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-Application

Coram CVS Speciality Infusion Services,K

CN1406-017

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CORAM ALTERNATE SITE SERVICES, INC.

CERTIFICATE OF NEED APPLICATION

TO ESTABLISH A

LIMITED SERVICE HOME HEALTH AGENCY

EAST TENNESSEE

JUNE 2014

SECTION A

APPLICANT PROFILE

CORAM ALTERNATE SITE SERVICES, INC.

1. ***Name of Facility, Agency, or Institution***

Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services
Name

10932 Murdock Drive, Suite 101A
Street or Route

Knox
County

Knoxville
City

TN
State

37932
Zip Code

2. ***Contact Person Available for Responses to Questions***

Alix Coulter Cross
Name

Attorney
Title

Harwell, Howard, Hyne, Gabbert and Manner
Company Name

alix.cross@h3gm.com
Email address

333 Commerce Street, Suite 1500
Street or Route

Nashville
City

TN
State

37201
Zip Code

Counsel
Association with Owner

615-251-1047
Phone Number

615-251-1059
Fax Number

3. ***Owner of the Facility, Agency or Institution***

Coram Specialty Infusion Services, Inc.
Name

303-292-4973
Phone Number

555 17th Street, Suite 1500
Street or Route

Denver
County

Denver
City

CO
State

80202
Zip Code

4. ***Type of Ownership of Control (Check One)***

A. Sole Proprietorship
B. Partnership
C. Limited Partnership
D. Corporation (For Profit) ✓
E. Corporation (Not-for-Profit)
F. Government (State of TN or Political Subdivision)
G. Joint Venture
H. Limited Liability Company
I. Other (Specify)_____

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. ***Name of Management/Operating Entity*** ***(If Applicable)***

Not Applicable
Name

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A. Ownership ☐
B. Option to Purchase ☐
C. Lease of ☐ Years ✓
D. Option to Lease ☐
E. Other (Specify) ☐ ☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. ***Type of Institution*** ***(Check as appropriate--more than one response may apply)***

A. Hospital (Specify) ☐ ☐
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty ☐
C. ASTC, Single Specialty ☐
D. Home Health Agency ☐
E. Hospice ☐
F. Mental Health Hospital ☐
G. Mental Health Residential Treatment Facility ☐
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) ☐
I. Nursing Home ☐
J. Outpatient Diagnostic Center ☐
K. Recuperation Center ☐
L. Rehabilitation Facility ☐
M. Residential Hospice ☐
N. Non-Residential Methadone Facility ☐
O. Birthing Center ☐
P. Other Outpatient Facility (Specify) ☐ ☐
Q. Other (Specify) Pharmacy ✓

8. **Purpose of Review** ***(Check) as appropriate--more than one response may apply)***

A. New Institution ☐
B. Replacement/Existing Facility ☐
C. Modification/Existing Facility ☐
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) Home Health-Limited Svc ✓
E. Discontinuance of OB Services ☐
F. Acquisition of Equipment ☐
G. Change in Bed Complement *[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]* ☐
H. Change of Location ☐
I. Other (Specify) ☐ ☐

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	0	0	0	0	0

*CON-Beds approved but not yet in service

10. Medicare Provider Number 0976970081

Certification Type Pharmacy

11. Medicaid Provider Number 1831467711 and 1528419

Certification Type Pharmacy and DME; additional numbers for Virginia

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? NO

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants?** YES **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

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SECTION A: APPLICANT PROFILE, ADDITIONAL RESPONSES

For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

The Applicant is a Delaware Corporation which is a wholly owned subsidiary of Coram Specialty Infusion Services, Inc. These entities ultimate parent is CVS Caremark Corporation. The Applicant's confirmation of corporate existence from the Tennessee Secretary of State is included in Attachment, Section A, Item 3.1. Its By Laws are included in Attachment, Section A, Item 3.2.

For Section A, Item 4, describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in* Tennessee Code Annotated, §68-11-1602 *in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

A description of the Applicant and its Organizational Chart are included in Attachment, Section A, Item 4.1. The Applicant's ultimate parent's most recently filed 10-K (annual report) with the Securities and Exchange Commission is included in Attachment, Section A, Item 4.2. The Applicant owns a limited service home health agency in Middle Tennessee serving 38 Tennessee Counties. The license for this Agency is included in Attachment, Section A, Item 4.3. This is the only entity which the Applicant has a financial interest as defined by TCA §68-11-1602(7) in Tennessee.

For Section A, Item 5, for new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

Coram Alternate Site Services, Inc. is a self managed operation with its employed leadership operating the entity on a day to day basis, reporting to regional directors who ultimately report to the holding company's executive leadership and board. This question is not applicable to the Applicant.

For Section A, Item 6, for applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

The Applicant has entered into a lease agreement with Ridenour Properties, LLC for 2,545 square feet at 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932 which became effective February 1, 2014. The Applicant is expected to occupy the space beginning in July 2014. The lease agreement is for a five year term. This leased space is to house the licensed pharmacy and distribution center. It is sufficiently sized to add the restricted home health services to its business lines while at the same time effectively operating the licensed pharmacy with common leadership and facilities. A copy of the Lease Agreement is included in Attachment, Section A, Item 6.1.

For Section A, Item 13, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract with.

Coram Alternate Site Services, Inc., and its affiliate Coram Specialty Infusion Services, Inc. have historically and will continue to contract with Tennessee Managed Care Organizations.

There are four TennCare MCOs within the state. TennCare Select and United Healthcare serve all three regions. BlueCare serves the East and West region; and Amerigroup serves the Middle Tennessee region. Currently the Applicant contracts with BlueCare/TennCare Select in Tennessee and contracts with Amerigroup on a national level. The existing contract covers the Applicant's infusion services. The Applicant does not intend to certify its limited service home health agency for Medicare and Medicaid (TennCare) services as it will not be a full service agency and therefore does not meet the Conditions of Participation for such certification.

In addition to TennCare MCOs, the Applicant contracts with a host of commercial managed care organizations that serve the region for its infusion products. These entities include, but are not limited to, the following: Aetna, Blue Cross Blue Shield of Tennessee, Carecentrix, Cigna, Corizon, Coventry, Cover Tennessee, GEHA, Multiplan, HealthSprings of Tennessee, Magellan TennCare, Prime Healthcare, Medicare, St Jude and TriCare. Nursing services to administer the infusion products will be added to these contracts. As necessary, additional MCOs will be added to the Applicant's contractual arrangements as its services expand.

SECTION B

PROJECT DESCRIPTION

CORAM ALTERNATE SITE SERVICES. INC.

SECTION B: PROJECT DESCRIPTION

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

The applicant is Coram Alternate Site Services, Inc., a Delaware corporation, which operates a licensed pharmacy in Knoxville, TN ("Coram" or "Applicant"). Its d/b/a is Coram CVS/specialty Infusion Services. This pharmacy is relocating to 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932 in July 2014. The pharmacy is both licensed by the State and accredited by The Joint Commission. These documents are included in Attachment, Section B, Project Description, Item I. This Coram branch provides home infusion products to residents throughout East Tennessee spanning from the Tennessee-North Carolina state line on the east, Tennessee-Virginia state line on the northeast, Tennessee-Georgia state line on the southeast, Tennessee-Kentucky state line to the north and the communities of Jamestown, Wartburg, Kingston, Decatur and Cleveland along the west of this defined service area. In addition to serving Tennessee residents, this Coram branch also minimally serves residents of the neighboring states of Virginia and North Carolina.

While Coram serves this region, the majority of its patients (95 percent) are Tennessee residents. Therefore, the focus of this CON application is to become a licensed limited service home health agency to meet the needs of Tennesseans. This 32-county East Tennessee proposed service area represents 92 percent of the Tennessee related home infusion services provided by Coram from its Knoxville Branch. The balance of its Tennessee infusion therapy product patients (8 percent) is transferred to the other Tennessee branches; they will not be served by the Knoxville branch home health agency under its proposed licensure. Relative to out of state patients, Coram's Knoxville branch in aggregate only has approximately five percent of its patients living out of State.

The Applicant is a wholly owned subsidiary of Coram Specialty Infusion Services, Inc. which has as its ultimate parent CVS Caremark Corporation, also a Delaware corporation. Coram's ultimate parent is controlled by its executive officers and board of directors. CVS is a publicly traded stock corporation on the New York Stock Exchange (NYSE: CVS).

Through the submission of this CON application, the Applicant is seeking to establish a limited service home health agency. Specifically, with its approved home health agency license, the Applicant will only provide and administer home infusion products and related infusion nursing services. As part of its administration of home infusion therapies the Applicant intends to (a) take and record vital signs of the patients; (b) draw blood and other fluids for labs; (c) treat any issues associated with the access site or port; (d) change dressings associated with access points; (e) administer the therapy or

blood products; (f) line maintenance; and (g) infusion equipment repair and replacement.

These services will be provided by a registered nurse who is appropriately credentialed and is certified with a CRNI designation (certified registered nurse infusion). These services and credentials are a unique service and not typical of the average Medicare certified home health agency available to East Tennesseans.

For patients in need of home health services other than those associated with the Applicant's delivery and administration of home infusion products, the Applicant will make reasonable efforts to communicate that need with the patient's treating physician who can order such services through another licensed home health agency ("HHA"). The Applicant will not provide the service when another full service HHA stands ready willing and able to serve the patient. In other words, "If they can do it all, we will give it to them."

Ms. Natalie Sellers, RN is the Primary Nurse Case Manager at the Applicant's Knoxville Branch. In her current role, Ms. Sellers oversees care and education of patients receiving specialty infusion in the home. She coordinates contracted agency nursing care with home health agencies. She is involved in the primary care management in partnership with the on-site pharmacies, nutritionist and community/hospital based physicians. She also is responsible for clinical documentation, quality improvement and utilization review of home health agency documentation.

For the 18 years prior to joining Coram, Ms. Sellers worked in various clinical roles including, Staff Nurse, Nurse Liaison, Surgical Nurse and Nurse Manager for several Tennessee regional hospitals including Parkwest Hospital in Knoxville, Vanderbilt Medical Center in Nashville, and St. Thomas Hospital in Nashville. Ms. Sellers has an Associate of Science in Nursing from Western Kentucky University and is a Registered Nurse in the State of Tennessee. Ms. Sellers satisfies the home health administrator qualifications as required by Tennessee Department of Health, Chapter 1200-08-2.

The defined service area of the proposed home health agency is 32 counties throughout East Tennessee which is the geographic area in which most of the Coram Knoxville branch Tennessee infusion therapy product patients reside. Evaluation of these patients' records for the past three years identified the infusion product profile, age profile, payor profile, and referral sources including place of hospitalization of these patients. Documentation by Coram relative to the hardships for these patients to receive infusion nursing services in the home is also provided through anecdotes, patient stories and concurrent documentation by Coram staff. The delay in treatment and hardships identified contribute to extended lengths of stay in hospital, more costly hospital stays, increased costs to the healthcare system overall, and economic hardships on the patients and families.

The types of home health patients to be served by Coram will be restricted to infusion therapy patients. Types of infusion products to be administered include: antibiotics; total

parenteral nutrition (TPN); hydration; cardiac products (such as inotropic therapies); intravenous immunoglobulin (IVIG) and other similar specialty drugs; pain management; antiemetic; and steroids. The types of patients served by Coram who have demonstrated needs for infusion nursing services in the home which are otherwise unavailable from other home health agencies include the following:

- Specialty Patients Requiring IVIG and Alpha 1 Therapies: IVIG, intravenous immunoglobulin, is given as a plasma protein replacement therapy for immune deficient patients who have decreased or abolished antibody production capabilities. Alpha-1 antitrypsin infusion therapy is given to treat the genetic disorder alpha 1-antitrypsin deficiency that causes defective production of the alpha 1-antitrypsin (A1AT) leading to decreased A1AT in the blood and lungs.
- First Dose Administration: First Dose Administration is the first time a prescribed infusion therapy is provided to the patient.
- Low Intervention Patients: A Low Intervention Patient is a patient who is not homebound and does not require significant nursing intervention. Rather s/he comprises the group of patients who are taught to self administer thereby limiting the number of home skilled nursing visits.
- Three Dose Schedule Patients: Three Dose Schedule Patients are infusion therapy patients whose therapy is administered three times throughout the day (i.e., 6 am, 2 pm and 10 pm).
- Rural and Pediatric Patients: Rural Patients are infusion therapy patients who reside well outside the major cities in East Tennessee such as Knoxville, Kingsport, Morristown, Cleveland and Johnson City where major medical centers and infusion providers are prevalent. Pediatric Patients are children who require infusion therapy products and services.

The Applicant is differentiated from other area home health agencies because it not only serves the above unique types of patients but also its nursing staff is specially trained in the art and skill of providing infusion therapies, most are certified, have over 1,600 hours of clinical infusion therapy experience, and have developed training and skills necessary to identify, collaborate and treat infusion therapy related effects, as well as communicate to patients on proper care of catheter sites, sterile treatment and monitoring of equipment and supplies.

Provided the patient qualifies for home health services (e.g., home bound), and after the first dose, and provided that the therapy is not of repeat or long duration, existing home health agencies such as Tennova, Mountain States, Careall and Quality, have on occasion provided care to the Applicant's patients. In general, though, these arrangements do not work because: (a) many of these patients are not truly home bound so they do not qualify for reimbursement, and thus the HHAs do not want these patients; (b) because many of these therapies are of a long duration (3+ hours) it is not economically feasible for a full service agency to tie up an RN for that length of time; (c) because none of the full service agencies will do first dose patients; and (d) because none will any infuse blood or blood products in the home.

As discussed in this application, the Applicant will employ one (1) full time infusion nurse centrally located in Knoxville, and will add per diem, or per visit, infusion nurses throughout the service area as needed to respond expeditiously to requests for service. Operationally, on occasion if the patient is local, the infusion nurse will take the infusion product from the compounding pharmacy to the patient's home for administration. More often, the infusion product will be compounded at the Applicant's licensed pharmacy facility and taken by secure courier to the patient's home where it is met by the infusion nurse for administration.

The Applicant's encounter with a patient begins when the patient's attending physician orders an infusion product or service and a referral is made to the Applicant (either by the physician or discharge planners at area medical centers). The Applicant verifies insurance, the physician order, and the patient's demographic information and transmits that data to the pharmacy which compound's the patient's drug therapy. Three groups within the Applicant then coordinate the patient's care: the pharmacy with respect to the drug mix, the courier service for secure and timely delivery, and nursing for education and administration. The Applicant has implemented an electronic medical record system that securely communicates with the home office regarding nursing encounter notes for services rendered in the home and summaries of care are shared with the patient's physician.

The Applicant employs the nursing director/agency administrator who will be the supervisor for all the nursing functions associated with the Applicant, who will be available at all times during operating hours and shall participate in all activities relevant to the professional home health services provided, including the development of qualifications and assignment of personnel. In addition, the Applicant agency shall have a committee, consisting of the nursing director/agency's executive director, the Regional Nurse Manager for the State of Tennessee and the regional president who shall review at least annually past and present HHA services to determine the appropriateness and effectiveness of the care provided.

The uniqueness of Coram's patient population drives the need for Coram to be licensed as a home health agency. Approval of Coram's restricted home health license will enable a specific subset of the population to receive a higher standard of care in a lower cost environment, thereby contributing to the orderly development of healthcare while meeting a distinct patient and community need. The underlying bases and discussions relative to the lack of access and availability of skilled infusion nursing services for this patient population is provided in response to Section C, Need: Home Health Services, Question 1 along with supporting discussions in response to the other Home Health Services, Guidelines for Growth and General Criteria related to Need.

There is no construction associated with this project and there is no major medical equipment involved with this project. Its costs are limited to the administrative, legal and consulting costs associated with obtaining certificate of need approval and costs associated with licensure. The total cost for the project is $98,000. Its funding can be assured based on the financial statements of the ultimate parent as provided in Attachment, Section A, Item 4.2, the letter of funding commitment included with this

CON application as Attachment, Section C, Economic Feasibility, Item 2.1 and the local branch's financial statements provided as Attachment, Section A, Item 4.4. Demonstration of Economic Feasibility and how this project makes a Contribution to the Orderly Development of Healthcare is presented in response to those sections in this application.

Operationally, the Applicant will operate the home health service as part of its existing Knoxville Branch operations. Adding the nursing service to its existing product line will enhance the operation while providing its patients with a service that is historically difficult to obtain resulting in prolonged hospital stays, ineffective or inefficient care and compromised quality of care. The financial projections which are a part of this Application demonstrate that this service is restricted in its scope, is financially feasible and generates a positive net income from operations.

SECTION B: PROJECT DESCRIPTION

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

Coram Alternate Site Services, Inc. is in the process of relocating from its existing leased space to newly leased space at 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932. This new space is 2,545 square feet and became effective on February 1, 2014. This space will house the Coram licensed pharmacy services and includes the pharmacy, distribution warehouse and administrative offices and support space. The addition of the restricted home health services will be under the existing leadership and operate from the existing leased space. Accordingly, there is no construction, renovation or modification required to implement this proposed project.

The square footage chart for the currently leased space which will house the home health service is included as Attachment, Section B, Project Description, Item II (A). Square footage is estimated from the floor plan and space program as part of the build out of the leased space to become occupied. There are no additional costs to establish the program as the home health services will be supported from the administrative spaces in the newly occupied space while the actual service will be provided in the client (patient) home.

SECTION B: PROJECT DESCRIPTION

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

This question addresses a change in bed capacity. This CON application is for a limited service home health agency. Therefore this question is not applicable to the project proposed herein.

SECTION B: PROJECT DESCRIPTION

C. ***As the applicant, describe your need to provide the following health care services (if applicable to this application):***

1. ***Adult Psychiatric Services***
2. ***Alcohol and Drug Treatment for Adolescents (exceeding 28 days)***
3. ***Birthing Center***
4. ***Burn Units***
5. ***Cardiac Catheterization Services***
6. ***Child and Adolescent Psychiatric Services***
7. ***Extracorporeal Lithotripsy***
8. ***Home Health Services***
9. ***Hospice Services***
10. ***Residential Hospice***
11. ***ICF/MR Services***
12. ***Long-term Care Services***
13. ***Magnetic Resonance Imaging (MRI)***
14. ***Mental Health Residential Treatment***
15. ***Neonatal Intensive Care Unit***
16. ***Non-Residential Methadone Treatment Centers***
17. ***Open Heart Surgery***
18. ***Positron Emission Tomography***
19. ***Radiation Therapy/Linear Accelerator***
20. ***Rehabilitation Services***
21. ***Swing Beds***

The Applicant has defined an unmet community need to provide home health services limited to infusion nursing and related services. The need for this service results from a lack of available or accessible home infusion nursing capability throughout East Tennessee. As a licensed pharmacy providing infusion therapy products to patients in their homes, Coram is intimately familiar with the patients throughout the region, and the hardships encountered by hospitals, physicians and patients/families in effecting a timely discharge from the hospital when hospitalization is no longer required, but the patient and family have not initiated their first infusion dose nor are they knowledgeable about the process, the infusion equipment, and the specific regimen which must be followed. Furthermore, as the pharmacy providing the infusion product to the patient, Coram's staff regularly meets with the patients and understands their skilled nursing needs, but is unable to assist in that regard as it does not have a home health license. The types of infusion patients which have compromised access and how Coram will meet their needs are discussed in response to Sections B and Section C on the following pages.

As noted in this application, this patient population's needs are not being met by the existing HHA providers, primarily because of reimbursement and conditions of participation issues. Existing resources cannot get reimbursed for patients who are not home bound; they cannot get adequately reimbursed for an infusion therapy that lasts several hours; and they only get reimbursed for one visit, even though three therapy regimens require 3 visits in the same day. Furthermore, the existing agencies will not treat patients on their first dose, and will not administer blood or blood products in the home.

By granting the Applicant's limited service HHA CON request, these patients can remain in their home, thereby avoiding the time and inconvenience of traveling to an outpatient hospital clinic, as well as avoiding exposure of their immune suppressed bodies to nosocomial infections. Finally, the care rendered by the Applicant's certified infusion nurses is vastly superior to that of the RN untrained in spotting infusion complications, educating patients on sterile site and site maintenance.

With the approval of this CON application, Coram will be able to serve a patient population in need in a more appropriate, cost effective and accessible manner, in their own home, thereby meeting a defined need while contributing to the orderly development of healthcare.

SECTION B: PROJECT DESCRIPTION

D. *Describe the need to change location or replace an existing facility.*

This question addresses the need to change location or replace an existing facility. This CON application is for a limited service home health agency. Therefore this question is not applicable to the project proposed herein.

SECTION B: PROJECT DESCRIPTION

E. ***Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:***

1. ***For fixed-site major medical equipment (not replacing existing equipment):***
   a. ***Describe the new equipment, including:***
      1. ***Total cost; (As defined by Agency Rule).***
      2. ***Expected useful life;***
      3. ***List of clinical applications to be provided; and***
      4. ***Documentation of FDA approval.***
   b. ***Provide current and proposed schedules of operations.***

2. ***For mobile major medical equipment:***
   a. ***List all sites that will be served;***
   b. ***Provide current and/or proposed schedule of operations;***
   c. ***Provide the lease or contract cost.***
   d. ***Provide the fair market value of the equipment; and***
   e. ***List the owner for the equipment.***

3. ***Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.***

This question addresses the acquisition of major medical equipment. This CON application is for a limited service home health agency. Therefore this question is not applicable to the project proposed herein.

SECTION B: PROJECT DESCRIPTION

III. (A) ***Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:***

1. ***Size of site (in acres);***
2. ***Location of structure on the site; and***
3. ***Location of the proposed construction.***
4. ***Names of streets, roads or highway that cross or border the site.***
   Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

The home health service will be located at 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932. This 2,545 square foot suite is subject to a valid five year lease agreement between Coram and its landlord (Ridenour Properties, LLC). The restricted service home health will be operated from this existing leased space. No modification, construction or renovation is required; nor is the addition of any further people to the management team.

The Site Plan and location of the building on the site relative to the surrounding streets and neighborhoods is included as Attachment, Section B, Project Description, Item III (A).

SECTION B: PROJECT DESCRIPTION

(B) 1. ***Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.***

Accessibility to Coram's location is not applicable as the home health services will not be provided at Coram's Knoxville Branch. The purpose of this CON application is to obtain approval to provide these limited nursing services in the patient's home which will be in one of the 32 counties for which CON approval is being sought. The Coram nurse who will provide the service will reach the patient's home by private vehicle.

SECTION B: PROJECT DESCRIPTION

IV. ***Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper. NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.***

The Floor Plan of the leased building suite is included as Attachment, Section B, Project Description, Item IV. This suite is subject to an existing lease between the Applicant and landlord. It will not be modified within the context of this proposal as the home health service will operate from the administrative space within the leased space by the Branch's leadership.

SECTION B: PROJECT DESCRIPTION

V. ***For a Home Health Agency or Hospice, identify:***

1. ***Existing service area by County;***
2. ***Proposed service area by County;***
3. ***A parent or primary service provider;***
4. ***Existing branches; and***
5. ***Proposed branches.***

This CON application is for a limited service home health agency whereby its license will be restricted to provide only infusion nursing and related skilled services. The Applicant intends to provide the following skilled services in conjunction with its home infusion therapy products: (a) take and record vital signs of the patients; (b) draw blood and other fluids for labs; (c) treat any issues associated with the access site or port; (d) change dressings associated with access points; (e) administer the therapy or blood products; (f) line maintenance; and (g) infusion equipment repair and replacement.

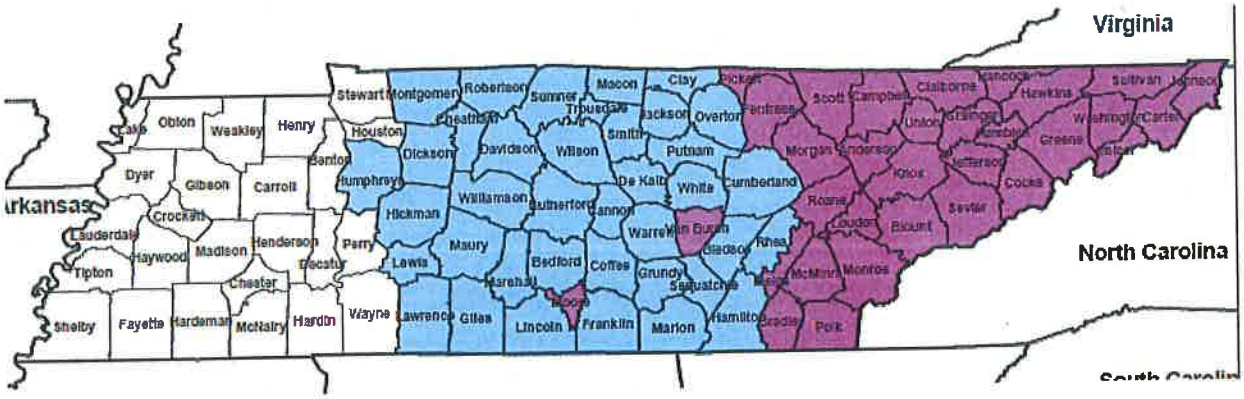
The Applicant has three pharmacy branches in the state, serving east (from Knoxville), middle (from Nashville) and west (from Memphis). Additionally, the Applicant established its first Tennessee limited service home health agency in May 2013. The CON approved and subsequently licensed program is based out of the Applicant's Nashville office at 2970 Sidco Drive, Nashville, Tennessee. It is licensed to serve 38 counties within Middle Tennessee.

The purpose of this CON application is to obtain CON approval to serve the 32 counties in the eastern third of the State of Tennessee, which is defined as all counties east of the Middle Tennessee service area approved via CN #1205-020A The specific East Tennessee counties for which CON approval is sought are presented in the following chart:

Anderson	Grainger	Loudon	Roane
Blount	Greene	McMinn	Scott
Bradley	Hamblen	Meigs	Sevier
Campbell	Hancock	Monroe	Sullivan
Carter	Hawkins	Moore	Unicoi
Claiborne	Jefferson	Morgan	Union
Cocke	Johnson	Pickett	Van Buren
Fentress	Knox	Polk	Washington

The geographic area represented by these counties spans from the Tennessee-North Carolina state line on the east, Tennessee-Virginia state line on the northeast, Tennessee-Georgia state line on the southeast, Tennessee-Kentucky state line to the north and the communities of Jamestown, Wartburg, Kingston, Decatur and Cleveland along the west of this defined service area. In addition to serving Tennessee residents, this Coram branch also minimally serves residents of the neighboring states of Virginia and North Carolina.

A graphic depiction of this proposed East Tennessee Service Area and how it situates within the State and contiguous to the already licensed Middle Tennessee service area is presented below. The area represented in 'pink is the East Tennessee service area proposed via this CON application; the blue area are those counties which have been approved and licensed for a Coram limited service home health license via CN #1205-020A referenced above. Of note, Van Buren and Moore counties are two 'holes' within the Middle Tennessee CON approved counties. Due to a technicality related to the official newspaper publication in these two counties, they were not approved under CN #1205-020A. Accordingly, their approval is sought within this CON application for the same rationale as we initially filed in the Middle Tennessee CON application and within this CON application.



A full size map depicting the proposed East Tennessee counties relative to the State of Tennessee and the already licensed Coram Middle Tennessee service area (CN #1205-020A) is included in Attachment, Section B, Project Description, Item V.

SECTION C

GENERAL CRITERIA FOR CERTIFICATE OF NEED

CORAM ALTERNATE SITE SERVICES, INC.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11 " white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

1. *Improve the Health of Tennessee*. Health in Tennessee will be improved through the approval of this project because current immune compromised individuals will not be required to leave their home and expose themselves to advantageous pathogens to receive their life-saving therapies. Patients will be trained in self care and administration in their own homes thereby enhancing the quality of their lives. Additionally, patients will be able to have their 'first dose' at home, not requiring an extended hospital stay, travel to an infusion center, or other factors negatively impacting the patient physically, emotionally or economically.
2. *Reasonable Access to Care for Every Citizen*. By making these services more widely available in the home, access to even some of the most remote citizens is improved because they will no longer be required to travel to a major medical center for outpatient infusion therapy.
3. *Health care resource development that encourages competitive markets, economic efficiencies and continued development of the state's healthcare system*. The proposed project makes these improvements in healthcare at minimal cost and disruption by narrowly focusing on a particular patient population whose needs are not being fully served, or who are being served but at great expense when in home care would be much safer and less costly.
4. *Confidence in the quality of healthcare is continually monitored and standards are adhered to by providers*. The Applicant's nursing director will review a sufficient sample of patient charts for each caregiver to identify and eliminate poor quality of care, and to accentuate and reward outstanding quality of care and outcomes.
5. *State support for development, recruitment and retention of a sufficient and quality healthcare workforce*. The Applicant intends to maintain one full time registered infusion nurse in Knoxville and employ certified infusion nurses on a per diem or per visit basis thereby supporting a highly skilled and specialized nursing workforce throughout East Tennessee.

a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

The criterion and standards in Certificate of Need Categories that are applicable to this project include: Home Health Services. Each of the Home Health Guidelines along with the associated responses is provided on the following pages.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

1. ***The need for home health agencies/services shall be determined on a county by county basis.***

Home Health Services are regulated under Tennessee Chapter 1200-08-26, Board of Licensing. Tennessee Code Annotated (T.C.A.) § 68-11-201 defines a Home Care Organization as one that provides home health services, home medical equipment services or hospice services to patients on an outpatient basis in either their regular or temporary place of residence. T.C.A. further defines home health services as a service provided an outpatient by an appropriately licensed health care professional or an appropriately qualified staff member of a licensed home care organization in accordance with orders recorded by a physician, and which includes one or more of the following:

- Skilled nursing care including part time or intermittent supervision
- Physical, occupational or speech therapy
- Medical social services
- Home health aide services
- Medical supplies and medical appliances

This CON application to become approved and licensed as a home health services agency is unique in that the Applicant is only seeking CON approval to enable it to provide one of the above services – skilled nursing care – and on a limited basis for a specific subset of patients in each county. Specifically, the skilled nursing care the Applicant is seeking licensure to provide is the administration of home infusion products and related infusion nursing services.

As part of its administration of home infusion therapies the Applicant intends to (a) take and record vital signs of the patients; (b) draw blood and other fluids for labs; (c) treat any issues associated with the access site or port; (d) change dressings associated with access points; (e) administer the therapy or blood products; (f) line maintenance; and (g) infusion equipment repair and replacement.

These services will be provided by a registered nurse who is appropriately credentialed and is certified with a CRNI designation (certified registered nurse infusion). **These services and credentials are a unique service and not typical of the average Medicare certified home health agency available to East Tennesseans.**

Need for this special service was developed by the Applicant based on its existing infusion therapy patient profiles including age, county of residence, infusion service requirement, payor, referral source, and identified hardship

experiences by patients, families and their referral sources (hospitals, physicians and others) to obtain infusion nursing service in the home on a timely basis. Depending on the urgency, day of week, and hour of the day, the Applicant makes commercially reasonable efforts to see patients within 2 to 3 hours of physician order which the Applicant believes to be a 'timely basis'. Unfortunately, the situation in East Tennessee is that these patients do not receive services on a timely basis, if the services become available at all. These healthcare delivery challenges are discussed further below in the Applicant's Service Area Study.

If a hospital inpatient prescribed infusion therapy services is unable to obtain home health assistance upon hospital discharge that individual remains in the hospital until s/he receives the first infusion and training sufficient that s/he could be discharged home to self-infuse thereafter. Subsequently, the Applicant would send the compounded infusion product from the Knoxville pharmacy via secure medical courier. If the infusion therapy is inappropriate to administer in the home without nursing supervision, such as blood products or IVIG, the patient must travel to an outpatient clinic, such as an oncology clinic, physician practice, hospital or ambulatory infusion suite to obtain their medication. In addition, patients without nursing assistance who self-infuse in the home are ill equipped to handle even the most minor of complications, such as a blocked line, and must instead travel to the nearest hospital emergency room, sometimes by private transportation, but also by ambulance, to alleviate the problem. Similarly, patients who require a line change must also go to a hospital for such a procedure. **All of these situations, and their attendant expenses, would be substantially eliminated by the Applicant implementing its limited service home health agency.**

As an existing licensed pharmacy provider in Tennessee, the Applicant has a range of home infusion products it provides to its patients some of whom are homebound while others are not. Types of infusion products prescribed for its patients include, but are not limited to, the following:

- Antibiotics
- Total parenteral nutrition (TPN)
- Hydration
- Cardiac products (such as inotropic therapies)
- Intravenous immunoglobulin (IVIG) and other similar specialty drugs
- Pain management
- Antiemetic
- Steroids

During each of the past three years, the Applicant from its Knoxville Branch has provided these types of infusion products to approximately 755 to 845 patients per year. Some of these patients received more than one infusion product (therapy). Because infusion therapy products are generally not one dose but can last over a period of time, shortest being days and longest being years, utilization

is not only measured by number of patients or number of therapies, but also by patient month, census and number of new patients by quarter. Patient months are the average number of months on infusion service for the total patient count. During the past three years, patient months have totaled between 1,400 and 1,600 months, or roughly two months on average per patient.

Following is the most recent 2013 activity, by quarter, for the Applicant's Knoxville Branch:

Factor	*Q1-2013*	*Q2-2013*	*Q3-2013*	*Q4-2013*	*CY 2013*
Patients	205	192	196	197	790
New Patients	105	89	94	97	385
Therapies	229	216	212	219	876
Patients with Multiple Therapies	19	21	14	17	71
Average Therapies per Patient	1.12	1.13	1.08	1.11	1.11
Patient Months					1,480
Average Patient Age	53	53	53	53	53

On an ongoing basis, the Applicant has documented difficulties in meeting the infusion nursing needs of its infusion therapy patients. This skilled nursing access problem arises from several different associated factors, each of which is summarized in the following paragraphs substantiated by the Applicant's Service Area Study which follows.

- Specialty Patients Requiring IVIG and Alpha 1 Therapies: These immuno-therapy patients receive comparatively long infusions, lasting up to 6 hours for each therapy, generally only one time per month. Because of the duration of the infusion time and only once per month requirement, existing home health agencies do not provide this service. Another challenge with these patients is some receive blood based products or plasma derivatives which result in higher rates of patient reaction. Existing home health agencies do not generally accept these types of patients due to this reaction rate and associated liabilities. Additionally, some of these patients are not homebound and therefore would not qualify for a traditional certified home health visit. Given Medicare home health reimbursement, even if the patient is homebound, local home health agencies are not staffed or favorably inclined to provide a nursing service which lasts most of the work day for one full time equivalent. As an approved home health agency, Coram will provide this service for its immunotherapy patients which is otherwise unavailable for this population.

- First Dose Administration: Engaging a local home health agency to provide the first dose in a lengthy ongoing infusion therapy session is difficult at best as most do not have a first dose policy. Initiating infusion therapy services on a new patient requires specialized certified infusion

nurses, who are not regularly employed by Medicare certified home health agencies. These patients can be acute and complex or not homebound or low intervention. By providing the first dose at home, Coram can train the patient to self administer thus avoiding ongoing home health services for some of its patients. For others, Coram will meet this need by providing the required nurse to initiate therapy, first dose administration, then either continuing to treat the patient or turning the patient to the local home health agency if ongoing nursing care is required and a local home health agency is available and qualified for the service. As an approved home health agency, Coram will be able to expeditiously provide this service to effect a timely patient discharge from the hospital.

- Low Intervention Patients: These are patients who are not homebound and therefore do not qualify for Medicare/Medicaid home health services. They need the skilled nursing visit to initiate the infusion process and then train the patient to self administer. These patients are not seen by certified home health agencies as they don't generally qualify for services. It is these types of patients that stay in hospitals longer than necessary because they have to start infusion and be trained at the hospital due to lack of qualified home health agency availability. As an approved home health agency, Coram will admit these patients and train them to self administer, thus saving the system financially by avoiding prolonged hospitalizations.

- Three Dose Schedule: Patients on certain types of infusion are on a three dose schedule, 6 AM, 2 PM and 10 PM. Because of this schedule, many of these patients stay in the hospital extra day(s) because of the availability or lack thereof for nurses to be at home for the first dose, which may be at 10PM. Many home health agencies do not provide services nights and weekends. Likely home health hours are reported as 8AM to 5 or 6 PM and not on weekends, particularly to start a new patient. This impacts discharge dates from hospitals as well as first dose policy/training. In addition, short notice to these home health agencies for a late afternoon referral inevitably results in an extra day in the hospital. As an approved home health agency, Coram will treat these patients on an interim basis until the patient is trained to self administer or the local home health agency admits the patient.

- Rural and Pediatric Patients: It has also been Coram's experience with its infusion therapy patients, that those who reside in outlying counties – the rural areas within the 32-county service area – and pediatric patients are patients for whom it is difficult to obtain infusion nursing services. Coram will also fill this need when the situation arises.

Infusion nursing is highly specialized in protocol, equipment management, patient/family education and training and time commitment. These aspects of

home care delivery are not typical with the average Medicare certified home health agency patient profile and service delivery, or with their available nurse staff.

The service area definition proposed by the Applicant is defined at the county level. This was accomplished through thorough study of the Coram Knoxville Branch Patient Records which includes the patients' counties of residence, referral sources (i.e. place of hospitalization) and the specialized needs as discussed above. The counties for which approval is sought, based on the patient evaluation and needs, are the following:

Anderson	Grainger	Loudon	Roane
Blount	Greene	McMinn	Scott
Bradley	Hamblen	Meigs	Sevier
Campbell	Hancock	Monroe	Sullivan
Carter	Hawkins	Moore	Unicoi
Claiborne	Jefferson	Morgan	Union
Cocke	Johnson	Pickett	Van Buren
Fentress	Knox	Polk	Washington

The guideline relative to 1.5 percent of the population requiring home health services is generally not applicable to the infusion therapy population. First, the average home health agency utilization in the defined service area is 3.1 percent (not 1.5 percent as noted in the Guidelines). Second, the infusion population is a limited subset of that population or not included within that population at all. This relates to the fact that some of the patients are younger, not home bound and require start up and training for self administration, but not ongoing skilled visits.

Service Area Study: Typical Patient Profile versus Coram Patient Profile

A review of the Department of Health Division for Licensing Health Care Facilities indicates there are eighty one (81) home health agencies licensed to serve the Applicant's proposed service area. Evaluation of these 81 existing home health agencies serving the East Tennessee service area indicates these agencies are dramatically different than what is proposed via this CON application. Specifically, these Medicare certified home health agencies patient profile as provided in the Tennessee Joint Annual Report (JAR) Summary has the following characteristics:

- Homebound
- Average visit duration is one to two hours
- Equipment generally not involved
- 87 percent of patients are Medicare/Medicare HMO and TennCare
- 78 percent of the visits are Medicare/Medicare HMO and 3 percent are TennCare, for a combined 81 percent of patient visits and 76 percent of

revenues
- 73 percent are 65 years of age and older with more than 50 percent being 75 and older
- Of total visits in the East Tennessee county agencies,
  - 41 percent are physical, occupational and speech therapy,
  - 12 percent are home health aide and homemaker services,
  - 1 percent are medical social services, and
  - Just 46 percent are skilled nursing

Infusion nursing patients, and those proposed to be served by the Coram limited service home health agency, differ from the average Medicare certified home health agency patient. Notable differences are as follows:

- The predominant age of patients is under the age of 65
- Private insurance is the dominant payor
- Specialty patient infusion visits last up to six hours one time per month for lengthy infusions of immunoglobin
- Antibiotic therapy and TPN patients can have up to three doses (infusions) per day at eight hour intervals
- Nurses require specialized understanding and protocol for infusion equipment
- The goal of infusion nursing is to train the patient to self administer with only limited follow up as needed by the nurse
- The patient may not be homebound, but may not have reasonable geographic or financial access to reach an ambulatory infusion center, hospital or other venue for infusion
- Infusion therapy in the home is more cost effective to the system than accessing the product and service in an institution (i.e. a hospital)

The needs of this highly specific patient population with unique infusion therapy requirements is not being met in the most appropriate, accessible and available means. With Coram's approval for a limited service home health agency license, these access problems can be ameliorated.

Service Area Study: Existing Agencies

A list of the 81 home health agencies along with their patient volume for patients residing in the 32 county service area for each of the last three calendar years is provided in the following table.

