

CVS CAREMARK CORP
Form 424B3
August 07, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-187440

This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, August 7, 2014

PROSPECTUS SUPPLEMENT

(To Prospectus Dated March 21, 2013)

\$

\$

% Senior Notes due 2019

\$

% Senior Notes due 2024

This is an offering by CVS Caremark Corporation of an aggregate of \$ of % Senior Notes due 2019, which we refer to as the 2019 notes and an aggregate of \$ of % Senior Notes due 2024, which we refer to as the 2024 notes. We refer to the 2019 notes and the 2024 notes collectively as the notes.

We will pay interest on the notes on and of each year beginning on , 2015. Upon the occurrence of a Change of Control Triggering Event, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount to the date of repurchase. We have the option to redeem all or a portion of the notes at any time. See Description of the Notes Optional Redemption in this prospectus supplement.

The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured and unsubordinated debt.

Investing in these notes involves certain risks. See Risk Factors on page S-7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 2019 Note	Total	Per 2024 Note	Total
Public Offering Price	%	\$	%	\$
Underwriting Discount	%	\$	%	\$
Proceeds, before expenses, to CVS Caremark	%	\$	%	\$

Barclays Capital Inc., on behalf of the underwriters, expects to deliver the notes on or about _____, 2014. Delivery of the notes will be made in book-entry form only through the facilities of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A/N.V. and Clearstream Banking, *société anonyme*, against payment therefor in immediately available funds.

Barclays

BofA Merrill Lynch

BNY Mellon Capital Markets, LLC

J.P. Morgan

Wells Fargo Securities

The date of this prospectus supplement is _____, 2014

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-iii
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	S-1
<u>THE COMPANY</u>	S-4
<u>THE OFFERING</u>	S-6
<u>RISK FACTORS</u>	S-7
<u>USE OF PROCEEDS</u>	S-8
<u>CAPITALIZATION</u>	S-9
<u>SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA</u>	S-11
<u>DESCRIPTION OF THE NOTES</u>	S-14
<u>UNDERWRITING</u>	S-22
<u>U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-25
<u>LEGAL MATTERS</u>	S-29
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	S-29

PROSPECTUS

	Page
<u>THE COMPANY</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	4
<u>USE OF PROCEEDS</u>	5
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	6
<u>FORMS OF SECURITIES</u>	18
<u>VALIDITY OF SECURITIES</u>	19
<u>EXPERTS</u>	19

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document has two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the notes offered. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Where You Can Find More Information" in this prospectus supplement and in the accompanying prospectus.

We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectuses filed by us with the U.S. Securities and Exchange Commission ("SEC"). We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus is accurate as of any date other than their respective dates. Except as otherwise specified, the terms "CVS Caremark," "the Company," "we," "us" and "our" refer to CVS Caremark Corporation and its subsidiaries.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street N.E., Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access, among other things, the registration statement, of which the accompanying prospectus is part, including the exhibits and schedules thereto.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules), on or after the date of this prospectus supplement until we sell all of the securities covered by this prospectus supplement:

- (i) CVS Caremark's Annual Report on Form 10-K filed on February 11, 2014;
- (ii) CVS Caremark's Quarterly Reports on Form 10-Q filed on May 2, 2014 and August 5, 2014;
- (iii) CVS Caremark's Current Reports on Form 8-K filed on January 13, 2014 and May 9, 2014; and
- (iv) CVS Caremark's Definitive Proxy Statement on Schedule 14A filed on March 28, 2014 (as to the information under the captions Committees of the Board, Director Nominations, Code of Conduct, Certain Transactions with Directors and Officers, Audit Committee Report, Share Ownership of Directors and Certain Executive Officers, Biographies of our Board Nominees, Section 16(a) Beneficial Ownership Reporting Compliance, Item 2: Ratification of Appointment of Independent Registered Public Accounting Firm and Executive Compensation and Related Matters, including Compensation Discussion and Analysis, and Management Planning and Development Committee Report).

