial focus of health care VCs

- **Optimize government programs**
  - STARs drives revenue and enrollment
  - $6.3B opportunity for MA plans

- **Comprehensive chronic care and disease management**

- **Risk carve-outs**
  - $180B spend for oncology / kidney disease
  - Major client pain point

- **Analytics products**
  - $19B industry growing at a 28% CAGR
  - Highly fragmented industry

Focusing on large opportunities enables us to create significant financial value
## How we’ll create value across the enterprise

<table>
<thead>
<tr>
<th>Medical cost savings</th>
<th>Membership growth</th>
<th>Expanded use of CVS assets</th>
<th>Increased consumer satisfaction and retention</th>
<th>Open platform and new businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial insured</td>
<td>Plan sponsors</td>
<td>Pharmacy</td>
<td>Improving the consumer experience</td>
<td>Payor agnostic solutions</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>Medicare Advantage members</td>
<td>MinuteClinic®</td>
<td></td>
<td>Data and analytics products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Front of store</td>
<td></td>
<td>New businesses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coram</td>
<td></td>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Medicare Advantage quality improvement</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>
Transformation product timeline

<table>
<thead>
<tr>
<th>Product</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive chronic care and disease management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New consumer facing products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimize government programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk carve-outs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home hemodialysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analytics products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The portfolio is projected to drive significant operating income

**2022**

~$850M in projected operating income for the enterprise

- 55% Insured medical cost savings ~$450M
- 35% Other self-insured and health plan payors ~$300M
- 10% New businesses/other ~$100M

**Long Term**

~$2.5B in projected operating income for the enterprise

- 35% Insured medical cost savings ~$900M
- 25% Other self-insured and health plan payors ~$600M
- 40% New businesses/other ~$1B

The portfolio is projected to drive significant operating income.
KEY TAKEAWAYS

Building the most consumer-centric health company

Becoming the most consumer-centric health company

Differentiating through our community touchpoints

Building a balanced growth portfolio supporting all businesses

Projecting ~$2.5B of operating income over the long term
Endnotes

1. 6 in 10 adults in the US have a chronic disease; Source: CDC
2. $3T in US spend on people with chronic and mental health conditions; Source: CDC
3. $50B in chronic care spend within Aetna membership in 2017 (includes insured and ASO); Source: Aetna
4. $6.3B in bonus payments from CMS for Medicare Advantage plans; Source: KFF
5. $180B+ in US spend on cancer and renal disease in 2017; Source: United States Renal Data System, National Cancer Institute
6. $114B+ in Medicare spend on CKD and ESRD patients in 2016; Source: United States Renal Data System
7. Top two analytics industry leaders earned $19B in revenue in 2018; Source: Annual Reports (UnitedHealth Group Incorporated, IQVIA Holdings Inc.)
8. Healthcare analytics 28% annual growth rate; Source: ReportsnReports
9. Joseph and Susan are illustrative patient examples.
10. Currently enacted laws and regulations were used in all the Company’s projections.
Establishing the Foundation for Transformation

Jon Roberts
Executive Vice President &
Chief Operating Officer

CVS Health
Transforming our operations to enable long-term growth

NEW OPPORTUNITY
Unmatched expertise across multiple areas of health care
Businesses with aligned objectives and complementary assets
Data-driven, robust technology foundation

To capitalize on this opportunity, we will establish a new operational foundation

Enhance our technology infrastructure to deliver connected, personalized experiences
Optimize our pharmacy supply chain to reduce costs
Modernize our enterprise to drive long-term value and fund future growth
Agenda

Consumer-centric, data-driven infrastructure

Optimizing the pharmacy supply chain

Enterprise modernization
Building a consumer-centric technology infrastructure

Three Key Areas

Integrated data and advanced analytics

An intelligent engagement platform

Seamless, connected digital & physical experiences
Creating an integrated data ecosystem

Creating a high-quality, reliable, protected and integrated data platform for the enterprise…

…to **unlock the power of our data; delivering value in new ways**

- Increasing consumer engagement
- Enhancing business benefits
- Driving new business

*Data will be used only as permitted by applicable laws, client contracts and our internal policies and standards*
Applying advanced analytics, including machine learning and artificial intelligence

Supporting our businesses
- Revenue & membership growth
- Network & provider tools
- Cost management
- Personalization

Engaging consumers
- Next best action analytics that develop targeted engagement opportunities to influence consumer behavior and improve health outcomes

Consumer Behavior Change
Developing an intelligent engagement platform

Understanding the consumer's journey and creating a customized engagement strategy

Consistent and connected outreach across various channels

Continually updated 360° view of consumer to personalize product and service offerings and engagement

Personalized content management; the right topic, for the right consumer

Understanding the situational context; the right time and sequence

Consumer-focused approach to communication, when and how they prefer
Maintaining my health is my first priority since learning I’m at risk for complications associated with my diabetes.

AGE: [ ]
INCOME: [ ]
JOB: Employed
DEVICES USED: [ ] Mobile phone
PREFERENCES: Appreciates proactive outreach as he balances work, family and his health

Our technology in action

Data Platform
360° view of Joseph (preferences, health info, etc.)

Analytics
Engagement recommendations based on Joseph’s preferences

Business Platforms
Integrated back-end systems enable seamless, simple, and convenient front-end experiences

Engagement Platform
Connected channels know when and how to engage with Joseph

Consumer Touchpoint
Mobile scheduling and reminders delivered via digital app

Refer to endnote 15.
Building on our existing foundation, we are taking an agile and scalable approach

Build on our existing technology
modernize and rationalize as needed

Take a use case driven approach to build
guided by the needs of our customers, strategy and businesses

Start small, show value, and iterate
with a design that allows us to expand, scale, and remain agile

Build for the enterprise
ensuring we maximize the value of our investment
Agenda

Consumer-centric, data-driven technology

Optimizing the pharmacy supply chain

Enterprise modernization
**Levers to optimize our pharmacy supply chain**

<table>
<thead>
<tr>
<th>1. Size, scale, and expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Traditional generics</td>
</tr>
<tr>
<td>3. Specialty &amp; biosimilars</td>
</tr>
<tr>
<td>4. Pharmacy &amp; medical benefit</td>
</tr>
<tr>
<td>5. Innovative contracting</td>
</tr>
</tbody>
</table>
Our advantages make us a marketplace leader

- **100+ Million** lives under management across PBM and Health Care Benefits
- **2.7 Billion** enterprise prescriptions dispensed and managed per year
- **$18.5 Billion** savings from generics and biosimilars (2016-2018)
- **$67 Billion** rebate value delivered to clients and members (2016-2018)

Our scale and expertise enable us to hold down costs for consumers and customers
Red Oak continues to position us to win in the traditional generics marketplace

New Capabilities

- Increased data and analytics capabilities
- Expanded ability to identify risks and opportunities across the global supply chain
- Enhanced supplier assessment framework to deliver greater stability and predictability
- Improved monitoring of international regulatory agencies and each element of the supply chain
Opportunity remains beyond the traditional generic marketplace to create value with our unique capabilities.