Licensed Agency	*County*	2011	2012	*2013*	*# of Svc Area Counties*
Clinch River Home Health	Anderson	473	468	461	7
Professional Case Mgmt of Tennessee	Anderson	127	178	164	11
Blount Memorial Hospital Home Health	Blount	1,357	1,308	1,224	5
Family Home Care – Cleveland	Bradley	668	1,015	769	5
Home Health Care of East Tennessee, Inc	Bradley	2,380	2,448	1,546	8
Sunbelt Homecare	Campbell	285	260	261	7
Amedysis Home Health Care	Carter	1,241	1,147	1,162	4
Amedysis Home Health of Tennessee	Claiborne	1,730	2,074	1,830	5
SunCrest Home Health (Claiborne)	Claiborne	436	581	852	11
Cumberland River Homecare	Clay	14	10	10	2
Smoky Mountain Home Health & Hospice	Cocke	1,622	1,535	1,295	11
Gentiva Health Services (Med Home Care)	Coffee	30	21	23	1
Suncrest Home Health (Doctors in 2010)	Coffee	16	24	14	2
Angel Private Duty and Home Health	Davidson	0	0	1	1
Elk Valley Health Services Inc	Davidson	89	86	94	24
Home Care Solutions, Inc (LHC)	Davidson	221	362	463	13
Quality Home Health	Fentress	2,924	2,633	2,308	9
Quality Private Duty Care	Fentress	275	466	593	6
Amedisys Home Care	Franklin	10	15	10	1
Caresouth HHA Holdings of Winchester	Franklin	15	33	223	6
Advanced Home Care	Greene	385	525	762	4
Laughlin Home Health Agency	Greene	553	547	655	5
Procare Home Health Services	Greene	418	384	433	6
Amedisys Home Care	Hamblen	3,613	3,676	3,896	10
Premier Support Services, Inc	Hamblen	972	900	1,170	16
Univ of TN Medical Center Home Health	Hamblen	986	1,244	1,327	10
Alere Women's and Children's Health LLC	Hamilton	8	25	18	4
Amedisys Home Health	Hamilton	1,775	1,727	1,131	8
Continucare Healthservices, Inc I	Hamilton	146	148	132	3
Continucare Healthservices, Inc II	Hamilton	1	2	0	0
Gentiva Health Services	Hamilton	37	38	11	2
Guardian Home Care, LLC	Hamilton	855	749	573	5
Home Care of Chattanooga	Hamilton	2	0	0	0
Home Care Solutions	Hamilton	75	49	38	3
Life Care At Home Of Tennessee	Hamilton	318	506	433	4
Maxim Healthcare Services	Hamilton	15	30	14	3
Memorial Hospital Home Health	Hamilton	271	271	189	4
NHC Homecare	Hamilton	5	6	13	1
Hancock County Home Health Agency	Hancock	297	323	463	4
Hometown Home Health Care	Hawkins	173	0	89	3
Johnson County Home Health	Johnson	403	396	446	3
Amedisys Home Health Care	Knox	5,267	5,420	5,354	11
Camellia Home Health of East TN (Priority)	Knox	1,434	1,490	1,630	20
CareAll Home Care Services	Knox	257	278	510	6
Covenant Homecare	Knox	3,838	3,945	3,950	16
East TN Childrens Hosp Home Health Care	Knox	671	559	586	16
Gentiva Health Services	Knox	898	870	779	12

Licensed Agency	*County*	2011	2012	*2013*	*# of Svc Area Counties*
Girling Health Care Services of Knoxville	Knox	0	24	31	1
Girling Health Care, Inc	Knox	1,093	1,020	1,436	17
Maxim Healthcare Services	Knox	159	139	159	17
NHC Homecare	Knox	575	608	613	11
Tennova Home Health (St Marys/Mercy)	Knox	3,586	3,146	3,063	14
The Home Option by Harden Health Care	Knox			233	9
Univ of TN Medical Center Home Health	Knox	2,530	3,264	3,235	13
Deaconess Homecare	Lincoln	14	0	23	1
Lincoln Medical Home Health & Hospice	Lincoln	0	18	1	1
NHC Homecare	Maury	0	0	6	1
Home Care Solutions	McMinn	297	349	7	1
NHC Homecare	McMinn	217	173	218	6
Woods Home Care	McMinn	0	0	283	4
Intrepid USA Healthcare Services	Monroe	237	273	357	7
Sweetwater Hospital Home Health	Monroe	462	569	613	5
Amedisys	Overton	438	316	419	4
Highland Rim Home Health Agency	Putnam	2	0	0	0
Intrepid USA Healthcare Services	Putnam	7	21	18	2
NHC Homecare	Rutherford	55	69	52	4
Deaconess Home care	Scott	406	352	394	4
Functional Independence Home Care	Shelby	3	0	0	0
Advanced Home Care	Sullivan	2,825	2,576	2,245	8
Gentiva Health Services	Sullivan	1,286	979	936	7
Unicoi County Home Health	Unicoi	246	209	206	1
Careall Home Care Services	Warren	17	9	26	1
Friendship Home Health, Inc.	Warren	42	59	77	1
Intrepid USA Healthcare Services	Warren	12	5	21	2
Amedisys Home Health	Washington	2,496	2,384	1,821	6
Medical Center Homecare Services	Washington	2,801	3,118	3,503	5
Medical Center Homecare, Kingsport	Washington	1,126	1,628	1,960	7
NHC Homecare	Washington	241	264	259	6
American National Home Health	Wilson	0	29	0	0
Careall	Wilson	30	0	0	0
Professional Home Health Care	Out of State	11	9	13	2
Total		58,800	60,382	59,850	--

Source: Joint Annual Report of Home Health Agencies, Attachment C, pages 6 through 10. Patients Serviced for the Service Area Counties per the Joint Annual Report Summary as reported in Report #6. The Number of Service Area Counties represent those counties within the Coram East Tennessee Service Area in which each home health agency had patients during 2013.

As the data above shows, many of these 81 agencies have very limited patient counts residing in the 32 county service area with some not even serving the area in 2013. Others may only serve 1 or a few of the 32 county service area. More importantly is the fact these HHA patients do not correlate with that proposed by this Coram CON application. Whereas 87 percent of patient counts of the above agencies' volume are Medicare/Medicare HMO and TennCare, Coram expects none of its patients to be Medicare and TennCare. Whereas the majority of the above agencies patients are 65 years of age and older, Coram expects its patients to be for the most part under the age of 65.

As discussed in this CON application, existing home health agencies are reluctant and refuse to treat many of these patients in their homes for a variety of reasons, mostly because the patients are not truly "home bound", they do not qualify for home care reimbursement. In other cases, the nature of the therapy, such as IVIG or Three Dose Therapies, which are either frequent throughout the day or require a several hour administration and observation, is not economically viable for existing HHAs to tie up a nurse for such low reimbursements. And finally, no existing HHA will consider administering First Dose Therapies and will only treat established infusion therapy patients.

Service Area Study: Existing Agency Service Availability

During the fourth quarter of 2013, Coram undertook a research study of the existing home health agencies within its proposed service area footprint to confirm each agency's skill set relative to infusion nursing. The purpose of this research was to identify resources to make Coram's pharmacy more effective, or in the alternative, to provide documentation supporting this CON application. Following is a summary of the findings:

- IVIG: For the query as to whether the agencies provide nursing infusion services for IVIG patients, following were the responses of the agencies which responded to this question:
  - Fifty four percent said they do not provide the service.
  - Of the remainder, some indicated yes, others depends and others occasionally. Some qualified the responses with if they had the staff, had appropriate training and/or on a case by case basis.

  As will be noted in the further Service Area Study detailed below, 'yes' doesn't always mean yes.

- Alpha1: For the query as to whether the agencies provide nursing infusion services for Alpha1 patients, the answers were similar to IVIG with a few exceptions:
  - More than one half said they do not provide the service.
  - Of the balance, some said yes with training, others indicated could provide the service but hadn't done so in a while and others indicated on a case by case basis.

- First Dose Therapies: For the query as to whether the agencies provide nursing infusion services for First Dose Patients, following were the responses of the 46 agencies which directly responded to this question:
  - 79 percent do not provide the service.
  - Others indicated it depends or they could potentially provide the service.

The Applicant does not have specific letters from area home health agencies with respect to their limitations in service provision and corresponding support for this application. However, one of the agencies within the State of Tennessee which was queried by Coram provided the following information in email format:

> *"...Methodist HH has historically not taken part in providing care for first dose or biologic infusions, you are correct. I think Coram is the right place to maintain this as a specialty function for their nurses trained in this procedure. Methodist does not plan to move in the direction of staffing for first dose or biologics in the home. ... While I am in favor of your nursing staff managing your first dose/biologic services, I am not sure my signing a letter of support for your HHA would be approved by Methodist - might be a bit of a conflict there. I would not actively oppose Coram seeking licensure, though, to serve this unique population."*

The email is included in Attachment, Section C, Need: Home Health Services, Item 5. This information is a clear depiction of the existing situation relative to competition and existing providers. While the home health agency recognizes the importance of Coram's mission and service, no letter of support can be provided.

In line with this email, the Applicant does not believe any home health agency is going to admit that it is unable to perform any particular licensed home health agency service and provide a letter of support for this CON application in conjunction with that admission. However, the Applicant is unable to find anywhere in the enabling statute, promulgated regulations of the HSDA, the Guidelines for Growth or any criteria that requires an applicant for any CON produce documentation that existing providers lack interest in the services proposed to be provided by a CON applicant. The Applicant will supplement the record up to the hearing date upon receipt of any letters of support from any of the existing home health agencies.

Service Area Study: Patients Requiring Home Health Agency Services

Patients currently referred to Coram for pharmacy products fit into one of the product categories described above. Many of these patients who are typical therapy patients are referred by the physician or hospital with home health, if necessary, in place. The more challenging patients are those referred to Coram for pharmacy products which are first dose, specialty infusion (IVIG, Alpha1), multiple times per day infusions or low dose interventions.

For these patients who are referred to Coram pharmacy without a needed home health service, beginning in June 2013, Coram initiated telephone documentation of the requirements that became imposed on Coram to meet the patient's needs with an effective discharge from the hospital (as most of these patients were hospitalized). For these patients without necessary home health support for which Coram undertook the challenge to find the requisite resources for the patient, Coram documented the situation. The following table presents a summary of the documentation from June through January 2014:

Month/Year	Number of Patients Referred without Home Health	Coram Initiatives to Identify Home Health Service		
		Home Health Identified Timely	Delayed Home Health Identification	No Home Health Identified
June 2013	13	6	6	1
July 2013	9	3	3	3
August 2013	15	5	8	2
September 2013	7	1	5	1
October 2013	15	6	9	0
November 2013	11	4	5	2
December 2013	11	5	3	3
January 2014	5	1	3	1
Eight Month Total	86	31	42	13
Average/Month	10.8	3.9	5.3	1.6
Percent	--	36.0%	48.8%	15.1%

As presented in the above table, only 36 percent, or 3 ½ out of 10 patients received home health services on a timely basis. Fifteen percent, or 1.5 in ten patients, did not receive the service so alternative treatment was pursued. The balance, nearly half – 48.8 percent of patients, had delayed access to treatment.

In sum, nearly two thirds of patients (64 percent) requiring medically necessary services did not receive services on a timely basis, had delayed discharges from the hospital or did not receive the service in the most effective and appropriate manner. This is clearly a deficiency in the healthcare delivery system that needs

to be addressed; and, it can be appropriately remedied with the approval of Coram's limited service home health agency via this CON application.

Service Area Study: Patient Case Study

Coram regularly works with its pharmacy patients to understand their needs and how they may be best met in an efficient, cost effective and expeditious manner. Patients who have an understanding of resources that are NOT available to meet their needs can be valuable in sharing their "story" with HSDA so that Coram may receive CON approval. Certain Tennessee patients of Coram's pharmacy business have agreed to "provide their story" in the form of a letter. Following is one story:

- Michelle B: *"I am a nurse who is also a long term Total Parenteral Nutrition (TPN) patient. My personal experiences and my clinical knowledge are presented here to share with you why it is so very important that your Agency approve Coram's request for a limited service home health agency. By way of background, I travel extensively and am involved in a patient advocate program. Because of my personal history with access maintenance and having to have a line replaced while out of the country in the past, I requested a PICC line repair kit from Coram. Coram provides my TPN products. Coram had the kit available and the requisite program and educational material. However, because the Memphis branch did not have a CON to provide skilled nursing services, the nurses at the branch could not 'touch' me nor provide me with the skilled nursing training. Therefore, I went without this valuable resource. Sure enough, about two months later, I experienced a fracture on the pigtail portion of my line that resulted in what I consider an unnecessary procedure. Had Coram had its limited home health agency license, the healthcare systems costs would have been less as (1) I would not have had to had an extra procedures; (2) I could have fixed the problem without outside intervention; (3) the quality of my treatment and experience would have been improved; and (4) outcomes would have been improved. From a personal standpoint, the additional costs I incurred and additional hardships and recovery from the procedure I had to endure would have been avoided. I would have also had better patient outcomes, improving the quality and cost effectiveness of my care and treatment. For the reasons as stated above, and my knowledge of Coram's commitment to quality service, please approve Coram's CON request for a limited service home health agency. Please contact me if I can be of further assistance."*

Service Area Study: Patient Placement Hardships

Brief summaries of some of the patients having delayed or no access to care (the 64 percent group) which are summarized in the prior discussion are as follows:

- Patient #1, dubatomine IV continuous: 8 contacts; seven declined service due to not being able to provide this therapy (3), not staffed to provide this service (2) and other reasons (2). Agencies declining this patient included Amedisys, Procare, Interim, NHC, Smoky Mountain, Medical Center of Johnson City and Advanced HomeCare.

- Patient #2, Blue Cross patient, zemaira IV weekly: 7 contacts; four declined due to not being able to provide this therapy (not authorized, no staffing and nobody qualified); one out of area and one would not accept Blue Cross rates. Agencies declining service included Mountain States, Advanced HomeCare, Suncrest, NHC, Smoky Mountain and Procare.

- Patient #3, BlueCare patient, pharmacy prescription for solumedrol: eleven contacts; all 11declined service due to out of area, out of network or other reasons. Declining agencies included Camellia, Interim, Intrepid, Suncrest, Covenant, Homecare Solutions, Blount, UT and Tennova.

- Patient #4, Blue Cross patient, TPN: 10 contacts, 9 unsuccessful. Reasons for not accepting patients include not staffed or insufficient staffing, out of network, out of service area and lack of resources. Declining agencies included Quality, Suncrest, Camelia, Ability, Clinch River, NHC, Tennova, Smoky Mountain and Blount.

- Patient #5, BlueCare patient, pharmacy prescription for solumedrol daily for four days: 4 contacts, all declined for out of network or authorization. Declining agencies included Suncrest, Gentiva, Procare and Medical Center Home Health.

- Patient #6, pharmacy prescription for IVIG: 7 contacts; six denied for staffing or out of network. Declining agencies Amedisys, Girling, UT, Gentiva, Blount and Smoky Mountain.

- Patient #7, Medicare, pharmacy prescription for prevision for five hours so minimum six hour visit: 12 contacts; all declined due to staffing and resources to cover visit. Declining agencies included Maxim, Quality, Amedisys, Homecare Solutions, Clinch River, Covenant, Camelia, Careall, UT, Girling, Intrepid and Home Options.

- Patient #8, CIGNA, pharmacy prescription for glassia: eleven contacts, all denied service. Reasons given were out of network or out of area.

Declining agencies included Amedisys, Girling, Tennsova, NHC, UT, Clinch River, Intrepid, Gentiva, Blount, Covenant and Quality.

- Patient #9, AETNA, prescription for steroid: 8 contacts, seven declined due to staffing issues or network. Declining agencies included Amedisys, Smoky Mountain, Interim, Camelia, Suncrest, Covenant and UT.

- Patient #10, prescription for IVIG: sixteen contacts; fifteen denied and one accepted if had three weeks to schedule and patient went to infusion center for initial doses. Denials were due to staffing, don't provide IVIG therapy or out of network. Denying agencies included Guardian, Memorial, Amedisys, Gentiva, Homecare Solutions, Careall, Camelia, Eastridge, Lifecare at Home, Continucare and NHC.

- Patient #11, CIGNA, prescription for inotrip: 11 contacts, ten declined service due to staffing issues or out of network. Denying agencies included Amedisys, Continucare, Memorial, Lifecare at Home, Guardian, Family, NHC, HHC of East Tennessee, CareSouth and Gentiva.

- Patient #12, prescription for solumedrol: eight contacts; seven denied due to network, out of service area or staffing. Denying agencies included Smoky Mountain, Covenant, Interim, Amedisys, Suncrest, Quality and Camelia.

- Patient #13, prescription for IVIG: 11 contacts, eight declined service due to staffing issues (no IVIG) and three declined due to being out of network. Denying agencies included Amedisys, Camelia, Intrepid, Guardian, NHC, HomeCare Solutions, Sweetwater, Family, CareSouth, Memorial and HHC of East Tennessee.

Additional details of these patient situations and the balance of the other patient encounters summarized in the June 2013 through January 2014 documentation are available upon request, subject to HIPAA regulations.

Coram's proposed home health agency will address the system limitations created by the documented gap in the delivery system. Coram recognizes it can correct these deficiencies as each of the patient scenarios detailed above could be remedied with the approval of this CON application, and would not have occurred had Coram been licensed as a limited service home health agency.

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SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

2. ***In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county. The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.***

The defined service area for Coram Alternate Site Services, Inc.'s proposed home health agency includes 32 counties within East Tennessee. This area represents the counties where in excess of 92 percent of Coram's Tennessee infusion therapy patient population resides and 87 percent of its overall patient population (as five percent reside out of State).

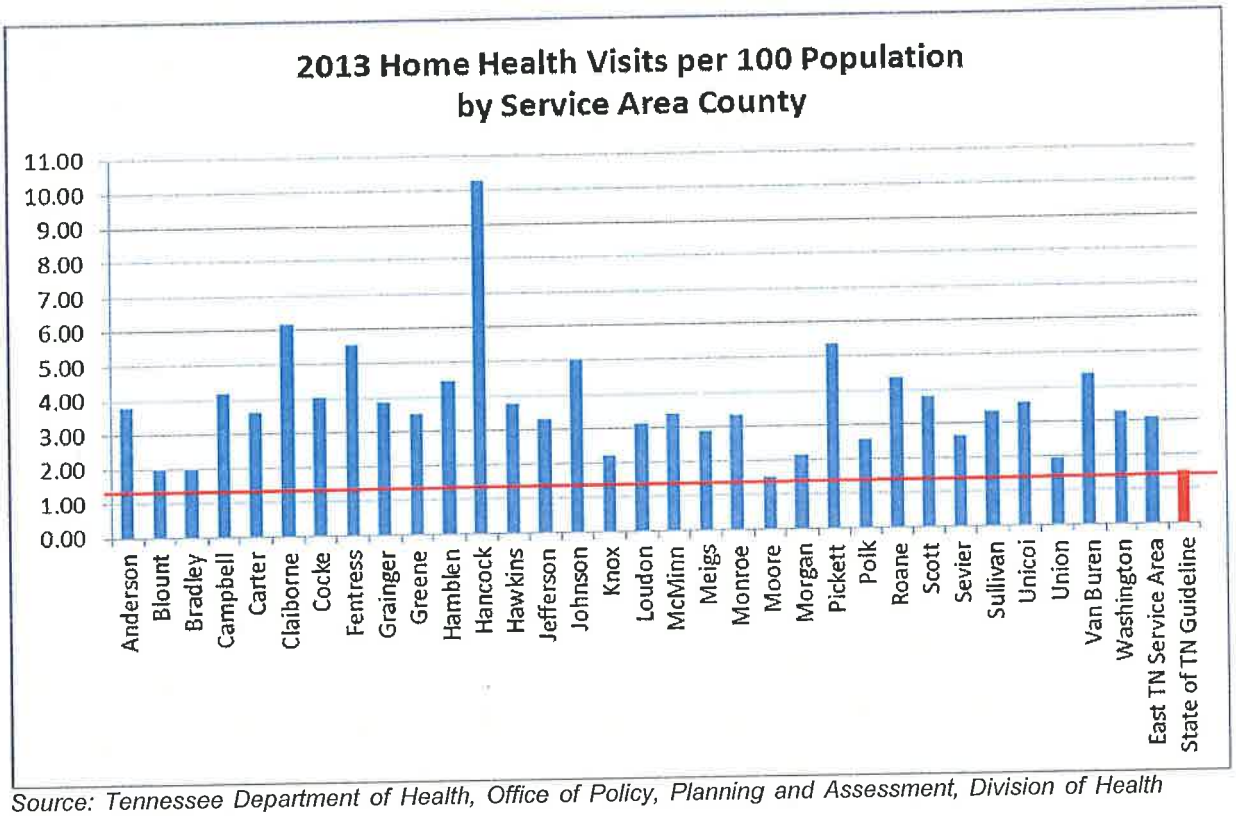
In the following table is the current (2013) population as estimated by the Tennessee Office of the Governor, forecasted five years from current to 2018. Accompanying the population count is the home health formula identifying potential home health patients as a 1.5 percent general guideline applied to the total population.

Service Area	*Population*		*1.5 Percent General Guideline*	
County	*2013*	*2018*	*2013*	*2018*
Anderson	76,182	77,851	1,143	1,168
Blount	126,809	135,171	1,902	2,028
Bradley	102,235	107,481	1,534	1,612
Campbell	41,163	42,566	617	638
Carter	57,228	57,680	858	865
Claiborne	32,457	33,280	487	499
Cocke	36,330	38,615	545	579
Fentreess	18,290	18,987	274	285
Grainger	22,994	23,675	345	355
Greene	69,888	71,594	1,048	1,074
Hamblen	63,763	65,570	956	984
Hancock	6,652	6,640	100	100
Hawkins	57,273	58,164	859	872
Jefferson	53,006	56,872	795	853
Johnson	18,126	18,127	272	272
Knox	448,093	475,569	6,721	7,134
Loudon	50,356	53,192	755	798
McMinn	53,004	54,203	795	813
Meigs	12,064	12,643	181	190
Monroe	45,664	48,088	685	721
Moore	6,369	6,401	96	96
Morgan	21,826	22,004	327	330
Pickett	5,045	4,943	76	74
Polk	16,654	16,588	250	249
Roane	53,918	54,457	809	817
Scott	21,986	21,969	330	330
Sevier	93,637	100,362	1,405	1,505

Service Area County	Population		1.5 Percent General Guideline	
	2013	2018	2013	2018
Sullivan	158,451	161,136	2,377	2,417
Unicoi	18,334	18,511	275	278
Union	19,231	19,605	288	294
Van Buren	5,456	5,474	82	82
Washington	128,537	138,370	1,928	2,076
East TN Service Area	1,941,021	2,025,788	29,115	30,388

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics, 2014 Revision.

The above computes an estimated 29,000 persons who are appropriate for home health services, based on the general guidelines. Actual experience within these 32 counties far exceeds the need estimate based on 1.5 percent. In fact, there are NO counties in the service area's 32 counties which has a use rate less than 1.5 percent. All counties range between 1.5 and 10.3 percent. Actual 2013 use rates by service area county are shown in the following chart:



Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics, 2014 Revision.

The overall average of the service area is 3.1 percent, which is more than 100 percent greater than the 1.5 percent guideline. Had the actual historical utilization been utilized to forecast the demand in 2018, the estimate slightly more than 29,000 visits in 2018 would have increased to 60,172 – - two times more

than the computation utilized by the State to determine need presented in the above table.

Actual utilization experience of all counties in the service area demonstrates the State's need formula of 1.5 percent of population is a dated formula not incorporating the healthcare system's focused initiative to provide healthcare services to patients in the least restrictive, least costly appropriate environment. Focus on community based programs and services, outpatient treatment and effectively treating patients in a less costly environment all contribute to the 1.5 guideline rate being an inappropriate measure of the need for home health services.

Coram's proposal involves providing services to approximately 178 patients per year. This represents only 0.6 percent of the 29,115 in the table or 0.3 percent of the actual/expected 60,172 identified patients if the total is inclusive of the infusion patient.

Aside from actual experience in the service area far exceeding the 1.5 computation, in the case of this CON application for a restricted home health service license, the general guideline is not applicable as the proposed patient population is not the traditional home health client, nor is the person seen for the same length of time. The population in need of infusion nursing services is generally not elderly, not covered by Medicare, not in need of the full scope of home health services and may not even be homebound. The patient, however, will be a costly addition to the healthcare system if the infusion service is provided in an institutional setting versus at home. Furthermore, part of Coram's proposal is to educate the infusion patient to enable self administration after the initial visit(s). Therefore, further reduction in costs to the healthcare system will be expected with the approval of this CON application.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

3. ***Using recognized population sources, projections for four years into the future will be used.***

The defined service area for the Applicant is 32 counties within East Tennessee. These counties include those listed in the table below which also provides forecasted population as estimated by the Tennessee Office of the Governor, four years from current (2014), the forecasted change between 2013 and 2018 and the percent that change represents.

Service Area County	*Population*		*Change from 2013 to 2018*	
	2013	*2018*	*Count*	*Percent*
Anderson	76,182	77,851	1,669	2.2%
Blount	126,809	135,171	8,362	6.6%
Bradley	102,235	107,481	5,246	5.1%
Campbell	41,163	42,566	1,403	3.4%
Carter	57,228	57,680	452	0.8%
Claiborne	32,457	33,280	823	2.5%
Cocke	36,330	38,615	2,285	6.3%
Fentress	18,290	18,987	697	3.8%
Grainger	22,994	23,675	681	3.0%
Greene	69,888	71,594	1,706	2.4%
Hamblen	63,763	65,570	1,807	2.8%
Hancock	6,652	6,640	(12)	-0.2%
Hawkins	57,273	58,164	891	1.6%
Jefferson	53,006	56,872	3,866	7.3%
Johnson	18,126	18,127	1	0.0%
Knox	448,093	475,569	27,476	6.1%
Loudon	50,356	53,192	2,836	5.6%
McMinn	53,004	54,203	1,199	2.3%
Meigs	12,064	12,643	579	4.8%
Monroe	45,664	48,088	2,424	5.3%
Moore	6,369	6,401	32	0.5%
Morgan	21,826	22,004	178	0.8%
Pickett	5,045	4,943	(102)	-2.0%
Polk	16,654	16,588	(66)	-0.4%
Roane	53,918	54,457	539	1.0%
Scott	21,986	21,969	(17)	-0.1%
Sevier	93,637	100,362	6,725	7.2%
Sullivan	158,451	161,136	2,685	1.7%
Unicoi	18,334	18,511	177	1.0%
Union	19,231	19,605	374	1.9%
Van Buren	5,456	5,474	18	0.3%
Washington	128,537	138,370	9,833	7.6%
East TN Service Area	1,941,021	2,025,788	84,767	4.4%

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics, 2014 Revision.

Given the Applicant's forecasted skilled nursing patient count and skilled nursing patient visits, it only expects to annually admit 0.0092 percent of the total population (178 / 1,941,021) based on 2013 population counts, decreasing to 0.0088 percent based on 2018 population counts.

As noted previously, this application is for a limited service (restricted) home health agency to provide infusion nursing and related services to infusion therapy patients in their home. It is a special circumstance and category of patient who does not fall within the traditional home health type patient. Accordingly, its need should be measured by the special circumstances demonstrated by the Applicant, not the traditional or general observations included in the Guidelines.

Service area maps have been prepared for this project and are included in Attachment, Section B, Project Description, Item V and Attachment C, Home Health Services, Item 3. There are two maps included. The first one is the entire state with the service area counties highlighted. The second version has the service area "zoomed in" to provide more detail at the county level.

There are no readily available infusion nursing services to meet the unique needs of the Coram infusion therapy patients. Time and time again, Coram and its referring hospitals struggle with this dilemma resulting in extended but avoidable hospital stays of these patients. Constituent input supporting this fact is presented in response to Question 5 below.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

4. ***The use rate of existing home health agencies in the county will be determined by examining the latest utilization rates as calculated in the Joint Annual Report of existing home health agencies in the service area. Based on the number of patients served by home health agencies in the service area, an estimate will be made as to how many patients could be served in the future.***

Home health agencies with licenses in each county do not necessarily provide services within the counties for which they are licensed. As required in the Joint Annual Reports (JAR), each home health agency is to identify its patients by county of residence. So, for example, an agency licensed in 15 counties may not have patients in all 15 counties. And, by being licensed in those 15 counties, the JAR Summary will list "licensed" agencies and "reporting" agencies indicating that although licensed each is not reporting services to residents of each county in which it is licensed.

The following table identifies the number of licenses by county along with those agencies providing reports and reporting residents by county.

Service Area Counties	*Number of Home Health Agencies*	
	Licensed	*Reporting*
Anderson	22	19
Blount	18	18
Bradley	16	14
Campbell	21	18
Carter	12	11
Claiborne	19	15
Cocke	16	14
Fentress	10	7
Grainger	22	20
Greene	20	17
Hamblen	19	17
Hancock	14	11
Hawkins	21	18
Jefferson	20	19
Johnson	5	5
Knox	24	23
Loudon	23	21
McMinn	17	17
Meigs	18	16
Monroe	19	19
Moore	13	10
Morgan	21	21
Pickett	8	6
Polk	11	11
Roane	24	22

Service Area Counties	Number of Home Health Agencies	
	Licensed	Reporting
Scott	18	15
Sevier	19	18
Sullivan	14	13
Unicoi	13	11
Union	21	18
Van Buren	12	11
Washington	16	14

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics.

The total of the table will not indicate how may home health agencies are licensed within the 32 county area. A cumulative total will actually provide the aggregate number of counties. So in the example where one home health agency is licensed in 15 counties, it is counted 15 times in the above list. In this case, there are 81 licensed agencies serving one or more counties in this service area.

Considering just the active home health agencies and patients by county of residence, and the 2013 utilization by county, the effective use rate averages 31.0 patients per 1,000 population, or 3.10 percent of the population. As shown in the following table, all 32 counties have use rates at or exceeding the State guideline. These range from a low of 1.52 percent to a high of 10.25 percent depending on the county of residence.

Service Area County	Patients Served in 2013	2013 Population	Use Rate	2018 Population	Estimated 2018 Capacity
Anderson	2,893	76,182	0.0380	77,851	2,956
Blount	2,507	126,809	0.0198	135,171	2,672
Bradley	2,021	102,235	0.0198	107,481	2,125
Campbell	1,715	41,163	0.0417	42,566	1,773
Carter	2,072	57,228	0.0362	57,680	2,088
Claiborne	2,002	32,457	0.0617	33,280	2,053
Cocke	1,467	36,330	0.0404	38,615	1,559
Fentress	1,015	18,290	0.0555	18,987	1,054
Grainger	886	22,994	0.0385	23,675	912
Greene	2,454	69,888	0.0351	71,594	2,514
Hamblen	2,835	63,763	0.0445	65,570	2,915
Hancock	682	6,652	0.1025	6,640	681
Hawkins	2,148	57,273	0.0375	58,164	2,181
Jefferson	1,749	53,006	0.0330	56,872	1,877
Johnson	907	18,126	0.0500	18,127	907
Knox	9,976	448,093	0.0223	475,569	10,588
Loudon	1,572	50,356	0.0312	53,192	1,661
McMinn	1,807	53,004	0.0341	54,203	1,848
Meigs	346	12,064	0.0287	12,643	363
Monroe	1,517	45,664	0.0332	48,088	1,598
Moore	97	6,369	0.0152	6,401	97
Morgan	472	21,826	0.0216	22,004	476

Service Area County	*Patients Served in 2013*	*2013 Population*	*Use Rate*	*2018 Population*	*Estimated 2018 Capacity*
Pickett	271	5,045	0.0537	4,943	266
Polk	427	16,654	0.0256	16,588	425
Roane	2,354	53,918	0.0437	54,457	2,378
Scott	835	21,986	0.0380	21,969	834
Sevier	2,452	93,637	0.0262	100,362	2,628
Sullivan	5,259	158,451	0.0332	161,136	5,348
Unicoi	659	18,334	0.0359	18,511	665
Union	371	19,231	0.0193	19,605	378
Van Buren	240	5,456	0.0440	5,474	241
Washington	4,181	128,537	0.0325	138,370	4,501
Total	60,189	1,941,021	0.0310	2,025,788	62,562

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics, 2014 Revision.

As the table in response to Section C, Need, Question 5 indicates, there are actually 81 agencies reporting activity in 2013 in these counties. Yet, despite this number of agencies, there is a compelling need for approval of Coram's proposal for infusion nursing services. The distinct and highly specialized need with credentialed certified staff is unique when one considers the existing home health agencies serving East Tennessee. Their provision of services does not generally include first dose protocols or certified infusion staff, but rather focuses on Medicare clients in need of skilled, aide and therapy visits.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

5. ***Documentation from referral sources:***
   a. ***The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.***
   b. ***The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.***
   c. ***The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.***
   d. ***The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.***

The patients to be treated by Coram will be its home infusion product patients in need of administration of the infusion product and related infusion nursing services. By way of example and not limitation, the related services are line maintenance, infusion equipment repair and replacement and dressing changes on central lines and external access ports. These services will be provided by a registered nurse who is appropriately credentialed and is certified with a CRNI designation (certified registered nurse infusion). These services and credentials are a unique service and not typical of the average Medicare certified home health agency available to East Tennesseans.

The types of patients will be restricted to infusion therapy patients. Types of infusion products to be administered include:

- Antibiotics
- Total parenteral nutrition (TPN)
- Hydration
- Cardiac products (such as inotropic therapies)
- Intravenous immunoglobulin (IVIG) and other similar specialty drugs
- Pain management
- Antiemetic
- Steroids

The uniqueness of this patient population that drives the need for Coram to be licensed as a home health agency includes the following infusion patients by group:

- Specialty Patients Requiring IVIG and Alpha 1 Therapies
- First Dose Administration
- Low Intervention Patients
- Three Dose Schedule Patients
- Rural and Pediatric Patients

The underlying bases and discussions relative to the lack of access and availability of skilled nursing services for this patient population are provided in response to Section C, Need: Home Health Services, Question 1. In summary, each of these patient types requires and will benefit from infusion nursing services in the home which includes patient and family education for self administration.

To estimate the number of infusion nursing patients and their related skilled visits for the forecast period, the Applicant considered the types of infusion therapy products which comprise the patient therapies for which it has physician orders, the average monthly census by type of infusion and the hardship the Applicant has encountered in various situations throughout East Tennessee in obtaining qualified infusion nursing services from other third parties. This affected the analysis because Coram is not intending on competing with existing available services but rather responding to a community need based on the gap in service which equates to a lack of availability or accessibility of infusion nursing services.

As noted previously, there are primary differences between two types of Coram patients. One is the more typical infusion therapy patient receiving antibiotics, TPN, pain management, cardiac and the like; the other is the specialty patient receiving immunoglobin or alpha 1 therapies. Following is a table that reflects the number of therapies by quarter for the most recent calendar year:

Therapy	*Q1-2013*	*Q2-2013*	*Q3-2013*	*Q4-2013*	*CY 2013*
AIS Antiviral Antifungal Agents	0	0	1	0	1
Alteplase Tissue Plasminogen Activator	0	0	0	1	1
Antiobiotics	87	75	85	79	326
Anticoagulant Therapy	1	0	0	1	2
Antiemetic	2	2	2	2	8
Antinflammatory	1	1	0	0	2
Antiviral Antifungal Agents	3	3	1	5	12
Aralast Alpha-Proteinase Inhibitor	1	1	3	2	7
Calcitonin	4	1	1	1	7
Cardiovascular Agent	4	0	1	5	10
Catheter Care	25	27	24	23	99
Chelation Therapy	0	1	0	0	1
Chemotherapy	3	2	0	1	6
Colony Stimulating Factor	1	1	0	0	2
Corticosteroid Therapy	17	14	16	18	65

Therapy	*Q1-2013*	*Q2-2013*	*Q3-2013*	*Q4-2013*	*CY 2013*
Diuretic Agent	1	3	1	1	6
Fabrazyme	1	0	0	0	1
Gastrointestinal Tract Agent	1	1	1	0	3
Immunoglobulin IV	12	14	13	14	53
Immunoglobulin Subcutaneous	39	41	40	40	160
IV Fluid Replacement, Hydration	10	10	9	12	41
Misc IV Drugs	2	5	2	1	10
Opiate Pain Management	2	3	3	1	9
TPN	11	10	6	9	36
Zemaira Alpha Proteinase Inhibitor	1	1	3	3	8
Total	229	216	212	219	876

The more common therapies comprise 73 percent of Coram's deliverables; the specialty patients comprise 27 percent of the Knoxville Branch therapies provided. In terms of estimated requirement for infusion nursing services, it is estimated that 100 percent of the specialty patients will require the service. Depending on the therapy, the service could be an initial treatment covering several days and then once per month; others may be three visits at start of care then only annual reevaluation. The number of visits is dependent on the therapy regimen and the treatment duration (i.e. for life or some shorter time frame). The reason for such high utilization is these patient infusions last up to 6 hours per treatment and/or the patient is not homebound. As such, the more traditional home health agency providing intermittent services for the homebound is not generally staffed for nor compensated for under Medicare guidelines such long nursing visits. Ongoing, Coram has significant challenges to find nursing services for these patients resulting in these patients remaining in the hospital for an unnecessary prolonged period, having the patient travel to his/her physician office for Coram to meet the patient in that setting or having the patient travel to another licensed location – all creating hardship on the patient and family.

For the balance of Coram's therapy patients, it is estimated that 5 percent of those patients will require infusion nursing provided by Coram's home health agency. Similarly, this patient estimate is based on the Applicant's assessment of its patient case load and the challenges it regularly faces in admitting a patient to the pharmacy service that cannot obtain at home support to initiate the infusion therapy. Depending on the therapy, each patient will receive four visits per month on average.

Extrapolating the above utilization assumptions and applying them to the estimated future monthly census of infusion therapy patients results in a computed approximate 19 percent of Coram's pharmacy patients requiring skilled nursing services be provided by Coram. Coram herein provides the information and patient counts/visits regarding the types of cases that it will treat as part of its home infusion nursing services. All home health visits will be skilled nursing as noted in the following table:

Factor	*Year One*	*Year Two*
Number of Home Health Patients	162	178
Skilled Home Health Visits by Infusion Therapy Type		
Aralast Alpha-Proteinase Inhibitor	100	110
Immunoglobulin IV	233	257
Immunoglobulin Subcutaneous	172	189
Zemaira Alpha Proteinase Inhibitor	114	126
Other Specialty	117	127
Subtotal	736	809
All Other (TPN, Antibiotics, Etc)	458	503
Total Annual Skilled Nursing Visits	1,194	1,313

Regarding support from the provider community, the Applicant has received letters of support from existing infusion therapy referral sources who recognize the need for Coram to be licensed to realize more effective and appropriate hospital discharges. These letters include specialty physicians, patients and others. Sentiments from these letters supporting the need for this CON application's approval include the following:

"...Typically, the patient I am referring (to Coram) carry the diagnosis of primary immune deficiency. As you can understand, it is in general in the patient's best interest, with hypogammaglobulinemia, to avoid hospital settings and sick contact. An ideal approach is for these patients to have treatments provided in the home when possible. Unfortunately, it is rare to find a home health agency willing to provide these services in the home, especially for pediatric patients. It is even a more difficult problem to find a home health agency willing to provide infusion nursing services for specialized infusion products such as IVIG, typically due to lack of qualified nursing or inexperience in dealing with patients carrying diagnoses of primary immune deficiency."

"...I have dealt with Coram in the past; and the need for skilled nursing services for this population of patients is a current great need that is inadequately met."

"...When my patients who require IVIG therapy, and the most appropriate quality of care site to administer is the home, the availability of this service is virtually non-existent."

"...The licensed home health agencies serving our area are not proficient in IVIG therapy, are not familiar with first dose protocols and are generally not available to provide a nursing visit that lasts five to six hours which my patients require."

"...My patients who require immunoglobulin therapy do not have adequate services available to them..."

"...The typical home health agency nurse, not certified in Infusion Services, does not understand the importance of pharmokinetics like the Coram nurses do. ... impacted my patient... This example is not in isolation; I regularly have other such circumstances."

"...It is important to me that Coram's requested certificate of need be approved .... This will improve by patient's quality of care and these patient outcomes."

"...I am well aware that Coram spoke with eleven different agencies – all of whom denied me the needed training and treatment. This delay caused my much anxiety. I can't imagine that it didn't also increase my treatment costs to the healthcare system."

"...Having treatment needs is hardship enough on a patient. Not being able to reasonably access treatment in a timely manner is even worse."

"...Had Coram had its limited home health agency license, the healthcare systems cots would have been less as (1) I would not have had to had an extra procedure; (2) I could have fixed the problem without outside intervention; (3) the quality of my treatment and experience would have been improved; and (4) outcomes would have been improved."

"...the additional costs I incurred and additional hardships and recovery from the procedure I had to endure would have been avoided."

Please refer to Section C, Home Health Services, Item 5 for the letters of support provided by referral sources and these other knowledgeable parties in the service area.

It is clear from these letters that the appropriate home infusion nursing services required by these infusion therapy patients is not readily available throughout the East Tennessee service area. Existing agencies do not meet the needs of these patients, due to the fact that some of the services do not qualify for Medicare/ Medicaid provision meeting the conditions of participation; some of the services are so atypical of the reimbursement methodology associated with short term intermittent nursing treatment; and some of the nursing services are a relocation of in hospital care to the patient home to provide a more cost effective, patient oriented service.

Approving the Coram CON application for a restricted home health license will have a positive effect on the quality of care available to the area population, will improve the discharge options available to area hospitals, will enhance quality of care through more prompt and cost effective discharge of patients and will meet a demonstrated need for infusion nursing services throughout the region.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED: HOME HEALTH SERVICES

6. ***The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.***
   a. ***The average cost per visit by service category shall be listed.***
   b. ***The average cost per patient based upon the projected number of visits per patient shall be listed.***

The average cost per skilled nursing visit for the Applicant is forecasted to be $140 in 2015 (year one) dollars. This is computed based on taking projected data chart total costs and dividing by the number of visits. It is based upon a mix of patients as described previously with some portion of the visits lasting up to six hours, or three times as long as the typical visit duration. Evaluating cost per visit based on the typical visit versus the six hour visit, the Applicant's estimated costs per visit are approximately $117 and $348, respectively.

In considering the charge per visit of home health agencies operating within the service area, the average for a skilled nursing visit for the agencies listed in response to Section C, Need, Question 5, per the 2013 Joint Annual Report Summary was only provided by two agencies as follows:

Agency Name	*2013 Charge Per Skilled Visit*
East Tennessee Children's Hospital Home Health Care (Knox)	$217
Maxim Healthcare Services, Inc. (Knox)	$58

Source: Report 3 from the 2013 Joint Annual Report Summary.

