Transforming the Consumer Health Care Experience

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President & Chief Executive Officer

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CVS Health
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.
Our Integrated Model Positions Us to Transform the Consumer Health Care Experience

Retail / Long-Term Care

Pharmacy Services

Health Care Benefits
Our Integrated Model Positions Us to Transform the Consumer Health Care Experience
## Making Progress on Aetna Integration

<table>
<thead>
<tr>
<th>Closing Date</th>
<th>Transaction completed on November 28, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>Equity value of ~$70 billion. Including the assumption of Aetna debt, total transaction value of ~$78 billion; funded with:</td>
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<tr>
<td></td>
<td>• Cash on-hand</td>
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<td>• Issuance of $40 billion in senior notes</td>
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<td>• Term borrowings of $5 billion</td>
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<td></td>
<td>• Issuance of 274.4 million shares of CVS Health stock</td>
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<tr>
<td>Update on Tunney Act Review</td>
<td>CVS Health and Aetna are one company and we continue to make progress on our integration efforts</td>
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<td></td>
<td>• Ongoing review and voluntary commitments will not impact our timeline for achieving targeted synergies</td>
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Clear Path to Debt Repayment

Share Repurchases
- Suspend the share repurchase program until target leverage ratio achieved

Dividends
- Keep dividends per share flat until target leverage ratio achieved

M&A Strategy
- No additional major transactions contemplated

Capitalization
- Insurance subsidiaries remain capitalized at existing strong investment grade financial strength ratings

Cash available to be used for debt retirement to achieve targeted leverage of low 3x adjusted debt-to-adjusted EBITDA in a timely manner

Expect interest expense of approximately $3.1 billion for full-year 2019

Source: CVS projections, Aetna projections, and near-term synergies per CVS management; and company filings. Note: Adjusted debt / adjusted EBITDA; includes debt and EBITDA adjustments for implied interest expense of net operating leases per CVS methodology.
2019 Headwinds and Tailwinds

**HEADWINDS**
- Less impactful break-open generics
- Continuing pricing and reimbursement pressures
- Brand inflation levels lower than historical levels
- Wrap of 2018 tax reform investments
- Investment spending
- Aetna experience rating

**TAILWINDS**
- Retail script growth outpacing market
- Specialty growth
- Progress on enterprise streamlining initiative
- Government membership growth in Aetna book of business

2019 guidance to be provided on 4th quarter earnings call in February
Transforming the Consumer Health Experience

Roadmap for Value Creation
Challenges in Today’s Health Care System Lead to Inferior Outcomes and Increased Costs

Current System

- Complex
- Episodic
- Fragmented
- Wasteful

Increased costs

Inferior outcomes

Current system is unsustainable and in need of transformation
Transforming the Consumer Experience Begins With Creating a New Front Door to Health Care

System needs to be redesigned with a focus on consumers
Three Imperatives Guide How Health Care Consumer Engagement Is Transformed …

1. **Be Local**
   - Common Chronic Disease Management
   - Readmission Prevention
   - Site of Care Management

2. **Make it Simple**
   - Optimize Primary Care

3. **Improve Health**
   - Complex Chronic Disease Management

… and guide our strategies for medical cost savings.
Potential to Deliver Significant Medical Cost Savings

- **Total medical spending in the U.S.**: $2.4 trillion
- **86%** estimated spending for chronic disease
- **Up to 25%** estimated spending that is preventable
- **5% to 20%** U.S. savings potential through initiatives

Sources:
1. CMS, National Health Expenditures (figures as of 1/8/2018). Total medical spending equals health consumption expenditures minus retail sales of medical products, including prescriptions, government administration, net cost of health insurance and government public health activities.
2. “Multiple Chronic Conditions Chartbook,” Jessie Gerteis et al., AHRQ, 2014.
Agenda

Transforming the Consumer Health Experience

Roadmap for Value Creation
Clear Line of Sight to Deliver More Than $750 Million of Synergies in Year Two

$750 Million +

- **Business Integration**
  - Plan design
  - Specialty / Coram / PBM Operations / Other

- **General and Administrative**
  - 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

**Synergies achievable utilizing existing assets and capabilities**
Executing on Our Integration Plans

Rationalization of corporate functions
- 2019: Executing integration plans
- 2020: Realizing synergies