2. TRADITIONAL GENERICS

Historic and potential future generic launches

Sales of branded products with recent and upcoming generic launches (excluding biosimilars)

U.S. Sales ($ Billions)

**Future Opportunities:**
- Complex generics
- Single-source generics

**Past Sales:**
- Celebrex ($2.6B)
- Diovan ($2.2B)
- Lovaza ($1.0B)
- Abilify ($7.9B)
- Nexium ($6.0B)
- Namenda ($1.5B)
- Copaxone 20MG ($1.6B)
- Crestor ($6.5B)
- Gleevec ($2.5B)
- Zetia ($2.5B)
- Serqueol XR ($1.4B)
- Benicar (plain) ($1.1B)
- Nasonex ($1.0B)
- Copaxone 40MG ($3.3B)
- Remova Tabs ($1.8B)
- Viagra ($1.4B)
- Strattera ($1.18)
- Lialda ($1.08)
- Cialis ($1.9B)
- Sensipar ($1.5B)
- Namenda XR ($1.2B)
- Zytiga ($1.28)
- Androgel ($1.08)

**Potential Future Sales:**
- Advair Diskus ($4.7B)
- Lyrica ($4.3B)
- Suboxone Film ($1.8B)
- ProAir HFA ($1.8B)
- Ventolin HFA ($1.4B)
- Vescare ($1.2B)
- Dulera ($777M)
- Truvada ($3.08)
- Revlimid ($9.5B)
- Vimpat ($1.3B)
- Vyvanse ($3.5B)
- Latuda ($2.83)
- Aubagio ($1.48)
In Specialty, we will increase the use of biosimilars as approvals gain momentum

Sales of branded products with recent and upcoming biosimilar launches

<table>
<thead>
<tr>
<th>Product</th>
<th>2018</th>
<th>2019P</th>
<th>2020P</th>
<th>2023P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Epogen</td>
<td>$5.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neulasta</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rituxan</td>
<td></td>
<td>$6.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herceptin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avastin</td>
<td></td>
<td></td>
<td>$2.3</td>
<td></td>
</tr>
<tr>
<td>Humira</td>
<td>$13.6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Estimated launch date

Cost management opportunity improves when there is increased competition in a class or new therapy options are coming to market.
We will take an enterprise approach to reducing specialty drug costs under both the medical and pharmacy benefit.

Our combined capabilities create more opportunities to:

- Align incentives across stakeholders to increase competition in medical benefits
- Explore value-based collaboration with providers to enhance formulary compliance
- Work to ensure drug prices align to the value they deliver

Integrated approach can improve affordability of prescription drugs

U.S. specialty pharmaceutical market by channel (In billions)²

<table>
<thead>
<tr>
<th></th>
<th>2021P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy</td>
<td>$280</td>
</tr>
<tr>
<td>Medical</td>
<td>$150</td>
</tr>
<tr>
<td></td>
<td>$130</td>
</tr>
</tbody>
</table>
### High-cost therapies present opportunities for innovative approaches

<table>
<thead>
<tr>
<th>Gene therapy</th>
<th>Examples:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expensive</td>
<td>$850K Luxturna for inherited vision loss&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
<tr>
<td>Single-use agents</td>
<td>$2M+ Zolgensma for spinal muscular atrophy in pediatric patients&lt;sup&gt;8&lt;/sup&gt;</td>
</tr>
<tr>
<td>“Curative”</td>
<td>$2-3M Valoctocogene Roxaparvovec for hemophilia A&lt;sup&gt;9&lt;/sup&gt;</td>
</tr>
<tr>
<td>Replace lifetime therapy</td>
<td></td>
</tr>
</tbody>
</table>

| Car T-cell therapy | $475K Kymriah for acute lymphoblastic leukemia<sup>10</sup> |
| High-cost          | $375K Lisocabtagene Maraleucel for aggressive non-Hodgkin’s lymphoma<sup>11</sup> |
| Patient-specific therapy | |
| Drug or procedure  | |
| Medical or pharmacy benefit | |
Gene therapy

Expensive
Single-use agents
“Curative”
Replace lifetime therapy

Example (illustrative):

- **$850K**
  - Luxturna for inherited vision loss
- **$2M+**
  - Zolgensma for spinal muscular atrophy in pediatric patients
- **$2-3M**
  - Valoctocogene Roxaparvovec for hemophilia A

- Therapy should lead to the patient avoiding bleeding events and subsequent medical costs of those events, such as ER visits.
- Therapy should result in a significant decrease or no need for current factor therapy ($100K+ cost annually).
Optimizing our pharmacy supply chain

• Well positioned to drive value from traditional generics and biosimilars

• CVS + Aetna combination provides additional levers to drive value in specialty pharmacy under the medical benefit

• We will use our enterprise assets to continue to optimize our pharmacy supply chain in rapidly evolving marketplace
Agenda

Consumer-centric, data-driven technology

Optimizing the pharmacy supply chain

Enterprise modernization
Generating net savings with enterprise modernization

$1.5B to $2.0B

$900M-$1.1B

$400M-$600M

Areas of net savings
- Technology modernization
  - Rationalization
  - Centers of Excellence
- Productivity improvements
  - Optimize call centers
  - Vendor management
  - Business initiatives

Projected costs to achieve
- Operating expenses
  - $200M-300M annually through 2022

Modernization net savings are incremental to previously disclosed cost reduction programs

This is a cross-enterprise effort to create capacity and invest in our growth

CVS Health
Major long-term value opportunities will help us reach our strategic and financial aspirations

Enterprise modernization

- Work smarter to deliver substantial cost benefits
- Deliver unmatched consumer experience
- Build an innovative workplace and workforce
- Pursue a responsible sustainability agenda

IT modernization

Enterprise service delivery center

Member experience of the future

Demand management
Example: Automating pharmacy benefit plan configuration

Delivering faster, more accurate client benefits and better member experience

2,800+ clients offering 1,000’s of plans, millions of PBM members → Automated machine learning techniques

Over 98% accuracy in preliminary results

Estimated to reduce costs by 80% and improve service
Example: Targeting significant reduction in call center cost while improving member experience