The average charge for these two agencies combined is $138 per visit. In addition to the above reported charges per skilled visit, eight agencies report a 2013 charge per hour for skilled care. If we were to assume an average two hour skilled visit, following would be the correlating charge per skilled visit for these additional home health agencies.

Agency Name	*2013 Charge / Skilled Visit (*)*
Quality Home Health (Fentress)	$80
Quality Private Duty Care (Fentress)	$78
Procare Home Health Services (Greene)	$250
Premier Support Services (Hamblen)	$70
Hancock County Home Health Agency (Hancock)	$64
Camellia Home Health of East Tennessee, LLC (Knox)	$82
CareAll Home Care Services (Knox)	$68
The Home Option by Harden Healthcare (Knox)	$170

(*) Assumes charge per hour as reported in Report 3 of the Joint Annual Report Summary times two.

The above averages $108 per visit, assuming a two hour visit in 2013 dollars. Inflating for two years to 2015 results in an approximate charge of $118 per visit. This contrasts with the charge per visit of $117 proposed by the Applicant for a two hour visit.

In terms of cost per visit, the same Report 3 from the Joint Annual Report Summary provides cost per visit for skilled care. Forty agencies reported this information which is presented in the following table:

Agency Name	*2013 Cost Per Skilled Visit*
Clinch River Home Health (Anderson)	$212
Blount Memorial Hospital Home Health Services (Blount)	$125
Family Home Care, Cleveland (Bradley)	$61
Home Health Care of East Tennessee, Inc. (Bradley)	$153
Sunbelt Homecare (Campbell)	$83
Amedisys Home Health Care (Carter)	$39
Amedisys Home Health of Tennessee (Claiborne)	$40
SunCrest Home Health (Claiborne)	$121
Smoky Mountain Home Health and Hospice, Inc. (Cocke)	$226
Quality Home Health (Fentress)	$115
Advanced Home Care, Inc. (Greene)	$133
Laughlin Home Health Agency (Greene)	$197
Procare Home Health Services (Greene)	$87
Amedisys Home Health Care (Hamblen)	$45
Premier Support Services (Hamblen)	$74
Univ of TN Medical Center Home Health Services (Hamblen)	$100
Hancock County Home Health Agency (Hancock)	$85
Hometown Home Health Care (Hawkins)	$125
Johnson County Home Health (Johnson)	$145
Amedisys Home Health Care (Knox)	$45
Camellia Home Health of East Tennessee, Inc. (Knox)	$154
CareAll Home Care Services (Knox)	$66
Covenant Homecare (Knox)	$126
Gentiva Health Services (Knox)	$107
Girling Health Care, Inc. (Knox)	$116
NHC Homecare (Knox)	$126
Tennova Home Health (Knox)	$177
University of TN Medical Center Home Health Services (Knox)	$89
Woods Home Health (McMinn)	$97
NHC Homecare (McMinn)	$134
Intrepid USA Healthcare Services (Monroe)	$156
Sweetwater Hospital Home Health (Monroe)	$161
Deaconess Homecare (Scott)	$160
Advanced Home Care, Inc. (Sullivan)	$125
Gentiva Health Services (Sullivan)	$101
Unicoi County Home Health (Unicoi)	$140
Amedisys Home Health (Washington)	$47
Medical Center Homecare Services (Washington)	$145
Medical Center Homecare, Kingsport (Washington)	$145
NHC Homecare (Washington)	$120

Source: Report 3 from the 2013 Joint Annual Report Summary.

The above averages $118 per visit in 2013 dollars. This contrasts with the cost per visit of $140 proposed by the Applicant which is higher due to the long length of the specialty visits, i.e. 5 to 6 hours. The Applicant's average skilled nursing cost per patient in year one dollars is $1,033. This is computed based on taking projected data chart total costs and dividing by the number of patients in each year.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

c. ***Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)***

(4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Commission may consider, in addition to the foregoing factors, the following factors:

(a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.

(b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

(c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

This CON application is for a limited service home health agency. Therefore this criterion does not apply.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

2. ***Describe the relationship of this project to the applicant facility's long-range development plans, if any.***

The Applicant is a licensed pharmacy serving East Tennessee. This project relates to its current and future operations in that it will enable more rapid hospital discharge and infusion therapy admission for patients who are otherwise ready to go home from the hospital except for availability of skilled infusion nursing services. The limited service home health license will enable Coram to more effectively and expeditiously meet the needs of its infusion therapy patients. On a long term basis, it will enable Coram to better contribute to the adequate and cost effective delivery of healthcare services in East Tennessee.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

3. ***Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).***

This CON application seeks approval to provide limited home health services (infusion nursing and related skilled services) from its Knoxville Branch and in the following 32 East Tennessee counties:

Anderson	Grainger	Loudon	Roane
Blount	Greene	McMinn	Scott
Bradley	Hamblen	Meigs	Sevier
Campbell	Hancock	Monroe	Sullivan
Carter	Hawkins	Moore	Unicoi
Claiborne	Jefferson	Morgan	Union
Cocke	Johnson	Pickett	Van Buren
Fentress	Knox	Polk	Washington

The geographic area represented by these counties spans from the Tennessee-North Carolina state line on the east, Tennessee-Virginia state line on the northeast, Tennessee-Georgia state line on the southeast, Tennessee-Kentucky state line to the north and the communities of Jamestown, Wartburg, Kingston, Decatur and Cleveland along the west of this defined service area. In addition to serving Tennessee residents, this Coram branch also minimally serves residents of the neighboring states of Virginia and North Carolina.

A map depicting these counties relative to the State of Tennessee is included in Attachment, Section B, Project Description, Item V.

Determination of the service area was completed based on a detailed assessment of Coram's Knoxville Branch Patient Records to identify the county of residence of most of its patients. The limited number of Knoxville Branch's patients who did not live in this service area resided out of state or with a few in the western or middle portions of the state. These in state residents who received initial services from the Knoxville Branch were rapidly transferred to Coram's branches in Memphis and Nashville and not served ongoing. This residency assessment was coupled with the location of the Branch's referral sources and its community liaison staff, all of which are dispersed throughout the defined 32 county service area.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

4. *A. Describe the demographics of the population to be served by this proposal.*

The defined service area for Coram's proposed limited service home health agency is 32 counties consolidated throughout East Tennessee. This service area definition was derived from an analysis of the patients currently being served by Coram's Knoxville Branch and the geographic designation from which it currently receives its Tennessee patient referrals for infusion therapy products. Patients who are referred from local hospitals to Coram's Knoxville Branch who live outside these 32 counties will be referred to Coram's other branches (Memphis and Nashville) in the state for services.

In the following table is the current (2013) population as estimated by the Tennessee Office of the Governor, forecasted four years from current to 2018.

Service Area County	*Population*		*Percent Change 2013-2018*
	2013	*2018*	
Anderson	76,182	77,851	2.2%
Blount	126,809	135,171	6.6%
Bradley	102,235	107,481	5.1%
Campbell	41,163	42,566	3.4%
Carter	57,228	57,680	0.8%
Claiborne	32,457	33,280	2.5%
Cocke	36,330	38,615	6.3%
Fentress	18,290	18,987	3.8%
Grainger	22,994	23,675	3.0%
Greene	69,888	71,594	2.4%
Hamblen	63,763	65,570	2.8%
Hancock	6,652	6,640	-0.2%
Hawkins	57,273	58,164	1.6%
Jefferson	53,006	56,872	7.3%
Johnson	18,126	18,127	0.0%
Knox	448,093	475,569	6.1%
Loudon	50,356	53,192	5.6%
McMinn	53,004	54,203	2.3%
Meigs	12,064	12,643	4.8%
Monroe	45,664	48,088	5.3%
Moore	6,369	6,401	0.5%
Morgan	21,826	22004	0.8%
Pickett	5,045	4,943	-2.0%
Polk	16,654	16,588	-0.4%
Roane	53,918	54,457	1.0%
Scott	21,986	21,969	-0.1%
Sevier	93,637	100,362	7.2%
Sullivan	158,451	161,136	1.7%
Unicoi	18,334	18,511	1.0%
Union	19,231	19,605	1.9%
Van Buren	5,456	5,474	0.3%
Washington	128,537	138,370	7.6%

Service Area County	Population		Percent Change 2013-2018
	2013	2018	
Total	1,941,021	2,025,788	4.4%

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics, 2013 Revision.

The defined service area currently has 1.941 million persons which are estimated to increase by 4.4 percent to 2.03 million within the next five years. This is similar to the 4.7 percent expected statewide. With respect to the under 65 and older population, the primary patient focus of this CON application, the 32-county service area is increasing slightly less than the State, as reflected in the table below:

Demographic Data	32 County Service Area	State of TN
Total 2013 Population	1,941,021	6,528,014
Total Population, 2018	2,025,788	6,833,509
Total 2018 Population Change (5 Year)	84,767	305,495
Under 65 Population, 2013	1,603,697	5,577,837
Under 65 Population, 2018	1,634,080	5,731,096
Under 65 Population Change (5 Year)	30,838	153,259
Under 65 Population % of Total Population, 2013	82.6%	85.4%
Under 65 Population % of Total Population, 2018	80.7%	83.9%
Median Household Income, 2014	$40,452	$43,390
TennCare Enrollees, 2014	338,584	1,190,766
TennCare Enrollees as a % of Total Population, 2014	17.4%	18.2%
Persons Below Poverty Level, 2013 estimate	346,229	1,135,205
% of Total Population Below Poverty Level	17.8%	17.4%

Sources: Population from Tennessee Department of Health, Tennessee Counties and the State; TennCare Enrollees from TennCare latest published data (January 2014); Median Household Income from Claritas, Inc.; and, Percent Poverty Level from U.S. Government as of December 2013 and applied to Tennessee projections of population.

Also presented in the above table is economic information of the service area contrasted with the State. Within the service area, median household income is less than the statewide equivalent, the portion of population below the poverty level is slightly greater than the State and the portion of TennCare enrollees is slightly less than the State. This indicates a similar or slightly worse economic environment in East Tennessee than the State overall.

Overall, these demographic and economic factors demonstrate a need for affordable healthcare and demand a decrease in costs in healthcare delivery. This application is responsive in that it is based on the demonstrated needs of the existing population for whom Coram has identified a gap in service and an access problem related to infusion nursing visits in the home. Coram's patients are quantified within the existing population (demographic and economic factors) of the counties identified above; the identified problem will only be exacerbated without the approval of this CON application.

While traditional Medicare certified home health agencies primarily service the elderly, this will not be the case with Coram's services as proposed via this CON application. In fact, analysis of the Coram Knoxville Branch infusion patients, who will become its skilled nursing patients, for the past three years indicate the following age dispersion:

Age Group	*Q1-2013*	*Q2-2013*	*Q3-2013*	*Q4-2013*	*CY 2013*
<1 Yr	0	0	0	0	0
1 to 16	29	29	22	22	102
17 to 29	15	16	16	19	66
30 to 49	34	34	34	35	137
50 to 64	59	50	53	57	219
65 to 74	39	36	36	43	154
75 and Older	30	30	39	23	122
Total	206	195	200	199	800
Percent Under Age 65	66.5%	66.2%	62.5%	66.8%	65.5%
Percent 65 and Older	33.5%	33.8%	37.5%	33.2%	34.5%

Source: Corameters Management Report, Knoxville Branch, 2/19/2014

In contrast with the average Medicare certified home health agency, actual age dispersion of patients in East Tennessee obtained from the 2013 Joint Annual Report Summary indicates statewide that 73 percent of patients are older than age 65 (versus 35 percent above). More dramatic is the age distribution of the elderly. Statewide, the 75 and older home health services population accounts for 50 percent of all patients; the same statistic is representative of the agencies reporting from the 32 county Coram defined service area. In contrast, only about 15 percent of Coram's patients in its Knoxville Branch are 75 years of age or older. In essence, just one in seven Coram patients is 75+ versus one in two at a typical home health agency.

The patient to be served by Coram's home health infusion nursing service will be primarily under the age of 65. Furthermore, these patients will be either privately insured, self pay or uncompensated. In fact, it is not Coram's intent to obtain Medicare certification for its home health services. Rather it will rely on the available Medicare home health agencies in East Tennessee to meet that client's needs, unless otherwise requested. To demonstrate the difference in patient population, actual visits by payor was obtained from the 2013 Joint Annual Report Summary. This indicates that within the East Tennessee service area 78 percent of the home health agency visits were for Medicare and Medicare HMO clients. And Medicare combined with TennCare totals approximately 81 percent of visits. This will contrast with the service proposed via this CON application which will provide no Medicare or TennCare home health visits.

The service proposed to be provided by Coram is strictly limited to skilled nursing visits and specifically infusion related. Again, in analyzing the existing licensed home health agencies in East Tennessee, 54 percent of those agencies' visits were not skilled nursing visits; just 46 percent were skilled nursing visits. Breakdown by type of skilled visits is not available. However, based on the Applicant's identification of difficulty accessing home infusion nursing support, it is likely that infusion nursing only comprises

a very very small portion of the 46 percent skilled visits. In contrast to available home health agencies, Coram will be different. It will be 100 percent skilled and of the skilled it will be 100 percent infusion nursing and related services.

As demonstrated above, the age profile, payor profile and needs of the Coram infusion nursing patient will differ dramatically from the patient served by the existing home health agencies within the 32 county service area and Statewide.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The population to be served by Coram via this CON application is unique in contrast to other home health agencies. The patient profile is derived from Coram's existing patient profile as those are the persons who will receive infusion nursing services in the home. As noted previously, Coram estimates approximately 19 percent of its ongoing census will have a need for infusion nursing services provided by Coram. These patients are specialized with special needs. They include patients with compromised immune system or auto immune disorders, transplant patients, congestive heart failure patients, patients who cannot consume nutrition or food via regular intake, hemophiliacs or patients with other blood clotting disorders, patients with progressive emphysema, among others.

The specialized needs of these patients can be met via Coram's provision of infusion therapy products in the home, supported by Coram's proposed infusion nursing services which will include patient/family education for self administration. Benefits of home infusion depending on the patient include, but are not limited to, the following:

- Earlier hospital discharge, or hospital avoidance
- Positive outcomes
- Multiple drug therapies managed by experience clinicians in the home
- First dosing protocols in the home
- PICC line and IV access management
- Trended lab results
- Therapeutic drug monitoring and pharmacokinetic drug dosing
- Education materials which include pictures and written step by step instructions
- Personalized training by nurse clinicians
- Nursing visits to reassess techniques and reinforcement training as needed
- 24-hour access to Coram clinicians
- Patient service representative to act as the patient's liaison

Relative to the patient profile, Coram expects that five percent of its patients will be medically indigent with Coram providing the nursing service free of charge (charity care), other persons will not be able to afford their treatment but not considered charity care and the balance covered by either self pay or third party payor. The majority of the patients will be under the age of 65, many of whom are still working and therefore can not afford to not receive in home services and self administration education.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

5. ***Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.***

Coram Alternate Site Services, Inc. proposes to become a restricted license home health service, and under this license only provide infusion nursing and related services in the patient home. This is unique in contrast with the Medicare certified home health agencies available in East Tennessee. Uniqueness is attributable to the following factors: (1) restricted license to only provide infusion nursing and related services; (2) not Medicare or Medicaid certified; (3) patients primarily under the age of 65; (4) patient may not be home bound but the service is more appropriate in the home (due to cost, compromised immune system, accessibility, education/training, etc.); (5) without availability of Coram's services, many patients remain in the hospital unnecessarily; (6) Coram's certified nurse infusion professionals; (7) Coram's education and training of Medicare certified agencies to assume the patient population when appropriate; (8) Coram's first dose policy/protocol; among others.

While this proposal is unique and therefore not directly competitive with existing licensed home agencies in the Service Area, in accordance with information requested in this question, the following table provides the names and utilization (visits) for home health agencies listed in the Joint Annual Report Summary as being existent in one of the 32 counties defined as the Coram Alternate Site Services Service Area:

Licensed Agency	*County*	2011	2012	*2013*	*# of Svc Area Counties*
Clinch River Home Health	Anderson	473	468	461	7
Professional Case Mgmt of Tennessee	Anderson	127	178	164	11
Blount Memorial Hospital Home Health	Blount	1,357	1,308	1,224	5
Family Home Care – Cleveland	Bradley	668	1,015	769	5
Home Health Care of East Tennessee, Inc	Bradley	2,380	2,448	1,546	8
Sunbelt Homecare	Campbell	285	260	261	7
Amedysis Home Health Care	Carter	1,241	1,147	1,162	4
Amedysis Home Health of Tennessee	Claiborne	1,730	2,074	1,830	5
SunCrest Home Health (Claiborne)	Claiborne	436	581	852	11
Cumberland River Homecare	Clay	14	10	10	2
Smoky Mountain Home Health & Hospice	Cocke	1,622	1,535	1,295	11
Gentiva Health Services (Med Home Care)	Coffee	30	21	23	1
Suncrest Home Health (Doctors in 2010)	Coffee	16	24	14	2
Angel Private Duty and Home Health	Davidson	0	0	1	1
Elk Valley Health Services Inc	Davidson	89	86	94	24
Home Care Solutions, Inc (LHC)	Davidson	221	362	463	13

Licensed Agency	*County*	2011	2012	*2013*	*# of Svc Area Counties*
Quality Home Health	Fentress	2,924	2,633	2,308	9
Quality Private Duty Care	Fentress	275	466	593	6
Amedisys Home Care	Franklin	10	15	10	1
Caresouth HHA Holdings of Winchester	Franklin	15	33	223	6
Advanced Home Care	Greene	385	525	762	4
Laughlin Home Health Agency	Greene	553	547	655	5
Procare Home Health Services	Greene	418	384	433	6
Amedisys Home Care	Hamblen	3,613	3,676	3,896	10
Premier Support Services, Inc	Hamblen	972	900	1,170	16
Univ of TN Medical Center Home Health	Hamblen	986	1,244	1,327	10
Alere Women's and Children's Health LLC	Hamilton	8	25	18	4
Amedisys Home Health	Hamilton	1,775	1,727	1,131	8
Continucare Healthservices, Inc I	Hamilton	146	148	132	3
Continucare Healthservices, Inc II	Hamilton	1	2	0	0
Gentiva Health Services	Hamilton	37	38	11	2
Guardian Home Care, LLC	Hamilton	855	749	573	5
Home Care of Chattanooga	Hamilton	2	0	0	0
Home Care Solutions	Hamilton	75	49	38	3
Life Care At Home Of Tennessee	Hamilton	318	506	433	4
Maxim Healthcare Services	Hamilton	15	30	14	3
Memorial Hospital Home Health	Hamilton	271	271	189	4
NHC Homecare	Hamilton	5	6	13	1
Hancock County Home Health Agency	Hancock	297	323	463	4
Hometown Home Health Care	Hawkins	173	0	89	3
Johnson County Home Health	Johnson	403	396	446	3
Amedisys Home Health Care	Knox	5,267	5,420	5,354	11
Camellia Home Health of East TN (Priority)	Knox	1,434	1,490	1,630	20
CareAll Home Care Services	Knox	257	278	510	6
Covenant Homecare	Knox	3,838	3,945	3,950	16
East TN Childrens Hosp Home Health Care	Knox	671	559	586	16
Gentiva Health Services	Knox	898	870	779	12
Girling Health Care Services of Knoxville	Knox	0	24	31	1
Girling Health Care, Inc	Knox	1,093	1,020	1,436	17
Maxim Healthcare Services	Knox	159	139	159	17
NHC Homecare	Knox	575	608	613	11
Tennova Home Health (St Marys/Mercy)	Knox	3,586	3,146	3,063	14
The Home Option by Harden Health Care	Knox			233	9
Univ of TN Medical Center Home Health	Knox	2,530	3,264	3,235	13
Deaconess Homecare	Lincoln	14	0	23	1
Lincoln Medical Home Health & Hospice	Lincoln	0	18	1	1
NHC Homecare	Maury	0	0	6	1
Home Care Solutions	McMinn	297	349	7	1
NHC Homecare	McMinn	217	173	218	6
Woods Home Care	McMinn	0	0	283	4
Intrepid USA Healthcare Services	Monroe	237	273	357	7
Sweetwater Hospital Home Health	Monroe	462	569	613	5
Amedisys	Overton	438	316	419	4
Highland Rim Home Health Agency	Putnam	2	0	0	0
Intrepid USA Healthcare Services	Putnam	7	21	18	2
NHC Homecare	Rutherford	55	69	52	4
Deaconess Home care	Scott	406	352	394	4
Functional Independence Home Care	Shelby	3	0	0	0
Advanced Home Care	Sullivan	2,825	2,576	2,245	8
Gentiva Health Services	Sullivan	1,286	979	936	7

Licensed Agency	*County*	2011	2012	*2013*	*# of Svc Area Counties*
Unicoi County Home Health	Unicoi	246	209	206	1
Careall Home Care Services	Warren	17	9	26	1
Friendship Home Health, Inc.	Warren	42	59	77	1
Intrepid USA Healthcare Services	Warren	12	5	21	2
Amedisys Home Health	Washington	2,496	2,384	1,821	6
Medical Center Homecare Services	Washington	2,801	3,118	3,503	5
Medical Center Homecare, Kingsport	Washington	1,126	1,628	1,960	7
NHC Homecare	Washington	241	264	259	6
American National Home Health	Wilson	0	29	0	0
Careall	Wilson	30	0	0	0
Professional Home Health Care	Out of State	11	9	13	2
Total		58,800	60,382	59,850	–

Source: Joint Annual Report of Home Health Agencies, Attachment C, pages 6 through 10. Patients Serviced for the Service Area Counties per the Joint Annual Report Summary as reported in Report #6. The Number of Service Area Counties represent those counties within the Coram East Tennessee Service Area in which each home health agency had patients during 2013.

As noted, while these agencies are listed, their patients are 81 percent Medicare/Medicare HMO/TennCare, which Coram will not serve. They are 54 percent non-skilled or therapy visits, which Coram will not serve. They are 46 percent skilled visits of which only a small fraction if any at all are infusion type patients. Furthermore, as the Service Area Study indicates, area home health agencies do not generally provide first dose therapies, IVIG or Alpha1 therapies.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

NEED

6. ***Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.***

Following is the most recent three year infusion therapy product activity for the Applicant's Knoxville Branch licensed pharmacy:

Factor	*CY 2011*	*CY 2012*	*CY 2013*
Infusion Therapy Patients	845	755	792
Infusion Therapy Patient Months	1,579	1,409	1,480

The above patients represent the number of patients who received infusion products from Coram's Knoxville Branch (licensed pharmacy) during the past three calendar years. The average length of stay (therapy product duration) of the infusion patients is approximately two months.

In the following table is the two forecasted years for the infusion product patients following completion of the project, which will be two years beginning January 2015. The infusion nursing patients to be treated by the home health agency upon licensure are a subset of the infusion therapy patients budgeted for the next two years in this table. The forecasted skilled nursing patients and visits and the supporting methodology follow the table.

	Before Project	*After Project Completion*	
Factor	*2013*	*Year One*	*Year Two*
Infusion Therapy Patients	792	865	952
Infusion Therapy Patient Months	1,480	1,613	1,774

To estimate the number of infusion nursing patients and their related skilled visits for the forecast period, the Applicant considered the types of infusion therapy products which comprise the patient therapies for which it has physician orders, the average monthly census by type of infusion and the hardship the Applicant has encountered in various situations throughout East Tennessee in obtaining qualified infusion nursing services from other third parties. This affected the analysis because Coram is not intending on competing with existing available services but rather responding to a community need based on the gap in service which equates to a lack of availability or accessibility of infusion nursing services.

As noted previously, there are primary differences between two types of Coram patients. One is the more typical infusion therapy patient receiving antibiotics, TPN, pain

management, cardiac and the like; the other is the specialty patient receiving immunoglobin or alpha 1 therapies. The former therapies comprise 73 percent of Coram's services; the specialty patients comprise 27 percent of the therapies provided. In terms of estimated requirement for infusion nursing services, it is estimated that 100 percent of the specialty patients will require the service. The reason for such high utilization is these patient infusions last up to 6 hours per treatment and/or are not homebound. As such, the more traditional home health agency providing intermittent services is not generally staffed for nor compensated for under Medicare guidelines such long nursing visits.

Ongoing, Coram has significant challenges to find nursing services for these patients resulting in these patients remaining in the hospital for an unnecessary prolonged period, having the patient travel to his/her physician office for Coram to meet the patient in that setting or having the patient travel to another licensed location – all creating hardship on the patient and family.

For the balance of Coram's therapy patients, it is estimated that just 5 percent of those patients will require infusion nursing provided by Coram's home health agency. Similarly, this patient estimate is based on the Applicant's assessment of its patient case load and the challenges it regularly faces in admitting a patient to the pharmacy service that can not obtain at home support to initiate the infusion therapy. Depending on the therapy, each patient will receive between two and four visits per month.

Extrapolating the above utilization assumptions and applying them to the estimated monthly census of infusion therapy patients result in a computed approximate 22 percent of Coram's pharmacy patients requiring skilled nursing services be provided by Coram. In the following table are the total number of home health patients and visits for each of the first two forecast years:

Factor	*Year One*	*Year Two*
Number of Home Health Patients	162	178
Aralast Alpha-Proteinase Inhibitor	100	110
Immunoglobulin IV	233	257
Immunoglobulin Subcutaneous	172	189
Zemaira Alpha Proteinase Inhibitor	114	126
Other Specialty	117	127
Subtotal	736	809
All Other (TPN, Antibiotics, Etc)	458	503
Total Annual Skilled Nursing Visits	1,194	1,313

As noted in the above table, the forecasted patients in years one and two are 162 and 178, respectively. Visits total 1,194 in year one and 1,313 in year two. This results in an average of seven visits per patient. This is yet another differentiating factor between the Medicare certified home health agency and the Coram proposed restricted service agency.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

1. ***Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.***

   - ***All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)***

   - ***The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.***

   - ***The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.***

   - ***For projects that include new construction, modification, and/or renovation; <u>documentation must be</u> provided from a contractor and/or architect that support the estimated construction costs.***

The Project Cost Chart is provided on the following page. Assumptions supporting each of the line items immediately follow the chart.

PROJECT COST CHART

A	Construction and equipment acquired by purchase:		
1	Architectural and Engineering Fees		$0
2	Legal, Administrative (Excluding CON Fee), Consultants Fee		$95,000
3	Acquisition of Site		$0
4	Preparation of Site		$0
5	Construction Costs		$0
6	Contingency Fund		$0
7	Fixed Equipment (not in Construction Contract)		$0
8	Moveable Equipment (List all equipment over $50,000)		$0
9	Other (Specify)		$0
B	Construction and equipment acquired by purchase:		
1	Facility (inclusive of land and building)		$0
2	Building Only		$0
3	Land Only		$0
4	Equipment (Specify)		$0
5	Other (Specify)		$0
C	Financing Costs and Fees		
1	Interim Financing		$0
2	Underwriting Costs		$0
3	Reserve of One Year's Debt Service		$0
4	Other (Specify)		$0
D	Estimated Project Cost (A+B+C)		$95,000
E	CON Filing Fee		$3,000
F	Total Estimated Project Cost (D+E)	**TOTAL**	$98,000

Project Cost Chart, Underlying Assumptions

The underlying assumptions for the Project Cost Chart on the preceding pages are summarized in the following paragraphs.

- Line A 1, Architectural and Engineering Fees: Not applicable as there is no design and construction involved in this project.

- Line A 2, Legal, Administrative, Consultants Fee: These costs represent legal, administrative and consulting associated with preparing and filing the CON application including a contingency for such costs and the home health license application fee of $1,080. There are no pre-opening costs as the existing operations have the infrastructure necessary to add the limited home health services without the additional of any support personnel or additional physical space.

- Line A 3, Acquisition of Site: Not applicable as the service will be incorporated into the leased space at 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932.

- Line A 4, Preparation of Site: Not applicable as there is no design and construction involved in this project.

- Line A 5, Construction Costs: Not applicable as there is no design and construction involved in this project.

- Line A 6, Contingency: Not applicable as there is no design and construction involved in this project.

- Line A 7, Fixed Equipment: Not applicable as there is no design and construction involved in this project.

- Line A 8, Moveable Equipment: Not applicable as there is no addition of infrastructure to house the nurses and the infusion equipment is already owned by Coram and housed at its offices.

- Line A 9, Other: Not applicable.

- Line B 1 through 5: This is not applicable.

- Line C 1 through 4: This is not applicable as the costs of implementing the program are being funded from cash reserves.

- Line D: This is the subtotal of A, B and C above.

- Line E: This is the applicable CON application fee payable to the State of Tennessee.

- Line F: This is total project costs.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

☐ D. Grants--Notification of intent form for grant application or notice of grant award; or

☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

☐ F. Other—Identify and document funding from all other sources.

The project proposed by the Applicant will be funded from cash reserves. As demonstrated in the Historical Data Chart, the Applicant generates more than sufficient Net Operating Income to fund the minimal costs associated with establishing the limited service home health agency. Additionally, Michael E. Dell, Senior Vice President, General Counsel and Secretary, for the Applicant's ultimate parent has provided a letter indicating the project will be funded from cash reserves. This is provided in Attachment, Section C, Economic Feasibility, Item 2. Included within Attachment, Section A, Item 4.2 is the Applicant's ultimate parent's audited financial statements which clearly demonstrate adequate funding available for the project as proposed.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

3. ***Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.***

The project costs for the proposed limited service home health agency are restricted to Line A 2, legal, administrative and consulting fees and Line E, the CON application fee. The infrastructure of the licensed pharmacy is in the process of relocating to 10932 Murdock Drive, Suite 101A, Knoxville; this space will also house the home health agency. There is no construction, renovation, expansion or additional resources required to add this service as the space is fully functioning and has the management and support personnel to assume responsibility for the home health agency services.

Administrative, legal and consulting fees are based on costs incurred to prepare the CON application, anticipated costs to be incurred up through the HSDA hearing on this matter and the home health licensing fee, along with some contingency. The CON application fee is based on the minimum filing fee established by the HSDA of $3,000. Combined, total project costs are $98,000.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

4. ***Complete Historical and Projected Data Charts on the following two pages – Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).***

The Historical Data Chart for the Existing Operation of Coram Alternate Site Services, Inc. is included on the following page. The three most recent years of operation are calendar years 2011, 2012 and 2013. This chart presents the existing utilization and financial information for the licensed pharmacy operation discussed herein as the Knoxville Branch.

The Historical Data Chart is for the pre-existing infusion pharmacy business only. All pharmacy revenues are booked at the contractual rates with the third party payers, rather than at an arbitrary list price with a contractual adjustment to the amount to contract. Accordingly, there are no contractual allowances shown in the Historical Data Chart for the existing infusion pharmacy business, nor in any future budgets for the existing infusion pharmacy business. As shown on the Historical Data Chart, the Knoxville Branch generates positive net income sufficient to support the implementation of the home health service proposed via this CON application.

Following the Historical Data Chart is the Projected Data Chart. This chart provides the utilization and financial information for the first two years of operation of the home health agency service. As instructed, the Projected Data Chart included herein on page 79 presents only the proposed new service – the limited service home health agency. Immediately following the Projected Data Chart is a list of the assumptions supporting the projection.

The Projected Data Chart on page 79 of the application ONLY considers the projected infusion therapy home health agency volume. The gross charges are listed at an average of $160 per visit based on mix of short and long duration visits; average reimbursement is expected to be $142. Accordingly the $18 differential in this calculation is reflected as a contractual allowance from third party payers, charity care and bad debt. This is for those payers other than Medicare or TennCare since the Applicant will not be participating or making claims to either of those payors for infusion home health services.

We also note that within Attachment, Section C, Economic Feasibility, Item 4 of this CON application, the Applicant included Projected Data Charts for the infusion pharmacy by itself and Projected Data Charts that consolidate the projections for the infusion pharmacy business line together with the projections for the infusion home health services line which shows contractual allowances for home health services but none for pharmaceutical, which, as noted above, is consistent with the Applicant's historical experience.

HISTORICAL DATA CHART - EXISTING KNOXVILLE OPERATIONS

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins in: January (month)

Year			2011	2012	2013
A Utilization Data	Patients	Infusion Patients	845	755	792
	Patient Months	Infusion Pt Months	1,579	1,409	1,480
	Nursing Visits	Home Health RN Visits	0	0	0
B Revenue from Services to Patients					
1 Inpatient Services					
2 Outpatient Services			$4,702,924	$3,602,837	$4,088,362
3 Emergency Services					
4 Other Operating Revenue					
Gross Operating Revenue			$4,702,924	$3,602,837	$4,088,362
C Deductions from Gross Operating Revenue					
1 Contractual Adjustments					
2 Provsion for Charity Care			$46,564	$35,672	$40,479
3 Provisions for Bad Debt			$210,573	$376,214	-$157,571
Total Deductions			$257,137	$411,886	-$117,092
NET OPERATING REVENUE			$4,445,787	$3,190,951	$4,205,454
D Operating Expenses					
1 Salaries and Wages			$781,305	$1,009,539	$880,308
Benefits			$126,483	$125,990	$98,119
2 Physician Salaries and Wages			$0	$0	$0
3 Supplies			$12,435	$11,859	$13,487
4 Taxes			$1,245	$718	$12,787
5 Depreciation			$19,166	$17,356	$7,994
6 Rent			$122,580	$129,087	$120,886
7 Interest, Other than Capital			$0	$0	$0
8 Management Fees:					
a. Fees to Affiliates			$0	$0	$0
b. Fees to Non-Affiliates			$0	$0	$0
9 Other Expenses - Specify on Separate Page			$2,157,877	$2,054,861	$2,611,471
Total Operating Expenses			$3,221,091	$3,349,410	$3,745,052
E Other Revenue (Expenses - Net (Specify)					
NET OPERATING INCOME (LOSS)			$1,224,696	-$158,459	$460,402
F Capital Expenditures					
1 Retirement of Principal					
2 Interest					
Total Capital Expenditures			$0	$0	$0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$1,224,696	-$158,459	$460,402

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSE CATEGORIES				
1	Drugs/Materials	$1,940,343	$1,833,864	$2,330,149
2	Shipping/Delivery	$105,766	$91,337	$120,037
3	Travel/Lodging	$27,836	$33,291	$25,161
4	Operational Costs: Utilities, Telephone, Professional Fees, and Other Adminstrative Costs	$83,932	$96,369	$136,124
5				
6				
7				
	Total Other Expenses	$2,157,877	$2,054,861	$2,611,471

PROJECTED DATA CHART -- NEW BUSINESS LINE - HOME HEALTH/NURSING VISITS
EAST TENNESSEE (KNOXVILLE BRANCH)

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins in: January (month)

Year			Year One	Year Two
A Utilization Data	Patients	Home Health Patients	162	178
	Nursing Visits	Home Health RN Visits	1,194	1,313
B Revenue from Services to Patients				
1 Inpatient Services			$0	$0
2 Outpatient Services			$190,431	$219,947
3 Emergency Services			$0	$0
4 Other Operating Revenue			$0	$0
Gross Operating Revenue			$190,431	$219,947
C Deductions from Gross Operating Revenue				
1 Contractual Adjustments			$7,617	$8,798
2 Provsion for Charity Care			$9,522	$10,997
3 Provisions for Bad Debt			$3,809	$4,399
Total Deductions			$20,947	$24,194
NET OPERATING REVENUE			$169,483	$195,753
D Operating Expenses				
1 Salaries and Wages			$109,822	$124,026
Benefits			$21,964	$24,805
2 Physician Salaries and Wages			$0	$0
3 Supplies			$4,774	$5,251
4 Taxes			$0	$0
5 Depreciation			$0	$0
6 Rent			$0	$0
7 Interest, Other than Capital			$0	$0
8 Management Fees:				
a. Fees to Affiliates			$0	$0
b. Fees to Non-Affiliates			$0	$0
P Other Expenses	Specify in chart		$30,458	$33,504
Total Operating Expenses			$167,019	$187,586
E Other Revenue (Expenses - Net (Specify)				
NET OPERATING INCOME (LOSS)			$2,465	$8,167
F Capital Expenditures				
1 Retirement of Principal				
2 Interest				
Total Capital Expenditures			$0	$0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$2,465	$8,167

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSE CATEGORIES			
1	Drugs/Materials	$0	$0
2	Shipping/Delivery	$0	$0
3	Travel/Lodging	$0	$0
4	Operational Costs: Utilities, Telephone, Professional Fees, and	$0	$0
5	Mileage	$30,458	$33,504
6			
7			
	Total Other Expenses	$30,458	$33,504

Projected Data Chart, Underlying Assumptions

The underlying assumptions for the Projected Data Chart on the preceding page are summarized in the following paragraphs.

- Utilization: Line A is utilization information based on the analysis presented herein.

- Gross Revenues: Line B 2 is forecasted outpatient revenues as discussed in responses to the Economic Feasibility questions herein; these charges are based on Coram's self pay charge structure it has established nationally for home health skilled nursing visits and inflated by five percent to represent year two dollars.

- Contractual Adjustments: Line C 1 represents deductions from Gross Revenues based on the anticipated contractual rates for services with third party payors and private parties; because gross charges are established herein based on Coram's self pay charge structure inflated to year one, contractual adjustments reflect four percent of gross charges, not including charity care and bad debt.

- Provisions for Charity Care: Line C 2 represents anticipated charity care which equates to five percent of net patient revenues (Gross Revenues less Contractual Adjustments).

- Provisions for Bad Debt: Line C 3 represents anticipated bad debt which equates to three percent of net patient revenues (Gross Revenues less Contractual Adjustments).

- Operating Expense: Line D 1 represents salaries per the staffing schedule provided in response to Section C, Orderly Development of Health Care, Question 3. This is strictly registered nurse personnel for the new program as incremental staff. It is expected that there will be one full time employee and the balance of the nurse requirements will be provided by Coram's pool nurses on an hourly basis. Line D 2 represents the estimated benefits for the full time registered nurse at 20 percent of the respective salary. While the pool/per diem nurses do not receive benefits, the 20 percent factor is included in the salary line item to accommodate any potential increase for hourly services. Line D 3 is the supply line item, estimated at $4 per visit. Line D 9 represents mileage reimbursement assuming an average mileage reimbursement of 58 miles per visit at 44 cents reimbursement per mile. Regarding taxes, the Applicant's financial performance is rolled up into the company financials. At the branch level, it pays no federal taxes or excise taxes at this time. Regarding franchise taxes, those are included for the branch overall in the existing business chart. As a result of operating the home health agency in the existing pharmacy, the Applicant does not anticipate any material taxes payable yet proportionately has added taxes consistent with what it currently pays for the existing operation.

- Net Operating Income: Both years reflect a positive net operating income which demonstrates this project is financially feasible.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

5. ***Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.***

The following table provides the average gross charge derived from the Applicant's self pay charge structure it uses nationally for home health skilled nursing visits in 2013, inflated five percent to represent year one dollars, average deduction from third parties, charity deductions and bad debt deductions. The result is net revenue for each of the two forecasted years of operation. Also included is number of visits and resulting average net revenue per visit:

Projected Data Chart	Year One	Year Two
Gross Charges	$190,431	$219,947
Deductions	($7,617)	($8,798)
Charity	($9,522)	($10,997)
Bad Debt	($3,809)	($4,399)
Net Revenue	$169,483	$195,753
Patients	162	178
Visits	1,194	1,313
Average Gross Charge/Visit	$160	$168
Average Gross Charge/Patient	$1,176	$1,236
Deductions/Patient	$129	$136
Average Net Revenue / Patient	$1,046	$1,100
Average Net Revenue / Visit	$142	$149

These average net revenue amounts per visit represent a blend of the average type patient with up to two hours per visit and the specialty patients who have visits lasting up to six hours.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

6. A. ***Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.***

Since this is a new service for the Applicant in East Tennessee and the defined service area, there are no existing or current charges for skilled nursing visits. The proposed charges for skilled nursing visits are based on Coram's experience in other jurisdictions in which it provides home health services, including Nashville, and in particular its self pay charge structure. The average charge per visit is $160 in year one and $168 in year two. Given the expected duration of the nursing visits by Coram, and three times the requirement for the specialty infusion type patients, this is reasonable. Accordingly, the average charge per visit for an antibiotic or TPN type patient is $117; the average charge for the specialty IVIG and alpha 1 patient is $290 to $351 per visit

Net revenue (before charity care and bad debt) per visit for the typical antibiotic or TPN type patient is estimated to be $104 per visit. The specialty type patient which requires three times the initiative is estimated at $260 to $312 per visit. These amounts are inflated between years one and two for inflationary purposes.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The proposed average charge per home health visit based on the Applicant's self pay grid structure inflated to year one is $117 for up to a two hour visit. For longer visits, there is a charge for each additional hour. This results in the typical infusion patient at $117 per visit and two and one half to three times that amount, or $290 to $351, for the specialty infusion patient whose treatment lasts five to six hours.

To contrast these charges to home health agencies in the service area, it is more reasonable to contrast the typical rate, excluding the specialty rate based on the fact that Medicare certified home health agencies do not generally provide the specialty infusion nursing. Within the 2013 Joint Annual Report Summary is reported charge per visit by home health agencies by discipline. Of the 81 agencies reporting from within the defined service area for 2013, only 2 reported an average charge for a skilled nursing visit. These charges ranged between $79 and $217 per visit.

Following are the two agencies by name and charge per skilled visit as reported in their 2013 Joint Annual Report.

Agency Name	*2013 Charge Per Skilled Visit*
East Tennessee Children's Hospital Home Health Care (Knox)	$217
Maxim Healthcare Services, Inc. (Knox)	$58

Source: Report 3 from the 2013 Joint Annual Report Summary.