Procurement and formulary alignment
- 2019: Executing integration plans
- 2020: Realizing synergies

Medical cost reductions
- 2019: Executing integration plans
- 2020: Realizing synergies
Strategic Priorities for Long-Term Value Creation

- Creating New Health Care Programs
- Simplifying the Patient Journey
- Driving Enterprise Growth

## Portfolio of Programs to Drive Significant Post-Year Two Medical Cost Savings

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Common Chronic Disease Management</td>
<td>Gap closure, adherence and assistance with care management plans to improve health outcomes for chronic patients</td>
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<tr>
<td>Readmission Prevention</td>
<td>Integrate CVS and Aetna clinical programs with our expansive community presence to support patients during and after discharge</td>
</tr>
<tr>
<td>Site of Care Management</td>
<td>Increase utilization lower-cost sites of care, including home infusion, where appropriate and prevent unnecessary ER visits</td>
</tr>
<tr>
<td>Optimize Primary Care</td>
<td>Expand scope of MinuteClinic services to help with early identification and management of chronic disease</td>
</tr>
<tr>
<td>Complex Chronic Disease Initiatives</td>
<td>New oncology product, cardiovascular disease interventions and chronic kidney disease management</td>
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Launching Pilot Programs to Build Foundation for Longer-Term Medical Cost Savings

**Common Chronic Disease Management**
- Provide adherence outreach and counseling to Aetna members at high-risk for adverse health events (launched Q4 2018)
- Deploy specialized enhanced services to support Aetna members with cardiovascular disease (launching Q1 2019)

**Readmission Prevention**
- Schedule MinuteClinic follow-up within 14 days post-discharge when unable to see provider (piloting Q1 2019)
- Engage with patients post-discharge to educate on care management and mitigate risks of non-adherence, side effects and gaps in care (piloting Q1 2019)
Introducing New Concept Stores to Simplify Patient Journey

**Purpose**
- New retail health engagement model to bring more services to consumers in a:
  - more convenient,
  - more accessible,
  - more customer-focused manner

**Strategy**
- Clinical services in-store, including additional screening and nutritional counseling
- Digital tools to support customer progress outside the store
- Curated assortment of front store items

**Identify**
- Targeting concentrations of Aetna and other health plan membership
- Populations with high prevalence of chronic disease
- Areas lacking sufficient access to primary care physicians

Initial concept stores will focus on chronic disease
Overview of Concept Store Design
Costs Associated With Broader Expansion of Service Offerings Will Be Manageable

**Capital Expenditures**
- Combined CVS & Aetna pro forma annual capital expenditures of ~ $2.6 billion

**Impact on Front Store**
- Potential to allocate up to 20% of space to health care service offerings by scaling back on underperforming categories/products while scaling up new categories

**Operating Expenses**
- Incremental store personnel expected to support margin-enhancing expanded care navigation and clinical services

**Cost of renovations within existing capital expenditure framework**
Simplifying the Patient Journey for Joint Replacements

<table>
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<tr>
<th>Current journey for joint replacement lacks necessary support</th>
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<tr>
<td>Patient initiates elective knee replacement</td>
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<tr>
<td>Limited communication prior to operation</td>
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<table>
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<tr>
<th>CVS: Providing support along entire patient journey</th>
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<tbody>
<tr>
<td>Patient initiates elective knee replacement</td>
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<tr>
<td>Courtesy communication to arrange transportation, DME, blood work, post-op support</td>
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Multiple Levers of Value Creation to Accelerate Enterprise Growth

Value Creation Levers

- Medical Cost Savings
- Membership Growth
- Expanded Customer Value Through CVS Assets
- Increased Customer Satisfaction and Retention
- Open Platform Allows for Broad Partnerships

Value creation to deliver top- and bottom-line growth
Continues evolution of CVS Health to play larger role in health care system and better address patient challenges

Clear line of sight to >$750 million in synergies in year two after transaction closes

Creates platform to introduce higher-margin programs and services aimed at reducing medical costs to grow membership and enhance revenues

Significant Value Creation for Shareholders

Broadens Health Care Reach

Near-Term Value Creation

Accelerates Long-Term Growth