>100M
Inbound calls received each year across PBM, Aetna, and Retail businesses

>$1B
Annual spend from external and internal call center operations

Goals

Reduce call center cost by >30% …

…while improving member experience …

…and moving to higher-value interactions

Leverage technology

Change behaviors
KEY TAKEAWAYS

Building a powerful operational foundation

At the center – a consumer-centric technology infrastructure with advanced analytics

An optimized pharmacy supply chain – capitalizing on generics and biosimilars, and utilizing innovative contracting

Multi-year Enterprise Modernization Initiative – projected run rate net savings of $1.5B - $2.0B in 2022
Endnotes

4. IMS and Evaluate Ltd. Annual USA Sales Summary data, pulled on May 22, 2019. 2014-2018 includes all actual launches; 2019-2023 includes all expected generic launches and are subject to change. IMS total brand market sales estimates represent trailing 12 months of sales. Evaluate sales estimates represent sales for the branded drug in the launch year. This slide contains references to brand-name prescription drugs that are trademarks or registers trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
5. Evaluate Ltd. Annual USA Sales Summary for 2018, pulled on May 21, 2019. Dates included in this slide are reflective of estimated commercial launch date and subject to change. Branded drugs are placed in the year that their biosimilar equivalent is expected to launch. Values shown are annual sales for the branded drug in the launch year. This slide contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
Endnotes

13. Currently enacted laws and regulations were used in all the Company’s projections.
15. Joseph is an illustrative patient example.
Driving Profitable Growth as a Consumer Health Company

Karen S. Lynch
Executive Vice President & President, Aetna
Agenda

Strategy

Business Update

• Medicare
• Medicaid
• Commercial & Supplemental
Health is personal

Together, we will accelerate our journey to transform the health care experience
Transformational change

Complementing our core with the development of new products and services

Grow the core
Multi-pronged approach to deliver growth across HCB businesses
- Expand geographic footprint
- Optimize growth within existing businesses
- Enhance local, omni-channel distribution strategy

Build the new
Innovative solutions and services to be delivered in the community
- Create integrated experience offerings
- Establish holistic care coordination and delivery
- Develop engaging consumer tools and resources
Integrating capabilities to differentiate the health care experience

Consumer-centric approach to
- Medical cost management
- Customer retention and acquisition
- Lifetime value generation

HealthHUBs®

CVS
- MinuteClinic®
- Walk-in Clinics
- Retail Pharmacies
- Coram
- Specialty infusion
- Novologix
- Medical Specialty Rx
- Accordant
- Care management

AETNA
- bswift®
- Shop/buy/enroll
- Aetna® Community Care
- Local care teams
- PayFlex®
- Pay. Save. Invest.
- Virtual health
- Aetna® Health
- Digital self-service
- Aetna One® Advocate
- Personal touch

Medical Specialty Rx
Retail Pharmacies
Coram
Specialty infusion
Novologix
Care management
MinuteClinic®
Walk-in Clinics
The combined advantage

<table>
<thead>
<tr>
<th>Be local</th>
<th>Make it simple</th>
<th>Improve health</th>
</tr>
</thead>
<tbody>
<tr>
<td>MinuteClinic optimization</td>
<td>Holistic product integration</td>
<td>Pharmacy panels</td>
</tr>
<tr>
<td>In-store Medicare knowledge centers</td>
<td>“Hospital to Home”*</td>
<td>Digital triage*</td>
</tr>
</tbody>
</table>

*Future program launch
The future

1. Evolving from health insurer to consumer health company
2. Delivering holistic care to our members
3. Transforming the industry with combined CVS Health / Aetna assets
Agenda

Strategy

Business Update

- Medicare
- Medicaid
- Commercial & Supplemental
Our business today - Medicare

1.3M+ Individual members
21% CAGR (2015 – 1Q 2019)

900K+ Group members
15% CAGR (2015 – 1Q 2019)

6.0M+ PDP members*
Largest PDP membership in the nation (1Q 2019)

*Excludes members divested to WellCare Health Plans, Inc. effective December 31, 2018.
A compelling landscape

We have grown membership faster than competitors and captured share.

Aetna has achieved **approximately 2.5 times** the Medicare Advantage industry’s growth rate during this time period (industry 6.6%)\(^2\)

CMS expects a continuation of the positive trends in Medicare Advantage enrollment.
Capturing the opportunity

Medicare Advantage Star Ratings
% of members in 4+ star-rated plans

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry</th>
<th>Aetna</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>60%</td>
<td>79%</td>
</tr>
<tr>
<td>2016</td>
<td>70%</td>
<td>87%</td>
</tr>
<tr>
<td>2017</td>
<td>67%</td>
<td>91%</td>
</tr>
<tr>
<td>2018</td>
<td>73%</td>
<td>88%</td>
</tr>
<tr>
<td>2019</td>
<td>75%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Percentage of Medicare Advantage beneficiaries with access to Aetna plans

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>45%</td>
</tr>
<tr>
<td>2016</td>
<td>49%</td>
</tr>
<tr>
<td>2017</td>
<td>56%</td>
</tr>
<tr>
<td>2018</td>
<td>62%</td>
</tr>
<tr>
<td>2019</td>
<td>75%</td>
</tr>
<tr>
<td>2020</td>
<td>~80%</td>
</tr>
</tbody>
</table>

More than 82,000 PDP to Medicare Advantage conversions 2015 - 2019

*Ranked #1 among publicly traded companies 3 of the past 5 years

†Percentage of Medicare Advantage beneficiaries with access to Aetna plans

*Ranked #1 among publicly traded companies 3 of the past 5 years
Critical capabilities

Local Market Presence & Depth
Deep understanding of market dynamics and local presence to drive mind share and contracting

Consumer Experience
Focus on simplification, minimizing consumer hassles, and differentiation through local collaborations

Care Delivery Ecosystem
Value-based contracting with aligned incentives; clinical risk stratification and predictive modeling

Analytics & Technology
360° view of consumers and providers; operational efficiency enabled by robotics, machine learning, and artificial intelligence
The combined advantage

“Hospital to Home”

Making it simpler for our customers to improve their quality of life

Expect to launch pilot in 4Q 2019
The future

1. Continued above industry growth
2. Commitment to STARS excellence
3. Personalized care in the community and in the home
Agenda

Strategy

Business Update

- Medicare
- Medicaid
- Commercial & Supplemental
Our business today - Medicaid

2M members in risk and non-risk agreements

Serving 16 state partners across the nation

Footprint State
Medicaid growth opportunity

Medicaid Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>FFS</th>
<th>Managed Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$460B</td>
<td>$240B</td>
</tr>
<tr>
<td>2015</td>
<td>$513B</td>
<td>$300B</td>
</tr>
<tr>
<td>2016</td>
<td>$539B</td>
<td>$300B</td>
</tr>
<tr>
<td>2017P</td>
<td>$552B</td>
<td>$300B</td>
</tr>
<tr>
<td>2018P</td>
<td>$589B</td>
<td>$300B</td>
</tr>
<tr>
<td>2025P</td>
<td>$903B</td>
<td>$600B</td>
</tr>
</tbody>
</table>

$460B $513B $539B $552B $589B $903B

6.3% Projected CAGR

60% of Medicaid expenditure is expected to be serviced by managed care by 2025.
We are delivering holistic health solutions for the Medicaid population that effectively respond to the social determinants of health and solve for health inequalities.