Adjusting the range from 2013 dollars to 2015 dollars would result in a 2015 dollar range of $64 to $239 charge per visit. Comparing this charge to the typical charge per visit identified above, the Applicant's charges are within the range of reasonableness.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

7. ***Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.***

Forecasted visits for years one and two for the Coram home health agency demonstrate that the proposed program is financial viable. Because the existing infrastructure of the pharmacy, its physical space, its management team and its support staff are all in place, the incremental costs associated with the home health agency directly relate to the nurse staff to provide the skilled visits with respect to their compensation and benefits and travel reimbursement.

All infusion products and necessary equipment are provided through the licensed pharmacy in conjunction with the prescribed infusion therapies.

Therefore, this proposed home health agency is very cost effective, with the nurse staff being added as volumes increase.

As is evidenced on the Projected Data Chart, the home health program demonstrates positive net operating income and therefore demonstrates its viability.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

8. ***Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.***

Forecasted utilization in year one results in positive net operating income; forecasted utilization in year two results in greater positive net operating income. Given the fact that all of the incremental costs associated with the home health operation are variable relative to the number of skilled nursing visits, and the average cost per visit is less than the net revenue realized per visit, the Applicant can assure the financial viability of this proposal.

With respect to sufficient cash flow until financial viability is achieved, given the cost variability of this business, there will be sufficient cash flow to cover operating costs. Notwithstanding this fact, a letter from the Applicant's ultimate parent included in Attachment, Section C, Economic Feasibility, Item 2 indicates that the ultimate parent will not only fund the initial project costs, it will provide for any necessary working capital and operating deficits, if any, until financial viability is achieved.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

9. ***Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.***

The Coram Knoxville Branch licensed pharmacy participates in both Medicare and TennCare and also serves medically indigent patients. The home health agency proposed by this CON application will not become Medicare/Medicaid certified. Because it is a limited service home health agency, and not providing the full range of home health services as prescribed by the Conditions of Participation, it is not eligible for certification.

Its patients will be private pay, covered by a third party provider and medically indigent. Per the Projected Data Chart, approximately five percent of the patients are expected to be charity care.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

10. ***Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.***

Coram Alternate Site Services, Inc. is a wholly owned indirect subsidiary of CVS Caremark Corporation. Currently Coram Alternate Site Services, Inc. is not separately audited as it operates as a division of its ultimate parent, CVS Caremark Corporation. The ultimate parent's annual report as filed with the Securities and Exchange Commission which includes audited financial statements for the company is provided as Attachment, Section A, Item 4.2. The local branch financial statements are provided as Attachment, Section A, Item 4.4.

The audited financial statements as presented in the CVS 10K indicates, the ultimate parent has in excess of $4.0 billion in cash and cash equivalents, $25 billion in current assets and just $12.8 billion in long term debt. Its current ratio is 1.64 showing good financial strength. The local branch financial statements indicate positive earnings for each of the last three years.

With this project being a low cost project ($98,000) and the net operating income provided by the Knoxville Branch's licensed pharmacy (without the project), the Applicant clearly has the financial capability to implement and operate the proposed home health agency. Additionally, the Applicant has provided a Funding Letter assuring this fact by Michael E. Dell, Senior Vice President, General Counsel and Secretary. This is included in Attachment, Section C, Economic Feasibility, Item 2.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

The benefits intended by this proposal are varied for the patient/family, the physician and hospital referral source and the home health industry.

Patients/families will have more timely discharges from the hospital and be able to receive first dose protocols, teaching/training in self administration and readily accessible infusion in their own home. There is no less costly or more effective alternative for the patient and family.

With respect to the hospital and physician referral sources, as documented in this CON application, if a hospital inpatient prescribed infusion therapy services is unable to obtain home health assistance upon hospital discharge that individual remains in the hospital until s/he receives the first infusion and training sufficient that s/he could be discharged home to self-infuse thereafter. Subsequently, the Applicant would send the compounded infusion product from the Knoxville pharmacy via secure medical courier. If the infusion therapy is inappropriate to administer in the home without nursing supervision, such as blood products or IVIG, the patient must travel to an outpatient clinic, such as an oncology clinic, physician practice, hospital or ambulatory infusion suite to obtain their medication. In addition, patients without nursing assistance who self-infuse in the home are ill equipped to handle even the most minor of complications, such as a blocked line, and must instead travel to the nearest hospital emergency room, sometimes by private transportation, but also by ambulance, to alleviate the problem. Similarly, patients who require a line change must also go to a hospital for such a procedure.

The lack of availability of home health agencies to provide first dose protocol, meet the needs of low intervention patients (not homebound), be available to start a patient on the evening, night or weekend therapy regimen or provide extended IVIG nursing visits is well documented. The result is the patient remains in a hospital longer than necessary resulting in an increased cost to the healthcare system. All of these situations, and their attendant expenses, would be substantially eliminated by the Applicant implementing its limited service home health agency. Accordingly, approval of Coram to provide this limited home health service will clearly result in a less costly and more effective alternative with respect to the hospital and other referral sources.

With respect to licensed home health agencies throughout East Tennessee, unfortunately in today's Medicare home health agency environment, there is not a range of certified infusion nurses available at the existing home health agencies. This is a very small skilled niche primarily providing services to non-Medicare patients. Accordingly, the service proposed herein is atypical to the average home health agency and generally not available. A detailed discussion of home health agencies patients versus the patient to be seen by the Coram home health service is presented by the Applicant in response to questions within Section C, Need, Home Health Services.

The alternative to this proposal is maintaining status quo. This was rejected by the Applicant. Maintaining status quo in East Tennessee means continued longer stays in hospitals; more costly hospital stays; further hardships on patients and their families; inability to enhance quality of infusion therapy services in East Tennessee; operating in a more costly healthcare environment – despite the industry's focus on enhancing quality and decreasing costs; and rejecting a true improvement in healthcare delivery at a lesser cost.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

The project proposed herein is for a limited service home health agency. It does not involve any new construction. In fact, it is using its existing infrastructure that houses a licensed pharmacy to establish the home health agency. Therefore the physical plant exists, is fully built out, and will require no incremental costs by the Applicant to achieve licensure of the home health service.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. ***List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.***

The Applicant is an existing licensed pharmacy. It currently has in place contractual agreements with managed care organizations throughout East Tennessee. These include but are not limited to the following Aetna, Blue Cross Blue Shield of Tennessee, Carecentrix, Cigna, Corizon, Coventry, Cover Tennessee, GEHA, Multiplan, HealthSprings of Tennessee, Magellan TennCare, Prime Healthcare, Medicare, St Jude and TriCare.

Aside from its payor relationships, the Applicant has significant referral relationships with the existing hospital and provider community throughout the 32-county defined service area. The provider relationships include but are not limited to the following: Vanderbilt University Medical Center, Emory Medical Center, East Tennessee Children's Hospital, Cookeville Regional Medical Center, Select Specialty Hospital, Johnson City Medical Center, Morristown Hamblen Hospital, Blount Memorial Hospital, Suncrest, Amedisys, Home Health Care of East Tennessee, Tennova Healthcare System, University of Tennessee Medical Center and numerous East Tennessee physicians. Collectively, these referral sources represent between 80 and 90 percent of the Applicant's patient referrals.

The Applicant will extend the above payor relationships and provider relationships to also include nursing services for infusion patients. As evidenced by the letters of support obtained by the Applicant for this CON application, it is clear Coram has the necessary existing resources to assure its future viability.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

2. ***Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.***

This proposal will not negatively impact existing home health providers as the services proposed herein will be very restricted and complement the home health services provided by agencies throughout East Tennessee. Additionally, with Coram's intent to continue to train nurses at other home health agencies in the area of infusion, it is possible the quality of care in the overall home health community will increase. Importantly, Coram only anticipates admitting approximately 178 of more than 60,000 home health patients in the region demonstrating virtually no impact on existing providers.

Coram's restricted license will have quite a positive effect on the existing institutional and physician providers. As noted in Section C, Question 1, Coram has a referral relationship for its infusion products with hospitals such as Vanderbilt University Medical Center, Emory Medical Center, East Tennessee Children's Hospital, Cookeville Regional Medical Center, Select Specialty Hospital, Johnson City Medical Center, Morristown Hamblen Hospital, Blount Memorial Hospital, Tennova Healthcare System, and University of Tennessee Medical Center, among others. With the ability to have Coram's certified infusion nurses available for first dose protocol and training in a patient's home, patients will be discharged on a more timely basis from these and other area hospitals. The ultimate effect will be a decrease in patient care costs across the continuum of the healthcare system.

Other benefits Coram believes will accrue to the community at large with its ability to provide infusion nursing services include but are not limited to the following:

- Less emergency room use
- Better disease control
- Fewer unscheduled physician office visits
- Fewer total medications
- Fewer hospitalizations
- Better self and preventative care skills by the patient and family
- Better drug compliance
- Increased patient satisfaction
- Fewer adverse drug reactions
- Seamless delivery of care by infusion therapy provider
- Certified infusion nurses able to provide hands on care in the patient's home
- Skilled, experience infusion nurse able to teach the patient in self administration, compliance and safety

Overall, these benefits will enhance the quality of care available for infusion therapy patients in a cost effective and accessible manner.

As reflected in the letters of support included in Attachment, Section C, Home Health Services, Item 5, the providers confirm the Applicant's position that approving Coram to have a restricted home health license will be a community benefit, for providers, patients and families.

In summary, the Applicant will have no negative effect on the utilization of existing home health providers, will have a positive effect through more timely discharge and a cost savings for hospital referral sources and will have a positive effect on the home health community through enhanced quality care delivery in the patient's home.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

3. ***Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.***

The Applicant is an existing licensed pharmacy. Through this CON application, it will be adding nursing visits as a limited service home health agency. Currently, the Applicant employees 8 full time equivalents (FTEs) to provide its pharmacy and infusion services. Given its forecasted growth in those business segments, it expects to increase to 15 FTEs during the next two years (without home health). Because the entire management structure, admissions personnel, clerical support and clinical liaisons are already in place, with the addition of the limited home health agency and the addition of skilled nursing visits, the Applicant will only need to add additional registered nurses to provide such services.

The following table provides the number of full time equivalents employed by the Applicant, the current average salary per year for the existing operations, and forecasted FTEs for the two projection years as shown in the Projected Data Chart for the Existing Business included within the Attachments.

Additionally, the table identifies the incremental FTEs to provide the skilled nursing visits upon establishment of the limited home health service agency as the subject of this CON application.

Projected Data Chart – Forecasted Staffing and Salaries				
	Current FTEs	*Current Salary*	*Forecasted FTEs by Year*	
Position	*2014*		*Year One*	*Year Two*
Existing Operations				
Administration	1.00	$117,000	1.00	1.00
Clinical Liaison	1.00	$70,000	1.00	1.00
Territory Manager	1.00	$70,000	1.00	1.00
Pharmacist	1.00	$115,000	2.00	2.00
Pharmacy Technician	1.00	$34,000	1.00	2.00
Admissions	1.00	$34,500	1.00	2.00
Registered Nurses	1.00	$70,000	2.00	3.00
Warehouse Worker	1.00	$35,000	1.00	2.00
Clerical	0.00	$27,000	0.00	1.00
	8.00	---	10.00	15.00
Proposed Operations – Limited Home Health – Skilled Nursing				
Registered Nurses	0.00	(*)	1.46	1.61
Combined Total FTEs				

Projected Data Chart – Forecasted Staffing and Salaries				
	Current FTEs	*Current Salary*	*Forecasted FTEs by Year*	
Position	*2014*		*Year One*	*Year Two*
Total	8.00	--	11.46	16.61

(*) The planned salary is $75,000 in year one, 2015 dollars.

Average salaries by position are based on actual salaries of the Applicant since it is an existing licensed operation. These salaries are reasonably competitive as the Applicant has been able to successfully recruit and retain its employees as a longstanding West Tennessee employer. Average salaries for future periods were adjusted for inflationary purposes in the projected data chart. In addition to salaries, all full time employees have a benefit package. This package includes sick, holiday, vacation and insurance benefits and averages approximately 20 percent of salaries. Pool employees are not eligible for benefits.

The total number of RN FTEs for skilled nursing visits in year two will be 1.61 FTEs, an increase of 0.15 from year one, as there will only be 16 more patients in year two (178) compared to year one (162).

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

4. ***Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.***

Coram Alternate Site Services, Inc. is an existing licensed pharmacy operating in East Tennessee. As noted in Section C, Question 3 above, it is fully staffed to provide its current and future pharmacy services in accordance with its budget. With respect to the addition of nursing visits, Coram will add registered nurses to provide the services. Based on the number of visits anticipated, the average duration of a visit and travel time, Coram will recruit 1.46 full time equivalent (FTE) nurses in year one and 1.61 in year two. It is confident with its existing licenses and relationships in the community that it will successfully recruit the nurses it requires to provide the nursing visits in accordance with its projections.

Geographic placement will be determinant on the number of patients in the area and their needs. The Applicant will place up to one full time CRNI in Knoxville, with a pool of between 8 and 15 per diem/per visit CRNIs located near larger population centers throughout the service area (e.g., Kingsport, Johnson City, etc.) will be sufficient to cover the anticipated patient population to be served by this limited service home health agency.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

5. ***Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.***

Coram Alternate Site Services, Inc. is an existing licensed pharmacy operation in East Tennessee (and elsewhere). It has received, reviewed, understands and intends on complying with all applicable licensure requirements of the Department of Health as it relates to medical and clinical staff. It also intends on complying with all applicable Medicare and Medicaid/Tenncare requirements regarding medical and clinical staff.

The Applicant has appropriate credentialing standards, quality assurance policies and programs, utilization review policies and programs, record keeping protocols and staff education requirements in place that will be expanded as applicable to the home health agency services.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Coram Alternate Site Services is an existing licensed pharmacy which recognizes the importance of training and education, both for students as well as healthcare professionals not familiar with Coram's unique specialty of infusion. Accordingly, Coram has the following educational and training relationships in place:

- David Lipscomb University: Pharmacists
- University of Tennessee: Pharmacists
- Various Home Health Agency: Train nurses in infusion services
- Physician Offices In-services on: Starting an IV; specialty drugs; infusion equipment (pump and set up); infusion of specialty drugs
- Hospital Case Managers and Dietician In-Services on: Types of infusion which are safe to administer at home; sending home on TPN; infusion equipment

It is also the Applicant's intention to add pharmacy technician training for vocational schools when appropriate.

With the approval of this CON application for limited home health services, it is Coram's intent to expand the above relationships to additionally include other universities and various schools of nursing to provide experiential training on infusion service.

Clearly the Applicant will continue its current commitment to the training of both students and area healthcare professionals in the specialty niche in which Coram operates.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

7. (a) ***Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.***

Coram Alternate Site Services has reviewed and understands the licensure requirements of the Department of Health applicable for the proposed limited service home health agency. Additionally, the Applicant is fully cognizant of the requirements for a home health agency as promulgated by the Centers for Medicare and Medicaid Services.

(b) ***Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.***

Licensure: Tennessee Department of Health, Board of Licensing in accordance with Chapter 1200-08-26 Standards for Home Health Agencies

Accreditation: The Joint Commission

No measures other than those in the ordinary course of business and consistent with the Applicant's policies and procedures were taken in response to the latest licensing survey because that survey noted no deficiencies.

The Applicant is accredited organizationally by the Joint Commission, which may or may not result in a survey of the Applicant's Knoxville location. A copy of the Applicant's latest Joint Commission documentation is attached.

(c) ***If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.***

The Applicant is currently licensed by the State of Tennessee as a Pharmacy. It is also accredited by The Joint Commission. It is enrolled in both Medicare and Medicaid (TennCare) to provide services to these population groups. The Applicant also has a licensed limited service home health agency serving 38 counties in Middle Tennessee; that license is included in Attachment, Section A, Item 4.3.

(d) ***For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.***

Coram Alternate Site Services, Inc.'s Knoxville Branch is licensed as a pharmacy. To the best of our knowledge, the Knoxville, Tennessee Branch has not incurred any deficiencies, violations and/or fines. Attachment, Section C, Contribution to Orderly Development, Item 7(d) includes the copy of the most recent inspection of the Knoxville Branch. No deficiencies were noted so there is no applicable plan of correction.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

8. ***Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.***

From time to time Coram is subject to ordinary course surveys, reviews and re-certifications by governmental agencies and, accordingly, Coram has incurred non-material deficiencies, violations and/or fines. No such surveys, reviews and re-certifications have led to any loss or limitations of licensure by Coram or have had or are expected to have a material impact on Coram's operations or financial standing or have had or expected to have material impact on Coram's operations or financial standing. To the best of our knowledge, the Knoxville, Tennessee Branch has not incurred any such deficiencies, violations and/or fines.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

9. ***Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.***

The Applicant has never received any final civil or criminal judgments for fraud or theft. Furthermore, its principals and officers have never received any final civil or criminal judgments for fraud or theft against. Lastly, to the best of our knowledge, any person or entity with more than 5% ownership interest in the Applicant has never received any final civil or criminal judgments for fraud or theft.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

10. ***If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.***

Coram Alternate Site Services, Inc. confirms that if approved, it will timely provide the Tennessee Health Services and Development Agency, Department of Health and/or any designated reviewing agency information concerning the number of patients treated, number and type of procedures performed and other data as required. It will submit its Joint Annual Report on a timely basis which also includes statistical and financial information for the home health operation as well as patient migration information utilized by the State. Furthermore, to the extent reporting requirements are altered or adjusted in future periods, Coram agrees to comply with any newly adopted reporting requirements.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

A copy of the notice of intent with the mast and dateline intact is provided on the following page as required.

Other costs	66,630	65,813	365,154
TOTAL	80,608	79,306	375,994
FT Employee Positions	2	2	2

	ACTUAL 2012-2013	ESTIMATED 2013-2014	PROPOSED 2014-2015
SEWER FUND			
Estimated Revenues:			
Revenues	438,679	389,176	389,150
Federal Grants	48,115	3,280	495,000
Fund Balance	0	0	0
TOTAL	486,794	392,456	884,150
Expenditures:			
Salaries	126,980	119,520	113,825
Other Costs	405,511	307,567	770,325
TOTAL	532,491	427,087	884,150
FT Employee Postitions	2	2	2

Published June 3, 2014

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, default having been made in the payment of the debts and obligations secured by that certain Real Estate Deed of Trust for Tennessee executed on May 10, 2002, by Stephanie N. Sexton, unmarried to Mary Ruth Tackett, Trustee, as same appears of record in the Register's Office Union County, Tennessee in Book 21, Page 817, ("Deed of Trust"); and

WHEREAS, the beneficial interest of said Deed(s) of Trust is the United States of America, acting by and through the United States Department of Agriculture ("USDA"); and

WHEREAS, USDA, the current owner and holder of said Deed(s) of Trust appointed Joe Woody as Substitute Trustee by instrument filed for record in the Register's Office of Union County, Tennessee, with all the rights, powers and privileges of the original Trustee named in said Deed(s) of Trust; and

NOW THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said Deed(s) of Trust by USDA, and Joe Woody as Substitute Trustee, or duly appointed agent, pursuant to the power, duty, and authorization in and conferred by said Deed(s) of Trust, will on Wednesday, June 25, 2014, commencing at 1:00 P.M. at the east door of the Union County Courthouse Maynardville, Tennessee, proceed to sell at public outcry to the highest bidder either for cash (must be in the form of a cashier's check) or 10 per cent of the high bid price as a non-refundable deposit with balance due within ten (10) days of sale, (and if such balance goes unpaid, USDA will retain the deposit and re-foreclose) the following described property lying and being in the Second Civil District in Union County, Tennessee to wit:

Lot No 33 of Whispering Pine Subdivision, as shown on the plat of same recorded in map Book 4, page 62, in the Register's Office for Union County, Tennessee Map 78O Parcel 58.33

PROPERTY ADDRESS: 515 Stowers Drive Corryton TN 37721

Being the same property conveyed to Stephanie N. Sexton, Single, by Special Warranty Deed dated May 10, 2002, recorded in Deed Book Y-6, page 558-559, Register's Office for Union County, Tennessee.

CURRENT OWNERS: Stephanie N. Sexton

The sale of the above-described property shall be subject to all matters shown on any recorded plan; any unpaid taxes; any restrictive covenants, easements or setback lines that may be applicable; any prior liens or encumbrances as well as any priority created by a fixture filing; and any matter that an accurate survey of the premises might disclose.

All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed(s) of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.

The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

Joe Woody -Substitute Trustee-4730 New Harvest Lane, Suite 300-Knoxville TN 37918-http//www.resales.usda.gov

Publication Dates: May 28th , June 3th, June 10th

Stop at the *market manager's tent* to learn more about your community, check out some lawn games to play – today's special will be bocce ball! – plant share program, kids' activities and more!

Even though you're having fun, don't forget to stop at the vendors and pick up some Black Angus Beef for your grill and veggies for the side – peas are in and summer vegetables will be in soon!

10 Reasons to Buy Locally

Reason #1
When you buy locally, more money is kept in the community, benefitting all of us!

More to come next newsletter . .

New Place: Union County Arts Co-op! New Time: Fridays, 4-7pm!
We're now "Fresh on Fridays"!

LEGAL NOTICES

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Publish June 3, 2014

THE NEWPORT PLAIN TALK
145 East Broadway • Newport, TN 37821
Phone 423-623-6171

JUN 5 14 PM 2:12

PROOF OF PUBLICATION

STATE OF TENNESSEE
COUNTY OF COCKE

PERSONALLY appeared before me, Sandy Freshour of Cocke County, Tennessee, who being duly Sworn, made oath that she is a Representative of the Publisher of THE NEWPORT PLAIN TALK, A newspaper of general circulation, published in the City of Newport, County of Cocke and State of Tennessee and that the hereto attached publication appeared in the same on the following:

Dates:

June 3, 2014

Legal Information:

Notification of Intent to apply for a Certificate of Need

Acct. # 250486

Total Cost 103.50

Sandy Freshour
REPRESENTATIVE

Subscribed and Sworn to before me on this 5, June 2014

BRENDA F. CRUM
STATE OF TENNESSEE NOTARY PUBLIC
COCKE COUNTY

Brenda F. Crum
NOTARY PUBLIC

MY COMMISSION EXPIRES 2-26-18

The referenced publication of notice has also been posted (1) On the newspaper's website (www.newportplaintalk.com) where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide website (tnpublicnotice.com) established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

CHANCERY COURT AUCTION

HOUSE and LOT

Located at **1354 Golf Course Road**
Newport, Tennessee
For sale by court order
June 14, 2014 at 10:00 a.m.
On The Premises

For additional information contact
CRAIG WILD, SPECIAL COMMISSIONER
423-623-3321

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 *et seq.*, and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumderland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson. The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607 (c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

NOTICE TO CREDITORS
ESTATE OF
AROLLA JOHNSON
PROBATE NUMBER 2014-PR-60

Notice is hereby given that on the 21st day of May, 2014, Letters Testamentary (or of administration as the case may be) in respect to the estate of Arolla Johnson who died January 28, 2014, were issued to the undersigned by the Chancery Court of Cocke County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured against this estate are required to file the same with the clerk of the above named court on or before the earlier the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this Notice to Creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date the creditor received an actual copy of the Notice to Creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication (or posting) as described in (1) (A); or

(2)Twelve (12) months from the decedent's date of death.

This 21st day of May, 2014.

Craig Wild, Clerk and Master

Betty Denton
Personal Representative

James C. McSween, Jr.
Attorney for the Estate

MAY 27, JUNE 3, 2014

There is a NEW group of people EVERY DAY, looking at YOUR AD in the CLASSIFIEDS.
Call Brenda or Sandy 623-6171.

PROOF OF PUBLICATION

Acct. Name:

H3GM

Acct. # 250538

COST OF PUBLICATION

Total $94.50

STATE OF TENNESSEE

COUNTY OF MCMINN

PERSONALLY appeared before me April Hutsell

_____ of McMinn County, Tennessee.

who being duly sworn, made oath that he/she is a

representative of the Publisher of THE DAILY POST-ATHENIAN,

a newspaper of general circulation, published in the City of Athens,

County of McMinn and State of Tennessee and that the hereto

attached publication appeared in the same on the following dates :

NOTIFICATION OF INTENT T

06/04/2014

NOTIFICATION OF INTENT TO AP

This is to provide official notice to the
cy and all interested parties, in accord
and the Rules of the Health Services a
temate Site Services, Inc. d/b/a Co
owned by CVS Caremark Corporation
poration to be self-managed, intends
Need for the establishment of a limited
vide and administer home infusion pr
vices ancillary to its pharmacy service
line maintenance, infusion equipmen
changes on central lines and externa
nessee counties: Anderson, Blount,
Cocke, Fentress, Grainger, Greene,
Johnson, Knox, Loudon, McMinn, M
Polk, Roane, Scott, Sevier, Sullivan,
ton, from its licensed home infusion p
Murdock Drive, Suite 101A, Knoxvill
project cost to not exceed $98,000. C
rently licensed in the following countie
Clay, Coffee, Cumberland, Davidson,
Hamilton, Hickman, Humphreys, Jack
Marion, Marshall, Maury, Montgomer
Rutherford, Sequatchie, Smith, Sumne
and Wilson.

The anticipated filing date of
The contact person for this project
may be reached at Harwell Howard
merce Street, Ste. 1500, Nas
Upon written request by interested p
ing shall be conducted. Written re
Health Services and
Andrew Jackson
502 Dead
Nashville, Te
The published letter of intent must
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to oppose a Certificate of Need app
the Health Services and Developm
days before the regularly schedule
Agency meeting at which the applic
Any other person wishing to oppos
jection with the Health Services an
the consideration of the
Insertion dat

The Daily Post-Athenian

PO BOX 340, ATHENS, TN 37371

(423) 745-5664

_____

Subscribed and sworn to before me on this 4th day

of June, 2014

BRITTANY FREEMAN
STATE OF TENNESSEE NOTARY PUBLIC
MCMINN COUNTY

Newspaper Representative: April Hutsell

Notary Public: [signature]

My Commission Expires: 8-2-17

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

PROOF OF PUBLICATION

Acct. Name:

HARWELL HOWARD HYNE

Acct. # 250483

COST OF PUBLICATION

Total $319.40

STATE OF TENNESSEE

COUNTY OF GREENE

PERSONALLY appeared before me _____

_____ of Greene County, Tennessee.

who being duly sworn, made oath that he/she is a representative of the Publisher of THE GREENEVILLE SUN, a newspaper of general circulation, published in the City of Greeneville, County of Greene and State of Tennessee and that the hereto attached publication appeared in the same on the following dates:

NOTIFICATION OF INTENT T

06/04/2014

The Greeneville Sun

P.O. BOX 1630, GREENEVILLE, TN 37744

(423) 638-4181

Subscribed and sworn to before me on this 4th day of June, 2014

Newspaper Representative: _____

Notary Public: _____

My Commission Expires: 6/26/16

GREENE COUNTY STATE OF TENNESSEE NOTARY PUBLIC JANET L. MEDCALF

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

THE GREENEVILLE SUN
THE GREENEVILLE NEIGHBOR-TMC
P.O. BOX 1630
GREENEVILLE TN 37744

ORDER CONFIRMATION

Salesperson: Not Applicable Printed at 05/29/14 16:39 by tanya

---

Acct #: 250483 Ad #: 1575949 Status: N

HARWELL HOWARD HYNE GABBERT & MANNER,
MICHELLE ANDERSON
SUITE 1500
333 COMMERCE ST.
NASHVILLE TN 37201

Start: 06/04/2014 Stop: 06/04/2014
Times Ord: 1 Times Run: ***
STD 2.00 X 50.00 Words: 431
Total STD 100.00
Class: 1010 PUBLIC NOTICES
Rate: LEG Cost: 319.40
Affidavits: 1

Contact:
Phone: (615)251-1043
Fax#:
Email: michelle.anderson@h3gm.com
Agency:

Ad Descrpt: NOTIFICATION OF INTENT T
Given by: *
Created: tanya 05/28/14 16:06
Last Changed: tanya 05/29/14 16:38

PUB	ZONE	ED	TP	START	INS	STOP	SMTWTFS
GS	A		97	S 06/04			

PAYMENTS:
-- 05/30/2014 319.40 V **********8767 05388D[57167923]

AUTHORIZATION

Under this agreement rates are subject to change with 30 days notice. In the event of a cancellation before schedule completion, I understand that the rate charged will be based upon the rate for the number of insertions used.

Name (print or type) Name (signature)

(CONTINUED ON NEXT PAGE)

THE GREENEVILLE SUN
THE GREENEVILLE NEIGHBOR-TMC
P.O. BOX 1630
GREENEVILLE TN 37744

ORDER CONFIRMATION (CONTINUED)

Salesperson: Not Applicable Printed at 05/29/14 16:39 by tanya

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Acct #: 250483 Ad #: 1575949 Status: N

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.
The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.
Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.
6/4/14

STATE OF TENNESSEE
COUNTY OF UNICOI

JUN 6 '14 PM 2:17

DAMARIS HIGGINS of Erwin. County of Unicoi, State of Tennessee, deposeth that she is Marketing Services Director of **The Erwin Record,** a newspaper published at Erwin, Unicoi County, Tennessee, and that the notice hereto attached was published in said paper on the dates listed below. Furthermore, this legal notice was published online at www.erwinrecord.net & www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-120.

January		2014
February		2014
March		2014
April		2014
May		2014
June	4	2014
July		2014
August		2014
September		2014
October		2014
November		2014
December		2014

By _____

Sworn to and subscribed before me
this 4th (date) day of June (month) 2014

Keith Whitson

Keith Whitson **Notary Public**

R. KEITH WHITSON
STATE OF TENNESSEE NOTARY PUBLIC
UNICOI COUNTY

CLASSIFIEDS

700 Business Property for Rent

A great office for Lease - Bristol Hwy JC TN, $450/mo 423-747-5491

CHECK US OUT!!! Across from Wal-Mart Just off I-26 3300 Browns Mill Rd Call: 423-282-4841

BANK BRACH FOR LEASE 3000sq ft on Browns Mill Rd Drive thru plus ATM Lane Vault, 3 teller stations, 4 offices, Conference & Break Rooms

Professional Office Space!! 2000 sq ft on Browns Mill 7 Individual Offices plus Conference Room Great Location/GreatSpace

For Service-Oriented Co. 3000 sq ft Office Space includes 2 private offices, Conference Room, Open Work Area with Cubicles & Break Room A MUST SEE!!!

1500 sq. ft. office space Located on 2nd Story Office, kitchen & large open Work area included Only $700/mo

Real Estate

710 House for Sale

222 Sugar Hollow Rd, J'Boro offers 2BR/2BA on extra large lot. $74,900 753-2000 Volunteer Realty

4 Bedroom, 2 Bath Large Kitchen, Large Dining Area Large Living Room Large Back yard North Johnson City 100% Financing $125,000 423-737-6024

HOME FOR SALE Beautiful Ranch Style home located on 2.8 Acres near historic zone of Jonesborough. Very private, paved road, surrounded with flowers & trees. Finished basement with kitchen, 3 BR, 3 BA, 3 garages, 2,540 sq. ft. finished, security system, fuse box generator hook-up for power outages, 2 propane fireplaces, and Located in Jonesborough School District. Call 423-483-1542 423-753-0224 & leave message $254,000.00

NEW LISTING - This 3BR is unique & situated on 3 wooded lots w/gar, chain link fence. ONLY $79,900 near DCHS 753-2000 Volunteer Realty

On the creek, over an acre and outside the city limits! 2 bdrm, den home and detached garage with 2 bdrm home above. $115,000 Call for appointment. 423-220-6035

720 Condominiums

BEAUTIFULLY FURNISHED CONDO Riverstone Resort & Spa 212 Dollywood Ln. Pigeon Forge, TN Impressive spa, large indoor/outdoor pool, lazy river, golf course just outside balcony, good rental income. REDUCED PRICE anxious to sell. View pictures on riverstoneresort.com. 423-239-9972

730 Mobile Homes for Sale

562 9005 3 BR 2BA For sale by owner. Call 423-288-2020

A HUGE SALE

940 Autos & Trucks Wanted

BUYING JUNK & RUNNING VEHICLES, BUSES & TRUCKS Make this your first call. Paying up to $800, and maybe more. 423-297-2626

990 FREE ADS

14 foot v-hull aluminum boat $500
New Idea 50 bushel vintage manure spreader ground engage $600
call 423-483-8511

ANTIQUE SINGER SEWING MACHINE portable, hand cranked Singer Sewing Machine Model 128K. Made at Clydebank Scotland, UK date stamped on inside of cabinet Nov. 16, 1920. Very nice condition. Includes the original wooden carrying case with key. Also includes 3 bobbins. $300.00
BEAUTIFUL BLACK TV CABINET Handcrafted hutch made in USA by Riverside Furniture. Excellent condition and very well made furniture. Cabinet measures 54" tall, 38" wide and 22" deep. Has 2 Door opening with 2 shelves. $225.00
LARGE FORMAT PRINTER HP DeskJet model 9800 can print up to 11" x 17" ledger size as well as letter and legal size. Has adjustable paper tray. Full color. Excellent condition. Needs new ink cartridge due to lack of use. $25.00
CLOSET DOORS stained dark oak, louvered, 24" x 80", includes mounting hardware and knob. Good condition. $10.00
2 SMALL LIGHTS. One 18" x 4" fluorescent area light. One 12" round ceiling globe light. $5.00 each
If interested, please call 330-5127. If no answer, please leave a message with your number and I will call you back.

990 FREE ADS

For Sale: Browning Cynergy 20 Gauge over and under Sporting Model shotgun. Screw in Chokes are skeet and skeet and light modified and one full. Includes choke wench and six extra HiViz front sights and Three extra gold Triggers. Walnut stock with no scratches. Price $1650.00
Phone:423-913-2301

Legals

NOTICE OF PUBLIC HEARING

The Erwin Housing Authority has prepared an Agency Plan as required by the Quality Housing and Work Responsibility Act of 1998. A copy of the plan will be available for review between the hours of 8:00 a.m. and 4:30 p.m. Monday - Friday at the office of the Erwin Housing Authority, 750 Carolina Avenue, Building 100, Erwin, Tennessee.

A public hearing will be held at 11:00 a.m. on Wednesday, August 20, 2014 at the Erwin Housing Authority Community Building, 750 Carolina Avenue, Erwin, Tennessee to receive comments on the FY2015 Agency Plan, which includes the statutory change to flat rents mandated as part of the 2014 Appropriations Act.

Legals

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated May 19, 2003, and the Deed of Trust of even date securing the same, recorded May 21, 2003, at Book 253, Page 967 in Office of the Register of Deeds for Unicoi County, Tennessee, executed by Kim Blevins and Glenda Lewis Blevins, conveying certain property therein described to Joseph R. Cherry as Trustee for Washington Mutual Finance Group, LLC, a Delaware Limited Liablity Company; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on **June 27, 2014 on or about 2:45 P.M., at the Unicoi County Courthouse, Erwin, Tennessee**, offer for sale certain property hereinafter described to the highest bidder FOR **certified funds** paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Unicoi County, Tennessee, and being more particularly described as follows:

Situate and being in the 4th Civil District of Unicoi

Legals

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Legals

NOTICE TO CONTRACTORS OF TOWN OF ERWIN CONSTRUCTION BIDS

TO BE RECEIVED ON JUNE 25, 2014

NOTICE TO CREDITORS

ESTATE OF IMOGENE MATHES, deceased

Notice is hereby given that on the 20TH DAY OF MAY, 2014, Letters Testamentary, in respect of the estate of IMOGENE MATHES deceased, were issued to the undersigned by the Unicoi County Probate Court. All persons, resident and non-resident, having claims, matured or unmatured, against her estate are required to file same with the Clerk of the above named Court within the earlier of four (4) months from the date of the first publication of this notice or twelve (12) months from the decedent's date of death, otherwise their claims will be forever barred

Dated this the 20TH DAY OF MAY , 2014.
CASE #PR736

CHRISTINE RICE, Executrix
DARREN SHELTON/ Clerk
R. Mitchell Manuel, Attorney
P.O. Box 195
Erwin, TN 37650
(423) 743-5381

Legals

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated September 29, 2006, and the Deed of Trust of even date securing the same, recorded October 5, 2006, at Book 303, Page 729 in Office of the Register of Deeds for Unicoi County, Tennessee, executed by Ryon J. Burgess and Shelly E. Burgess, conveying certain property therein described to Citco Title Company, Inc. as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for Citizens Bank, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on **July 11, 2014 on or about 2:45 P.M., at the Unicoi County Courthouse, Erwin, Tennessee**, offer for sale certain property hereinafter described to the highest bidder FOR **certified funds** paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Unicoi County, Tennessee, and being more particularly described as follows:

Situate, lying and being in the 5th Civil District of Unicoi County, State of Tennessee, as follows

Tract I:

Beginning at an iron pin in the Westerly mar[illegible] Poplar Road, the Southeasterly corner of the [illegible] erty here conveyed; thence North 02 degree[illegible] nutes West 150.00 feet to an iron pin; thenc[illegible] 80 degrees 14 minutes West 309.92 feet to [illegible] pin; thence South 23 degrees 38 minute[illegible] 126.00 feet to an iron pin; thence North 87 [illegible] 08 minutes East 363.88 feet to the point [illegible] ning, containing 1.00 acres to a plat of [illegible] Charles L McNabb, dated September 17[illegible]

Also conveyed hereby to second party, [illegible] and assigns, is an easement and right of [illegible] (50) feet in width known as Poplar Road an[illegible] ing from the intersection of said Road w[illegible] County Road to the terminus of Poplar Ro[illegible] cul de sac, said easement and right of way [illegible]

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 *et seq.*, and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. ***Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.***
2. ***If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.***

It is the Applicant's intent to expeditiously proceed with the implementation of Coram Alternate Site Services, Inc.'s limited home health services as soon as certificate of need approval is obtained. Based on the project completion forecast as presented on the following page, the home health agency is expected to be licensed approximately 7 months from the CON application submission, or approximately three months from the CON hearing, beginning operations on or before January 1, 2015.

PROJECT COMPLETION FORECAST
EAST TENNESSEE (KNOXVILLE BRANCH)

Enter the Agency projected Initial Decision date, as published in TCA 68-11-1609(c): 24-Sep-14

Assuming theCON approval becomes the final agency action on that date, indicate the number of days from the above agency decision date to each phase of completion forecast.

	Phase	Days Required	Anticipated Date (Month/Year)
1	Architectural and engineering contract signed		
2	Construction documents approved by the TN Dept of Health		
3	Construction contract signed		
4	Building permit secured		
5	Site preparation completed		
6	Building construction commenced		
7	Construction 40% complete		
8	Construction 80% complete		
9	Construction 100% complete (approved for occupancy)		
10	* Issuance of license	95	December-14
11	* Initiation of service	5	January-15
12	Final Architectural Certification of Payment		
13	Final Project Report Form (HF0055)		

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect actual issue date.

JUN 6 '14 PM 2:19

AFFIDAVIT

STATE OF COLORADO

COUNTY OF DENVER, COLORADO

MICHAEL E. DELL, SVP, GC & SECRETARY, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

MICHAEL E. DELL, SVP, GC & SECRETARY
SIGNATURE/TITLE

Sworn to and subscribed before me this 20TH day of MAY (Month), 2014 (Year) a Notary

Public in and for the County/State of DENVER, COLORADO.

PATRICIA V IVANCICH
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 20034019466
MY COMMISSION EXPIRES JUNE 12, 2015

NOTARY PUBLIC

My commission expires JUNE 12 (Month/Day), 2015 (Year).

CORAM ALTERNATE SITE SERVICES, INC.

CERTIFICATE OF NEED APPLICATION

TO ESTABLISH A

LIMITED SERVICE HOME HEALTH AGENCY

EAST TENNESSEE

APPLICATION ATTACHMENTS

JUNE 2014

APPLICATION ATTACHMENTS

ATTACHMENT, SECTION A, ITEM 3.1

CORAM ALTERNATE SITE SERVICES, INC.

SECRETARY OF STATE ENTITY EXISTENCE

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

JOYCE PATE
SUITE 1500
555 17TH STREET
DENVER, TN 80202

May 27, 2014

Request Type: Certificate of Existence/Authorization
Request #: 0129097

Issuance Date: 05/27/2014
Copies Requested: 1

Document Receipt

Receipt # : 1517372 Filing Fee: $22.25

Payment-Credit Card - State Payment Center - CC #: 156455783 $22.25

Regarding: **CORAM ALTERNATE SITE SERVICES, INC.**
Filing Type: Corporation For-Profit - Foreign
Formation/Qualification Date: 03/30/1995
Status: Active
Duration Term: Perpetual

Control # : 292717
Date Formed: 12/23/1986
Formation Locale: DELAWARE
Inactive Date:

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

CORAM ALTERNATE SITE SERVICES, INC.

* a Corporation formed in the jurisdiction set forth above, is authorized to transact business in this State;

* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has filed the most recent annual report required with this office;

* has appointed a registered agent and registered office in this State;

* has not filed an Application for Certificate of Withdrawal.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 007344732

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

CORAM ALTERNATE SITE SERVICES, INC.
STE 1500
555 17TH ST
DENVER, CO 80202-3900

April 3, 2014

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control # : 292717 Status: Active
Filing Type: Corporation For-Profit - Foreign

Document Receipt

Receipt # : 1443460	Filing Fee:	$20.00
Payment-Check/MO - Coram, Centennial, CO		$20.00

Amendment Type: Assumed Name
Filed Date: 04/01/2014 1:34 PM

Image # : 7315-2293

This will acknowledge the filing of the attached assumed name with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above. The name registration is effective for five years from the date the original registration was filed with the Secretary of State.