You may request a copy of any or all of the documents incorporated by reference into this prospectus supplement or the accompanying prospectus at no cost, by writing or telephoning us at the following address:

Nancy R. Christal

Senior Vice President, Investor Relations

CVS Caremark Corporation

670 White Plains Road, Suite 210

Scarsdale, New York 10583

(800) 201-0938

S-iii

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein may contain certain forward-looking statements within the meaning of federal securities laws. In addition, the Company and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in the Company's filings with the SEC and its reports to stockholders, press releases, webcasts, conference calls, meetings and other communications. Generally, the inclusion of the words "believe," "expect," "intend," "estimate," "project," "anticipate," "will," "should" and similar expressions identify statements that constitute forward-looking statements. All statements addressing operating performance of CVS Caremark Corporation or any subsidiary, events or developments that the Company expects or anticipates will occur in the future, including statements relating to corporate strategy; revenue growth; earnings or earnings per common share growth; adjusted earnings or adjusted earnings per common share growth; free cash flow; debt ratings; inventory levels; inventory turn and loss rates; store development; relocations and new market entries; retail pharmacy business, sales trends and operations; Pharmacy Benefit Management (PBM) business, sales trends and operations; the Company's ability to attract or retain customers and clients; Medicare Part D competitive bidding, enrollment and operations; new product development; and the impact of industry developments, as well as statements expressing optimism or pessimism about future operating results or events, are forward-looking statements within the meaning of the federal securities laws.

The forward-looking statements are and will be based upon management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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 SEC filings, including those set forth in the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2013, and including, but not limited to:

Risks relating to the health of the economy in general and in the markets the Company serves, which could impact consumer purchasing power, preferences and/or spending patterns, drug utilization trends, the financial health of the Company's PBM clients or other payors doing business with the Company and our ability to secure necessary financing, suitable store locations and sale-leaseback transactions on acceptable terms.

Efforts to reduce reimbursement levels and alter health care financing practices, including pressure to reduce reimbursement levels for generic drugs.

The possibility of PBM client loss and/or the failure to win new PBM business, including as a result of failure to win renewal of expiring contracts, contract termination rights that may permit clients to terminate a contract prior to expiration and early or periodic renegotiation of pricing by clients prior to expiration of a contract.

The possibility of loss of Medicare Part D business and/or failure to obtain new Medicare Part D business, whether as a result of the annual Medicare Part D competitive bidding process or otherwise.

Risks related to the frequency and rate of the introduction of generic drugs and brand name prescription products.

Risks of declining gross margins in the PBM industry attributable to increased competitive pressures, increased client demand for lower prices, enhanced service offerings and/or higher

Table of Contents

service levels and market dynamics and regulatory changes that impact the Company's ability to offer plan sponsors pricing that includes the use of retail differential or spread.

Regulatory changes, business changes and compliance requirements and restrictions that may be imposed by Centers for Medicare and Medicaid Services (CMS), Office of Inspector General or other government agencies relating to the Company's participation in Medicare, Medicaid and other federal and state government-funded programs, including sanctions and remedial actions that may be imposed by CMS on its Medicare Part D business;

Risks and uncertainties related to the timing and scope of reimbursement from Medicare, Medicaid and other government-funded programs, including the impact of sequestration, the impact of other federal budget, debt and deficit negotiations and legislation that could delay or reduce reimbursement from such programs and the impact of any closure, suspension or other changes affecting federal or state government funding or operations;

Possible changes in industry pricing benchmarks used to establish pricing in many of our PBM client contracts, pharmaceutical purchasing arrangements, retail network contracts, specialty payor agreements and other third party payor contracts.

An extremely competitive business environment, including the uncertain impact of increased consolidation in the PBM industry, uncertainty concerning the ability of the Company's retail pharmacy business to secure and maintain contractual relationships with PBMs and other payors on acceptable terms, uncertainty concerning the ability of the Company's PBM business to secure and maintain competitive access, pricing and other contract terms from retail network pharmacies in an environment where some PBM clients are willing to consider adopting narrow or more restricted retail pharmacy networks.

The Company's ability to fully integrate and to realize the planned benefits associated with the acquisition of Coram LLC in accordance with the expected timing.

The Company's ability to timely identify or effectively respond to changing consumer preferences and spending patterns, an inability to expand the products being purchased by our customers, or the failure or inability to obtain or offer particular categories of products.

Risks relating to the Company's ability to secure timely and sufficient access to the products it sells from its domestic and/or international suppliers.