The opportunity to care for the more complex and higher acuity populations

- Physical Health
- Behavioral Health
- Social Economic Status

Starts Local
Our approach to the marketplace

Be local
Grow Medicaid through program expansions, winning new state contracts, and strong plan retention

Make it simple
Improve member and provider experience to better serve our members and support our vital provider partners

Improve health
Drive higher quality and plan performance by improving quality metrics and health outcomes

Lead the change
Deliver innovative solutions to evolve programs, optimize providers/vendors, and solve gaps impacting care
The combined advantage

Expanded primary care services at MinuteClinic

Improved access to care in the community

Launching in 4Q 2019
The future

1. Continuation of marketplace expansion
2. Capturing growth opportunities
3. Delivering improved access to care
Agenda

Strategy

Business Update

- Medicare
- Medicaid
- Commercial & Supplemental
Our business today - Commercial & Supplemental

~18M Commercial medical members projected for 2019

Among the largest providers of Dental and Behavioral benefits in the U.S.
A mature landscape

Number of people enrolled in employer-sponsored health care: 156M
Percent of the U.S. population enrolled in commercial health care: 49%
Expected commercial industry revenue growth through 2022: Low single digit %

Near-term Commercial medical membership and revenue expected to grow low single digit %
Critical capabilities

- Optimized value-based care model
  - VBC related spend
  - >50%

- Service and clinical models
  - A1A membership
  - +600K

- Growing supplemental opportunities
  - Projected 2019 revenue
  - ~$2.7B

Digital enhancements
The combined advantage

Pharmacy panels

Highly personalized pharmacist consultations

Launched in 1Q 2019
The future

1. Driving profitable growth
2. Delivering fully integrated offerings
3. Evolving with industry change
KEY TAKEAWAYS

A redefined health care experience is within reach

Ongoing progress on the journey to transform health care

Uniquely positioned to drive growth in all lines of business

Continued commitment to strategy, accelerated through the CVS Health combination
1. Currently enacted laws and regulations were used in all the Company’s projections.
2. February 2019 CMS Enrollment File; Kaiser Family Foundation
3. CVS Finance
5. Fact Sheet: Part C and D Star Ratings, available at https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html
7. Supplemental benefits refers to Aetna’s Dental, Vision, Behavioral, Third Party Administration and Wholesale, Voluntary and Worker’s Compensation businesses
8. LIMRA NADP 4Q18 US Workplace Benefits Dental and Vision in Force Survey Preliminary Report and Company research
11.IBIS World Industry Report 52411b Health & Medical Insurance in the U.S., December 2018
Evolving Strategy for a Changing Marketplace

Derica Rice
Executive Vice President & President, CVS Caremark
Agenda

Leading PBM platform today and tomorrow

Performance update

Four pillars of strategic growth
Client and member value delivered

2016 – 2018

$141B
Client pharmacy savings

$18.3B
Client medical savings from improved adherence

In 2018

44%
Clients saw their net Rx drug prices decline

~2 out of every 3
Members spent <$100 on Rxs

Innovative solutions drive ongoing value and client satisfaction
Caremark continues to pioneer industry-leading approaches to transform healthcare

- Drug spend management
  - ✔ Formulary innovations
  - ✔ Proven purchasing economics

- Operational excellence
  - ✔ Seamless on-boarding
  - ✔ Medicare D capabilities

- Specialty outperformance
  - ✔ Scale / purchasing
  - ✔ Optimal utilization management

- Enterprise-wide innovation
  - ✔ Maintenance Choice
  - ✔ Specialty Connect
  - ✔ Pharmacy Advisor

- New economic models
- Enterprise Modernization
- New best-in-class specialty solutions
- New open platform solutions
Agenda

Leading PBM platform today and tomorrow

Performance update

Four pillars of strategic growth
## Strong fundamentals, transient challenges

<table>
<thead>
<tr>
<th>Drivers / Challenges¹</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net new contracts</td>
<td>▲</td>
<td>▲</td>
<td>▼▼</td>
<td>▲</td>
</tr>
<tr>
<td>Centene carve-in</td>
<td>▼</td>
<td>▼▼</td>
<td>▼▼</td>
<td>▼▼</td>
</tr>
<tr>
<td>Rebate guarantees</td>
<td>▼▼</td>
<td>▼▼</td>
<td>▼▼</td>
<td>▼▼</td>
</tr>
<tr>
<td>Client pricing</td>
<td>▼▼</td>
<td>▼▼</td>
<td>▼▼</td>
<td>▼▼</td>
</tr>
<tr>
<td>Improvement to COGS</td>
<td>▲▲</td>
<td>▲▲</td>
<td>▲▲</td>
<td>▲▲</td>
</tr>
<tr>
<td>Specialty</td>
<td>▲▲</td>
<td>▲▲</td>
<td>▲▲</td>
<td>▲▲</td>
</tr>
</tbody>
</table>
2020 selling season results year-to-date

2020 Year-to-date Selling Season Revenue Impact\(^1,3\)
(As of May 2019)

- **Gross new business**: $+3.2B
- **Centene carve-in**: $(3.8B)
- **Other non-renewals**: $(8.1B)
- **Net new business**: $(8.7B)

Note: Anthem revenue recorded on a net basis vs. gross.
Agenda

Leading PBM platform today and tomorrow

Performance update

Four pillars of strategic growth
CVS Caremark is well positioned for growth

1. New economic models
   Drug spend management

2. Enterprise Modernization
   Operational Excellence

3. New best-in-class specialty solutions
   Specialty outperformance

4. New open platform solutions
   Enterprise-wide innovation
A full range of pricing model options for clients

+ Industry leading solutions for members

Clients

<table>
<thead>
<tr>
<th>Cost-Plus</th>
<th>Traditional</th>
<th>Guaranteed Net Cost</th>
<th>Risk-Based</th>
</tr>
</thead>
</table>