Tre Hargett
Secretary of State

Processed By: Kelli Wiggins

Field Name	Changed From	Changed To
New Assumed Name	No Value	Coram CVS Specialty Infusion Services

State of Tennessee

Department of State
Corporate Filings
312 Rosa L. Parks Ave.
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR REGISTRATION OF ASSUMED CORPORATE NAME

For Office Use Only

FILED

Pursuant to the provisions of Section 48-14-101(d) of the Tennessee Business Corporation Act or Section 48-54-101(d) of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this application:

1. The true name of the corporation is Coram Alternate Site Services, Inc.

2. The state or country of incorporation is Delaware.

3. The corporation intends to transact business in Tennessee under an assumed corporate name.

4. The assumed corporate name the corporation proposes to use is
Coram CVS Specialty Infusion Services.

[**NOTE:** The assumed corporate name must meet the requirements of Section 48-14-101 of the Tennessee Business Corporation Act or Section 48-54-101 of the Tennessee Nonprofit Corporation Act.]

03/17/2014
Signature Date

Coram Alternate Site Services, Inc.
Name of Corporation

SR VP, GC, Sec and Director
Signer's Capacity

Michael E. Dell
Signature

Michael E. Dell
Name (typed or printed)

SS-4402 (Rev. 4/01) Filing Fee: $20 RDA1720

7315.2293, 04/01/2014, 13:34:56, Received by Tennessee Secretary of State Tre Hargett

ATTACHMENT, SECTION A, ITEM 3.2

CORAM ALTERNATE SITE SERVICES, INC.

CORPORATE BY LAWS

AMENDED AND RESTATED BYLAWS
OF
CORAM ALTERNATE SITE SERVICES, INC.

as of July 1, 2010

ARTICLE I
MEETINGS OF STOCKHOLDERS

Section 1. Place of Meeting and Notice. Meetings of the stockholders of Coram Alternate Site Services, Inc. (the "Company") shall be held at such place either within or without the State of Delaware as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of stockholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the stockholders may be called by (i) the President for any purpose and shall be called by the President or (ii) the Secretary if directed by the Board of Directors.

Section 3. Notice. Except as otherwise provided by law, at least 10 and not more than 60 days before each meeting of stockholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder.

Section 4. Quorum. At any meeting of stockholders, the holders of record, present in person or by proxy, of a majority of the Company's issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 5. Voting. Except as otherwise provided by law, all matters submitted to a meeting of stockholders shall be decided by vote of the holders of record, present in person or by proxy, of a majority of the Company's issued and outstanding capital stock.

Section 6. Action by Written Consent. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II

DIRECTORS

Section 1. Number, Election and Removal of Directors. The number of Directors that shall constitute the Board of Directors shall be not less than one nor more than nine. The number of Directors of the Board of Directors on the date of the adoption and effectiveness of these Bylaws shall be one. Thereafter, within the limits specified above, the number of Directors shall be determined by the Board of Directors or by the stockholders. The Directors shall be elected by the stockholders at their annual meeting. Vacancies and newly created directorships resulting from any increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by the sole remaining Director or by the stockholders. A Director may be removed with or without cause by the stockholders.

Section 2. Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors or as may be specified in a notice of meeting. Special meetings of the Board of Directors may be held at any time upon the call of the President and shall be called by the President or Secretary if directed by the Board of Directors. Telegraphic, facsimile or written notice (which includes electronic mail) of each special meeting of the Board of Directors shall be sent to each Director not less than two days before such meeting. A meeting of the Board of Directors may be held without notice immediately after the annual meeting of the stockholders. Notice need not be given of regular meetings of the Board of Directors.

Section 3. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present. Except as otherwise provided by law, the Certificate of Incorporation of the Company, these Bylaws or any contract or agreement to which the Company is a party, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 4. Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees, including without limitation an Executive Committee, to have and exercise such power and authority as the Board of Directors shall specify. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another Director to act at the meeting in place of any such absent or disqualified member.

Section 5. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all Directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these Bylaws.

Section 6. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, without prior notice and without a vote, if a consent in writing shall be signed by all the directors, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

ARTICLE III

OFFICERS

The officers of the Company shall consist of a President, one or more Executive Vice Presidents, a Chief Financial Officer, a Treasurer, a Secretary and such other additional officers with such titles as the Board of Directors shall determine, all of whom shall be chosen by and shall serve at the pleasure of the Board of Directors. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Company may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

ARTICLE IV

INDEMNIFICATION

To the fullest extent permitted by the General Corporation Law of the State of Delaware, the Company shall indemnify any current or former Director or officer of the Company and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Company against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending or completed action, suit or proceeding brought by or in the right of the Company or otherwise, to which he or she was or is a party or is threatened to be made a party by reason of his or her current or former position with the Company or by reason of the fact that he or she is or was serving, at the request of the Company, as a director, officer, partner, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise (including the heirs, executor, administrators or estate of such person).

ARTICLE V

GENERAL PROVISIONS

Section 1. Notices. Whenever any statute, the Certificate of Incorporation or these Bylaws require notice to be given to any Director or stockholder, such notice may be given in writing by mail, addressed to such Director or stockholder at his address as it appears on the records of the Company, with postage thereon prepaid. Such notice shall be deemed to have been given when it is deposited in the United States mail. Notice to Directors may also be given by facsimile or telegram. A waiver of such notice in writing signed by the person or persons entitled thereto, whether before or after the time stated in such notice, shall be equivalent to the giving of such notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 2. Fiscal Year. The fiscal year of the Company shall be fixed by the Board of Directors.

ATTACHMENT, SECTION A, ITEM 4.1

CORAM ALTERNATE SITE SERVICES, INC.

APPLICANT DESCRIPTION AND ORGANIZATIONAL CHART

TN CON Application Part A, Section 4
CORPORATE WRITE-UP

CORAM ALTERNATE SITE SERVICES, INC.

The Applicant is Coram Alternate Site Services, Inc. which is the licensed operating entity of the existing licensed pharmacy located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 (the "Knoxville Branch"). During the past three years, the Knoxville Branch has had patients residing throughout eastern Tennessee and surrounding states. Within the state, the Knoxville Branch primarily serves the 32 eastern counties. These counties comprise more than 92 percent of the Knoxville Branch's patient population residing in Tennessee and represent the area for which Coram is seeking CON approval of limited home health services.

Ms. Natalie Sellers, RN is the Primary Nurse Case Manager at the Applicant's Knoxville Branch. In her current role, Ms. Sellers oversees care and education of patients receiving specialty infusion in the home. She coordinates contracted agency nursing care with home health agencies. She is involved in the primary care management in partnership with the on-site pharmacies, nutritionist and community/hospital based physicians. She also is responsible for clinical documentation, quality improvement and utilization review of home health agency documentation.

For the 18 years prior to joining Coram, Ms. Sellers worked in various clinical roles including, Staff Nurse, Nurse Liason, Surgical Nurse and Nurse Manager for several Tennessee regional hospitals including Parkwest Hospital in Knoxville, Vanderbilt Medical Center in Nashville, and St. Thomas Hospital in Nashville. Ms. Sellers has an Associate of Science in Nursing from Western Kentucky University and is a Registered Nurse in the State of Tennessee. Ms Sellers satisfies the home health administrator qualifications as required by Tennessee Department of Health, Chapter 1200-08-2.

Ms. Sellers reports to Mark Sharp. Mr. Sharp has been with Coram since 2006 and is Vice President of Operations for Applicant, overseeing the Nashville, Knoxville, and Memphis Branches in Tennessee. He is also responsible for Coram's facility operations in southwest Virginia, Georgia, Florida, North Carolina, South Carolina, Mississippi and Alabama. In his current role, Mr. Sharp provides direction for the clinical programs and implementation of policy and procedures in addition to regional branch operations oversight. Mr. Sharp has worked in healthcare for the past 24 years in various capacities including Plant Manager, Director of Logistics for Baxter Healthcare, Director of North American Operations for Steris Corporation, and Director of Packaging and Distribution Operations for GNC. Mr. Sharp received his Masters of Business Administration

in 1994 from Webster University and his Bachelors in Business Management from the University of Miami in 1984.

The Applicant is a wholly owned operating subsidiary of Coram Specialty Infusion Services, Inc., which owns 100 percent of the Applicant. The following individuals are the named officers of Applicant, CSIS and parent entity, Coram LLC:

- **Robert T. Allen, CPA, President & Chief Operating Officer of Coram LLC and President, Chief Financial Officer & Treasurer of Applicant and CSIS:** Mr. Allen has been with Coram since 2005 and served previously as Coram's Executive Vice President of Operations and as Chief Financial Officer. Mr. Allen and has extensive experience in the healthcare and financial worlds. Mr. Allen comes to Coram after serving as CFO for Titan Health Corporation, a venture-funded specialty focused surgery center company based in Sacramento, California. Prior to working for Titan, he was CFO for American Medical Response, Inc. (AMR) medical transportation and physician practice management company based in Aurora, Colorado.. Mr. Allen has a B.S. in Business Administration from Chico State University and completed the Executive Finance Program through Stanford University.

- **Michael E. Dell, Senior Vice President, Associate General Counsel and Secretary, of Coram LLC and Senior Vice President, General Counsel, Sectretary and Director of Applicant and CSIS:** Mr. Dell has been in his role with the Coram Legal Department since 2001. Prior to his position with Coram, Mr. Dell worked as an Associate in the Health Care and Business Organizations departments of Reinhart, Boerner & Van Deuren, a Milwaukee, Wisconsin based law firm. Mr. Dell earned his B.A. degree from the University of Colorado at Boulder and earned a J.D. degree from the Vanderbilt University School of Law, Nashville, Tennessee.

- **Harriet Albery, Chief Commercial Officer:** Ms. Albery is the Chief Commercial Officer of Coram LLC. Ms. Albery re-joined Coram in 2008 and has held several senior management positions in the Coram Sales Department including Senior Vice President and Executive Vice President. Ms. Albery previously worked with Coram for five years in varying roles including financial planning and investor relations, and prior to her departure in 2000 was the Vice President of Pricing & Contracting. Ms. Albery returned to Coram in 2008 after spending over five years with Walgreens-OptionCare, where she held the position of Vice President, Sales and Marketing. Ms. Albery earned a dual bachelor's degree in English and Political Science from the University of Colorado, and an MBA in Finance and Marketing from Tulane University.

- **Fred Stepan, Chief Financial Officer:** Fred Stepan joined Coram as Chief Financial Officer in July 2012. Mr. Stepan has over 30 years of experience in Finance and Accounting. He served previously as the CFO at The Scooter Store, CFO at Symtx, Vice President of Finance at ALL.com, and also held several senior leadership positions at US West. In addition, Mr. Stepan was a Senior Accountant and CPA at Deloitte. He earned a Bachelor's degree in Accounting from the University of Notre Dame, and an MBA in Finance from the University of Washington.

- **Joseph Kress, Chief Information Officer**: Joseph Kress joined Coram as Chief Information Officer in July 2013. Mr. Kress has experience primarily in the medical/surgical and pharmaceutical wholesale distribution industries. He was previously with McKesson Corporation in San Francisco, where he worked for the last 14 years in positions of increasing responsibility. His most recent role was as Senior Vice President of Indirect Spend PMO (Project Management Office), in which he managed a cross-functional team consisting of IT, Corporate Procurement, Change Leadership, Communications, Program Management, and Finance. Prior to that, he served as Senior Vice President, Foundation Services at McKesson IT. Mr. Kress received a Master of Science in Industrial Administration from Carnegie Mellon University, and a Bachelor of Science in Chemical Engineering from the University of California at Berkeley.

- **Ann Bozeman, Senior Vice President, Human Resources:** Ann Bozeman joined Coram in July 2012 as the Senior Vice President of Human Resources. In this role, she is responsible for overseeing all Human Resources aspects for Coram. Prior to joining Coram, she was the Vice President of Global Human Resources at Jeppesen, a subsidiary of The Boeing Company. Ms. Bozeman brings over 20 years of human resource experience to Coram serving in Human Resource leadership roles for Conagra Foods, Dell and Lockheed Martin. Ms. Bozeman earned a Bachelor's degree in Nursing from Regis University and a Bachelor's Degree in Human Resources Management from Colorado Christian University. Ms. Bozeman has also received her coaching certification through the Hudson Institute of Coaching and is Six Sigma Green Belt certified.

- **Margaret Brown, Senior Vice President, Quality and Compliance, Corporate Compliance Officer**: Margaret F. Brown is Senior Vice President of Ethics and Compliance and Corporate Compliance Officer. Ms. Brown oversees the Coram Corporate Compliance Program, which includes all elements of the recommended Office of the Inspector General's (OIG) compliance guidelines for healthcare organizations. A 1972 graduate of the University of Wisconsin, Madison, with a B.S. in Bacteriology, Ms. Brown has over 35 years of experience in the areas of

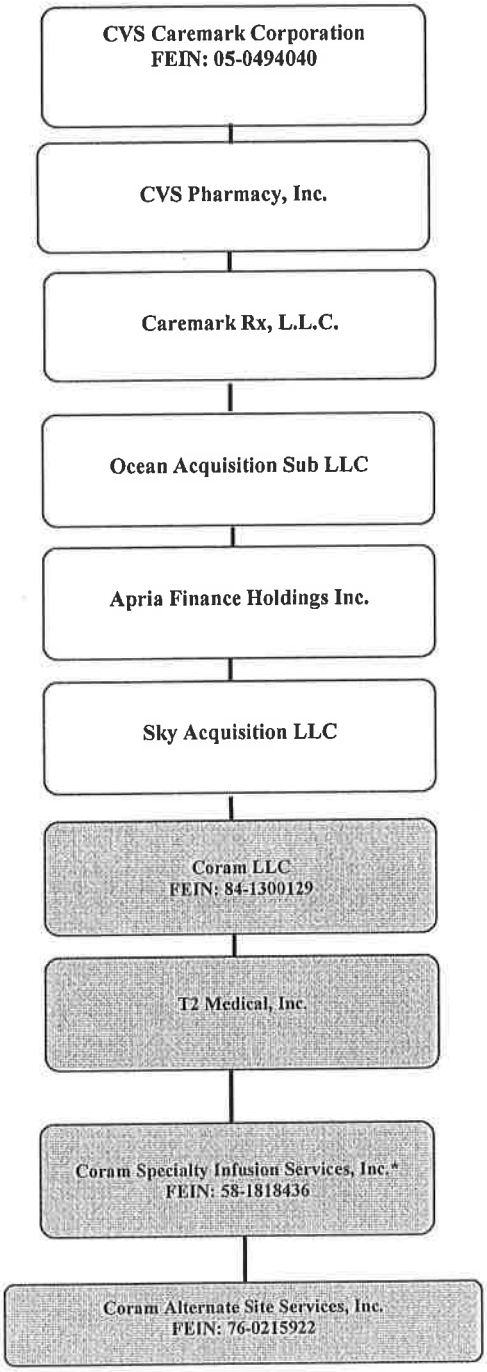
quality, clinical management and regulatory compliance in both FDA-regulated products manufacturing and healthcare services organizations. Ms. Brown began her career as an investigator in the Chicago district office of the FDA (U.S. Food and Drug Administration), specializing in biological and radiopharmaceutical drugs and devices. Since leaving the FDA, she has held increasingly responsible roles in the healthcare industry for national and global companies. In her previous position with Coram, Inc., she was responsible for the overall compliance program, clinical services program, Model Office System for operation standardization, and company quality initiatives. Ms. Brown has been active in a number of industry organizations, including the Regulatory Affairs Professional Society, the FDA Alumni Association, the American Society for Quality, and the Health Care Compliance Association. She has also been member of the FDA, USP and ISO working groups.

- **Mary F. Zega, Senior Vice President, Operations:** Ms. Zega has been with Coram and its predecessor companies since 1989 and has held multiple positions during that time including Nurse Manager, Branch Manager, Midwest Regional Vice President of Operations and, currently, Senior Vice President of Operations. In her current role, Ms. Zega is not only responsible for policy and procedure development, clinical project management, management field training and branch operating system installations globally for Coram, but also responsible for the operations, clinical oversight, materials management, asset management, compliance, regulatory, fiscal, and budgetary functions in all of the Coram and Coram subsidiary branch locations nationally. In addition to Ms. Zega's clinical and operations roles at Coram, she has served in multiple corporate positions including Management Committee Member, Steering Committee Member and Medical Advisory Board Member for several of Coram's operating subsidiaries. Ms. Zega earned a Bachelor of Science in Nursing from Lewis University, Romeoville, Illinois and has maintained her Registered Nurse licensure in Illinois since 1984 and Indiana since 1990.

Applicant's ultimate parent is CVS Caremark Corporation ("CVS"). CVS is a public company and files quarterly and annual reports with the Securities and Exchange Commission (SEC) and also available at cvscaremark.com. Its most recent annual report (10-K) as of December 31, 2013 is attached hereto as Item 4.

The Coram/CVS organizational chart is provided on the following page.

Coram LLC Corporate Structure
(as of 01-16-2014)



(*) Coram Specialty Infusion Services, Inc. hold 100 percent ownership of Coram Alternate Site Services, Inc. issued shares.

Natalie Sellers, RN

2514 Silverstone Lane Knoxville, TN

- 865-287-4312
- 865-851-8921
- nsells35@yahoo.com

Qualifications Summary

A highly motivated professional with over 17 years of critical care experience to offer you. Provides a high standard of self-performance, assuming responsibility and accountability for successfully completing assignments or tasks.

- Exceptional at multitasking: excels at prioritizing while encouraging delivery of superior patient care.
- Widely recognized as a patient advocate and known to excel above excepted standard of care.
- Recognized throughout career for providing excellent patient care and a team approach to quality service.
- Demonstrated ability to lead, support, and motivate healthcare team to provide top-quality patient care.
- Proficient in administration of conscious sedation and effectively monitors patient's response by monitoring temperature, pulse, heart rate, breathing rate, and oxygen level.

Certifications and Proficiencies

Telemetry	12 Lead EKG	Care plan administration
CCU	Intravenous therapy	ACLS
BLS	Conscious Sedation	Patient/family education
EMR documentation	CVL Procedures	Phi Theta Kappa

Career Experience

Parkwest Hospital, Knoxville, Tennessee 2013-current

Staff Nurse Step-down Cardiac/Pulmonary/Renal

Serve as staff nurse in a busy step-down unit. Administering medications, peritoneal dialysis, and high quality care to patients. Patient/nurse ratio 6:1. Responsible for direct admissions, chart checks, initiating IVs, and monitoring patients. Providing a safe environment and making patient care my top priority. I feel nursing is a calling and high quality care is my top priority.

Vanderbilt Medical Center, Nashville, Tennessee 2011-2013

Staff Nurse/Nurse Liaison/Assistant Manager

Served as staff nurse in the intra-op, pre-op, and the post-op. Assisted with ERCP, Colonoscopies, EGD's, EUS, and FNA. Responsible for obtaining history, medication list, initiating IV, providing conscious sedation, and monitoring patient. Quality of care and serving as patient advocate advanced me to nurse liaison, in which I provided service recovery. Leadership quality advanced me to assistant manager. In this role I was responsible for staff schedule, resolving HR conflicts, staff discipline, patient advocate, hiring of new staff, chart audits, and overseeing GI Endoscopy and GI Clinical areas.

- Contributed substantially to maintain JACHO accreditation within the departments.
- Contributed to public image by ensuring excellent patient satisfaction.
- Advocate for process improvements with-in departments; directed the development of new hires. Developed new hire packets, provided new hire with welcome card, and departmental orientation.
- Provided augmentation to units by managing patient census and allocate staff assignments.

St. Thomas Hospital, Nashville, Tennessee 2008-2011

Cardiovascular Catherization Lab Staff Nurse

Provided high quality of care for patients suffering with acute myocardial infarctions, acute congestive heart failure, and chronic heart disease. Performed roles that included scrub nurse, circulating nurse, and monitoring nurse during CVL procedures. Frequent hands on experience with 12 lead EKG's, temporary pacers, invasive lines, and defibrillators.

- Routinely assessed patient status for next level of care.
- Provided high quality of support to patient and patient's family coping with disease processes.
- Received multiple "Star" awards recognition related to quality and safety of care.

Vanderbilt Medical Center, Nashville, Tennessee 2003-2007

Nuclear Medicine and Coumadin Clinic Nurse

Provided strong customer service through exceptional communication and phone skills. Proficient in assessing patient telephonically and communicating effectively with physicians, other healthcare team members, and patient. Organized a team approach to provide direct high quality patient care in a fast paced nuclear department for patients and patient's families. Monitored 12 lead EKG for ST changes and arrhythmias during Dobutamine, Adenosine, and Exercise Stress Testing. Monitored patient for chest pain, significant increase in blood pressure, dizziness, and fatigue.

- Well known for charting effectively and efficiently, providing the correct amount of data required.
- Repeatedly commended by patients and managers for outstanding service provided to patients.
- Overseer of medications, linen, and supplies needed for Nuclear Department.
- Developed a written guideline for nursing personnel outlying symptoms to monitor during stress testing.
- Excels at learning new computer programs and is well known for typing skills.
- Developed a new welcome packet as part of process improvement for Coumadin Clinic.

Saint Thomas Hospital, Nashville, Tennessee 1999-2003

Post PTCA Unit and CVL Staff Nurse

Delivered a wide range of RN expertise and services. Accurately obtained and documented patient admissions, history, medications, and discharges. Proactive in preparing room with equipment needed after receiving report. Responsible for sheath removal and monitoring patient coagulation levels, LOC, vital signs, EKG, and oxygen level. Provided high quality of care for patients suffering with acute myocardial infarctions, acute congestive heart failure, and chronic heart disease. Performed roles that included scrub nurse, circulating nurse, and monitoring nurse during CVL procedures. Frequent hands on experience with 12 lead EKG's, temporary pacers, invasive lines, and defibrillators.

- Well known for ownership in providing the highest quality of care to patients.
- Repeatedly commended by physicians, staff, and supervisors for being an outstanding team player, proactive in building up team members, maintaining optimal patient monitoring, and excels at patient advocate.

Medical Center at Bowling Green/Scottsville 1996-1999

CCU/Medical/Surgical Nurse

Served as a charge nurse for adult and pediatric patients with respiratory disease, cardiovascular disease, diabetes, post-surgical patients, trach, and ventilator patients. Provided support for patient and families coping with end of life and disease processes. Served as float nurse to Emergency Room when needed for high volume patient population. Practiced nursing in CCU unit. Frequent direct patient care and hands on experience with IABP, 12 lead EKG, defibrillators, temporary pacemakers, invasive lines, and resuscitation of critically ill patients.

- Collaborated with physician and other healthcare team members to care for patient in critical care unit.
- Provided support and built healthy working relationships with patients and patient family to prepare them for the next level of care or end of life.
- Proactive in staying current on technology, education, and skills needed to provide a high level of care to patient.

Educational Background

Associate of Science in Nursing, ASN (1996)

Western Kentucky University – Bowling Green, Kentucky

Currently seeking Bachelor of Science in Nursing

Cumberland University – Lebanon, Tennessee

Licensure

Registered Nurse (RN), State of Tennessee

Compact license

JUN 6 '14 PM 2:13

ATTACHMENT, SECTION A, ITEM 4.2

CORAM ALTERNATE SITE SERVICES, INC.

CVS CAREMARK CORPORATION
ANNUAL REPORT, DECEMBER 31, 2013

10-K 1 cvs-20131231x10k.htm 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2013
OR
☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to
Commission file number 001-01011

CVS CAREMARK CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	**050494040**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One CVS Drive, Woonsocket, Rhode Island	**02895**
(Address of principal executive offices)	(Zip Code)

(401) 765-1500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Common Stock, par value $0.01 per share	**New York Stock Exchange**
Title of each class	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Exchange Act: **None**
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The aggregate market value of the registrant's common stock held by non-affiliates was approximately $69,980,197,924 as of June 30, 2013, based on the closing price of the common stock on the New York Stock Exchange. For purposes of this calculation, only executive officers and directors are deemed to be the affiliates of the registrant.

As of February 4, 2014, the registrant had 1,182,427,156 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Filings made by companies with the Securities and Exchange Commission sometimes "incorporate information by reference." This means that the company is referring you to information that was previously filed or is to be filed with the SEC, and this information is considered to be part of the filing you are reading. The following materials are incorporated by reference into this Form 10-K:

- Portions of our Annual Report to Stockholders for the fiscal year ended December 31, 2013 are incorporated by reference in our response to Items 7, 8 and 9 of Part II.
- Information contained in our Proxy Statement for the 2014 Annual Meeting of Stockholders is incorporated by reference in our response to Items 10 through 14 of Part III.

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PART I

Item 1. Business

Overview

CVS Caremark Corporation ("CVS Caremark", the "Company", "we," "our" or "us"), 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 ("PBM"), mail order and specialty pharmacy division, CVS Caremark® Pharmacy Services; our more than 7,600 CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® retail stores; our retail-based health clinic subsidiary, 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

The Pharmacy Services Segment provides a full range of PBM services, as described more fully below, to our clients consisting primarily of employers, insurance companies, unions, government employee groups, managed care organizations ("MCOs") and other sponsors of health benefit plans and individuals throughout the United States. In addition, through our SilverScript Insurance Company ("SilverScript") 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®, RxAmerica®, Accordant®, SilverScript® and Novologix® names. As of December 31, 2013, the Pharmacy Services Segment operated 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies and four mail service dispensing pharmacies located in 22 states, Puerto Rico and the District of Columbia.

Pharmacy Services Business Strategy - Our business strategy centers on providing innovative pharmaceutical solutions and quality client service in order to enhance clinical outcomes for our clients' health benefit plan members while assisting our clients and their plan members in better managing overall health care costs. Our goal is to produce superior results for our clients and their plan members by leveraging our expertise in core PBM services, including: plan design and administration, formulary management, discounted drug purchase arrangements, Medicare Part D services, mail order, specialty pharmacy and infusion services, retail pharmacy network management services, prescription management systems, clinical services, disease management services and medical spend management.

In addition, as a fully integrated pharmacy services company, we are able to offer our clients and their plan members a variety of programs and plan designs that benefit from our integrated information systems and the ability of our more than 26,000 pharmacists, nurse practitioners and physician assistants to interact personally with the many plan members who shop our stores every day. Through our multiple member touch points (retail stores, mail order and specialty pharmacies, retail clinics, call centers, proprietary websites and mobile devices), we seek to engage plan members in behaviors that lower cost and improve health care outcomes. Examples of these programs and services include: Maintenance Choice®, a program where eligible client plan members can elect to fill their maintenance prescriptions at our retail pharmacy stores for the same price as mail order; Pharmacy Advisor®, a program that facilitates face-to-face and telephone counseling by our pharmacists to help participating plan members with certain chronic diseases, such as diabetes and cardiovascular conditions, to identify gaps in care, adhere to their prescribed medications and manage their health conditions; compliance and persistency programs designed to ensure that patients take their medications in the proper manner; enhanced disease management programs that are targeted at managing chronic disease states; and an ExtraCare® Health Card program which offers discounts to eligible plan members on certain over-the-counter health care products sold in our CVS/pharmacy stores. In addition, MinuteClinic® is an important and differentiated part of the enterprise capabilities available to PBM members. Ways we are working with our clients include partnerships with health plan clients sponsoring patient centered medical homes, biometric screening opportunities, closing gaps in care, co-pay reductions to encourage use of MinuteClinic and onsite clinics at client corporate headquarters.

PBM Services - Our PBM services are described more fully below.

Plan Design and Administration - Our clients sponsor pharmacy benefit plans that facilitate the ability of eligible members in these plans to receive prescribed medications. We assist our clients in designing pharmacy benefit plans that minimize the costs to the client while prioritizing the welfare and safety of the clients' members. We also administer these benefit plans for our

clients and assist them in monitoring the effectiveness of these plans through frequent, informal communications as well as through a formal annual client review.

We make recommendations to our clients encouraging them to design benefit plans promoting the use of the lowest cost, most clinically appropriate drug. We help our clients control costs by recommending plan designs that encourage the use of generic equivalents of brand name drugs when such equivalents are available. Our clients also have the option, through plan design, to further lower their pharmacy benefit plan costs by setting different member payment levels for different products on their drug lists.

Formulary Management - We utilize an independent panel of doctors, pharmacists and other medical experts, referred to as our Pharmacy and Therapeutics Committee, to select drugs that meet the highest standards of safety and efficacy for inclusion on our drug lists. Our drug lists provide recommended products in numerous drug classes to ensure member access to clinically appropriate alternatives under the client's pharmacy benefit plan. To improve clinical outcomes for members and clients, we conduct ongoing, independent reviews of all drugs, including, but not limited to, those appearing on the drug lists and generic equivalent products, as well as our clinical programs. Many of our clients choose to adopt our drug lists as part of their plan design.

Discounted Drug Purchase Arrangements - We negotiate with pharmaceutical companies to obtain discounted acquisition costs for many of the products on our drug lists, and these negotiated discounts enable us to offer reduced costs to clients that choose to adopt our drug lists. The discounted drug purchase arrangements we negotiate typically provide for volume discounts and/or the payment by the pharmaceutical companies of retroactive discounts, or rebates, from established list prices. For certain products that are purchased by our pharmacies, we receive discounts at the time of purchase and/or discounts for prompt payment of invoices. We also receive various purchase discounts under our wholesale contracts, which may include retroactive discounts, or rebates, if we exceed contractually-defined purchase volumes. We record these discounts, regardless of their form, as a reduction of our cost of revenues.

Medicare Part D Services - We participate in the administration of the drug benefit added to the Medicare program under Part D of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("Medicare Part D") through the provision of PBM services to our health plan clients and other clients that have qualified as Medicare Part D prescription drug plans ("PDP"). We also participate (i) by offering Medicare Part D pharmacy benefits through our subsidiary, SilverScript, which has been approved as a PDP by the Centers for Medicare and Medicaid Services ("CMS"), and (ii) by assisting employer, union and other health plan clients that qualify for the retiree drug subsidy available under Medicare Part D by collecting and submitting eligibility and/or drug cost data to CMS in order for them to obtain the subsidy.

Mail Order Pharmacy - As of December 31, 2013, we operated four mail service dispensing pharmacies in the United States. Plan members or their prescribers submit prescriptions or refill requests, primarily for maintenance medications, to these pharmacies via mail, telephone, fax, e-prescribing or the Internet. We also operate a network of smaller mail service specialty pharmacies described below. Our staff pharmacists review mail service prescriptions and refill requests with the assistance of our prescription management systems. This review may involve communications with the prescriber and, with the prescriber's approval, can result in generic substitution, therapeutic interchange or other actions designed to reduce cost and improve quality of treatment. These pharmacies have been awarded Mail Service Pharmacy accreditation from Utilization Review Accreditation Commission ("URAC"), a Washington DC-based health care accrediting organization that establishes quality standards for the health care industry.

Specialty Pharmacy - Our specialty pharmacies support individuals that require complex and expensive drug therapies. As of December 31, 2013, our specialty pharmacies were comprised of 11 specialty mail order pharmacies located throughout the United States that are used for delivery of advanced medications to individuals with chronic or genetic diseases and disorders. Substantially all of these pharmacies have been accredited by the Joint Commission, which is an independent, not-for-profit organization that accredits and certifies more than 20,000 health care organizations and programs in the United States. These pharmacies have also been awarded Specialty Pharmacy accreditation from URAC. As of December 31, 2013, the Company operated a network of 25 retail specialty pharmacy stores, which operate under the CarePlus CVS/pharmacy® name. These stores average 2,600 square feet in size and sell prescription drugs and a limited assortment of front store items such as alternative medications, homeopathic remedies and vitamins. In January 2014, we enhanced our offerings of specialty infusion services and began offering enteral nutrition services through our subsidiary

Coram LLC ("Coram"), which we acquired on January 16, 2014. Coram is one of the nation's largest providers of comprehensive infusion services, caring for approximately 165,000 patients annually.

Retail Pharmacy Network Management - We maintain a national network of nearly 68,000 retail pharmacies, consisting of approximately 41,000 chain pharmacies (which includes our CVS/pharmacy stores) and 27,000 independent pharmacies, in the

United States, including Puerto Rico and the District of Columbia. When a customer fills a prescription in a retail pharmacy, the pharmacy sends prescription data electronically to us from the point-of-sale. This data interfaces with our proprietary prescription management systems, which verify relevant plan member data and eligibility, while also performing a drug utilization review to evaluate clinical appropriateness and safety and confirming that the pharmacy will receive payment for the prescription.

Prescription Management Systems - We dispense prescription drugs both directly, through one of our mail service or specialty pharmacies, or through a network of retail pharmacies. All prescriptions, whether they are filled through one of our mail service dispensing pharmacies or through a pharmacy in our retail network, are analyzed, processed and documented by our proprietary prescription management systems. These systems assist staff and network pharmacists in processing prescriptions by automating review of various items, including, but not limited to, plan eligibility, early refills, duplicate dispensing, appropriateness of dosage, drug interactions or allergies, over-utilization and potential fraud.

Clinical Services - We offer multiple clinical programs and services to help clients manage overall pharmacy and health care costs in a clinically appropriate manner. Our programs are primarily designed to promote safety, and to target inappropriate utilization and non-adherence to medication, each of which may result in adverse medical events that negatively impact member health and client pharmacy and medical spend. In this regard, we offer various utilization management, medication management, quality assurance, adherence and counseling programs to complement the client's plan design and clinical strategies.

Disease Management Programs - Our clinical services utilize advanced protocols and offer clients convenience in working with health care providers and other third parties. Our Accordant® programs include integrated rare disease management programs, which cover diseases such as rheumatoid arthritis, Parkinson's disease, seizure disorders and multiple sclerosis. The majority of these integrated programs are accredited by the National Committee for Quality Assurance, a private, not-for-profit organization that evaluates, accredits and certifies a wide range of health care organizations. They have also been awarded Case Management Accreditation from URAC.

Medical Pharmacy Management - We offer a technology platform that helps identify and capture cost savings opportunities for specialty drugs billed under the medical benefit and helps ensure appropriate clinical use of these drugs.

Pharmacy Services Information Systems - We currently operate several adjudication platforms to support our Pharmacy Services Segment. The information systems incorporate architecture that centralizes the data generated from filling mail service prescriptions, adjudicating retail pharmacy claims and fulfilling other services we provide to PBM clients.

Pharmacy Services Clients - Our clients are primarily sponsors of health benefit plans (employers, insurance companies, unions, government employee groups and MCOs) and individuals located throughout the United States. We provide pharmaceuticals to eligible members in benefit plans maintained by our clients and utilize our information systems, among other things, to perform safety checks, drug interaction screening and generic substitution. We generate substantially all of our Pharmacy Services Segment net revenue from dispensing prescription drugs to eligible members in benefit plans maintained by our clients. No single PBM client accounted for 10% or more of our total consolidated revenues in 2013. Our client agreements are subject to renegotiation of terms. See "Risk Factors — Efforts to reduce reimbursement levels and alter health care financing practices" and "Risk Factors — Risks of declining gross margins in the PBM industry." During the year ended December 31, 2013, our PBM filled or managed approximately 902 million prescriptions.

Pharmacy Services Seasonality - The majority of our Pharmacy Services Segment revenues are not seasonal in nature.

Pharmacy Services Competition - We believe the primary competitive factors in the industry include: (i) the ability to negotiate favorable discounts from drug manufacturers; (ii) the ability to negotiate favorable discounts from, and access to, retail pharmacy networks; (iii) responsiveness to clients' needs; (iv) the ability to identify and apply effective cost management programs utilizing clinical strategies; (v) the ability to develop and utilize preferred drug lists; (vi) the ability to market PBM products and services; (vii) the commitment to provide flexible, clinically-oriented services to clients; and (viii) the quality, scope and costs of products and services offered to clients and their members. The Pharmacy Services Segment has a significant number of competitors offering PBM services (e.g., Express Scripts, OptumRx, Catamaran and Prime Therapeutics) including large, national PBM companies, PBMs owned by large national health plans and smaller standalone PBMs.

Retail Pharmacy Segment

As of December 31, 2013, the Retail Pharmacy Segment included 7,660 retail drugstores, of which 7,603 operated a pharmacy, our online retail pharmacy websites, CVS.com and Onofre.com.br, 17 onsite pharmacy stores and our retail health care clinics.

The retail drugstores are located in 43 states, the District of Columbia, Puerto Rico and Brazil operating primarily under the CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® names. We currently operate in 95 of the top 100 U.S. drugstore markets and hold the number one or number two market share in 86 of these markets. CVS/pharmacy stores sell prescription drugs and a wide assortment of over-the-counter and personal care products, beauty and cosmetic products, and general merchandise, which we refer to as "front store" products. Existing retail stores range in size from approximately 5,000 to 30,000 square feet, although most new stores range in size from approximately 8,000 to 13,000 square feet and typically include a drive-thru pharmacy. During 2013, we filled 734 million retail prescriptions, or approximately 21% of the U.S. retail pharmacy market.

As of December 31, 2013, we operated 800 retail health care clinics in 28 states and the District of Columbia under the MinuteClinic® name, 792 of which were located within CVS/pharmacy stores.

Retail Pharmacy Business Strategy - Our integrated pharmacy services model has enhanced the ability of our retail pharmacy stores to expand customer access to care while helping to lower overall health care costs and improve health outcomes. In that regard, the role of our retail pharmacist is shifting from primarily dispensing prescriptions to also providing services, including flu vaccinations as well as face-to-face patient counseling with respect to adherence to drug therapies, closing gaps in care and more cost effective drug therapies. In addition, personalization is core to our retail strategy. We have a number of initiatives underway, such as ExtraCare and a weekly individually tailored circular that acts as a personal shopper for the customer, that are designed to help us connect directly with individual consumers to deliver a personalized experience. We also provide a broad assortment of quality merchandise at competitive prices using a retail format that emphasizes service, innovation and convenience. One of the keys to our strategy is technology, which allows us to focus on constantly improving service and exploring ways to provide more personalized product offerings and services. We believe that continuing to be the first to market with new and unique products and services, using innovative marketing and adjusting our mix of merchandise to match our customers' needs and preferences is very important to our ability to continue to improve customer satisfaction.

Retail Pharmacy Products and Services - A typical CVS/pharmacy store sells prescription drugs and a wide assortment of high-quality, nationally advertised brand name and proprietary brand merchandise. Front store categories include over-the-counter drugs, beauty products and cosmetics, photo finishing services, seasonal merchandise, greeting cards and convenience foods. We purchase our merchandise from numerous manufacturers and distributors. We believe that competitive sources are readily available for substantially all of the products we carry and the loss of any one supplier would not likely have a material effect on the business.

Retail Pharmacy Segment net revenues by major product group are as follows:

	Percentage of Net Revenues[1]		
	2013	2012	2011
Prescription drugs	69.5%	68.8%	68.3%
Over-the-counter and personal care	11.0	10.9	10.9
Beauty/cosmetics	4.9	5.0	5.2
General merchandise and other	14.6	15.3	15.6
	100.0%	100.0%	100.0%

(1) Percentages are estimates based on store point-of-sale ("POS") data.

Pharmacy - Pharmacy revenues represented more than two-thirds of Retail Pharmacy revenues in each of 2013, 2012 and 2011. We believe that our pharmacy operations will continue to represent a critical part of our business due to favorable industry trends (e.g., an aging American population consuming a greater number of prescription drugs, pharmaceuticals being used more often as the first line of defense for managing illness, and the impact of expanded health insurance coverage through the Affordable Care Act), the introduction of new pharmaceutical products, Medicare Part D and our ongoing program of purchasing customer lists from independent pharmacies. We believe our pharmacy business benefits from our investment in both people and technology. Given the nature of prescriptions, people want their prescriptions filled accurately by professional pharmacists using the latest tools and technology, and ready when promised. Consumers

need medication management programs and better information to help them get the most out of their health care dollars. To assist our customers with these needs, we have introduced integrated pharmacy health care services that provide an earlier, easier and more effective approach to engaging them in behaviors that can help lower costs, improve health, and save lives. Examples include: our Patient Care Initiative, an enhanced medication adherence program; Maintenance Choice®, a program where eligible client plan members can elect to fill their maintenance prescriptions at our retail pharmacy stores for the same price as mail order; and Pharmacy Advisor®, our program that facilitates pharmacist counseling, both face-to-face and over the telephone, to help participating

plan members with certain chronic diseases, such as diabetes and cardiovascular conditions, to identify gaps in care, adhere to their prescribed medications and manage their health conditions. Further evidencing our belief in the importance of pharmacy service is our continuing investment in technology, such as our Drug Utilization Review system that checks for harmful interactions between prescription drugs, over-the-counter products, vitamins and herbal remedies; our pharmacy fulfillment system, Rx Connect; our prescription refill program, ReadyFill®; and our online business, CVS.com®.

Front Store - Front store revenues benefited from our strategy to be the first to market with new and unique products and services, using innovative marketing and adjusting our mix of merchandise to match our customers' needs and preferences. A key component of our front store strategy is our ExtraCare® card program, which is helping us continue to build our loyal customer base. The ExtraCare program is one of the largest and most successful retail loyalty programs in the United States. In addition, the ExtraCare program allows us to balance our marketing efforts so we can reward our best customers by providing them automatic sale prices, customized coupons, ExtraBucks® rewards and other benefits. Another component of our front store strategy is our unique product offerings, which include a full range of high-quality CVS/pharmacy® and proprietary brand products that are only available through CVS/pharmacy stores. We currently carry over 4,300 CVS/pharmacy and proprietary brand products, which accounted for approximately 18% of our front store revenues during 2013. Furthermore, we are tailoring certain groups of stores, such as our urban cluster stores, to better meet the needs of our customers.