Reform of the U.S. health care system, including ongoing implementation of the Patient Protection and Affordable Care Act, continuing legislative efforts, regulatory changes and judicial interpretations impacting our health care system and the possibility of shifting political and legislative priorities related to reform of the health care system in the future.

Risks relating to the Company's failure to properly maintain our information technology systems, our information security systems and our infrastructure to support the Company's business and to protect the privacy and security of sensitive customer and business information.

Risks related to compliance with a broad and complex regulatory framework, including compliance with new and existing federal, state and local laws and regulations relating to health care, accounting standards, corporate securities, tax, environmental and other laws and regulations affecting the Company's business.

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Risks related to litigation, government investigations and other legal proceedings as they relate to the Company's business, the pharmacy services, retail pharmacy or retail clinic industries or to the health care industry generally.

Other risks and uncertainties detailed from time to time in the Company's filings with the SEC.

S-2

Table of Contents

The foregoing list is not exhaustive. There can be no assurance that the Company has correctly identified and appropriately assessed all factors affecting its business. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial also may adversely impact the Company. Should any risks and uncertainties develop into actual events, these developments could have a material adverse effect on the Company's business, financial condition and results of operations. For these reasons, you are cautioned not to place undue reliance on the Company's forward-looking statements.

S-3

Table of Contents

THE COMPANY

Introduction

CVS Caremark Corporation, together with its subsidiaries is the largest integrated pharmacy health care provider in the United States. We are uniquely positioned to deliver significant benefits to health plan sponsors through effective cost management solutions and innovative programs that engage plan members and promote healthier and more cost-effective behaviors. Our integrated pharmacy services model enhances our ability to offer plan members and consumers expanded choice, greater access and more personalized services to help them on their path to better health. We effectively manage pharmaceutical costs and improve health care outcomes through our pharmacy benefit management, mail service dispensing pharmacy and specialty pharmacy division, CVS Caremark[®] Pharmacy Services; our more than 7,700 CVS/pharmacy[®], Longs Drugs[®] and Drogeria Onofre[®] retail stores; our retail-based health clinics, MinuteClinic[®]; and our online retail pharmacies, CVS.com[®] and Onofre.com.br.

We currently have three reportable segments: Pharmacy Services, Retail Pharmacy and Corporate.

Pharmacy Services Segment

Our Pharmacy Services Segment provides a full range of PBM services, including mail service dispensing pharmacy, specialty pharmacy and infusion services, plan design and administration, formulary management, discounted drug purchase arrangements, Medicare Part D services, retail pharmacy network management services, prescription management systems clinical services, disease management services and medical pharmacy management services. Our clients are primarily employers, insurance companies, unions, government employee groups, managed care organizations and other sponsors of health benefit plans and individuals throughout the United States. As a pharmacy benefits manager, we manage the dispensing of pharmaceuticals through our mail service dispensing pharmacies and national network of more than 68,000 retail pharmacies, consisting of over 41,000 chain pharmacies (which includes our CVS/pharmacy stores) and approximately 27,000 independent pharmacies, to eligible members in the benefit plans maintained by our clients and utilize our information systems to perform, among other things, safety checks, drug interaction screenings and brand to generic substitutions.

Our specialty pharmacies support individuals that require complex and expensive drug therapies. Our specialty pharmacy business includes mail order and retail specialty pharmacies that operate under the CVS Caremark[®] and CarePlus CVS/pharmacy[®] names. The Pharmacy Services Segment also provides health management programs, which include integrated condition management program for 17 rare conditions, through our Accordant[®] rare disease management offering. In addition, through our SilverScript Insurance Company subsidiary, we are a national provider of drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program. The Pharmacy Services Segment operates under the CVS Caremark[®] Pharmacy Services, Caremark[®], CVS Caremark[®], CarePlus CVS/pharmacy[®], CVS/caremark[™], CVS/specialty[™], RxAmerica[®], Accordant[®], SilverScript[®], Novologix[®] and Coram[®] names. As of June 30, 2014, the Pharmacy Services Segment operated 24 retail specialty pharmacy stores, 11 specialty mail order pharmacies, four mail service dispensing pharmacies, and 84 branches and six centers of excellence for infusion and enteral services located in 41 states, Puerto Rico and the District of Columbia.