Transparency, predictability, and low net cost

Members

- Real-time prescription benefit information
- Zero-copay chronic drug list
- Point-of-sale rebates
Aligning for Growth: Enhancing the member experience

- Proactive communications to providers
- Real-time member information
- Best-in-class self-service tools
- Clinical secure messaging

**Member experience improvements**

**Expected benefits**

- Lower member out-of-pocket costs
- Minimized patient disruption
- Physicians pick optimal therapies
- Reduced administrative burden
- Enhanced adherence
- Improved outcomes
CVS Health projected to outpace the industry in Specialty Rx growth

Specialty accounts for 45% of the pharmacy spend and an estimated 60% of total drug spend under both pharmacy and medical benefits.
Delivering industry leading specialty results

1.7% Specialty unit price growth management

80% Patients digitally engaged

5.3% More patients optimally adherent with Secure Messaging

60M+ Novologix has highest adoption of any specialty medical solution
CVS Health continues to develop best-in-class specialty solutions to fuel growth

Innovative specialty solutions focused on:

- Patient care and provider connectivity
  - Provider and patient engagement
  - EHR connectivity
- Drive appropriate therapy
  - Creating competition with formulary
  - Biosimilars and generics adoption
  - Utilization management
- Deliver low net cost
  - Medical pharmacy cost reduction using Novologix
CVS Caremark has successfully delivered programs and enterprise innovation to our clients and health care stakeholders.

- **75+** Health Plan clients
- **1,400+** Employer clients
- **90+** Health Systems including provider organizations and ACOs
- **94M** Consumers CVS Caremark members

ACOs = Accountable Care Organizations
Continuing to solve the biggest health care challenges for all of our stakeholders

Transformation

- Comprehensive chronic care and disease management
- New consumer facing products
- Risk carve-outs
- Home hemodialysis
- Optimize government programs
- Analytics products

CVS Caremark open platform solutions

- Diabetes management
- Chronic kidney disease management
- Comprehensive oncology solution
- Vendor benefit management
- HealthHUB®

CVS Caremark distribution channel

Note: Diabetes management and comprehensive oncology solution expected to launch Q3 2019
Comprehensive oncology solution matches patients with optimal treatment options

Align physician incentives
- Value-based payment model

Enhance patient experience
- Holistic patient engagement advocacy

Improve care quality
- Real-time, regimen-level PA with NCCN guidelines

Novologix clinical decision support tools

Integrated High-touch Accordant Oncology and Aetna Advocates

Reduce UM administrative cost through decrease in phone and fax PA

Reduce medical spend through improved pathway compliance and member management

Oncology accounts for:

~25% of total specialty drug spend (medical and pharmacy benefit)

~10% of total health care spend (for patients undergoing oncology treatment)

UM = Utilization Management; NCCN = National Comprehensive Cancer Network; PA = Prior Authorization
KEY TAKEAWAYS

Well positioned for growth and innovation

Leading PBM platform today and tomorrow

Evolving strategy for a changing marketplace

Four pillars of strategic growth:
New economic models, enterprise modernization, best-in-class specialty solutions, open platform solutions
1. Currently enacted laws and regulations were used in all the Company’s projections.
2. CVS Health Enterprise Analytics; 2019. 2018 CVS Health Trend Report. Members are only utilizing members.
3. CVS Health Finance, Selling Season Report (YTD as of 5/24/2019)
4. Internal Specialty Finance; CAGR time period: 2015-2018
5. Fein, Adam J., The 2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute, 2019. Includes total prescription dispensing revenues from specialty drugs at retail, mail, long-term care, and specialty pharmacies. Does not include dispensing revenues from hospitals and health systems. Does not include revenue from provider-administered specialty drugs billed under a patient’s medical benefit. CAGR time period 2015 – 2018
7. CVS Health Enterprise Analytics, May. 2019. CVS Health Finance, 2016-2018. Projections based on CVS Caremark data CVS Specialty Digital data, 2017; analysis of short message service (SMS) and email alert signups. CVS Health 9/2017-10/2018, analysis of patients with Chronic Myelogenous Leukemia (CML); medication on-hand for ≥95% of study period.
9. CVS Health Enterprise Analytics, commercial client analysis, 2018 data.
10. Aetna Analytics analysis, 2018 data.
Consumer Innovation
Driving Profitable Growth

Kevin Hourican
Executive Vice President &
President, CVS Pharmacy
Agenda

Health of the business

Retail growth strategy
Leadership in retail prescription growth driving increased share

CVS Pharmacy Retail Share\(^1,2\) Growth\(*\)

<table>
<thead>
<tr>
<th>Year</th>
<th>CVS</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>9.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>7.1%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

CVS Pharmacy Retail Share\(^1,2\)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Mar</th>
<th>Jun</th>
<th>Sep</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>22%</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>2018</td>
<td>26.2%</td>
<td>27%</td>
<td>26%</td>
<td>26.3%</td>
</tr>
<tr>
<td>2019</td>
<td>26.3%</td>
<td>26.2%</td>
<td>25%</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

\(*90\)-day prescriptions counted as 3 30-day prescriptions
Prescription growth is 3x the industry

Clinical Services and Innovative Initiatives

Industry leading adherence programs:
Saving Patients Money, ScriptPath, Multi-Dose Packaging

~55% of Q1 2019 script growth

Networks and Real Estate

Strong performance in Medicare Part D plans
Continued strength of real estate program

~35% of Q1 2019 script growth

~10% of Q1 2019 script growth from underlying industry growth
Front store total revenue grew 1.5% in 2018 and 1.5% in Q1 2019.
Topline strength offset by significant industry headwinds

- Pharmacy reimbursement pressure
- Reduced benefits from generics
- Shift of retail to digital channels
Agenda

Health of the business

Retail growth strategy
Retail strategy will help transform health care experience

- Compelling place to shop
- Investing in omnichannel
- Customer-focused innovation
- Differentiated service experience

Productivity improvements enable lower cost basis and increased profitability
CVS Pharmacy is uniquely positioned to win

1. Grow revenue faster than the industry
   - Innovative clinical programs and front store experiences

2. Improve productivity to fund future growth
   - Automation and technology driving improvement

3. Change to value-based contracting
   - Align incentives and take on risk to lower overall medical costs

4. Transform health care experience
   - Become the new front door to health care
Innovation driving front store growth

• **Store Formats**
  thousands of remodels, tailored assortments

• **Health and Wellness**
  sick care and self care, hundreds of new items

• **Beauty**
  50 store remodels in 2019, new brands and services

• **Personalized Engagement**
  ExtraCare® powered by machine learning
Innovation driving pharmacy growth