MinuteClinic - As of December 31, 2013, we operated 800 MinuteClinic® locations in 28 states and the District of Columbia; of which 792 were located in CVS/pharmacy stores. 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. Many locations have also begun treating a variety of chronic conditions. Insurers value MinuteClinic because it provides convenient, high-quality, cost-effective care, in many cases offering an attractive alternative to more expensive sites of care. As a result, visits paid for by employers, health insurers or other third parties accounted for approximately 85% of MinuteClinic's total revenues in 2013. We anticipate opening up approximately 150 new clinics in CVS/pharmacy stores during 2014. MinuteClinic is collaborating with our Pharmacy Services Segment to help meet the needs of CVS Caremark's client plan members by offering programs that can improve member health and lower costs. MinuteClinic is now affiliated with 30 major health systems.

Onsite Pharmacies - We also operate a limited number of small pharmacies located at client sites under the CarePlus CVS/pharmacy® or CVS/pharmacy® name, which provide certain health plan members and customers with a convenient alternative for filling their prescriptions.

Retail Pharmacy Store Development - The addition of new stores has played, and will continue to play, a major role in our continued growth and success. Our store development program focuses on three areas: entering new markets, adding stores within existing markets and relocating stores to more convenient, freestanding sites. During 2013, we opened 169 new retail pharmacy stores, relocated 78 stores and closed 13 stores. During the last five years, we opened more than 1,300 new and relocated stores, and acquired 82 stores. During 2014, we expect square footage growth of between 2% to 3%. We believe that continuing to grow our store base and locating stores in desirable geographic markets are essential components to compete effectively in the current health care environment. As a result, we believe that our store development program is an integral part of our ability to maintain our leadership position in the retail drugstore industry.

Retail Pharmacy Information Systems - We have continued to invest in information systems to enable us to deliver exceptional customer service, enhance safety and quality, and expand our patient care services while lowering operating costs. In 2012, we completed the rollout of our proprietary WeCARE Workflow to all retail pharmacy locations. WeCARE Workflow is an integrated suite of enhancements to our RxConnect fulfillment system, pharmacy POS terminals and phone system to support our pharmacy colleagues and customers by seamlessly integrating and prioritizing prescription fulfillment, prescriber contact management, customer service actions and patient care interventions into a cohesive workflow. In the near term, this solution delivers improved efficiency and enhances the customer experience. Longer term, the solution provides a framework to accommodate the evolution of pharmacy practice and the expansion of our clinical programs. Our Consumer Engagement Engine® technology and proprietary clinical algorithms enable us to identify opportunities for our pharmacists to deliver face-to-face counseling regarding patient health and safety matters, including adherence issues, gaps in care and management of certain chronic health conditions. Our digital strategy empowers the consumer to navigate their pharmacy experience and manage their condition through our on-line and mobile tools that offer utility and convenience. CVS.com gained a new look and added new tools, such as access to world-class

drug information and personalization of pharmacy services. We experienced strong adoption of our digital solutions with our mobile app receiving critical acclaim for ease of use and our text message program experiencing unprecedented growth.

Retail Pharmacy Customers - Managed care organizations, government-funded health care programs (including state Medicaid plans and Medicare Part D drug plans), commercial employers and other third party plans accounted for 97.9% of our

2013 pharmacy revenues. The loss of any one payor should not have a material effect on our business. No single retail payor accounts for 10% or more of our total consolidated revenues. However, the success of our retail drugstore business is dependent upon our ability to establish and maintain contractual relationships with PBMs and other payors on acceptable terms. Our contracts with commercial payors and government-funded programs are subject to renegotiation of reimbursement rates. See "Government Regulation — Reimbursement" and Item 1A., "Risk Factors — Efforts to reduce reimbursement levels and alter health care financing practices."

Retail Pharmacy Seasonality - The majority of our revenues, particularly pharmacy revenues, are generally not seasonal in nature. However, front store revenues tend to be higher during the December holiday season. For additional information, we refer you to Note 16 "Quarterly Financial Information" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Retail Pharmacy Competition - The retail drugstore business is highly competitive. We believe that we compete principally on the basis of: (i) store location and convenience, (ii) customer service and satisfaction, (iii) product selection and variety and (iv) price. In the markets we serve, we compete with other drugstore chains, supermarkets, discount retailers, independent pharmacies, membership clubs, Internet companies, and retail health clinics, as well as other mail order pharmacies and PBMs.

Corporate Segment

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

Generic Sourcing Venture

In December 2013, we announced the signing of an agreement with Cardinal Health, Inc. ("Cardinal Health") to form a generic pharmaceutical sourcing entity. This entity is expected to be operational as soon as July 1, 2014, and will have an initial term of ten years. Under this arrangement, both companies are contributing their sourcing and supply chain expertise to this entity and are committing to source and negotiate generic pharmaceutical supply contracts for both CVS Caremark and Cardinal Health through the entity.

Working Capital Practices

We fund the growth of our business through a combination of cash flow from operations, commercial paper, proceeds from sale-leaseback transactions and long-term borrowings. For additional information on our working capital practices, we refer you to the caption "Liquidity and Capital Resources" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein. The majority of our non-pharmacy revenues are paid in cash, debit or credit cards, while managed care and other third party insurance programs, which typically settle in less than 30 days, represented approximately 99.2% of our consolidated pharmacy revenues, including both Retail Pharmacy and Pharmacy Services combined, in 2013. The remainder of consolidated pharmacy revenues are paid in cash, debit or credit cards. Our customer returns are not significant.

Colleague Development

As of December 31, 2013, we employed approximately 208,000 colleagues, which included more than 26,000 pharmacists, nurse practitioners and physician assistants. The total included, approximately 78,000 part-time colleagues who work less than 30 hours per week. To deliver the highest levels of service to our customers, we devote considerable time and attention to our people and service standards. We emphasize attracting and training knowledgeable, friendly and helpful associates to work in our organization.

Intellectual Property

We have registered and/or applied to register a variety of our trademarks and service marks used throughout our business, as well as domain names, and rely on a combination of copyright, patent, trademark and trade secret laws, in addition to

contractual restrictions, to establish and protect our proprietary rights. We regard our intellectual property as having significant value in our Pharmacy Services and Retail Pharmacy segments. We are not aware of any facts that could materially impact our continuing use of any of our intellectual property.

Government Regulation

Overview - Our business is subject to federal and state laws and regulations that govern the purchase, sale and distribution of prescription drugs and related services, including administration and management of prescription drug benefits. Many of our PBM clients and our payors in the Retail Pharmacy Segment, including insurers and MCOs, are themselves subject to extensive regulations that affect the design and implementation of prescription drug benefit plans that they sponsor. The application of these complex legal and regulatory requirements to the detailed operation of our business creates areas of uncertainty, particularly following the enactment of the Medicare Modernization Act ("MMA") and the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, "ACA"), some of the most significant legal and regulatory developments in the past 50 years. In addition to the MMA and ACA, there are numerous proposed health care laws and regulations at the federal and state levels, some of which could adversely affect our business if they are enacted. We are unable to predict what federal or state legislation or regulatory initiatives may be enacted in the future relating to our business or the health care industry in general, or what effect any such legislation or regulations might have on our business. Any failure or alleged failure to comply with applicable laws and regulations as summarized below, or any adverse applications of, or changes in, the laws and regulations affecting our business, could have a material adverse effect on our operating results and/or financial condition.

Anti-Remuneration Laws - Federal law prohibits, among other things, an entity from knowingly and willfully offering, paying, soliciting or receiving, subject to certain exceptions and "safe harbors," any remuneration to induce the referral of individuals or the purchase, lease or order (or the arranging for or recommending of the purchase, lease or order) of items or services for which payment may be made under Medicare, Medicaid or certain other federal health care programs. A number of states have similar laws, some of which are not limited to services paid for with government funds. State laws and exceptions or safe harbors vary and have been infrequently interpreted by courts or regulatory agencies. Sanctions for violating these federal and state anti-remuneration laws may include imprisonment, criminal and civil fines, and exclusion from participation in Medicare, Medicaid and other government-sponsored health care programs. The federal anti-remuneration law has been interpreted broadly by some courts, the Office of Inspector General (the "OIG") within the United States Department of Health and Human Services ("HHS") and administrative bodies. See Item 3, "Legal Proceedings" for further information.

Antitrust and Unfair Competition - The Federal Trade Commission ("FTC") has authority under Section 5 of the Federal Trade Commission Act ("FTCA") to investigate and prosecute practices that are "unfair trade practices" or "unfair methods of competition." Numerous lawsuits have been filed throughout the United States against pharmaceutical manufacturers, retail pharmacies and/or PBMs under various state and federal antitrust and unfair competition laws challenging, among other things: (i) brand drug pricing practices of pharmaceutical manufacturers, (ii) the maintenance of retail pharmacy networks by PBMs, and (iii) various other business practices of PBMs and retail pharmacies. To the extent that we appear to have actual or potential market power in a relevant market, our business arrangements and uses of confidential information may be subject to heightened scrutiny from an anti-competitive perspective and possible challenge by state or federal regulators or private parties. See Item 3, "Legal Proceedings" for further information.

Consumer Protection Laws - The federal government has many consumer protection laws, such as the FTCA, the Federal Postal Service Act and the FTC's Telemarketing Sales Rule. Most states also have similar consumer protection laws. These laws have been the basis for investigations, lawsuits and multi-state settlements relating to, among other matters, the marketing of loyalty programs and health care services, pricing accuracy, expired front store products and financial incentives provided by drug manufacturers to pharmacies in connection with therapeutic interchange programs.

Contract Audits - We are subject to audits of many of our contracts, including our PBM client contracts, our PBM rebate contracts, our contracts relating to Medicare Part D and the agreement our pharmacies enter into with payors. Because some of our contracts are with state or federal governments or with entities contracted with state or federal agencies, audits of these agreements are often regulated by the federal or state agencies responsible for administering federal or state benefits programs, including those which operate Medicaid fee for service plans, Managed Medicaid plans, Medicare Part D plans or Medicare Advantage organizations.

Disease Management Services Regulation - We provide disease management programs to PBM plan members for rare medical conditions and arrange for them to receive disease management programs for common medical conditions. State laws regulate the practice of medicine, the practice of pharmacy and the practice of nursing. Clinicians engaged in a

professional practice in connection with the provision of disease management services must satisfy applicable state licensing requirements.

Environmental Regulation - Our business is subject to various federal, state and local laws, regulations and other requirements pertaining to protection of the environment and public health, including, for example, regulations governing the management of waste materials and waste waters. Governmental agencies on the federal, state and local levels have, in recent

years, increasingly focused on the retail sector's compliance with such laws and regulations, and have at times pursued enforcement activities.

ERISA Regulation - The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), provides for comprehensive federal regulation of certain employee pension and benefit plans, including private employer and union sponsored health plans and certain other plans that contract with us to provide PBM services. In general, we assist plan sponsors in the administration of the prescription drug portion of their health benefit plans, in accordance with the plan designs adopted by the plan sponsors. We do not believe that the conduct of our business subjects us to the fiduciary obligations of ERISA, except when we have specifically contracted with a plan sponsor to accept limited fiduciary responsibility, such as for the adjudication of initial prescription drug benefit claims and/or the appeals of denied claims under a plan, and with respect to the Contraceptive Coverage Mandate, one of the health reforms included in ACA. We and other PBMs have been named in lawsuits alleging that we act as a fiduciary, as such term is defined by ERISA, with respect to health benefit plans and that we have breached certain fiduciary obligations under ERISA.

In addition to its fiduciary provisions, ERISA imposes civil and criminal liability on service providers to health plans and certain other persons if certain forms of illegal remuneration are made or received. These provisions of ERISA are similar, but not identical, to the health care anti-remuneration statutes discussed above, although ERISA lacks the statutory and regulatory "safe harbor" exceptions incorporated into the health care statutes. Similar to these health care statutes, the corresponding provisions of ERISA are broadly written and their application to specific business practices is often uncertain.

State laws discussed in this Government Regulation section that may be applicable to us or to plan sponsors that are our customers may be preempted in whole or in part by ERISA. However, the scope of ERISA preemption is uncertain and is subject to conflicting court rulings.

False Claims and Fraudulent Billing Statutes - A range of federal civil and criminal laws target false claims and fraudulent billing activities. One of the most significant of these laws is the Federal False Claims Act ("FCA"), which prohibits the submission of a false claim or the making of a false record or statement in order to secure reimbursement from, or limit reimbursement to, a government-sponsored program. The Fraud Enforcement and Recovery Act of 2009 ("FERA") implemented substantial changes to the FCA which expands the scope of FCA liability, provides for new investigative tools and makes it easier for *qui tam* relators (often referred to as "whistleblowers") to bring and maintain FCA suits on behalf of the government. ACA further eased the burden for whistleblowers to bring and maintain FCA suits by modifying the "public disclosure" and "original source" provisions of the FCA. Most states have passed substantially similar acts. In recent years, federal and state government authorities have launched several initiatives aimed at uncovering practices that violate false claims or fraudulent billing laws, and they have conducted numerous investigations of pharmaceutical manufacturers, PBMs, pharmacies and health care providers with respect to false claims, fraudulent billing and related matters. See Item 3, "Legal Proceedings" for further information.

FDA Regulation - The United States Food and Drug Administration ("FDA") generally has authority to regulate drugs, drug classifications and drug promotional information and materials that are disseminated by a drug manufacturer or by other persons on behalf of a drug manufacturer. The FDA also has the regulatory authority (i) over many of the products sold through retail pharmacies, including certain food items, cosmetics, dietary supplements and over-the-counter ("OTC") medications, and (ii) to require the submission and implementation of a risk evaluation and mitigation strategy ("REMS") if the FDA determines that a REMS is necessary for the safe and effective marketing of a drug. To the extent we dispense products subject to REMS requirements or provide REMS services to pharmaceutical manufacturers, we are subject to audit by the FDA and the pharmaceutical manufacturer. The FDA also has regulatory authority over medical devices such as OTC genetic tests and genetic tests conducted by medical laboratories, and the FDA continues to evaluate the need for further regulation of such tests.

Federal Employee Health Benefits Program - We have a contractual arrangement with the BlueCross BlueShield Association ("BCBSA") to provide pharmacy services to federal employees, postal workers, annuitants, and their dependents under the Government-wide Service Benefit Plan, as authorized by the Federal Employees Health Benefits Act ("FEHBA") and as part of the Federal Employees Health Benefits Program ("FEHBP"). This arrangement subjects us to FEHBA, and other federal regulations, such as the Federal Employees Health Benefits Acquisition Regulation, that otherwise are not applicable to us.

Formulary Regulation - A number of states regulate the administration of prescription drug benefits. Additionally, the National Association of Insurance Commissioners ("NAIC") has developed a model law, the "Health Carriers Prescription Drug Benefit Management Model Act," that addresses formulary regulation issues for risk-bearing entities regulated by state insurance commissioners and could form the basis of state legislation. Medicare Part D regulates how formularies are developed and administered, including requiring the inclusion of all drugs in certain classes and categories, subject to limited exceptions, on a Medicare Part D plan's formulary. ACA's Essential Health Benefits Rule also imposes minimum drug coverage

requirement for health plans subject to these requirements, including plans offered through the Federal or State Exchanges. The increasing government regulation of formularies could significantly affect our ability to develop and administer formularies on behalf of our insurer, MCO and other clients.

Government Agreements and Mandates - In March 2008, the Company entered into a settlement agreement with the federal government and a number of states related to the dispensing of the generic drug ranitidine at its retail pharmacies. At the same time, the Company entered into a corporate integrity agreement with the OIG for a period of five years applicable to certain retail and mail service operations of the Company. This 2008 corporate integrity agreement requires, among other things, maintenance of our compliance program, employee training, specific reviews by an independent review organization and various government reporting obligations. In April 2011, we entered into an amendment of the corporate integrity agreement in connection with the previously announced settlement of a federal and state government investigation of certain retail pharmacy billing practices with respect to "dual eligible" customers having both Medicaid coverage and other third-party insurance coverage. This amendment requires the Company to comply with the corporate integrity agreement, as amended, for a period of three years and further requires, among other things, additional employee training obligations, additional reporting obligations and periodic Medicaid billing reviews by an independent review organization. Failure to meet our obligations under this corporate integrity agreement, as amended, could result in stipulated financial penalties, and failure to comply with material terms could lead to exclusion of our applicable business from participation in federal health care programs.

In January 2009, we entered into separate settlement agreements with the FTC and the HHS Office for Civil Rights ("OCR") resolving a joint investigation of disposal of patient information at a limited number of CVS/pharmacy locations. As part of the FTC settlement, we agreed to maintain an appropriate enterprise-wide information security program during the twenty-year term of the agreement with biennial compliance monitoring by an external assessor. As part of the OCR settlement, we agreed to maintain confidential waste disposal policies and procedures, training and employee sanctions at our retail stores. The OCR settlement provided for annual compliance monitoring by an external assessor. In June 2013, we received from the OCR a closure letter that noted we were in material compliance with our OCR settlement agreement and we had significantly improved our retail store processes surrounding protected health information and that our mandatory monitoring and reporting obligations were satisfied.

In October 2010, the Company entered into a non-prosecution agreement and civil settlement agreement with the U.S. Department of Justice ("DOJ") and various United States Attorneys' Offices relating to the sale and distribution of pseudoephedrine products at certain CVS/pharmacy stores, primarily in California and Nevada. The Company also entered into a related memorandum of agreement with the U.S. Drug Enforcement Administration ("DEA"). The non-prosecution agreement and the memorandum of agreement contain certain ongoing compliance requirements for the Company, and failure to comply with the terms of these documents could lead to civil or criminal remedies, financial penalties and/or administrative remedies against the DEA registrations for our retail pharmacies and distribution centers. The term of the non-prosecution agreement was three years and ended in October 2013. The term of the memorandum of agreement is five years.

In May 2012, a previously announced proposed consent order between the FTC and the Company became final and concluded an FTC investigation of the Company that commenced in 2009. The final consent order prohibits the Company from misrepresenting the price or cost of Medicare Part D prescription drugs or other prices or costs associated with Medicare Part D prescription drug plans.

On October 12, 2012, the DEA Administrator published its Final Decision and Order revoking the DEA license registrations for dispensing controlled substances at two of our retail pharmacy stores in Sanford, Florida. The license revocations for the two stores formally became effective on November 13, 2012. The pharmacies had voluntarily suspended dispensing controlled substances since April 2012, and have continued operating in that manner in compliance with the DEA Order.

In addition to the government agreements described above, the Company and/or its various affiliates are subject to other consent decrees or settlement agreements with various federal, state and local authorities that may contain certain ongoing reporting, monitoring or other compliance requirements for the Company. These agreements relate to such matters as privacy practices, waste disposal practices, selling expired products, environmental and safety matters, tobacco sales, marketing and advertising practices, pharmacy operations and various other business practices.

Health Reform Legislation - Congress passed major health reform legislation in 2010 referred to in this document as ACA. This legislation affects virtually every aspect of health care in the country. In addition to establishing the framework for every individual to have health coverage beginning in 2014, ACA enacted a number of significant health care reforms. While not all of these reforms affect our business directly, many affect the coverage and plan designs that are or will be provided by many of our health plan clients. As a result, these reforms could indirectly impact many of our services and business practices, and, in many other cases, directly impact our services and business practices. Given that many of the regulations implementing ACA

are still being finalized and that ongoing sub-regulatory guidance is still being issued, there is considerable uncertainty as to its full impact on our Company.

Managed Care Reform - In addition to health reforms enacted by ACA, proposed legislation has been considered at the state level, and legislation has been enacted in several states, aimed primarily at providing additional rights and access to drugs to individuals enrolled in managed care plans. This legislation may impact the design and implementation of prescription drug benefit plans sponsored by our PBM health plan clients and/or the services we provide to them. Both the scope of the managed care reform proposals considered by state legislatures and reforms enacted by states to date vary greatly, and the scope of future legislation that may be enacted is uncertain.

Medicare Part D - The Medicare Part D program, which makes prescription drug coverage available to eligible Medicare beneficiaries through private insurers, regulates all aspects of the provision of Medicare drug coverage, including enrollment, formularies, pharmacy networks, marketing, and claims processing. The Medicare Part D program has undergone significant legislative and regulatory changes since its inception, including changes made by ACA.

In April 2012, CMS issued a rule that requires coverage other than basic prescription drug coverage offered through Medicare Part D employer group waiver plans ("EGWPs") to be included in the definition of "other health or prescription drug coverage," starting January 1, 2014. CMS has clarified that, because the supplemental benefits primarily reduce cost sharing on claims covered under the basic benefit, they will continue as a practical matter to be subject to the Medicare Part D rules.

Medicare Part D continues to attract a high degree of legislative and regulatory scrutiny, and the applicable government rules and regulations continue to evolve. CMS sanctions for non-compliance may include suspension of enrollment and even termination from the program. CMS has imposed restrictions and consent requirements for automatic prescription delivery programs, further limited the circumstances under which Medicare Part D plans may recoup payments to pharmacies for claims that are subsequently determined not payable under Medicare Part D and, is expected to issue a proposed regulation that may limit the ability of Medicare Part D plans to establish preferred pharmacy networks. Accordingly, it is possible that legislative and regulatory developments and regulatory oversight could materially affect our Medicare Part D business or profitability.

Network Access Legislation - A majority of states now have some form of legislation affecting the ability to limit access to a pharmacy provider network or remove network providers. Certain "any willing provider" legislation may require us or our clients to admit a non-participating pharmacy if such pharmacy is willing and able to meet the plan's price and other applicable terms and conditions for network participation. These laws vary significantly from state to state in regard to scope, requirements and application. To the extent any state or federal any willing provider laws are determined to apply to us or to certain of our clients or to the pharmacy networks we manage for our PBM clients, such laws could negatively impact the services and economic benefits achievable through a limited pharmacy provider network.

PBM Laws and Regulation - Legislation seeking to regulate PBM activities in a comprehensive manner has been introduced or enacted in a number of states. This legislation varies in scope and often contains provisions that may impact our Company. To the extent states or other government entities enact legislation regulating PBMs that survive legal challenges to their enforceability, such legislation could adversely impact our ability to conduct business on commercially reasonable terms in locations where the legislation is in effect.

In addition, certain quasi-regulatory organizations, including the National Association of Boards of Pharmacy and the NAIC have issued model regulations or may propose future regulations concerning PBMs and/or PBM activities. Similarly, credentialing organizations such as the National Committee for Quality Assurance and the URAC may establish voluntary standards regarding PBM or specialty pharmacy activities. While the actions of these quasi-regulatory or standard-setting organizations do not have the force of law, they may influence states to adopt their requirements or recommendations and influence client requirements for PBM or specialty pharmacy services. Moreover, any standards established by these organizations could also impact our health plan clients and/or the services we provide to them.

Pharmacy and Professional Licensure and Regulation - We are subject to state and federal statutes and regulations governing the operation of retail and mail pharmacies, the transfer of prescriptions, repackaging of drug products, wholesale distribution, dispensing of controlled substance and listed chemical products, and medical and controlled

substance waste disposal. Federal and state statutes and regulations govern the labeling, packaging, advertising and adulteration of prescription drugs and the dispensing of controlled substances, and some state regulations require compliance with standards established by the United States Pharmacopeia with respect to the packaging, storing and shipping of pharmaceuticals. Federal and state controlled substance laws require us to register our pharmacies and distribution centers with the DEA and state controlled substances agencies and to comply with security, recordkeeping, inventory control, personnel and labeling standards in order to

possess and dispense controlled substances and listed chemical products. We undergo audits by these regulatory bodies on a regular basis.

Plan Design Legislation - Some states have enacted legislation that prohibits a health plan sponsor from implementing certain restrictive design features, and many states have introduced legislation to regulate various aspects of managed care plans, including provisions relating to pharmacy benefits. Legislation imposing plan design mandates may apply to certain of our clients and could have the effect of limiting the economic benefits achievable through PBM services we provide.

Privacy and Confidentiality Requirements - Many of our activities involve the receipt, use and disclosure by us of personally identifiable information ("PII") as permitted in accordance with applicable federal and state privacy and data security laws, which require organizations to provide appropriate privacy protections and security safeguards for such information. In addition to PII, we use and disclose de-identified data for analytical and other purposes.

The federal Health Insurance Portability and Accountability Act of 1996 and the regulations issued thereunder (collectively "HIPAA") impose extensive requirements on the way in which health plans, health care providers, health care clearinghouses (known as "covered entities") and their business associates use, disclose and safeguard protected health information ("PHI"). HIPAA also gives individuals certain rights with respect to their PHI. For most uses and disclosures of PHI other than for treatment, payment, health care operations or certain public policy purposes, HIPAA generally requires that covered entities obtain the individual's written authorization. Criminal penalties and civil sanctions may be imposed for failing to comply with HIPAA standards. In January 2013, HHS issued a rule implementing the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), enacted as part of the American Recovery and Reinvestment Act of 2009. Among other things, the rule expands the circumstances under which authorizations are required to send communications to individuals that are funded by third parties and extends HIPAA privacy and security requirements and penalties directly to business associates of covered entities.

In addition to HIPAA, most states have enacted health care information confidentiality laws which limit the disclosure of confidential medical information. These state laws supersede HIPAA to the extent they are more protective of individual privacy than is HIPAA.

HHS has also issued regulations requiring federal and state exchanges to impose privacy and security standards on non-Exchange entities to protect PII obtained through the exchanges beginning in 2014. In proposed regulations, HHS has defined the term "non-exchange entities" to include insurers offering plans through the exchanges and would require that these entities in turn impose the same or more stringent privacy and security standards on their "downstream entities". If this rule is finalized as proposed, unless HIPAA-covered entities are able to negotiate with an exchange to accept compliance with HIPAA privacy and security standards as a substitute for complying with the exchange privacy and security standards, insurers offering plans through the exchanges and their business associates could potentially be subject to additional privacy and security standards in addition to HIPAA and existing more stringent state laws.

Reimbursement - A significant portion of our net revenue is derived directly from Medicare, Medicaid and other government-sponsored health care programs, and we are therefore subject to, among other laws and regulations, federal and state reimbursement laws and regulatory requirements, anti-remuneration laws, the Stark Law and/or federal and state false claims laws. (See the "Self-Referral Laws" section below for explanation of the Stark Law.) Sanctions for violating these federal and/or state laws may include, without limitation, recoupment or reduction of government reimbursement amounts, criminal and civil penalties and exclusion from participation in Medicare, Medicaid and other government health care programs. See Item 3, "Legal Proceedings," for further information.

Changes in reporting of Average Wholesale Price ("AWP"), Average Manufacturer Price ("AMP"), or Average Sales Price, which are pricing elements common to most payment formulas, or other adjustments that may be made regarding the reimbursement of drug payments by Medicaid and Medicare could impact our pricing to customers and other payors and/or could impact our ability to negotiate discounts or rebates with manufacturers, wholesalers, PBMs or retail and mail pharmacies. In some circumstances, such changes could also impact the reimbursement that we receive from Medicare or Medicaid programs for drugs covered by such programs and from MCOs that contract with government health programs to provide prescription drug benefits.

Reimportation - The MMA amended the Food, Drug and Cosmetic Act by providing that the FDA should promulgate rules that would permit pharmacists and wholesalers to import prescription drugs from Canada into the United States under certain circumstances. However, the promulgation of such rules is subject to a precondition that the FDA certify to Congress that such reimportation would not pose any additional risk to the public's health and safety and that it would result in a significant cost reduction. To date, the FDA has not provided such a certification. The FDA continues to strongly oppose efforts

to allow the widespread importation of drugs from Canada and elsewhere, citing concerns that such activities undermine the FDA's ability to oversee the quality and safety of the nation's drug supply. If the FDA changes its position and permits the broader importation of drugs from Canada in the future, or if new or pending health legislation or regulations permit the importation of drugs from the European Union or other countries in the future, our pharmacy services could be impacted.

Retail Clinics - States regulate retail clinics operated by nurse practitioners or physician assistants through physician oversight, lab licensing and the prohibition of the corporate practice of medicine. A number of states have implemented or proposed laws or regulations that impact certain components of retail clinic operations such as physician oversight, signage, third party contracting requirements, bathroom facilities, and scope of services. These laws and regulations may affect the operation and expansion of our owned and managed retail clinics.

Safety Regulations - The Occupational Safety and Health Act of 1970, as amended ("OSHA"), establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated under OSHA, and various record keeping, reporting and procedural requirements. Many of these OSHA standards, as well as various state and local laws and regulations pertaining to employee safety and health, including some that apply specifically to healthcare employees, apply to our operations. Any failure to comply with these regulations could result in fines or other sanctions by government authorities.

Self-Referral Laws - The federal law commonly known as the "Stark Law" prohibits a physician from referring Medicare or Medicaid beneficiaries for "designated health services" (which include, among other things, outpatient prescription drugs, home health services and durable medical equipment and supplies) to an entity with which the physician or an immediate family member of the physician has a "financial relationship" and prohibits the entity receiving a prohibited referral from presenting a claim to Medicare or Medicaid for the designated health service furnished under the prohibited referral. State statutes and regulations also prohibit payments for the referral of individuals by physicians to health care providers with whom the physicians have a financial relationship. Some of these state statutes and regulations apply to services reimbursed by governmental as well as private payors.

Violation of these laws may result in prohibition of payment for services rendered, loss of pharmacy or health care provider licenses, fines and criminal penalties. The laws and exceptions or safe harbors may vary from the federal Stark Law and vary significantly from state to state. The laws are often vague, and, in many cases, have not been interpreted by courts or regulatory agencies.

State Insurance Laws - PDPs and our PBM service contracts, including those in which we assume certain risk under performance guarantees or similar arrangements, are generally not subject to insurance regulation by the states. However, if a PBM offers to provide prescription drug coverage on a capitated basis or otherwise accepts material financial risk in providing pharmacy benefits, laws and regulations in various states may be applicable. Such laws may require that the party at risk become licensed as an insurer, establish reserves or otherwise demonstrate financial viability. Laws that may apply in such cases include insurance laws and laws governing MCOs and limited prepaid health service plans. The Company offers a PDP through SilverScript, which is subject to state insurance laws regarding licensure and solvency.

Some states have laws that prohibit submitting a false claim or making a false record or statement in order to secure reimbursement from an insurance company. These state laws vary, and violation of them may lead to the imposition of civil or criminal penalties. Additionally, several states have passed legislation governing the prompt payment of claims that requires, among other things, that health plans and payors pay claims within certain prescribed time periods or pay specified interest penalties. These laws vary from state to state in regard to scope, requirements and application, and it is not clear the extent to which they may apply to our clients or to us. Certain health plans and payors may be exempt from such laws on the basis of ERISA preemption, but the scope of ERISA preemption is unclear.

Telemarketing and Other Outbound Contacts - Certain federal and state laws, such as the Telephone Consumer Protection Act ("TCPA"), give the FTC, Federal Communications Commission ("FCC") and state attorneys general law enforcement tools to regulate telemarketing practices and certain automated outbound contacts such as phone calls, texts or emails. These laws may, among other things, impose registration requirements, require disclosures of specific information, prohibit misrepresentations, limit when, where and how consumers may be contacted, require consumer consent prior to being contacted, require transmission of Caller ID information, prohibit certain abandoned outbound calls,

prohibit unauthorized billing, set payment restrictions for the sale of certain goods and services, require the establishment of certain policies and training of personnel and require the retention of specific business records. In October 2013, new FCC rules went into effect aimed at better aligning the FCC's regulatory response under the TCPA with the FTC's response, as well as requiring written prior consent for calls using an automatic telephone dialing system (call to a mobile number) or an artificial or prerecorded

voice (call to a residential or mobile number). The Company's use of telemarketing and other outbound contacts could be impacted by these laws and regulations.

Third Party Administration and Other State Licensure Laws - Many states have licensure or registration laws governing certain types of administrative organizations, such as preferred provider organizations, third party administrators and companies that provide utilization review services. Several states also have licensure or registration laws governing the organizations that provide or administer consumer card programs (also known as cash card or discount card programs). The scope of these laws differs significantly from state to state, and the application of such laws to our activities often is unclear.

Whistleblower Statutes - Certain federal and state laws, including the FCA, contain provisions permitting the filing of *qui tam* or "whistleblower" lawsuits alleging violations of such laws. Whistleblower provisions allow private individuals to bring lawsuits on behalf of the federal or state government alleging that the defendant has defrauded the government, and there is generally no minimum evidentiary or legal threshold required for bringing such a lawsuit. These lawsuits are typically filed under seal with the applicable federal or state enforcement authority, and such authority is required to review the allegations made and to determine whether it will intervene in the lawsuit and take the lead in the litigation. Because a *qui tam* lawsuit typically is filed under seal pending a government review of the allegations, the defendant generally may not be aware of the lawsuit until the government determines whether or not it will intervene or until the lawsuit is otherwise unsealed, a process which may take years. See Item 3, "Legal Proceedings," for further information.

Although we believe that we are in material compliance with existing laws and regulations applicable to our various business lines, we cannot give any assurances that our business, financial condition and results of operations will not be materially adversely affected, or that we will not be required to materially change our business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations, including the laws and regulations described in this Government Regulation section, as they may relate to our business, the pharmacy services, retail pharmacy or retail clinic industry or to the health care industry generally; (iii) pending or future federal or state governmental investigations of our business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) institution of government enforcement actions against us; (v) adverse developments in any pending *qui tam* lawsuit against us, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against us; or (vi) adverse developments in other pending or future legal proceedings against us or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

Available Information

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 the Company's Web site at *http://info.cvscaremark.com*. Our financial press releases and filings with the U.S. Securities and Exchange Commission ("SEC") are available free of charge within the Investors section of our Web site at *http://www.cvscaremark.com/investors*. In addition, the SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers, such as the Company, that file electronically with the SEC. The address of that Web site is *http://www.sec.gov*.

Item 1A. Risk Factors

Our business is subject to various industry, economic, regulatory and other risks and uncertainties. Our business, financial condition, results of operations, cash flows and prospects could be materially adversely affected by any one or more of the following risk factors and by additional risks and uncertainties not presently known to us or that we currently deem to be immaterial:

The health of the economy in general and in the markets we serve.

Our business is affected by the economy in general, including changes in consumer purchasing power, preferences and/or spending patterns. Although an economic recovery might be underway, it is possible that a worsening of the economic

environment will cause a decline in drug utilization, and dampen demand for pharmacy benefit management services as well as consumer demand for products sold in our retail stores. Further, interest rate fluctuations, changes in capital market conditions and regulatory changes may affect our ability to obtain necessary financing on acceptable terms, our ability to secure suitable store locations under acceptable terms and our ability to execute sale-leaseback transactions under acceptable terms. These circumstances could result in an adverse effect on our business and financial results.

Efforts to reduce reimbursement levels and alter health care financing practices.

The continued efforts of health maintenance organizations, managed care organizations, PBM companies, government entities, and other third party payors to reduce prescription drug costs and pharmacy reimbursement rates may impact our profitability. In particular, increased utilization of generic pharmaceuticals (which normally yield a higher gross profit rate than equivalent brand named drugs) has resulted in pressure to decrease reimbursement payments to retail and mail order pharmacies for generic drugs, causing a reduction in the generic profit rate. Historically, the effect of this trend on generic profitability has been mitigated by our efforts to negotiate reduced acquisition costs of generic pharmaceuticals with manufacturers. However, in recent years, there has been significant consolidation within the generic manufacturing industry, and it is possible that this dynamic may enhance the ability of manufacturers to sustain or increase pricing of generic pharmaceuticals and diminish our ability to negotiate reduced acquisition costs.

In addition, during the past several years, the U.S. health care industry has been subject to an increase in governmental regulation at both the federal and state levels. Efforts to control health care costs, including prescription drug costs, are underway at the federal and state government levels. Changing political, economic and regulatory influences may significantly affect health care financing and reimbursement practices.

ACA made several significant changes to Medicaid rebates and to reimbursement. One of these changes was to revise the definition of AMP and the reimbursement formula for multi-source (i.e., generic) drugs. In addition, ACA made other changes that affect the coverage and plan designs that are or will be provided by many of our health plan clients, including the requirement for health insurers to meet a minimum medical loss ratio to avoid having to pay rebates to enrollees. These ACA changes may not affect our business directly, but they could indirectly impact our services and/or business practices.

The possibility of PBM client loss and/or the failure to win new PBM business.

Our PBM business generates net revenues primarily by contracting with clients to provide prescription drugs and related health care services to plan members. PBM client contracts often have terms of approximately three years in duration, so approximately one third of a PBM's client base typically is subject to renewal each year. In some cases, however, PBM clients may negotiate a shorter or longer contract term or may require early or periodic renegotiation of pricing prior to expiration of a contract. In addition, the reputational impact of a service-related incident could negatively affect our ability to grow and retain our client base. Further, the PBM industry has been impacted by consolidation activity that may continue in the future. In the event one or more of our PBM clients is acquired by an entity that is not also our client, we may be unable to retain all or a portion of the acquired business. These circumstances, either individually or in the aggregate, could result in an adverse effect on our business and financial results. Therefore, we continually face challenges in competing for new PBM business and retaining or renewing our existing PBM business. There can be no assurance that we will be able to win new business or secure renewal business on terms as favorable to us as the present terms.

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

The profitability of our business is dependent upon the utilization of prescription drug products. Utilization trends are affected by, among other factors, the introduction of new and successful prescription pharmaceuticals as well as lower-priced generic alternatives to existing brand name products. Accordingly, our business could be impacted by a slowdown in the introduction of new and successful prescription pharmaceuticals and/or generic alternatives (the sale of which normally yield higher gross profit margins than brand name equivalents).

Risks relating to the market availability, suppliers and safety profiles of prescription drugs that we purchase and sell.

We dispense significant volumes of brand-name and generic drugs from our retail and mail-order pharmacies and through our PBM's network of retail pharmacies. When increased safety risk profiles or manufacturing or other supply issues of specific drugs or classes of drugs occur, or drugs become subject to greater restrictions as controlled substances, physicians may cease writing prescriptions for these drugs or the utilization of these drugs may be otherwise reduced. Additionally, adverse publicity regarding drugs with higher safety risk profiles may result in reduced consumer demand for such drugs. On occasion, products are withdrawn by their manufacturers or transition to over-the-counter products, which can result in lower prescription utilization. In addition, future FDA rulings could restrict the supply or

increase the cost of products sold to our customers. Our volumes, net revenues, profitability and cash flows may decline as a result of such regulatory rulings or market changes.

Risks of declining gross margins in the PBM industry.

The PBM industry has been experiencing margin pressure as a result of competitive pressures and increased client demands for lower prices, enhanced service offerings and/or higher service levels. In that regard, we maintain contractual relationships with generic pharmaceutical manufacturers and brand name pharmaceutical manufacturers that provide for purchase discounts and/or rebates on drugs dispensed by pharmacies in our retail network and by our mail order pharmacies (all or a portion of which may be passed on to clients). Manufacturer rebates often depend on a PBM's ability to meet contractual market share or other requirements, including in some cases the placement of a manufacturer's products on the PBM's formularies. If we lose our relationship with one or more pharmaceutical manufacturers, or if the discounts or rebates provided by pharmaceutical manufacturers decline, our business and financial results could be adversely affected. Further, competitive pressures in the PBM industry have caused our PBM and other PBMs to share with clients a larger portion of rebates and/or discounts received from pharmaceutical manufacturers. In addition, market dynamics and regulatory changes have impacted our ability to offer plan sponsors pricing that includes the use of retail "differential" or "spread", which could negatively impact our future profitability. Further, changes in existing federal or state laws or regulations or the adoption of new laws or regulations relating to patent term extensions, purchase discount and rebate arrangements with pharmaceutical manufacturers, or to formulary management or other PBM services could also reduce the discounts or rebates we receive. Our Retail Pharmacy Segment has also been impacted by the margin pressures described above.

Regulatory and business changes relating to our participation in Medicare Part D.

Since its inception in 2006, Medicare Part D has resulted in increased utilization and decreased pharmacy gross margin rates as higher margin business, such as cash and state Medicaid customers, migrated to Medicare Part D coverage. Further, as a result of ACA and changes to Medicare Part D, such as the elimination in 2013 of the tax deductibility of the retiree drug subsidy payment received by sponsors of retiree drug plans, our PBM clients could decide to discontinue providing prescription drug benefits to their Medicare-eligible members. To the extent this occurs, the adverse effects of increasing customer migration into Medicare Part D may outweigh the benefits we realize from growth of our Medicare Part D business. In addition, if the cost and complexity of Medicare Part D exceed management's expectations or prevent effective program implementation or administration; if changes to the regulations regarding how drug costs are reported for Medicare Part D and retiree drug subsidy purposes are implemented in a manner that impacts the profitability of our Medicare Part D business; if the government alters Medicare program requirements or reduces funding because of the higher-than-anticipated cost to taxpayers of Medicare Part D or for other reasons; if we fail to design and maintain programs that are attractive to Medicare participants; if CMS imposes restrictions on our Medicare Part D business as a result of audits or other regulatory actions; if we fail to successfully implement corrective action or other remedial measures sufficient to prevent or remove any applicable restrictions that may be imposed by CMS; if we fail to effectively integrate and operate the Medicare Part D businesses we have acquired; or if we are not successful in retaining enrollees, or winning contract renewals or new contracts under Medicare Part D's competitive bidding process, our Medicare Part D services and the ability to expand our Medicare Part D services could be impacted.

Possible changes in industry pricing benchmarks.