Retail Pharmacy Segment

Our Retail Pharmacy Segment sells prescription drugs and a wide assortment of general merchandise, including over-the-counter drugs, beauty products and cosmetics, photo finishing, seasonal merchandise, greeting cards and convenience foods through our CVS/pharmacy, CVS[®], Longs

Table of Contents

Drugs, and Drogeria Onofre retail stores and online through CVS.com and Onofre.com.br. Our Retail Pharmacy Segment derives the majority of its revenues through the sale of prescription drugs, which are dispensed by our more than 23,000 retail pharmacists. Our Retail Pharmacy Segment also provides health care services through our MinuteClinic health care clinics. MinuteClinics are staffed by nurse practitioners and physician assistants who utilize nationally recognized protocols to diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions, and deliver vaccinations. As of June 30, 2014, our Retail Pharmacy Segment included 7,705 retail drugstores (of which 7,647 operated a pharmacy) located in 43 states, the District of Columbia, Puerto Rico and Brazil operating primarily under the CVS/pharmacy®, CVS®, Longs Drugs®, or Drogeria Onofre® names, 17 onsite pharmacies, 860 retail health care clinics operating under the MinuteClinic® name (of which 852 were located in CVS/pharmacy stores), and our online retail websites, CVS.com and Onofre.com.br.

Corporate Segment

Our Corporate Segment provides management and administrative services to support the Company. Our Corporate Segment consists of certain aspects of our executive management, corporate relations, legal, compliance, human resources, corporate information technology and finance departments.

CVS Caremark Corporation is a Delaware corporation. Our corporate office is located at One CVS Drive, Woonsocket, Rhode Island 02895, telephone (401) 765-1500. Our common stock is listed on the New York Stock Exchange under the trading symbol CVS. General information about CVS Caremark is available through our website at <http://www.cvscaremark.com>. Our financial press releases and filings with the SEC are available free of charge on the investor relations portion of our website at <http://www.cvscaremark.com/investors>. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus supplement or the accompanying prospectus.

Tender Offers

We have commenced cash tender offers (the Tender Offers) for (1) any and all of our 6.250% Senior Notes due 2027 (the Any and All Notes) and (2) up to a maximum amount of our 6.125% Senior Notes due 2039, 5.750% Senior Notes due 2041 and 5.750% Senior Notes due 2017 (collectively, the Maximum Tender Offer Notes and together with the Any and All Notes, the Tender Offer Notes) such that the aggregate principal amount of the Maximum Tender Offer Notes tendered and accepted for purchase is equal to \$1,500,000,000 less the aggregate principal amount of the Any and All Notes tendered and accepted for purchase. We currently intend to use the net proceeds of this offering, together with available cash, to fund the Tender Offers and related fees and expenses. This offering is not conditioned upon consummation of the Tender Offers.

This prospectus supplement is not an offer to purchase or a solicitation of an offer to sell the Tender Offer Notes.

Table of Contents

THE OFFERING

Issuer	CVS Caremark Corporation.
Securities Offered	<p>\$ _____ aggregate principal amount of _____ % Senior Notes due 2019 (the 2019 notes).</p> <p>\$ _____ aggregate principal amount of _____ % Senior Notes due 2024 (the 2024 notes).</p>
Maturity Date	<p>The 2019 notes: _____, 2019.</p> <p>The 2024 notes: _____, 2024.</p>
Interest Payment Dates	<p>We will pay interest on the notes on _____ and _____, beginning on _____, 2015.</p> <p>Interest on the notes being offered by this prospectus supplement will accrue from _____, 2014.</p>
Ranking	The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured and unsubordinated debt.
Use of Proceeds	We estimate that the net proceeds to us from this offering will be approximately \$ _____, which we intend to use for general corporate purposes, which may include the purchase of the Tender Offer Notes pursuant to the Tender Offers. See Use of Proceeds.
Optional Redemption	We may redeem some or all of the notes at any time and from time to time at the applicable redemption price described under the heading Description of the Notes Optional Redemption.
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Triggering Event (as defined herein), we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of the Notes Change of Control.
Certain Covenants	The indenture pursuant to which the notes will be issued contains covenants that, among other things, limit our ability and the ability of our Restricted Subsidiaries (as defined therein) to secure indebtedness with a security interest on certain property or stock or

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engage in certain sale and leaseback transactions with respect to certain properties. See
Description of Debt Securities Certain Covenants in the accompanying prospectus.