• **Clinical Services**
  Health data and advanced analytics driving personalized engagement

• **Saving Patients Money**
  Proprietary Rx Savings Finder

• **ScriptPath™**
  Proprietary prescription label and medication dosing schedule

• **Multi-Dose Packaging**
  Free delivery to store or home (nationwide service)
Advancing convenience via omnichannel touchpoints to enhance the reach of our 9,900+ retail locations

- MinuteClinic® Walk-in Clinics
- MinuteClinic® Telehealth
- CVS Pharmacy Delivery Rx + Front
- CVS Pharmacy ExtraCare® + Carepass™
- CVS Pharmacy Rx Text Messages
- CVS Pharmacy Mobile App
- CVS Pharmacy Saving Patients Money
- CVS Pharmacy HealthHUB® Care Concierge
Enterprise modernization will enable profitable growth

2. PRODUCTIVITY IMPROVEMENT

Real Estate Optimization
Pharmacy Fulfillment
Front Store Operating Model
Pharmacy Inventory Efficiency
CVS Pharmacy will lead change in pharmacy contracting to include more value-based collaborations

Our growing, industry leading reach...

26%
Retail Rx Share

...and best-in-class adherence rates...

82%
Adherence Rate

...position us to partner in value-based contracts

- Value tied to outcomes
- Quality guarantees
- Shared savings models
Transforming the consumer health experience starts with HealthHUB®

- Be local
- Make it simple
- Improve health

Risk stratification

- Complex chronic
- Common chronic
- Healthy

Personalized engagement

- Coordinate care
- Integrate member context
- Influence meaningful moments

Impactful interventions

Enables

In consumers’ daily lives
HealthHUB® designed to meet consumer needs – from sick care to self care

- New Front Store Products
- New Health Services
- Advanced Pharmacy Care
HealthHUBs® are improving the customer experience

HealthHUBs® vs. Chain

- Net Promoter Score
  - HealthHUBs®: 75.3%
  - Chain: 66.4%
- Pharmacy Satisfaction
  - HealthHUBs®: 84.9%
  - Chain: 79.5%
- Front Store Satisfaction
  - HealthHUBs®: 81.1%
  - Chain: 76.3%

Customer Feedback:

- Products and Services
  - “Great new renovations and many new brands of product — especially vitamins.”
    - Store #285
  - “Excited about dietician in-house for consultation!!”
    - Store #1339
  - “…I like the expanded MinuteClinic services that are now available.”
    - Store #285

% of customers surveyed rating 9 or 10 on a 0 – 10 scale
**HealthHUB® expansion plans**

Four Metropolitan Areas in 2019
- Houston, Philadelphia / Southern New Jersey, Atlanta, Tampa

Nationwide coverage by end of 2021
~1,500 retail locations

*CVS Health.*
Improving health in the community

Nurse practitioner

Diabetes intervention\(^6,7\)

- Abdominal pain
- A1C > 12%
- Not testing blood sugar
- Multiple gaps in medication therapy
- Severe retinopathy
Improving health in the community

Care concierge

Hypertension intervention$^6,7$

- Concierge engages customer in the self care aisle
- Conversation results in a BP reading via onsite machine
- 200/120 BP results in immediate Minute Clinic visit
- Gaps in care closed and prescriptions dispensed
- Linkage back to primary care physician
KEY TAKEAWAYS

Retail strategy to deliver profitable growth

Lead industry in consumer-based innovation that drives outsized revenue growth in pharmacy and front store

Increase automation to streamline work flows and enable differentiated customer service experience

Collaborate with payors to align incentives, improve health outcomes, and lower overall medical costs

Transform health care delivery and experience in local communities through our trusted health care professionals
1. CVS Health Retail Prescription Growth excluding LTC
2. IQVIA (data reflects Jan 2017 IQVIA methodology change)
3. Multi-Outlet growth based on dollar volume from all retail outlets in the Food, Drug, Mass, Dollar, Club, and Military channels that provide POS data to Information Resource Inc. (IRI), as of 30-Dec-2018 and 31-Mar-2019
4. Adherence rate defined as Weighted Average Proportion of Days Covered for the 13 top chronic conditions calculated by patient and condition using last 12 months CVS Retail fill history, CVS Health 2018
5. My Customer Connection. Satisfaction reported is percent of respondents rating their experience 9 or 10 on a 0 – 10 scale; aggregate across all respondents for HealthHUB stores fiscal March 2019 and fiscal April 2019
6. CVS HealthHUB research, in-store surveys, interviews, and colleague observations. Houston, TX
7. Customer names have been changed to protect the privacy of individuals
2019 GUIDANCE

The following reconciliations contain forward-looking information. By its nature, all forward-looking information involves risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking information for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and our most recently filed Quarterly Report on Form 10-Q.

NON-GAAP FINANCIAL MEASURES

CVS Health Corporation (the “Company”) provides non-GAAP financial measures that exclude from the relevant GAAP metrics, as applicable, amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance. The Company uses non-GAAP measures to analyze underlying business performance and trends. The Company believes that providing these non-GAAP measures enhances the Company’s and investors’ ability to compare the Company’s past financial performance with its current performance. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. The Company’s definitions of non-GAAP financial measures may not be comparable to similarly titled measurements reported by other companies.

ADJUSTED EARNINGS PER SHARE

The Company defines adjusted net income attributable to CVS Health as net income attributable to CVS Health (GAAP measure) excluding the impact of amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance such as acquisition-related transaction and integration costs, store rationalization charges, goodwill and long-lived asset impairments, gains/losses on divestitures, net interest expense on financings associated with proposed acquisitions (for periods prior to the acquisition), the corresponding tax benefit or expense related to the items excluded from adjusted net income attributable to CVS Health, the corresponding impact to income allocable to participating securities, net of tax, related to the items excluded from net income attributable to CVS Health in determining adjusted net income attributable to CVS Health, and any other items specifically identified herein. GAAP diluted EPS and Adjusted EPS, respectively, are calculated by dividing net income attributable to CVS Health and adjusted net income attributable to CVS Health by the Company’s weighted average diluted shares outstanding. The following are reconciliations of projected net income to projected adjusted net income attributable to CVS Health and calculations of projected GAAP diluted EPS and projected Adjusted EPS:
A reconciliation of non-GAAP items disclosed for the respective periods to the most directly comparable GAAP measure.