It is possible that the pharmaceutical industry or regulators may evaluate and/or develop an alternative pricing reference to replace AWP, which is the pricing reference used for many of our PBM client contracts, pharmaceutical purchase agreements, retail network contracts, specialty payor agreements and other contracts with third party payors. Future changes to the use of AWP or to other published pricing benchmarks used to establish pharmaceutical pricing, including changes in the basis for calculating reimbursement by federal and state health programs and/or other payors, could impact the reimbursement we receive from Medicare and Medicaid programs, the reimbursement we receive from PBM clients and other payors and/or our ability to negotiate rebates and/or discounts with pharmaceutical manufacturers, wholesalers, PBMs and retail pharmacies. The effect of these possible changes on our business cannot be predicted at this time.

An extremely competitive business environment.

Each of the retail pharmacy business and the pharmacy services business currently operates in a highly competitive and evolving health care environment. Our competitive success is impacted by the ability of our retail pharmacy business to establish and maintain contractual relationships with PBMs and other payors on acceptable terms and by the ability of our

pharmacy services business to establish and maintain contractual relationships with network pharmacies in an environment where some PBM clients are considering adopting narrow or restricted retail pharmacy networks.

As a pharmacy retailer, we compete with other drugstore chains, supermarkets, discount retailers, independent pharmacies, membership clubs, Internet companies and retail health clinics, as well as other mail order pharmacies and PBMs. In that regard, many pharmacy benefit plans have implemented plan designs that mandate or provide incentives to fill maintenance

medications through mail order pharmacies. To the extent this trend continues, any negative impact in our retail pharmacy could out-weigh an increase in our own mail order business and/or an increase in participation in our Maintenance Choice program. In addition, some of these competitors may offer services and pricing terms that we may not be willing or able to offer. Competition may also come from other sources in the future.

Competitors in the PBM industry (e.g., Express Scripts, OptumRx, Catamaran and Prime Therapeutics), include large, national PBM companies, PBMs owned by large national health plans and smaller standalone PBMs. Some of these competitors may offer services and pricing terms that we may not be willing or able to offer. In addition, competition may also come from other sources in the future. Unless we can demonstrate enhanced value to our clients through innovative product and service offerings, particularly in a rapidly changing industry, we may be unable to remain competitive. In addition, changes in the overall composition of our pharmacy networks, or reduced pharmacy access under our networks, could adversely affect our claims volume and/or our competitiveness generally.

Relationship with our retail customers and the demand for our products and services

The success of our retail business depends in part on customer loyalty, superior customer service and our ability to persuade customers to purchase products in additional categories and our proprietary brands. Failure 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 could negatively affect our relationship with our customers and the demand for our products and services.

Reform of the U.S. health care system.

Congressional efforts to reform the U.S. health care system finally came to fruition in 2010 with the passage of ACA, which is resulting in significant structural changes to the health insurance system. See "Business - Government Regulation".
Many of the structural changes enacted by ACA are being implemented in 2014, and some of the applicable regulations and sub-regulatory guidance have not yet been issued and/or finalized. Therefore, there remains considerable uncertainty as to the full impact of ACA on our business. While these reforms may not affect our business directly, they affect the coverage and plan designs that are or will be provided by many of our health plan clients. As a result, they could indirectly impact many of our services and business practices. We cannot predict what effect, if any, the ACA changes may have on our retail pharmacy and pharmacy services businesses, and it is possible that other legislative or market-driven changes in the health care system that we cannot anticipate could also occur.

The failure or disruption of our information technology systems, our information security systems and our infrastructure to support our business and to protect the privacy and security of sensitive customer and business information.

Many aspects of our operations are dependent on our information systems and the information collected, processed, stored, and handled by these systems. Throughout our operations, we receive, retain and transmit certain confidential information, including personally identifiable information that our customers and clients provide to purchase products or services, enroll in programs or services, register on our websites, interact with our personnel, or otherwise communicate with us. In addition, for these operations, we depend in part on the secure transmission of confidential information over public networks. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches including credit card information breaches, vandalism, catastrophic events and human error. Although we deploy a layered approach to address information security threats and vulnerabilities, including ones from a cybersecurity standpoint, designed to protect confidential information against data security breaches, a compromise of our information security controls or of those businesses with whom we interact, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from customers and clients, financial institutions, payment card associations and other persons, any of which could adversely affect our business, financial position, and results of operations. Moreover, a data security breach could require that we expend significant resources related to our information systems and infrastructure, and could distract management and other key personnel from performing their primary operational duties. If our information systems are damaged, fail to work properly or otherwise become unavailable, or if we are unable to successfully complete our planned consolidation of our PBM claims adjudication

platforms, we may incur substantial costs to repair or replace them, and may experience loss of critical information, customer disruption and interruptions or delays in our ability to perform essential functions and implement new and innovative services. In addition, compliance with changes in privacy and information security laws and standards may result in considerable expense due to increased investment in technology and the development of new operational processes.

Risks related to compliance with a broad and complex regulatory framework.

Our business is subject to numerous federal, state and local laws and regulations. See "Business — Government Regulation." Changes in these regulations may require extensive system and operating changes that may be difficult to implement. Untimely compliance or noncompliance with applicable laws and regulations could adversely affect the continued operation of our business, including, but not limited to: imposition of civil or criminal penalties; suspension or disgorgement of payments from government programs; loss of required government certifications or approvals; loss of authorizations to participate in or exclusion from government reimbursement programs, such as the Medicare and Medicaid programs; or loss of registrations or licensure. The regulations to which we are subject include, but are not limited to: the laws and regulations described in the Government Regulation section; accounting standards; securities laws and regulations; tax laws and regulations; laws and regulations relating to the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous materials and wastes; and regulations of the FDA, the FTC, the FCC, the DEA, and the Consumer Product Safety Commission, as well as state regulatory authorities, governing the sale, advertisement and promotion of products that we sell. In addition, our business interests outside of the United States are subject to the Foreign Corrupt Practices Act and other applicable domestic and international laws and regulations. We are also subject to the terms of various government agreements and mandates, including those described in the Government Regulation section. In that regard, our business, financial position and results of operations could be affected by existing and new government legislative and regulatory action, including, without limitation, any one or more of the following:

- federal and state laws and regulations governing the purchase, distribution, tracking, management, dispensing and reimbursement of prescription drugs and related services, whether at retail or mail, and applicable registration or licensing requirements;
- the effect of the expiration of patents covering brand name drugs and the introduction of generic products;
- the frequency and rate of approvals by the FDA of new brand name and generic drugs, or of over-the-counter status for brand name drugs;
- FDA regulation affecting the retail or PBM industry;
- consumer protection laws affecting our health care services, our loyalty programs, the products we sell, the informational calls we make and/or the marketing of our goods and services;
- rules and regulations issued pursuant to HIPAA and the HITECH Act; and other federal and state laws affecting the collection, use, disclosure and transmission of health or other personal information, such as federal laws on information privacy precipitated by concerns about information collection through the Internet, state security breach laws and state laws limiting the use and disclosure of prescriber information;
- administration of Medicare Part D, including legislative changes and/or CMS rulemaking and interpretation;
- government regulation of the development, administration, review and updating of formularies and drug lists;
- federal, state and local waste management laws and regulations applicable to our business, including the management of pharmaceutical wastes and photo processing solutions, as well as the storage and transportation of hazardous materials;
- state laws and regulations establishing or changing prompt payment requirements for payments to retail pharmacies;
- impact of network access legislation or regulations, including "any willing provider" laws, on our ability to manage pharmacy networks;
- health care reform, managed care reform and plan design legislation;

- insurance licensing and other insurance regulatory requirements applicable to offering Medicare Part D programs and services or other health care services; and
- direct regulation of pharmacies or PBMs by regulatory and quasi-regulatory bodies.

Risks related to litigation and other legal proceedings.

Pharmacy services and retail pharmacy are highly regulated and litigious industries. We are currently subject to various litigation matters, investigations, audits, government inquiries, regulatory and legal proceedings. Litigation, and particularly securities and collective or class action litigation, is often expensive and disruptive. We cannot predict the outcome of such matters, and the costs incurred may be substantial regardless of outcome. Our business, financial condition and results of operations may be adversely affected, or we may be required to materially change our business practices, as a result of such proceedings. We refer you to Item 3, "Legal Proceedings" for additional information.

The foregoing is not a comprehensive listing of all possible risks and there can be no assurance that we have correctly identified and appropriately assessed all factors affecting the business. As such, we refer you to "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes our "Cautionary Statement Concerning Forward-Looking Statements" at the end of such section of our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference.

Item 1B. Unresolved Staff Comments

There are no unresolved SEC Staff Comments.

Item 2. Properties

We lease most of our stores under long-term leases that vary as to rental amounts, expiration dates, renewal options and other rental provisions. For additional information on the amount of our rental obligations for our leases, we refer you to Note 7 "Leases" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

As of December 31, 2013, we owned approximately 5.9% of our 7,660 retail stores. Net selling space for our retail drugstores increased to 75.0 million square feet as of December 31, 2013. More than one third of our store base was opened or significantly remodeled within the last five years.

We own ten distribution centers located in Alabama, California, Hawaii, New York, Rhode Island, South Carolina, Tennessee and Texas and lease ten additional distribution facilities located in Arizona, Florida, Indiana, Michigan, New Jersey, Pennsylvania, Texas, Virginia and Brazil. The 20 distribution centers total approximately 11.5 million square feet as of December 31, 2013.

As of December 31, 2013, we owned one mail service dispensing pharmacy located in Texas and leased three additional mail service dispensing pharmacies located in Hawaii, Illinois and Pennsylvania. We leased call centers located in Missouri, Pennsylvania, Tennessee and Texas. As of December 31, 2013, we leased 17 onsite pharmacy stores and 25 specialty pharmacy stores, and operated 11 specialty mail order pharmacies, one of which we owned.

We own our corporate offices located in Woonsocket, Rhode Island, which totals approximately 1,000,000 square feet. In addition, we lease large corporate offices in Scottsdale, Arizona, Northbrook, Illinois, Irving, Texas and Sao Paulo, Brazil.

In connection with certain business dispositions completed between 1991 and 1997, we continue to guarantee lease obligations for approximately 73 former stores. We are indemnified for these guarantee obligations by the respective purchasers. These guarantees generally remain in effect for the initial lease term and any extension thereof pursuant to a renewal option provided for in the lease prior to the time of the disposition. For additional information, we refer you to Note 12 "Commitments and Contingencies" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Management believes that its owned and leased facilities are suitable and adequate to meet the Company's anticipated needs. At the end of the existing lease terms, management believes the leases can be renewed or replaced by alternate space.

The following is a breakdown by state, District of Columbia, Puerto Rico and Brazil of our retail stores, onsite pharmacy stores, specialty pharmacy stores, specialty mail order pharmacies and mail service dispensing pharmacies as of December 31, 2013:

	Retail Stores	Onsite Pharmacy Stores	Specialty Pharmacy Stores	Specialty Mail Order Pharmacies	Mail Service Dispensing Pharmacies	Total
United States:						
Alabama	155	—	1	—	—	156
Arkansas	1	—	—	—	—	1
Arizona	139	—	1	—	—	140
California	856	—	4	1	—	861
Colorado	—	—	1	—	—	1
Connecticut	149	1	—	—	—	150
Delaware	12	—	—	—	—	12
District of Columbia	58	—	1	—	—	59
Florida	716	—	1	1	—	718
Georgia	316	2	1	—	—	319
Hawaii	53	—	1	—	1	55
Iowa	17	1	—	—	—	18
Illinois	274	1	1	1	1	278
Indiana	297	—	—	—	—	297
Kansas	35	—	—	1	—	36
Kentucky	65	—	—	—	—	65
Louisiana	109	—	—	—	—	109
Maine	22	—	—	—	—	22
Maryland	171	1	—	—	—	172
Massachusetts	355	—	2	1	—	358
Michigan	248	1	—	1	—	250
Minnesota	57	1	—	—	—	58
Mississippi	50	—	—	—	—	50
Missouri	77	1	1	—	—	79
Montana	14	—	—	—	—	14
Nebraska	18	—	—	—	—	18
Nevada	85	—	—	—	—	85
New Hampshire	41	—	—	—	—	41
New Jersey	277	2	—	1	—	280
New Mexico	15	—	—	—	—	15
New York	471	—	1	—	—	472
North Carolina	312	—	1	1	—	314
North Dakota	6	—	—	—	—	6
Ohio	317	2	—	—	—	319
Oklahoma	53	—	—	—	—	53
Oregon	—	—	1	—	—	1
Pennsylvania	404	1	1	1	1	408
Puerto Rico	19	—	—	1	—	20
Rhode Island	62	—	1	—	—	63

South Carolina	194	—	1	—	—	195
Tennessee	134	1	—	1	—	136
Texas	588	1	3	—	1	593
Utah	2	—	—	—	—	2
Vermont	5	—	—	—	—	5
Virginia	271	—	—	—	—	271
Washington	—	—	1	—	—	1
West Virginia	50	—	—	—	—	50
Wisconsin	45	1	—	—	—	46
Total United States	7,615	17	25	11	4	7,672
Brazil	45	—	—	—	—	45
Total	7,660	17	25	11	4	7,717

Item 3. Legal Proceedings

I. Legal Proceedings

1. Caremark (the term "Caremark" being used herein to generally refer to any one or more PBM subsidiaries of the Company, as applicable) was a defendant in a *qui tam* lawsuit initially filed by a relator on behalf of various state and federal government agencies in Texas federal court in 1999. The case was unsealed in May 2005. The case sought monetary damages and alleged that Caremark's processing of Medicaid and certain other government claims on behalf of its clients (which allegedly resulted in underpayments from Caremark clients to the applicable government agencies) on one of Caremark's adjudication platforms violated applicable federal or state false claims acts and fraud statutes. The United States and the States of Texas, Tennessee, Florida, Arkansas, Louisiana and California intervened in the lawsuit, but Tennessee and Florida withdrew from the lawsuit in August 2006 and May 2007, respectively. Thereafter, in 2008, the Company prevailed on several motions for partial summary judgment and, following an appellate ruling from the Fifth Circuit Court of Appeals in 2011 that affirmed in part and reversed in part these prior rulings, the claims asserted in the case against Caremark were substantially narrowed. In December 2013, this case was dismissed following a settlement between the Company and the plaintiffs.

   In a related matter, in December 2007, the Company received a document subpoena from the Office of Inspector General ("OIG") within the U.S. Department of Health and Human Services ("HHS"), requesting information relating to the processing of Medicaid and other government agency claims on a different adjudication platform of Caremark. The Company has provided documents and other information in response to this request for information. The Company has been conducting discussions with the United States Department of Justice ("DOJ") and the OIG regarding a possible settlement of this legal matter.

2. Caremark was named in a putative class action lawsuit filed in October 2003 in Alabama state court by John Lauriello, purportedly on behalf of participants in the 1999 settlement of various securities class action and derivative lawsuits against Caremark and others. Other defendants include insurance companies that provided coverage to Caremark with respect to the settled lawsuits. The Lauriello lawsuit seeks approximately $3.2 billion in compensatory damages plus other non-specified damages based on allegations that the amount of insurance coverage available for the settled lawsuits was misrepresented and suppressed. A similar lawsuit was filed in November 2003 by Frank McArthur, also in Alabama state court, naming as defendants, among others, Caremark and several insurance companies involved in the 1999 settlement. This lawsuit was stayed as a later-filed class action, but McArthur was subsequently allowed to intervene in the Lauriello action. Following the close of class discovery, the trial court entered an Order on August 15, 2012 that granted the plaintiffs' motion to certify a class pursuant to Alabama Rule of Civil Procedures 23(b)(3) but denied their request that the class also be certified pursuant to Rule 23(b)(1). In addition, the August 15, 2012 Order appointed class representatives and class counsel. The defendants' appeal and plaintiffs' cross-appeal are pending before the Alabama Supreme Court. The proceedings in the trial court are stayed by statute pending a decision on the appeal and cross-appeal by the Alabama Supreme Court.

3. Various lawsuits have been filed alleging that Caremark has violated applicable antitrust laws in establishing and maintaining retail pharmacy networks for client health plans. In August 2003, Bellevue Drug Co., Robert Schreiber, Inc. d/b/a Burns Pharmacy and Rehn-Huerbinger Drug Co. d/b/a Parkway Drugs #4, together with Pharmacy Freedom Fund and the National Community Pharmacists Association filed a putative class action against Caremark in Pennsylvania federal court, seeking treble damages and injunctive relief. This case was initially sent to arbitration based on the contract terms between the pharmacies and Caremark. In October 2003, two independent pharmacies, North Jackson Pharmacy, Inc. and C&C, Inc. d/b/a Big C Discount Drugs, Inc., filed a putative class action complaint in Alabama federal court against Caremark and two PBM competitors, seeking treble damages and injunctive relief. The North Jackson Pharmacy case against two of the Caremark entities named as defendants was transferred to Illinois federal court, and the case against a separate Caremark entity was sent to arbitration based on contract terms between the pharmacies and Caremark. The Bellevue arbitration was then stayed by the parties pending developments in the North Jackson Pharmacy court case.

   In August 2006, the Bellevue case and the North Jackson Pharmacy case were both transferred to Pennsylvania federal court by the Judicial Panel on Multidistrict Litigation for coordinated and consolidated proceedings with other cases before the panel, including cases against other PBMs. Caremark appealed the decision which vacated an order

compelling arbitration and staying the proceedings in the Bellevue case and, following the appeal, the Court of Appeals reinstated the order compelling arbitration of the Bellevue case. Following remand, plaintiffs in the Bellevue case sought dismissal of their complaint to permit an immediate appeal of the reinstated order compelling arbitration and pursued an appeal to the Third Circuit Court of Appeals. In November 2012, the Third Circuit Court reversed the district court ruling and directed the parties to proceed in federal court. Motions for class certification in the coordinated cases within the multidistrict

litigation, including the North Jackson Pharmacy case, remain pending, and the court has permitted certain additional class discovery and briefing. The consolidated action is now known as the In Re Pharmacy Benefit Managers Antitrust Litigation.

4. In November 2009, a securities class action lawsuit was filed in the United States District Court for the District of Rhode Island purportedly on behalf of purchasers of CVS Caremark Corporation stock between May 5, 2009 and November 4, 2009. Plaintiffs subsequently amended the lawsuit to allege a class period beginning October 30, 2008. The lawsuit names the Company and certain officers as defendants and includes allegations of securities fraud relating to public disclosures made by the Company concerning the PBM business and allegations of insider trading. In addition, a shareholder derivative lawsuit was filed in December 2009 in the same court against the directors and certain officers of the Company. This lawsuit, which was stayed pending developments in the related securities class action, includes allegations of, among other things, securities fraud, insider trading and breach of fiduciary duties and further alleges that the Company was damaged by the purchase of stock at allegedly inflated prices under its share repurchase program. In January 2011, both lawsuits were transferred to the United States District Court for the District of New Hampshire. In June 2012, the court granted the Company's motion to dismiss the securities class action. The plaintiffs subsequently appealed the court's ruling on the motion to dismiss. In May 2013, the First Circuit Court of Appeals vacated the prior ruling and remanded the case to the district court for further proceedings. In December 2013, the district court denied the Company's renewed motion to dismiss the lawsuit. The derivative lawsuit will remain stayed until the Company answers the securities class action complaint.

5. In March 2010, the Company learned that various State Attorneys General offices and certain other government agencies were conducting a multi-state investigation of certain of the Company's business practices similar to those being investigated at that time by the U.S. Federal Trade Commission ("FTC"). Twenty-eight states, the District of Columbia and the County of Los Angeles are known to be participating in this investigation. The prior FTC investigation, which commenced in August 2009, was officially concluded in May 2012 when the consent order entered into between the FTC and the Company became final. The Company has cooperated with the multi-state investigation.

6. In March 2010, the Company received a subpoena from the OIG requesting information about programs under which the Company has offered customers remuneration conditioned upon the transfer of prescriptions for drugs or medications to the Company's pharmacies in the form of gift cards, cash, non-prescription merchandise or discounts or coupons for non-prescription merchandise. The subpoena relates to an investigation of possible false or otherwise improper claims for payment under the Medicare and Medicaid programs. The Company has provided documents and other information in response to this request for information.

7. The Company received a subpoena from the U.S. Securities and Exchange Commission ("SEC") in February 2011 and subsequently received additional subpoenas and other requests for information. The SEC's requests related to, among other things, public disclosures made by the Company during 2009, transactions in the Company's securities by certain officers and employees of the Company during 2009 and the purchase accounting for the Longs Drug Stores acquisition. The Company has provided the documents and other information requested by the SEC and has been cooperating with the SEC in this investigation. The Company has reached an agreement in principle with the staff of the Boston Regional Office of the SEC to settle certain allegations that, during the third and fourth quarters of 2009, the Company violated certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, including certain anti-fraud provisions of those statutes. The agreement in principle will be entered into by the Company on a "no admit or deny" basis, and the Company will not be restating its financial statements for any reporting period. The Company has agreed to pay a $20 million civil penalty when the settlement is finalized, and this amount has been fully reserved in the Company's financial statements. The Company will continue to cooperate with the SEC to document the settlement terms, and the settlement remains subject to approval by the Commission and federal court as required.

8. In January 2012, the United States District Court for the Eastern District of Pennsylvania unsealed a first amended *qui tam* complaint filed in August 2011 by an individual relator, who is described in the complaint as having once been employed by a firm providing pharmacy prescription benefit audit and recovery services. The complaint seeks monetary damages and alleges that Caremark's processing of Medicare claims on behalf of one of its clients violated the federal false claims act. The United States, acting through the U.S. Attorney's Office in Philadelphia,

Pennsylvania, declined to intervene in the lawsuit. Caremark filed a motion to dismiss the amended complaint and the DOJ filed a Statement of Interest with regard to Caremark's motion to dismiss. In December 2012, the court denied Caremark's motion to dismiss the amended complaint.

9. In January 2012, the Company received a subpoena from the OIG requesting information about its Health Savings Pass program, a prescription drug discount program for uninsured or underinsured individuals, in connection with an

investigation of possible false or otherwise improper claims for payment involving HHS programs. In February 2012, the Company also received a civil investigative demand from the Office of the Attorney General of the State of Texas requesting a copy of information produced under this OIG subpoena and other information related to prescription drug claims submitted by the Company's pharmacies to Texas Medicaid for reimbursement. The Company is providing documents and other information in response to these requests for information.

10. A purported shareholder derivative action was filed on behalf of nominal defendant CVS Caremark Corporation against certain of the Company's officers and members of its Board of Directors. The action, which alleged a single claim for breach of fiduciary duty relating to the Company's alleged failure to properly implement internal regulatory controls to comply with the Controlled Substances Act and the Combat Methamphetamine Epidemic Act, was originally filed in June 2012. In addition, an amended complaint was filed in November 2012 and a Supplemental Complaint was filed in April 2013. In October 2013, the court granted the Company's motion to dismiss and entered judgment dismissing the action, without prejudice. Following dismissal of the action, the same purported shareholder sent a letter to the Company's Board of Directors demanding that the Board investigate her allegations and pursue legal action against certain directors and officers of the Company. A committee of the Board of Directors is conducting a review and intends to respond to the letter as appropriate.

11. In November 2012, the Company received a subpoena from the OIG requesting information concerning automatic refill programs used by pharmacies to refill prescriptions for customers. The Company has been cooperating and providing documents and other information in response to this request for information.

The Company is also a party to other legal proceedings, inquiries and audits arising in the normal course of its business, none of which is expected to be material to the Company. We can give no assurance, however, that our business, financial condition and results of operations will not be materially adversely affected, or that we will not be required to materially change our business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations, including the laws and regulations described in "Business — Government Regulation", as they may relate to our business, the pharmacy services, retail pharmacy or retail clinic industry or to the health care industry generally; (iii) pending or future federal or state governmental investigations of our business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) institution of government enforcement actions against us; (v) adverse developments in any pending *qui tam* lawsuit against us, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against us; or (vi) adverse developments in other pending or future legal proceedings against us or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

II. Environmental Matters

Item 103 of SEC Regulation S-K requires disclosure of certain environmental legal proceedings if management reasonably believes that the proceedings involve potential monetary sanctions of $100,000 or more. On January 8, 2014, a Settlement Agreement was signed with the State of New Jersey to resolve claims of alleged noncompliance with hazardous and medical waste regulations in connection with certain of the Company's facilities in New Jersey. As part of this settlement, the Company has agreed to pay $132,000 in civil penalties to resolve these claims.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

Executive Officers of the Registrant

The following sets forth the name, age and biographical information for each of our executive officers as of February 11, 2014. In each case the officer's term of office extends to the date of the board of directors meeting following the next annual meeting of stockholders of the Company. Previous positions and responsibilities held by each of the executive officers over the past five years are indicated below:

Lisa G. Bisaccia, age 57, Senior Vice President and Chief Human Resources Officer of CVS Caremark Corporation since January 2010; Vice President, Human Resources of CVS Pharmacy, Inc. from September 2004 through December 2009.

Eva C. Boratto, age 47, Senior Vice President and Controller and Chief Accounting Officer of CVS Caremark Corporation since July 2013; Senior Vice President of PBM Finance from July 2010 through June 2013; Vice President, U.S. Market Finance Leader of Merck & Co., Inc. ("Merck") from June 2009 through June 2010; Vice President of Investor Relations of Merck from April 2008 through May 2009.

Troyen A. Brennan, M.D., age 59, Executive Vice President and Chief Medical Officer of CVS Caremark Corporation since November 2008; Executive Vice President and Chief Medical Officer of Aetna, Inc. from February 2006 through November 2008.

David M. Denton, age 48, Executive Vice President and Chief Financial Officer of CVS Caremark Corporation since January 2010; Senior Vice President and Controller/Chief Accounting Officer of CVS Caremark Corporation from March 2008 until December 2009; Senior Vice President, Financial Administration of CVS Caremark Corporation and CVS Pharmacy, Inc. from April 2007 to March 2008.

Helena B. Foulkes, age 49, Executive Vice President of CVS Caremark Corporation and President of CVS/pharmacy since January 2014; Executive Vice President and Chief Health Care Strategy and Marketing Officer of CVS Caremark Corporation from March 2011 through December 2013; Executive Vice President and Chief Marketing Officer of CVS Caremark Corporation from January 2009 through February 2011; Senior Vice President of Health Services of CVS Caremark Corporation from May 2008 through January 2009, and of CVS Pharmacy, Inc. from October 2007 through January 2009.

Stephen J. Gold, age 54, Senior Vice President and Chief Information Officer for CVS Caremark Corporation since July 2012; Senior Vice President and Chief Information Officer of Avaya, Inc. from May 2010 through June 2012; Executive Vice President, Chief Information Officer and Chief Technology Officer of GSI Commerce, Inc. from February 2005 through April 2010.

J. David Joyner, age 49, Executive Vice President of CVS Caremark Corporation since March 2011 and Executive Vice President of Sales and Account Services, CVS Caremark Pharmacy Services since March 2004.

Per G.H. Lofberg, age 66, Executive Vice President of CVS Caremark Corporation; Executive Vice President of CVS Caremark Corporation and President of CVS Caremark Pharmacy Services from January 2010 through August 2012; President and Chief Executive Officer of Generation Health, Inc., a pharmacogenomics company, from November 2008 through December 2009.

Larry J. Merlo, age 58, President and Chief Executive Officer of CVS Caremark Corporation since March 2011; President and Chief Operating Officer of CVS Caremark Corporation from May 2010 through March 2011; President of CVS/pharmacy from January 2007 through August 2011; Executive Vice President of CVS Caremark Corporation from January 2007 through May 2010; also a director of CVS Caremark Corporation since May 2010.

Thomas M. Moriarty, age 50, Executive Vice President and General Counsel of CVS Caremark Corporation since October 2012; General Counsel of Celgene Corporation, a global biopharmaceutical company, from May 2012 through September 2012; General Counsel and Corporate Secretary of Medco Health Solutions, Inc. ("Medco"), a pharmacy

benefit management company, from March 2008 through April 2012; also President of Global Pharmaceutical Strategies of Medco from March 2011 through April 2012; Senior Vice President, Pharmaceutical Strategies and Solutions of Medco from September 2007 through March 2011.

Jonathan C. Roberts, age 58, Executive Vice President of CVS Caremark Corporation and President of CVS Caremark Pharmacy Services since September 2012; Executive Vice President of CVS Caremark Corporation and Chief Operating

Officer of CVS Caremark Pharmacy Services from October 2010 through August 2011; Executive Vice President, Rx Purchasing, Pricing and Network Relations of CVS Caremark Corporation from January 2009 through October 2010; Senior Vice President and Chief Information Officer of CVS Caremark Corporation from May 2008 until January 2009, and of CVS Pharmacy, Inc. from January 2006 until January 2009.

Andrew J. Sussman, M.D., age 48, Senior Vice President and Associate Chief Medical Officer of CVS Caremark Corporation since March 2011 and President of MinuteClinic, L.L.C., the Company's retail-based health clinic subsidiary, since September 2009; Executive Vice President and Chief Operating Officer of the University of Massachusetts Memorial Medical Center, the major teaching affiliate of UMass Medical School, from May 2004 through August 2009.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange under the symbol "CVS." The table below sets forth the high and low sale prices of our common stock on the New York Stock Exchange Composite Tape and the quarterly cash dividends declared per share of common stock during the periods indicated.

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2013	High	$ 56.07	$ 60.70	$ 62.36	$ 71.99	$ 71.99
	Low	$ 49.00	$ 53.94	$ 56.68	$ 56.32	$ 49.00
	Cash dividends per common share	$ 0.22500	$ 0.22500	$ 0.22500	$ 0.22500	$ 0.90000
2012	High	$ 45.88	$ 46.93	$ 48.69	$ 49.80	$ 49.80
	Low	$ 41.01	$ 43.08	$ 43.65	$ 44.33	$ 41.01
	Cash dividends per common share	$ 0.16250	$ 0.16250	$ 0.16250	$ 0.16250	$ 0.65000

CVS Caremark has paid cash dividends every quarter since becoming a public company. Future dividend payments will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Company's Board of Directors. As of February 4, 2014, there were 22,602 registered shareholders according to the records maintained by our transfer agent.

On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program", and together with the 2013 Repurchase Program, "the Repurchase Programs") The Repurchase Programs, which were effective immediately, permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The Repurchase Programs may be modified or terminated by the Board of Directors at any time.

Pursuant to the authorization under the 2012 Repurchase Program, effective October 1, 2013, we entered into a $1.7 billion fixed dollar accelerated share repurchase ("ASR") agreement with Barclays Bank PLC ("Barclays"). Upon payment of the $1.7 billion purchase price on October 1, 2013, we received a number of shares of our common stock equal to 50% of the $1.7 billion notional amount of the ASR agreement or approximately 14.9 million shares at a price of $56.88 per share. The Company received approximately 11.7 million shares of common stock on December 30, 2013 at an average price of $63.83 per share, representing the remaining 50% of the $1.7 billion notional amount of the ASR agreement and thereby concluding the agreement. The total of 26.6 million shares of common stock delivered to the Company by Barclays over the term of the October 2013 ASR agreement were placed into treasury stock.

During the year ended December 31, 2013, the Company repurchased an aggregate of 66.2 million shares of common stock for approximately $4.0 billion under the 2012 Repurchase Program. As of December 31, 2013, there remained an aggregate of approximately $6.7 billion available for future repurchases under the Repurchase Programs.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2013 through October 31, 2013	14,866,352	$ 56.88	14,866,352	$ 692,873,727

November 1, 2013 through November 30, 2013	—	$	—	—	$ 692,873,727
December 1, 2013 through December 31, 2013	11,768,973	$	63.83	11,768,973	$ 6,692,873,727
	26,635,325			26,635,325	

Item 6. Selected Financial Data

The selected consolidated financial data of CVS Caremark Corporation as of and for the periods indicated in the five-year period ended December 31, 2013 have been derived from the consolidated financial statements of CVS Caremark Corporation. 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 elsewhere herein.

In millions, except per share amounts	2013	2012[4]	2011	2010	2009
Statement of operations data:					
Net revenues	$ 126,761	$ 123,120	$ 107,080	$ 95,766	$ 98,144
Gross profit	23,783	22,488	20,562	20,215	20,348
Operating expenses	15,746	15,278	14,231	14,082	13,933
Operating profit	8,037	7,210	6,331	6,133	6,415
Interest expense, net	509	557	584	536	525
Loss on early extinguishment of debt	—	348	—	—	—
Income tax provision[1]	2,928	2,436	2,258	2,178	2,196
Income from continuing operations	4,600	3,869	3,489	3,419	3,694
Income (loss) from discontinued operations, net of tax[2]	(8)	(7)	(31)	2	(4)
Net income	4,592	3,862	3,458	3,421	3,690
Net loss attributable to noncontrolling interest[3]	—	2	4	3	—
Net income attributable to CVS Caremark	$ 4,592	$ 3,864	$ 3,462	$ 3,424	$ 3,690
Per common share data:					
Basic earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.78	$ 3.05	$ 2.61	$ 2.50	$ 2.58
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —
Net income attributable to CVS Caremark	$ 3.77	$ 3.04	$ 2.59	$ 2.50	$ 2.57
Diluted earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59	$ 2.49	$ 2.55
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57	$ 2.49	$ 2.55
Cash dividends per common share	$ 0.900	$ 0.650	$ 0.500	$ 0.350	$ 0.305
Balance sheet and other data:					
Total assets	$ 71,526	$ 66,221	$ 64,852	$ 62,457	$ 61,918
Long-term debt	$ 12,841	$ 9,133	$ 9,208	$ 8,652	$ 8,756
Total shareholders' equity	$ 37,938	$ 37,653	$ 38,013	$ 37,661	$ 35,732
Number of stores (at end of year)	7,702	7,508	7,388	7,248	7,095

See Note 1 - Significant Accounting Policies (Revenue Recognition - Retail Pharmacy Segment) to the consolidated financial statements.

(1) Income tax provision includes the effect of the following: (i) in 2010, the recognition of $47 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities, and (ii) in 2009, the recognition of $167 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities.

(2) As discussed in Note 3 to the consolidated financial statements, the results of the TheraCom business are presented as discontinued operations and have been excluded from continuing operations for all periods presented.

In connection with certain business dispositions completed between 1991 and 1997, the Company retained guarantees on store lease obligations for a number of former subsidiaries, including Linens 'n Things which filed for bankruptcy in 2008. The Company's income (loss) from discontinued operations includes lease-related costs which the Company believes it will likely be required to satisfy pursuant to its Linens 'n Things lease guarantees.

Below is a summary of the results of discontinued operations:

	Year Ended December 31,				
In millions	2013	2012	2011	2010	2009
Income from operations of TheraCom	$ —	$ —	$ 18	$ 28	$ 13
Gain on disposal of TheraCom	—	—	53	—	—
Loss on disposal of Linens 'n Things	(12)	(12)	(7)	(24)	(19)
Income tax benefit (provision)	4	5	(95)	(2)	2
Income (loss) from discontinued operations, net of tax	$ (8)	$ (7)	$ (31)	$ 2	$ (4)

(3) Represents the minority shareholders' portion of the net loss from our then-majority owned subsidiary, Generation Health, Inc., acquired in the fourth quarter of 2009. In June 2012, the Company acquired the remaining 40% interest in Generation Health, Inc. from minority shareholders and employee option holders.

(4) Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment. Additional details of the accounting change are discussed in Note 2 to the consolidated financial statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

We refer you to "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes our "Cautionary Statement Concerning Forward-Looking Statements" at the end of such section of our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As of December 31, 2013, the Company had no derivative financial instruments or derivative commodity instruments in place and believes that its exposure to market risk associated with other financial instruments, principally interest rate risk inherent in its debt portfolio, is not material.

Item 8. Financial Statements and Supplementary Data

We refer you to the "Consolidated Statements of Income," "Consolidated Statements of Comprehensive Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements," and "Report of Independent Registered Public Accounting Firm" of our Annual Report to Stockholders for the fiscal year ended December 31, 2013, which sections are incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures: The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) as of December 31, 2013, have concluded that as of such date the Company's disclosure controls and procedures were adequate and effective at a reasonable assurance level and designed to ensure that material information relating to the Company and its subsidiaries would be made known to such officers on a timely basis.

Internal control over financial reporting: We refer you to "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" of our Annual Report to Stockholders for the fiscal year ended December 31, 2013, which are incorporated by reference herein, for Management's report on the Registrant's internal control over financial reporting and the Independent Registered Public Accounting Firm's report with respect to the effectiveness of internal control over financial reporting.

Changes in internal control over financial reporting: There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15 that occurred during the fourth quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

No events have occurred during the fourth quarter that would require disclosure under this item.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Committees of the Board," "Code of Conduct," "Director Nominations," "Audit Committee Report," "Biographies of our Board Nominees," and "Section 16(a) Beneficial Ownership Reporting Compliance," which sections are incorporated by reference herein. Biographical information on our executive officers is contained in Part I of this Annual Report on Form 10-K.

Item 11. Executive Compensation

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Executive Compensation and Related Matters," including "Compensation Discussion & Analysis" and "Management Planning and Development Committee Report," which sections are incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Share Ownership of Directors and Certain Executive Officers," and "Share Ownership of Principal Stockholders" which sections are incorporated by reference herein, for information concerning security ownership of certain beneficial owners and management and related stockholder matters.

The following table summarizes information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of our equity compensation plans as of December 31, 2013.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) [1]
Equity compensation plans approved by stockholders	34,738	$ 41.40	37,557
Equity compensation plans not approved by stockholders	—	—	—
Total	34,738	$ 41.40	37,557

(1) Shares in thousands.

Item 13. Certain Relationships and Related Transactions and Director Independence

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the caption "Independence Determinations for Directors" and "Certain Transactions with Directors and Officers," which sections are incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the caption "Item 2: Ratification of Appointment of Independent Registered Public Accounting Firm," which section is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statement Schedules

A. Documents filed as part of this report:

1. Financial Statements:

The following financial statements are incorporated by reference from our Annual Report to Stockholders for the fiscal year ended December 31, 2013, as provided in Item 8 hereof:

Consolidated Statements of Income for the Years Ended December 31, 2013, 2012 and 2011	26
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011	27
Consolidated Balance Sheets as of December 31, 2013 and 2012	28
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011	29
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2013, 2012, and 2011	30
Notes to Consolidated Financial Statements	31
Report of Independent Registered Public Accounting Firm	60

2. Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable, not required under the instructions, or the information is included in the consolidated financial statements or related notes.

B. Exhibits

Exhibits marked with an asterisk (*) are hereby incorporated by reference to exhibits or appendices previously filed by the Registrant as indicated in brackets following the description of the exhibit.

Exhibit	Description
2.1*	Agreement and Plan of Merger dated as of November 1, 2006 among, the Registrant, Caremark Rx, Inc. and Twain MergerSub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement No. 333-139470 on Form S-4 filed December 19, 2006).
2.2*	Amendment No. 1 dated as of January 16, 2007 to the Agreement and Plan of Merger dated as of November 1, 2006 among the Registrant, Caremark Rx, Inc. and Twain Merger Sub Corp. (incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement No. 333-139470 on Form S-4/A filed January 16, 2007).
2.3*	Waiver Agreement dated as of January 16, 2007 between the Registrant and Caremark Rx, Inc. with respect to the Agreement and Plan Merger dated as of November 1, 2006 by and between Registrant and Caremark Rx, Inc (incorporated by reference to Exhibit 2.3 to the Registrant's Registration Statement No. 333-139470 on Form S-4/A filed January 16, 2007).
2.4*	Amendment to Waiver Agreement, dated as of February 12, 2007, between Registrant and Caremark Rx, Inc. (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated February 13, 2007; Commission File No. 001-01011).
2.5*	

Amendment to Waiver Agreement, dated as of March 8, 2007, between Registrant and Caremark Rx, Inc. (incorporated by reference to Exhibit 99.2 to the Registrants' Current Report on Form 8-K dated March 8, 2007; Commission File No. 001-01011).

2.6* Agreement and Plan of Merger dated as of August 12, 2008 among, the Registrant, Longs Drug Stores Corporation and Blue MergerSub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated August 13, 2008; Commission File No. 001-01011).

3.1* Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996; Commission File No. 001-01011).

3.1A*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective May 13, 1998 (incorporated by reference to Exhibit 4.1A to Registrant's Registration Statement No. 333-52055 on Form S-3/A dated May 18, 1998).
3.1B*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated March 22, 2007; Commission File No. 001-01011).
3.1C*	Certificate of Merger dated May 9, 2007 (incorporated by reference to Exhibit 3.1C to Registrant's Quarterly Report on Form 10-Q dated November 1, 2007; Commission File No. 001-01011).
3.1D*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated May 13, 2010; Commission File No. 001-01011).
3.1E*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report On Form 8-K dated May 10, 2012; Commission File No. 001-01011).
3.2*	By-laws of the Registrant, as amended and restated (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated January 9, 2014; Commission File No. 001-01011).
4	Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), no instrument which defines the rights of holders of long-term debt of the Registrant and its subsidiaries is filed with this report. The Registrant hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
4.1*	Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement of the Registrant on Form 8-B dated November 4, 1996; Commission File No. 001-01011).
10.1*	Stock Purchase Agreement dated as of October 14, 1995 between The TJX Companies, Inc. and Melville Corporation, as amended November 17, 1995 (incorporated by reference to Exhibits 2.1 and 2.2 to Melville's Current Report on Form 8-K dated December 4, 1995; Commission File No. 001-01011).
10.2*	Stock Purchase Agreement dated as of March 25, 1996 between Melville Corporation and Consolidated Stores Corporation, as amended May 3, 1996 (incorporated by reference to Exhibits 2.1 and 2.2 to Melville's Current Report on Form 8-K dated May 5, 1996; Commission File No. 001-01011).
10.3*	Distribution Agreement dated as of September 24, 1996 among Melville Corporation, Footstar, Inc. and Footstar Center, Inc. (incorporated by reference to Exhibit 99.1 to Melville's Current Report on Form 8-K dated October 28, 1996; Commission File No. 001-01011).
10.4*	Tax Disaffiliation Agreement dated as of September 24, 1996 among Melville Corporation, Footstar, Inc. and certain subsidiaries named therein (incorporated by reference to Exhibit 99.2 to Melville's Current Report on Form 8-K dated October 28, 1996; Commission File No. 001-01011).
10.5*	Stockholder Agreement dated as of December 2, 1996 between the Registrant, Nashua Hollis CVS, Inc. and Linens 'n Things, Inc. (incorporated by reference to Exhibit 10(i)(6) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997; Commission File No. 001-01011).