Trustee, Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A.

S-6

Table of Contents

RISK FACTORS

You should carefully consider all the information set forth in this prospectus supplement, the accompanying prospectus and the other documents incorporated by reference herein and therein before deciding to invest in the notes. In particular, we urge you to consider carefully the factors set forth under **Cautionary Statement Concerning Forward-Looking Statements** in this prospectus supplement and **Risk Factors** in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, incorporated by reference herein and any updates thereto in our subsequent SEC filings.

S-7

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ _____, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, which may include the purchase of our 6.250% Senior Notes due 2027, 6.125% Senior Notes due 2039, 5.750% Senior Notes due 2041 and 5.750% Senior Notes due 2017 pursuant to the Tender Offers. This offering is not conditioned upon the consummation of the Tender Offers. See The Company Tender Offers.

S-8

Table of Contents**CAPITALIZATION**

The table below sets forth the Company's total capitalization at June 30, 2014 on an actual basis and as adjusted to give effect to this offering.

You should read the table together with the Company's consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, incorporated by reference into this prospectus supplement and the accompanying prospectus.

(\$ in millions)	June 30, 2014	
	Actual	As Adjusted(1) (Unaudited)
Cash and cash equivalents	\$ 1,612	\$
Short-term investments	100	100
Total cash and short-term investments	1,712	
Short-term debt:		
4.875% Notes due 2014	550	550
3.25% Notes due 2015	550	550
Other	19	19
Total short-term debt	1,119	1,119
Long-term debt:		
1.20% Notes due 2016	750	750
6.125% Notes due 2016	421	421
5.75% Notes due 2017	1,310	1,310
2.25% Notes due 2018 []	1,250	1,250
6.60% Notes due 2019	394	394
4.75% Notes due 2020	450	450
4.125% Notes due 2021	550	550
2.750% Notes due 2022	1,250	1,250
4.00% Notes due 2023 []	1,250	1,250
6.25% Notes due 2027	1,000	1,000
6.125% Notes due 2039	1,500	1,500
5.750% Notes due 2041	950	950
5.30% Notes due 2043	750	750
% 2019 Notes offered hereby		
% 2024 Notes offered hereby		
Other	427	427
Total long-term debt(1)	12,252	
Total debt	13,371	
Shareholders' equity:		
CVS Caremark shareholders' equity:		
Common stock	17	17
Treasury stock, at cost	(22,131)	(22,131)
Shares held in trust	(31)	(31)
Capital surplus	30,186	30,186
Retained earnings	30,221	30,221
Accumulated other comprehensive income (loss)	(132)	(132)
Total CVS Caremark shareholders' equity	38,130	(38,130)

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Noncontrolling interest	2	2
Total shareholders' equity	38,132	38,132
Total capitalization	\$ 51,503	\$

S-9

Table of Contents

- (1) We intend to use the net proceeds from this offering for general corporate purposes, which may include funding the concurrent Tender Offers. The As Adjusted column does not give effect to the consummation of the concurrent Tender Offers or the payment of premiums or fees and expenses that we expect to incur in connection with consummation of the Tender Offers. This offering is not conditioned upon consummation of the Tender Offers.

S-10

Table of Contents

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables set forth the selected historical consolidated financial and operating data for CVS Caremark. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009 have been derived from CVS Caremark's consolidated financial statements. The selected consolidated financial data should be read in conjunction with the consolidated financial statements and the audit reports of Ernst & Young LLP, which are incorporated herein. The selected consolidated financial and operating data as of and for the six months ended June 30, 2014 and 2013 are derived from CVS Caremark's unaudited condensed consolidated financial statements as of those dates.

You should not take historical results as necessarily indicative of the results that may be expected for any future period. You should read this selected consolidated financial and operating data in conjunction with CVS Caremark's Annual Report on Form 10-K for the year ended December 31, 2013, incorporated by reference herein, and CVS Caremark's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 incorporated by reference herein.

	(Unaudited) Six Months Ended June 30,	Year Ended December 31,
2014	2013(6)	