**FULL-YEAR 2019**

<table>
<thead>
<tr>
<th>In millions, except per share amounts</th>
<th>Year Ending December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019P</td>
</tr>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Total Company</td>
<td>2018</td>
</tr>
<tr>
<td>Net income (GAAP measure)</td>
<td>$6,420</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests (GAAP measure)</td>
<td>(10)</td>
</tr>
<tr>
<td>Income allocable to participating securities (GAAP measure)</td>
<td>(5)</td>
</tr>
<tr>
<td>Net income attributable to CVS Health (GAAP measure)</td>
<td>$6,405</td>
</tr>
</tbody>
</table>

**Non-GAAP adjustments:**

- Amortization of intangible assets: 2,520 | 1.93 | 2,520 | 1.93 | 1,006 | 0.96
- Acquisition-related transaction and integration costs (1): 550 | 0.42 | 550 | 0.42 | 492 | 0.47
- Store rationalization charge (2): 135 | 0.10 | 135 | 0.10 | - | -
- Goodwill impairments (3): - | - | - | - | 6,149 | 5.89
- Impairment of long-lived assets (4): - | - | - | - | 43 | 0.04
- Loss on divestiture of subsidiary (5): - | - | - | - | 86 | 0.08
- Net interest expense on financing for the acquisition of Aetna (6): - | - | - | - | 894 | 0.85
- Income tax benefit (7): (785) | (0.60) | (785) | (0.60) | (658) | (0.63)
- Income allocable to participating securities, net of tax (8): - | - | - | - | (9) | (0.01)

**Adjusted net income attributable to CVS Health**

<table>
<thead>
<tr>
<th></th>
<th>2019P</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>High</td>
<td>Actual</td>
</tr>
<tr>
<td>Total Company</td>
<td>$8,825</td>
<td>$6.75</td>
</tr>
</tbody>
</table>

(1) In 2019, acquisition-related integration costs relate to the acquisition of Aetna. In 2018, acquisition-related transaction and integration costs relate to the acquisitions of Aetna and Omnicare, Inc. ("Omnicare").

(2) Primarily relates to operating lease right-of-use asset impairment charges in connection with the planned closure of 46 underperforming retail pharmacy stores in the second quarter of 2019.

(3) The goodwill impairments related to the LTC reporting unit within the Retail/LTC segment.

(4) The impairment of long-lived assets primarily related to the impairment of property and equipment within the Retail/LTC segment.

(5) The loss on divestiture of subsidiary represents the pre-tax loss on the sale of the Company’s RxCrossroads subsidiary for $725 million on January 2, 2018.

(6) Includes interest expense of $1.4 billion related to (i) bridge financing costs, (ii) interest expense on the $40 billion of senior notes issued on March 9, 2018 (the “2018 Notes”) and (iii) interest expense the $5 billion term loan facility. The interest expense was reduced by related interest income of $536 million earned on the proceeds of the 2018 Notes. All amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on November 28, 2018 (the “Aetna Acquisition Date”).

(7) Represents the corresponding tax benefit or expense related to the items excluded from adjusted net income attributable to CVS Health and Adjusted EPS above. The nature of each non-GAAP adjustment is evaluated to determine whether a discrete adjustment should be made to the adjusted income tax provision.

(8) Represents the corresponding impact to income allocable to participating securities, net of tax, related to the items above excluded from net income attributable to CVS Health in determining adjusted net income attributable to CVS Health and calculating Adjusted EPS above.
The Company defines adjusted operating income as operating income (GAAP measure) excluding the impact of amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance such as acquisition-related transaction and integration costs, store rationalization charges, goodwill and long-lived asset impairments, gains/losses on divestitures, interest income on financings associated with proposed acquisitions (for periods prior to the acquisition), and any other items specifically identified herein. The following are reconciliations of projected operating income to projected adjusted operating income:

### FULL-YEAR 2019

<table>
<thead>
<tr>
<th>In millions</th>
<th>2019P</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>High</td>
<td>Actual</td>
</tr>
<tr>
<td>Operating income</td>
<td>$11,765</td>
<td>$11,975</td>
</tr>
<tr>
<td>Non-GAAP adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>2,520</td>
<td>2,520</td>
</tr>
<tr>
<td>Acquisition-related transaction and integration costs (1)</td>
<td>550</td>
<td>550</td>
</tr>
<tr>
<td>Store rationalization charge (2)</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Goodwill impairments (3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of long-lived assets (4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on divestiture of subsidiary (5)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest income on financing for the acquisition of Aetna (6)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$14,970</td>
<td>$15,180</td>
</tr>
</tbody>
</table>

(1) In 2019, acquisition-related integration costs relate to the acquisition of Aetna. In 2018, acquisition-related transaction and integration costs relate to the acquisitions of Aetna and Omnicare.

(2) Primarily relates to operating lease right-of-use asset impairment charges in connection with the planned closure of 46 underperforming retail pharmacy stores in the second quarter of 2019.

(3) The goodwill impairments related to the LTC reporting unit within the Retail/LTC Segment.

(4) The impairment of long-lived assets primarily related to the impairment of property and equipment within the Retail/LTC segment.

(5) The loss on divestiture of subsidiary represents the pre-tax loss on the sale of the Company’s RxCrossroads subsidiary for $725 million on January 2, 2018.

(6) Interest income of $536 million earned on the proceeds of the 2018 Notes. All amounts are for the periods prior to the close of the acquisition of Aetna, which occurred on the Aetna Acquisition Date.
The Company defines cash available for debt repayment as net cash provided by operating activities (GAAP measure) minus cash allocated to fund: (i) net capital expenditures, (ii) shareholder dividends and (iii) additional retained capital needs of its insurance subsidiaries. The following is a reconciliation of projected net cash provided by operating activities to projected cash available for debt repayment:

<table>
<thead>
<tr>
<th></th>
<th>Year Ending December 31, 2019P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$9,800</td>
</tr>
<tr>
<td>Net capital expenditures (additions to property and equipment less sale-leaseback proceeds)</td>
<td>(2,600)</td>
</tr>
<tr>
<td>Shareholder dividends</td>
<td>(2,600)</td>
</tr>
<tr>
<td>Additional retained capital needs of insurance subsidiaries</td>
<td>(400)</td>
</tr>
<tr>
<td>Cash available for debt repayment</td>
<td>$4,200</td>
</tr>
</tbody>
</table>

(1) Represents a portion of the retained capital required to support the projected insured membership growth in the Health Care Benefits segment.

The Company defines its Leverage Ratio as Adjusted Debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). Adjusted Debt is defined as short-term debt and total long-term debt, including the current portion of long-term debt (GAAP measure), plus the present value of future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year. Adjusted EBITDA is defined as (i) net income (GAAP measure) before income taxes, depreciation and amortization, plus (ii) implied interest expense on future operating lease payments at a discount rate of 8.5% assuming lease payments occur at the end of the year, less (iii) other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance such as goodwill impairments, interest income on financings associated with proposed acquisitions (for periods prior to the acquisition), and any other items specifically identified herein. The following are reconciliations of total debt to Adjusted Debt and net income to Adjusted EBITDA as well as a calculation of estimated Adjusted Debt to Adjusted EBITDA as of the Aetna Acquisition Date:

**Adjusted Debt**

<table>
<thead>
<tr>
<th></th>
<th>in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt (GAAP measure)</td>
<td>$75,972</td>
</tr>
<tr>
<td>Net present value of operating leases</td>
<td>17,446</td>
</tr>
<tr>
<td>Adjusted debt</td>
<td>$93,418</td>
</tr>
</tbody>
</table>

(1) Represents short-term debt and total long-term debt, including the current portion of long-term debt, as of the Aetna Acquisition Date.
(2) See information under "Present Value of Operating Leases" below.
CVS Health Investor Day 2019
Reconciliation of Non-GAAP Items Required by SEC Rules

A reconciliation of non-GAAP items disclosed for the respective periods to the most directly comparable GAAP measure.

Adjusted EBITDA

<table>
<thead>
<tr>
<th>in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (GAAP measure) (1)</td>
</tr>
<tr>
<td>Income tax provision (1)</td>
</tr>
<tr>
<td>Interest expense (1)</td>
</tr>
<tr>
<td>Depreciation and amortization (1)</td>
</tr>
<tr>
<td>EBITDA (1)</td>
</tr>
<tr>
<td>Implied interest expense on operating leases (2)</td>
</tr>
<tr>
<td>Goodwill impairment (3)</td>
</tr>
<tr>
<td>Interest income on financing for the acquisition of Aetna (4)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
</tr>
</tbody>
</table>

(1) Reflects estimated pro forma trailing twelve month total as of the Aetna Acquisition Date.
(2) See information under "Implied Interest Expense on Operating Leases" below.
(3) The goodwill impairment related to the LTC reporting unit within the Retail/LTC Segment.
(4) Represents interest income earned on the proceeds of the 2018 Notes. All amounts are for the periods prior to the Aetna Acquisition Date.

Estimated Adjusted Debt to Adjusted EBITDA as of Aetna Acquisition Date

<table>
<thead>
<tr>
<th>in millions (except leverage ratio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Debt</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
</tr>
<tr>
<td>Adjusted Debt-to-EBITDA</td>
</tr>
</tbody>
</table>

Present Value of Operating Leases

A. Summary of the future minimum lease payments under operating leases as of December 31, 2018:

<table>
<thead>
<tr>
<th>in millions</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual (1)(2)</td>
</tr>
<tr>
<td>2019</td>
<td>$ 2,690</td>
</tr>
<tr>
<td>2020</td>
<td>2,544</td>
</tr>
<tr>
<td>2021</td>
<td>2,399</td>
</tr>
<tr>
<td>2022</td>
<td>2,233</td>
</tr>
<tr>
<td>2023</td>
<td>2,110</td>
</tr>
<tr>
<td>Thereafter (4)</td>
<td>16,004</td>
</tr>
<tr>
<td>Total future lease payments (5)</td>
<td>$ 27,980</td>
</tr>
</tbody>
</table>

(1) Source: CVS Health Corporation Annual Report on Form 10-K for year ended December 31, 2018, Notes to Consolidated Financial Statements, Note 6: Leases
(2) Future operating lease payments have not been reduced by the minimum sublease rentals of $164 million due in the future under noncancelable subleases.
(3) Discount rate = 8.5%. Operating lease payments are assumed to occur at year-end.
(4) The Company leases pharmacy and clinic space from Target Corporation ("Target"). Amounts related to such capital and operating leases are reflected above. Amounts due in excess of the remaining estimated economic life of the buildings of approximately $2.1 billion are not reflected herein since the estimated economic life of the buildings is shorter than the contractual term of the lease arrangement.
(5) To capitalize these leases, divide the Thereafter operating lease payments by the 2023 operating lease payments to give the approximate number of years, at the 2023 level, of remaining lease payments. In this case, 16,004/2,110 = approximately eight years. Then, use eight years worth of operating lease payments of $2,110 million (the 2023 level) to calculate the associated present value.
B. Summary of the future minimum lease payments under operating leases as of December 31, 2017:

<table>
<thead>
<tr>
<th>in millions</th>
<th>Operating Leases Actual</th>
<th>Present Value (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,493</td>
<td>$2,298</td>
</tr>
<tr>
<td>2019</td>
<td>2,361</td>
<td>2,006</td>
</tr>
<tr>
<td>2020</td>
<td>2,201</td>
<td>1,723</td>
</tr>
<tr>
<td>2021</td>
<td>2,072</td>
<td>1,495</td>
</tr>
<tr>
<td>2022</td>
<td>1,934</td>
<td>1,286</td>
</tr>
<tr>
<td>Thereafter (4)</td>
<td>16,090</td>
<td>7,253</td>
</tr>
<tr>
<td>Total future lease payments (5)</td>
<td>27,151</td>
<td></td>
</tr>
</tbody>
</table>

(1) Source: CVS Health Corporation Annual Report on Form 10-K for year ended December 31, 2017, Notes to Consolidated Financial Statements, Note 7: Leases
(2) Future operating lease payments have not been reduced by the minimum sublease rentals of $171 million due in the future under noncancelable subleases.
(3) Discount rate = 8.5%. Operating lease payments are assumed to occur at year-end.
(4) The Company leases pharmacy and clinic space from Target. Amounts related to such capital and operating leases are reflected above. Amounts due in excess of the remaining estimated economic life of the buildings of approximately $1.9 billion are not reflected herein since the estimated economic life of the buildings is shorter than the contractual term of the lease arrangement.
(5) To capitalize these leases, divide the Thereafter operating lease payments by the 2022 operating lease payments to give the approximate number of years, at the 2022 level, of remaining lease payments. In this case, 16,090/1,934 = approximately eight years. Then, use eight years worth of operating lease payments of $1,934 million (the 2022 level) to calculate the associated present value.

### Implied Interest Expense on Operating Leases

<table>
<thead>
<tr>
<th>in millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Present value of operating leases (1)</td>
<td>$16,061</td>
</tr>
<tr>
<td>Average present value of operating leases</td>
<td>16,754</td>
</tr>
<tr>
<td>Implied interest expense on operating leases (2)</td>
<td>$1,424</td>
</tr>
</tbody>
</table>

(1) See information under "Present Value of Operating Leases" above.
(2) Interest rate = discount rate = 8.5%.