10.6* Tax Disaffiliation Agreement dated as of December 2, 1996 between the Registrant and Linens 'n Things, Inc. and certain of their respective affiliates (incorporated by reference to Exhibit 10(i)(7) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997; Commission File No. 001-01011).

10.7* Four Year Credit Agreement dated as of May 12, 2011 by and among the Registrant, the lenders party thereto, Barclays Capital and JP Morgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and the Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011; Commission File No. 001-01011).

10.8* Amendment No. 1, dated as of November 22, 2011, to the Credit Agreement dated as of May 12, 2011 by and among the Registrant, the Lenders party thereto, the Co-Syndication Agents and Co-Documentation Agents named therein, and The Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).

10.9* Five Year Credit Agreement dated as of February 17, 2012, by and among the Registrant, the lenders party thereto, Barclays Capital and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 (Commission File No. 001-01011).

10.10* Credit Agreement dated as of May 23, 2013, by and among the Registrant, the lenders party thereto, Barclays Bank PLC and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of New York Mellon, as Administrative Agent. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (Commission File No. 001-01011).

10.11* Amendment No. 2, dated as of May 23, 2013, to the Credit Agreement dated as of May 12, 2011, by and among the Registrant, the lenders party thereto, Barclays Capital and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of Bank of New York Mellon, as Administrative Agent, as previously amended by Amendment No. 1, dated as of November 22, 2011 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (Commission File No. 001-01011).

10.12* Supplemental Retirement Plan for Select Senior Management of CVS Caremark Corporation I as amended and restated in December 2008 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).

10.13* CVS Caremark Corporation 1996 Directors Stock Plan, as amended and restated November 5, 2002 (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 2002; Commission File No. 001-01011).

10.14* 1997 Incentive Compensation Plan as amended through December 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).

10.15* Caremark Rx, Inc. 2004 Incentive Stock Plan (incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement No. 333-141481 on Form S-8 filed March 22, 2007).

10.16* CVS Caremark Deferred Stock Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).

10.17 CVS Caremark Deferred Compensation Plan, as amended and restated.

10.18* 2010 Incentive Compensation Plan, as amended through January 15, 2013 (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form10-K for the fiscal year ended December 31, 2012; Commission file No. 001-01011).

10.19*	2007 Employee Stock Purchase Plan (incorporated by reference to Exhibit D of the Registrant's Definitive Proxy Statement filed April 4, 2007; Commission File No. 001-01011).
10.20	The Registrant's 2013 Management Incentive Plan.
10.21	The Registrant's 2013 Long-Term Incentive Plan.
10.22	The Registrant's Partnership Equity Program amended as of August 2013.
10.23	The Registrant's Severance Plan for Non-Store Employees amended as of April 2013.
10.24	The Registrant's Performance-Based Restricted Stock Unit Plan amended as of April 2013.
10.25	Form of Enterprise Non-Competition, Non-Disclosure and Developments Agreement between the Registrant and certain of the Registrant's executive officers.

10.26* Universal 409A Definition Document dated December 31, 2008 (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).

10.27 Form of Non-Qualified Stock Option Agreement between the Registrant and selected employees of the Registrant.

10.28 Form of Restricted Stock Unit Agreement - Annual Grant - between the Registrant and selected employees of the Registrant.

10.29 Form of Performance-Based Restricted Stock Unit Agreement between the Registrant and selected employees of the Registrant.

10.30 Form of Partnership Equity Program Participant Purchased RSUs, Company Matching RSUs and Company Matching Options Agreement (Pre-Tax).

10.31 Form of Partnership Equity Program Participant Purchased RSUs, Company Matching RSUs and Company Matching Options Agreement (Post-Tax).

10.32* Amended and Restated Employment Agreement dated as of December 22, 2008 between the Registrant and the Registrant's President and Chief Executive Officer (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008; Commission File No. 001-01011).

10.33* Amendment dated December 21, 2012 to the Amended and Restated Employment Agreement dated as of December 22, 2008 between the Registrant and the Registrant's President and Chief Executive Officer (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).

10.34 Form of Non-Qualified Stock Option Agreement between the Registrant and the Registrant's President and Chief Executive Officer.

10.35 Form of Restricted Stock Unit Agreement between the Registrant and the Registrant's President and Chief Executive Officer.

10.36* Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and Chief Financial Officer (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010; Commission File No. 001-01011).

10.37* Amendment dated as of December 31, 2012 to the Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and Chief Financial Officer (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).

10.38* Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and President of CVS Caremark Pharmacy Services (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).

10.39*

Amendment dated as of December 31, 2012 to the Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and President of CVS Caremark Pharmacy Services; incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (Commission File No. 001-01011).

10.40* Letter Agreement dated August 5, 2011 between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy (incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).

10.41*	Change in Control Agreement dated September 1, 2011 between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy (incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).
10.42	Separation Agreement between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy dated December 10, 2013.
10.43	Change in Control Agreement dated December 1, 2008 between the Registrant and the Registrant's Former Executive Vice President and Chief Medical Officer.
13	Portions of the 2013 Annual Report to Stockholders of CVS Caremark Corporation, which are specifically designated in this Form 10-K as being incorporated by reference.
21	Subsidiaries of the Registrant.
23	Consent of Ernst & Young LLP.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the CVS Caremark Corporation Annual Report on Form 10-K for the year ended December 31, 2013 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows and (iv) related notes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

CVS CAREMARK CORPORATION

Date: February 10, 2014

By: /s/ DAVID M. DENTON

David M. Denton

Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title(s)	Date
/s/ C. DAVID BROWN II **C. David Brown II**	Director	February 10, 2014
/s/ EVA C. BORATTO **Eva C. Boratto**	Senior Vice President — Finance and Controller (Principal Accounting Officer)	February 10, 2014
/s/ DAVID M. DENTON **David M. Denton**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 10, 2014
/s/ NANCY-ANN M. DEPARLE **Nancy-Ann M. DeParle**	Director	February 10, 2014
/s/ DAVID W. DORMAN **David W. Dorman**	Chairman of the Board and Director	February 10, 2014
/s/ ANNE M. FINUCANE **Anne M. Finucane**	Director	February 10, 2014
/s/ LARRY J. MERLO **Larry J. Merlo**	President and Chief Executive Officer (Principal Executive Officer) and Director	February 10, 2014
/s/ JEAN-PIERRE MILLON **Jean-Pierre Millon**	Director	February 10, 2014
/s/ RICHARD J. SWIFT **Richard J. Swift**	Director	February 10, 2014
/s/ WILLIAM C. WELDON **William C. Weldon**	Director	February 10, 2014
/s/ TONY L. WHITE **Tony L. White**	Director	February 10, 2014

CVS CAREMARK CORP filed this 10-K on 02/11/2014
Outline Back to Results Printer Friendly

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2013
OR
☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission file number 001-01011

CVS CAREMARK CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	050494040 (I.R.S. Employer Identification No.)
One CVS Drive, Woonsocket, Rhode Island (Address of principal executive offices)	02895 (Zip Code)

(401) 765-1500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Common Stock, par value $0.01 per share Title of each class	New York Stock Exchange Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Exchange Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The aggregate market value of the registrant's common stock held by non-affiliates was approximately $69,980,197,924 as of June 30, 2013, based on the closing price of the common stock on the New York Stock Exchange. For purposes of this calculation, only executive officers and directors are deemed to be the affiliates of the registrant.

As of February 4, 2014, the registrant had 1,182,427,156 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Filings made by companies with the Securities and Exchange Commission sometimes "incorporate information by reference." This means that the company is referring you to information that was previously filed or is to be filed with the SEC, and this information is considered to be part of the filing you are reading. The following materials are incorporated by reference into this Form 10-K:

Portions of our Annual Report to Stockholders for the fiscal year ended December 31, 2013 are incorporated by reference in our response to Items 7, 8 and 9 of Part II.
Information contained in our Proxy Statement for the 2014 Annual Meeting of Stockholders is incorporated by reference in our response to Items 10 through 14 of Part III.

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PART I

Item 1. Business

Overview

CVS Caremark Corporation ("CVS Caremark", the "Company", "we," "our" or "us"), 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 ("PBM"), mail order and specialty pharmacy division, CVS Caremark® Pharmacy Services; our more than 7,600 CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® retail stores; our retail-based health clinic subsidiary, 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

The Pharmacy Services Segment provides a full range of PBM services, as described more fully below, to our clients consisting primarily of employers, insurance companies, unions, government employee groups, managed care organizations ("MCOs") and other sponsors of health benefit plans and individuals throughout the United States. In addition, through our SilverScript Insurance Company ("SilverScript") 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®, RxAmerica®, Accordant®, SilverScript® and Novologix® names. As of December 31, 2013, the Pharmacy Services Segment operated 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies and four mail service dispensing pharmacies located in 22 states, Puerto Rico and the District of Columbia.

Pharmacy Services Business Strategy - Our business strategy centers on providing innovative pharmaceutical solutions and quality client service in order to enhance clinical outcomes for our clients' health benefit plan members while assisting our clients and their plan members in better managing overall health care costs. Our goal is to produce superior results for our clients and their plan members by leveraging our expertise in core PBM services, including: plan design and administration, formulary management, discounted drug purchase arrangements, Medicare Part D services, mail order, specialty pharmacy and infusion services, retail pharmacy network management services, prescription management systems, clinical services, disease management services and medical spend management.

In addition, as a fully integrated pharmacy services company, we are able to offer our clients and their plan members a variety of programs and plan designs that benefit from our integrated information systems and the ability of our more than 26,000 pharmacists, nurse practitioners and physician assistants to interact personally with the many plan members who shop our stores every day. Through our multiple member touch points (retail stores, mail order and specialty pharmacies, retail clinics, call centers, proprietary websites and mobile devices), we seek to engage plan members in behaviors that lower cost and improve health care outcomes. Examples of these programs and services include: Maintenance Choice®, a program where eligible client plan members can elect to fill their maintenance prescriptions at our retail pharmacy stores for the same price as mail order; Pharmacy Advisor®, a program that facilitates face-to-face and telephone counseling by our pharmacists to help participating plan members with certain chronic diseases, such as diabetes and cardiovascular conditions, to identify gaps in care, adhere to their prescribed medications and manage their health conditions; compliance and persistency programs designed to ensure that patients take their medications in the proper manner; enhanced disease management programs that are targeted at managing chronic disease states; and an ExtraCare® Health Card program which offers discounts to eligible plan members on certain over-the-counter health care products sold in our CVS/pharmacy stores. In addition, MinuteClinic® is an important and differentiated part of the enterprise capabilities available to PBM members. Ways we are working with our clients include partnerships with health plan clients sponsoring patient centered medical homes, biometric screening opportunities, closing gaps in care, co-pay reductions to encourage use of MinuteClinic and onsite clinics at client corporate headquarters.

PBM Services - Our PBM services are described more fully below.

Plan Design and Administration - Our clients sponsor pharmacy benefit plans that facilitate the ability of eligible members in these plans to receive prescribed medications. We assist our clients in designing pharmacy benefit plans that minimize the costs to the client while prioritizing the welfare and safety of the clients' members. We also administer these benefit plans for our

clients and assist them in monitoring the effectiveness of these plans through frequent, informal communications as well as through a formal annual client review.

We make recommendations to our clients encouraging them to design benefit plans promoting the use of the lowest cost, most clinically appropriate drug. We help our clients control costs by recommending plan designs that encourage the use of generic equivalents of brand name drugs when such equivalents are available. Our clients also have the option, through plan design, to further lower their pharmacy benefit plan costs by setting different member payment levels for different products on their drug lists.

Formulary Management - We utilize an independent panel of doctors, pharmacists and other medical experts, referred to as our Pharmacy and Therapeutics Committee, to select drugs that meet the highest standards of safety and efficacy for inclusion on our drug lists. Our drug lists provide recommended products in numerous drug classes to ensure member access to clinically appropriate alternatives under the client's pharmacy benefit plan. To improve clinical outcomes for members and clients, we conduct ongoing, independent reviews of all drugs, including, but not limited to, those appearing on the drug lists and generic equivalent products, as well as our clinical programs. Many of our clients choose to adopt our drug lists as part of their plan design.

Discounted Drug Purchase Arrangements - We negotiate with pharmaceutical companies to obtain discounted acquisition costs for many of the products on our drug lists, and these negotiated discounts enable us to offer reduced costs to clients that choose to adopt our drug lists. The discounted drug purchase arrangements we negotiate typically provide for volume discounts and/or the payment by the pharmaceutical companies of retroactive discounts, or rebates, from established list prices. For certain products that are purchased by our pharmacies, we receive discounts at the time of purchase and/or discounts for prompt payment of invoices. We also receive various purchase discounts under our wholesale contracts, which may include retroactive discounts, or rebates, if we exceed contractually-defined purchase volumes. We record these discounts, regardless of their form, as a reduction of our cost of revenues.

Medicare Part D Services - We participate in the administration of the drug benefit added to the Medicare program under Part D of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("Medicare Part D") through the provision of PBM services to our health plan clients and other clients that have qualified as Medicare Part D prescription drug plans ("PDP"). We also participate (i) by offering Medicare Part D pharmacy benefits through our subsidiary, SilverScript, which has been approved as a PDP by the Centers for Medicare and Medicaid Services ("CMS"), and (ii) by assisting employer, union and other health plan clients that qualify for the retiree drug subsidy available under Medicare Part D by collecting and submitting eligibility and/or drug cost data to CMS in order for them to obtain the subsidy.

Mail Order Pharmacy - As of December 31, 2013, we operated four mail service dispensing pharmacies in the United States. Plan members or their prescribers submit prescriptions or refill requests, primarily for maintenance medications, to these pharmacies via mail, telephone, fax, e-prescribing or the Internet. We also operate a network of smaller mail service specialty pharmacies described below. Our staff pharmacists review mail service prescriptions and refill requests with the assistance of our prescription management systems. This review may involve communications with the prescriber and, with the prescriber's approval, can result in generic substitution, therapeutic interchange or other actions designed to reduce cost and improve quality of treatment. These pharmacies have been awarded Mail Service Pharmacy accreditation from Utilization Review Accreditation Commission ("URAC"), a Washington DC-based health care accrediting organization that establishes quality standards for the health care industry.

Specialty Pharmacy - Our specialty pharmacies support individuals that require complex and expensive drug therapies. As of December 31, 2013, our specialty pharmacies were comprised of 11 specialty mail order pharmacies located throughout the United States that are used for delivery of advanced medications to individuals with chronic or genetic diseases and disorders. Substantially all of these pharmacies have been accredited by the Joint Commission, which is an independent, not-for-profit organization that accredits and certifies more than 20,000 health care organizations and programs in the United States. These pharmacies have also been awarded Specialty Pharmacy accreditation from URAC. As of December 31, 2013, the Company operated a network of 25 retail specialty pharmacy stores, which operate under the CarePlus CVS/pharmacy® name. These stores average 2,600 square feet in size and sell prescription drugs and a limited assortment of front store items such as alternative medications, homeopathic remedies and vitamins. In January 2014, we enhanced our offerings of specialty infusion services and began offering enteral nutrition services through our subsidiary Coram LLC ("Coram"), which we acquired on January 16, 2014. Coram is one of the nation's largest providers of comprehensive infusion services, caring for approximately 165,000 patients annually.

Retail Pharmacy Network Management - We maintain a national network of nearly 68,000 retail pharmacies, consisting of approximately 41,000 chain pharmacies (which includes our CVS/pharmacy stores) and 27,000 independent pharmacies, in the

United States, including Puerto Rico and the District of Columbia. When a customer fills a prescription in a retail pharmacy, the pharmacy sends prescription data electronically to us from the point-of-sale. This data interfaces with our proprietary prescription management systems, which verify relevant plan member data and eligibility, while also performing a drug utilization review to evaluate clinical appropriateness and safety and confirming that the pharmacy will receive payment for the prescription.

Prescription Management Systems - We dispense prescription drugs both directly, through one of our mail service or specialty pharmacies, or through a network of retail pharmacies. All prescriptions, whether they are filled through one of our mail service dispensing pharmacies or through a pharmacy in our retail network, are analyzed, processed and documented by our proprietary prescription management systems. These systems assist staff and network pharmacists in processing prescriptions by automating review of various items, including, but not limited to, plan eligibility, early refills, duplicate dispensing, appropriateness of dosage, drug interactions or allergies, over-utilization and potential fraud.

Clinical Services - We offer multiple clinical programs and services to help clients manage overall pharmacy and health care costs in a clinically appropriate manner. Our programs are primarily designed to promote safety, and to target inappropriate utilization and non-adherence to medication, each of which may result in adverse medical events that negatively impact member health and client pharmacy and medical spend. In this regard, we offer various utilization management, medication management, quality assurance, adherence and counseling programs to complement the client's plan design and clinical strategies.

Disease Management Programs - Our clinical services utilize advanced protocols and offer clients convenience in working with health care providers and other third parties. Our Accordant® programs include integrated rare disease management programs, which cover diseases such as rheumatoid arthritis, Parkinson's disease, seizure disorders and multiple sclerosis. The majority of these integrated programs are accredited by the National Committee for Quality Assurance, a private, not-for-profit organization that evaluates, accredits and certifies a wide range of health care organizations. They have also been awarded Case Management Accreditation from URAC.

Medical Pharmacy Management - We offer a technology platform that helps identify and capture cost savings opportunities for specialty drugs billed under the medical benefit and helps ensure appropriate clinical use of these drugs.

Pharmacy Services Information Systems - We currently operate several adjudication platforms to support our Pharmacy Services Segment. The information systems incorporate architecture that centralizes the data generated from filling mail service prescriptions, adjudicating retail pharmacy claims and fulfilling other services we provide to PBM clients.

Pharmacy Services Clients - Our clients are primarily sponsors of health benefit plans (employers, insurance companies, unions, government employee groups and MCOs) and individuals located throughout the United States. We provide pharmaceuticals to eligible members in benefit plans maintained by our clients and utilize our information systems, among other things, to perform safety checks, drug interaction screening and generic substitution. We generate substantially all of our Pharmacy Services Segment net revenue from dispensing prescription drugs to eligible members in benefit plans maintained by our clients. No single PBM client accounted for 10% or more of our total consolidated revenues in 2013. Our client agreements are subject to renegotiation of terms. See "Risk Factors — Efforts to reduce reimbursement levels and alter health care financing practices" and "Risk Factors — Risks of declining gross margins in the PBM industry." During the year ended December 31, 2013, our PBM filled or managed approximately 902 million prescriptions.

Pharmacy Services Seasonality - The majority of our Pharmacy Services Segment revenues are not seasonal in nature.

Pharmacy Services Competition - We believe the primary competitive factors in the industry include: (i) the ability to negotiate favorable discounts from drug manufacturers; (ii) the ability to negotiate favorable discounts from, and access to, retail pharmacy networks; (iii) responsiveness to clients' needs; (iv) the ability to identify and apply effective cost management programs utilizing clinical strategies; (v) the ability to develop and utilize preferred drug lists; (vi) the ability to market PBM products and services; (vii) the commitment to provide flexible, clinically-oriented services to clients; and (viii) the quality, scope and costs of products and services offered to clients and their members. The Pharmacy Services Segment has a significant number of competitors offering PBM services (e.g., Express Scripts, OptumRx, Catamaran and Prime Therapeutics) including large, national PBM companies, PBMs owned by large national health plans and smaller standalone PBMs.

Retail Pharmacy Segment

As of December 31, 2013, the Retail Pharmacy Segment included 7,660 retail drugstores, of which 7,603 operated a pharmacy, our online retail pharmacy websites, CVS.com and Onofre.com.br, 17 onsite pharmacy stores and our retail health care clinics.

The retail drugstores are located in 43 states, the District of Columbia, Puerto Rico and Brazil operating primarily under the CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® names. We currently operate in 95 of the top 100 U.S. drugstore markets and hold the number one or number two market share in 86 of these markets. CVS/pharmacy stores sell prescription drugs and a wide assortment of over-the-counter and personal care products, beauty and cosmetic products, and general merchandise, which we refer to as "front store" products. Existing retail stores range in size from approximately 5,000 to 30,000 square feet, although most new stores range in size from approximately 8,000 to 13,000 square feet and typically include a drive-thru pharmacy. During 2013, we filled 731 million retail prescriptions, or approximately 21% of the U.S. retail pharmacy market.

As of December 31, 2013, we operated 800 retail health care clinics in 28 states and the District of Columbia under the MinuteClinic® name, 792 of which were located within CVS/pharmacy stores.

Retail Pharmacy Business Strategy - Our integrated pharmacy services model has enhanced the ability of our retail pharmacy stores to expand customer access to care while helping to lower overall health care costs and improve health outcomes. In that regard, the role of our retail pharmacist is shifting from primarily dispensing prescriptions to also providing services, including flu vaccinations as well as face-to-face patient counseling with respect to adherence to drug therapies, closing gaps in care and more cost effective drug therapies. In addition, personalization is core to our retail strategy. We have a number of initiatives underway, such as ExtraCare and a weekly individually tailored circular that acts as a personal shopper for the customer, that are designed to help us connect directly with individual consumers to deliver a personalized experience. We also provide a broad assortment of quality merchandise at competitive prices using a retail format that emphasizes service, innovation and convenience. One of the keys to our strategy is technology, which allows us to focus on constantly improving service and exploring ways to provide more personalized product offerings and services. We believe that continuing to be the first to market with new and unique products and services, using innovative marketing and adjusting our mix of merchandise to match our customers' needs and preferences is very important to our ability to continue to improve customer satisfaction.

Retail Pharmacy Products and Services - A typical CVS/pharmacy store sells prescription drugs and a wide assortment of high-quality, nationally advertised brand name and proprietary brand merchandise. Front store categories include over-the-counter drugs, beauty products and cosmetics, photo finishing services, seasonal merchandise, greeting cards and convenience foods. We purchase our merchandise from numerous manufacturers and distributors. We believe that competitive sources are readily available for substantially all of the products we carry and the loss of any one supplier would not likely have a material effect on the business.

Retail Pharmacy Segment net revenues by major product group are as follows:

	Percentage of Net Revenues[1]		
	2013	2012	2011
Prescription drugs	69.5%	68.8%	68.3%
Over-the-counter and personal care	11.0	10.9	10.9
Beauty/cosmetics	4.9	5.0	5.2
General merchandise and other	14.6	15.3	15.6
	100.0%	100.0%	100.0%

Pharmacy - Pharmacy revenues represented more than two-thirds of Retail Pharmacy revenues in each of 2013, 2012 and 2011. We believe that our pharmacy operations will continue to represent a critical part of our business due to favorable industry trends (e.g., an aging American population consuming a greater number of prescription drugs, pharmaceuticals being used more often as the first line of defense for managing illness, and the impact of expanded health insurance coverage through the Affordable Care Act), the introduction of new pharmaceutical products, Medicare Part D and our ongoing program of purchasing customer lists from independent pharmacies. We believe our pharmacy business benefits from our investment in both people and technology. Given the nature of prescriptions, people want their prescriptions filled accurately by professional pharmacists using the latest tools and technology, and ready when promised. Consumers need medication management programs and better information to help them get the most out of their health care dollars. To assist our customers with these needs, we have introduced integrated pharmacy health care services that provide an earlier, easier and more effective approach to engaging them in behaviors that can help lower costs, improve health, and save lives. Examples include: our Patient Care Initiative, an enhanced medication adherence program; Maintenance

Choice®, a program where eligible client plan members can elect to fill their maintenance prescriptions at our retail pharmacy stores for the same price as mail order; and Pharmacy Advisor®, our program that facilitates pharmacist counseling, both face-to-face and over the telephone, to help participating

plan members with certain chronic diseases, such as diabetes and cardiovascular conditions, to identify gaps in care, adhere to their prescribed medications and manage their health conditions. Further evidencing our belief in the importance of pharmacy service is our continuing investment in technology, such as our Drug Utilization Review system that checks for harmful interactions between prescription drugs, over-the-counter products, vitamins and herbal remedies; our pharmacy fulfillment system, Rx Connect; our prescription refill program, ReadyFill®; and our online business, CVS.com®.

Front Store - Front store revenues benefited from our strategy to be the first to market with new and unique products and services, using innovative marketing and adjusting our mix of merchandise to match our customers' needs and preferences. A key component of our front store strategy is our ExtraCare® card program, which is helping us continue to build our loyal customer base. The ExtraCare program is one of the largest and most successful retail loyalty programs in the United States. In addition, the ExtraCare program allows us to balance our marketing efforts so we can reward our best customers by providing them automatic sale prices, customized coupons, ExtraBucks® rewards and other benefits. Another component of our front store strategy is our unique product offerings, which include a full range of high-quality CVS/pharmacy® and proprietary brand products that are only available through CVS/pharmacy stores. We currently carry over 4,300 CVS/pharmacy and proprietary brand products, which accounted for approximately 18% of our front store revenues during 2013. Furthermore, we are tailoring certain groups of stores, such as our urban cluster stores, to better meet the needs of our customers.

MinuteClinic - As of December 31, 2013, we operated 800 MinuteClinic® locations in 28 states and the District of Columbia; of which 792 were located in CVS/pharmacy stores. 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. Many locations have also begun treating a variety of chronic conditions. Insurers value MinuteClinic because it provides convenient, high-quality, cost-effective care, in many cases offering an attractive alternative to more expensive sites of care. As a result, visits paid for by employers, health insurers or other third parties accounted for approximately 85% of MinuteClinic's total revenues in 2013. We anticipate opening up approximately 150 new clinics in CVS/pharmacy stores during 2014. MinuteClinic is collaborating with our Pharmacy Services Segment to help meet the needs of CVS Caremark's client plan members by offering programs that can improve member health and lower costs. MinuteClinic is now affiliated with 30 major health systems.

Onsite Pharmacies - We also operate a limited number of small pharmacies located at client sites under the CarePlus CVS/pharmacy® or CVS/pharmacy® name, which provide certain health plan members and customers with a convenient alternative for filling their prescriptions.

Retail Pharmacy Store Development - The addition of new stores has played, and will continue to play, a major role in our continued growth and success. Our store development program focuses on three areas: entering new markets, adding stores within existing markets and relocating stores to more convenient, freestanding sites. During 2013, we opened 169 new retail pharmacy stores, relocated 78 stores and closed 13 stores. During the last five years, we opened more than 1,300 new and relocated stores, and acquired 82 stores. During 2014, we expect square footage growth of between 2% to 3%. We believe that continuing to grow our store base and locating stores in desirable geographic markets are essential components to compete effectively in the current health care environment. As a result, we believe that our store development program is an integral part of our ability to maintain our leadership position in the retail drugstore industry.

Retail Pharmacy Information Systems - We have continued to invest in information systems to enable us to deliver exceptional customer service, enhance safety and quality, and expand our patient care services while lowering operating costs. In 2012, we completed the rollout of our proprietary WeCARE Workflow to all retail pharmacy locations. WeCARE Workflow is an integrated suite of enhancements to our RxConnect fulfillment system, pharmacy POS terminals and phone system to support our pharmacy colleagues and customers by seamlessly integrating and prioritizing prescription fulfillment, prescriber contact management, customer service actions and patient care interventions into a cohesive workflow. In the near term, this solution delivers improved efficiency and enhances the customer experience. Longer term, the solution provides a framework to accommodate the evolution of pharmacy practice and the expansion of our clinical programs. Our Consumer Engagement Engine® technology and proprietary clinical algorithms enable us to identify opportunities for our pharmacists to deliver face-to-face counseling regarding patient health and safety matters, including adherence issues, gaps in care and management of certain chronic health conditions. Our digital strategy empowers the consumer to navigate their pharmacy experience and manage their condition through our on-line and mobile tools that offer utility and convenience. CVS.com gained a new look and added new tools, such as access to world-class drug information and personalization of pharmacy services. We experienced strong adoption of our digital solutions with our mobile app receiving critical acclaim for ease of use and our text message program experiencing unprecedented growth.

Retail Pharmacy Customers - Managed care organizations, government-funded health care programs (including state Medicaid plans and Medicare Part D drug plans), commercial employers and other third party plans accounted for 97.9% of our

2013 pharmacy revenues. The loss of any one payor should not have a material effect on our business. No single retail payor accounts for 10% or more of our total consolidated revenues. However, the success of our retail drugstore business is dependent upon our ability to establish and maintain contractual relationships with PBMs and other payors on acceptable terms. Our contracts with commercial payors and government-funded programs are subject to renegotiation of reimbursement rates. See "Government Regulation — Reimbursement" and Item 1A., "Risk Factors — Efforts to reduce reimbursement levels and alter health care financing practices."

Retail Pharmacy Seasonality - The majority of our revenues, particularly pharmacy revenues, are generally not seasonal in nature. However, front store revenues tend to be higher during the December holiday season. For additional information, we refer you to Note 16 "Quarterly Financial Information" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Retail Pharmacy Competition - The retail drugstore business is highly competitive. We believe that we compete principally on the basis of: (i) store location and convenience, (ii) customer service and satisfaction, (iii) product selection and variety and (iv) price. In the markets we serve, we compete with other drugstore chains, supermarkets, discount retailers, independent pharmacies, membership clubs, Internet companies, and retail health clinics, as well as other mail order pharmacies and PBMs.

Corporate Segment

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

Generic Sourcing Venture

In December 2013, we announced the signing of an agreement with Cardinal Health, Inc. ("Cardinal Health") to form a generic pharmaceutical sourcing entity. This entity is expected to be operational as soon as July 1, 2014, and will have an initial term of ten years. Under this arrangement, both companies are contributing their sourcing and supply chain expertise to this entity and are committing to source and negotiate generic pharmaceutical supply contracts for both CVS Caremark and Cardinal Health through the entity.

Working Capital Practices

We fund the growth of our business through a combination of cash flow from operations, commercial paper, proceeds from sale-leaseback transactions and long-term borrowings. For additional information on our working capital practices, we refer you to the caption "Liquidity and Capital Resources" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein. The majority of our non-pharmacy revenues are paid in cash, debit or credit cards, while managed care and other third party insurance programs, which typically settle in less than 30 days, represented approximately 99.2% of our consolidated pharmacy revenues, including both Retail Pharmacy and Pharmacy Services combined, in 2013. The remainder of consolidated pharmacy revenues are paid in cash, debit or credit cards. Our customer returns are not significant.

Colleague Development

As of December 31, 2013, we employed approximately 208,000 colleagues, which included more than 26,000 pharmacists, nurse practitioners and physician assistants. The total included, approximately 78,000 part-time colleagues who work less than 30 hours per week. To deliver the highest levels of service to our customers, we devote considerable time and attention to our people and service standards. We emphasize attracting and training knowledgeable, friendly and helpful associates to work in our organization.

Intellectual Property

We have registered and/or applied to register a variety of our trademarks and service marks used throughout our business, as well as domain names, and rely on a combination of copyright, patent, trademark and trade secret laws, in addition to contractual restrictions, to establish and protect our proprietary rights. We regard our intellectual property as having significant value in our Pharmacy Services and Retail Pharmacy segments. We are not aware of any facts that could materially impact our continuing use of any of our intellectual property.

Government Regulation

Overview - Our business is subject to federal and state laws and regulations that govern the purchase, sale and distribution of prescription drugs and related services, including administration and management of prescription drug benefits. Many of our PBM clients and our payors in the Retail Pharmacy Segment, including insurers and MCOs, are themselves subject to extensive regulations that affect the design and implementation of prescription drug benefit plans that they sponsor. The application of these complex legal and regulatory requirements to the detailed operation of our business creates areas of uncertainty, particularly following the enactment of the Medicare Modernization Act ("MMA") and the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, "ACA"), some of the most significant legal and regulatory developments in the past 50 years. In addition to the MMA and ACA, there are numerous proposed health care laws and regulations at the federal and state levels, some of which could adversely affect our business if they are enacted. We are unable to predict what federal or state legislation or regulatory initiatives may be enacted in the future relating to our business or the health care industry in general, or what effect any such legislation or regulations might have on our business. Any failure or alleged failure to comply with applicable laws and regulations as summarized below, or any adverse applications of, or changes in, the laws and regulations affecting our business, could have a material adverse effect on our operating results and/or financial condition.

Anti-Remuneration Laws - Federal law prohibits, among other things, an entity from knowingly and willfully offering, paying, soliciting or receiving, subject to certain exceptions and "safe harbors," any remuneration to induce the referral of individuals or the purchase, lease or order (or the arranging for or recommending of the purchase, lease or order) of items or services for which payment may be made under Medicare, Medicaid or certain other federal health care programs. A number of states have similar laws, some of which are not limited to services paid for with government funds. State laws and exceptions or safe harbors vary and have been infrequently interpreted by courts or regulatory agencies. Sanctions for violating these federal and state anti-remuneration laws may include imprisonment, criminal and civil fines, and exclusion from participation in Medicare, Medicaid and other government-sponsored health care programs. The federal anti-remuneration law has been interpreted broadly by some courts, the Office of Inspector General (the "OIG") within the United States Department of Health and Human Services ("HHS") and administrative bodies. See Item 3, "Legal Proceedings" for further information.

Antitrust and Unfair Competition - The Federal Trade Commission ("FTC") has authority under Section 5 of the Federal Trade Commission Act ("FTCA") to investigate and prosecute practices that are "unfair trade practices" or "unfair methods of competition." Numerous lawsuits have been filed throughout the United States against pharmaceutical manufacturers, retail pharmacies and/or PBMs under various state and federal antitrust and unfair competition laws challenging, among other things: (i) brand drug pricing practices of pharmaceutical manufacturers, (ii) the maintenance of retail pharmacy networks by PBMs, and (iii) various other business practices of PBMs and retail pharmacies. To the extent that we appear to have actual or potential market power in a relevant market, our business arrangements and uses of confidential information may be subject to heightened scrutiny from an anti-competitive perspective and possible challenge by state or federal regulators or private parties. See Item 3, "Legal Proceedings" for further information.

Consumer Protection Laws - The federal government has many consumer protection laws, such as the FTCA, the Federal Postal Service Act and the FTC's Telemarketing Sales Rule. Most states also have similar consumer protection laws. These laws have been the basis for investigations, lawsuits and multi-state settlements relating to, among other matters, the marketing of loyalty programs and health care services, pricing accuracy, expired front store products and financial incentives provided by drug manufacturers to pharmacies in connection with therapeutic interchange programs.

Contract Audits - We are subject to audits of many of our contracts, including our PBM client contracts, our PBM rebate contracts, our contracts relating to Medicare Part D and the agreement our pharmacies enter into with payors. Because some of our contracts are with state or federal governments or with entities contracted with state or federal agencies, audits of these agreements are often regulated by the federal or state agencies responsible for administering federal or state benefits programs, including those which operate Medicaid fee for service plans, Managed Medicaid plans, Medicare Part D plans or Medicare Advantage organizations.

Disease Management Services Regulation - We provide disease management programs to PBM plan members for rare medical conditions and arrange for them to receive disease management programs for common medical conditions. State laws regulate the practice of medicine, the practice of pharmacy and the practice of nursing. Clinicians engaged in a professional practice in connection with the provision of disease management services must satisfy applicable state licensing requirements.

Environmental Regulation - Our business is subject to various federal, state and local laws, regulations and other requirements pertaining to protection of the environment and public health, including, for example, regulations governing the management of waste materials and waste waters. Governmental agencies on the federal, state and local levels have, in recent

years, increasingly focused on the retail sector's compliance with such laws and regulations, and have at times pursued enforcement activities.

ERISA Regulation - The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), provides for comprehensive federal regulation of certain employee pension and benefit plans, including private employer and union sponsored health plans and certain other plans that contract with us to provide PBM services. In general, we assist plan sponsors in the administration of the prescription drug portion of their health benefit plans, in accordance with the plan designs adopted by the plan sponsors. We do not believe that the conduct of our business subjects us to the fiduciary obligations of ERISA, except when we have specifically contracted with a plan sponsor to accept limited fiduciary responsibility, such as for the adjudication of initial prescription drug benefit claims and/or the appeals of denied claims under a plan, and with respect to the Contraceptive Coverage Mandate, one of the health reforms included in ACA. We and other PBMs have been named in lawsuits alleging that we act as a fiduciary, as such term is defined by ERISA, with respect to health benefit plans and that we have breached certain fiduciary obligations under ERISA.

In addition to its fiduciary provisions, ERISA imposes civil and criminal liability on service providers to health plans and certain other persons if certain forms of illegal remuneration are made or received. These provisions of ERISA are similar, but not identical, to the health care anti-remuneration statutes discussed above, although ERISA lacks the statutory and regulatory "safe harbor" exceptions incorporated into the health care statutes. Similar to these health care statutes, the corresponding provisions of ERISA are broadly written and their application to specific business practices is often uncertain.

State laws discussed in this Government Regulation section that may be applicable to us or to plan sponsors that are our customers may be preempted in whole or in part by ERISA. However, the scope of ERISA preemption is uncertain and is subject to conflicting court rulings.

False Claims and Fraudulent Billing Statutes - A range of federal civil and criminal laws target false claims and fraudulent billing activities. One of the most significant of these laws is the Federal False Claims Act ("FCA"), which prohibits the submission of a false claim or the making of a false record or statement in order to secure reimbursement from, or limit reimbursement to, a government-sponsored program. The Fraud Enforcement and Recovery Act of 2009 ("FERA") implemented substantial changes to the FCA which expands the scope of FCA liability, provides for new investigative tools and makes it easier for *qui tam* relators (often referred to as "whistleblowers") to bring and maintain FCA suits on behalf of the government. ACA further eased the burden for whistleblowers to bring and maintain FCA suits by modifying the "public disclosure" and "original source" provisions of the FCA. Most states have passed substantially similar acts. In recent years, federal and state government authorities have launched several initiatives aimed at uncovering practices that violate false claims or fraudulent billing laws, and they have conducted numerous investigations of pharmaceutical manufacturers, PBMs, pharmacies and health care providers with respect to false claims, fraudulent billing and related matters. See Item 3, "Legal Proceedings" for further information.

FDA Regulation - The United States Food and Drug Administration ("FDA") generally has authority to regulate drugs, drug classifications and drug promotional information and materials that are disseminated by a drug manufacturer or by other persons on behalf of a drug manufacturer. The FDA also has the regulatory authority (i) over many of the products sold through retail pharmacies, including certain food items, cosmetics, dietary supplements and over-the-counter ("OTC") medications, and (ii) to require the submission and implementation of a risk evaluation and mitigation strategy ("REMS") if the FDA determines that a REMS is necessary for the safe and effective marketing of a drug. To the extent we dispense products subject to REMS requirements or provide REMS services to pharmaceutical manufacturers, we are subject to audit by the FDA and the pharmaceutical manufacturer. The FDA also has regulatory authority over medical devices such as OTC genetic tests and genetic tests conducted by medical laboratories, and the FDA continues to evaluate the need for further regulation of such tests.

Federal Employee Health Benefits Program - We have a contractual arrangement with the BlueCross BlueShield Association ("BCBSA") to provide pharmacy services to federal employees, postal workers, annuitants, and their dependents under the Government-wide Service Benefit Plan, as authorized by the Federal Employees Health Benefits Act ("FEHBA") and as part of the Federal Employees Health Benefits Program ("FEHBP"). This arrangement subjects us to FEHBA, and other federal regulations, such as the Federal Employees Health Benefits Acquisition Regulation, that otherwise are not applicable to us.

Formulary Regulation - A number of states regulate the administration of prescription drug benefits. Additionally, the National Association of Insurance Commissioners ("NAIC") has developed a model law, the "Health Carriers Prescription Drug Benefit Management Model Act," that addresses formulary regulation issues for risk-bearing entities regulated by state insurance commissioners and could form the basis of state legislation. Medicare Part D regulates how formularies are developed and administered, including requiring the inclusion of all drugs in certain classes and categories, subject to limited exceptions, on a Medicare Part D plan's formulary. ACA's Essential Health Benefits Rule also imposes minimum drug coverage

requirement for health plans subject to these requirements, including plans offered through the Federal or State Exchanges. The increasing government regulation of formularies could significantly affect our ability to develop and administer formularies on behalf of our insurer, MCO and other clients.

Government Agreements and Mandates - In March 2008, the Company entered into a settlement agreement with the federal government and a number of states related to the dispensing of the generic drug ranitidine at its retail pharmacies. At the same time, the Company entered into a corporate integrity agreement with the OIG for a period of five years applicable to certain retail and mail service operations of the Company. This 2008 corporate integrity agreement requires, among other things, maintenance of our compliance program, employee training, specific reviews by an independent review organization and various government reporting obligations. In April 2011, we entered into an amendment of the corporate integrity agreement in connection with the previously announced settlement of a federal and state government investigation of certain retail pharmacy billing practices with respect to "dual eligible" customers having both Medicaid coverage and other third-party insurance coverage. This amendment requires the Company to comply with the corporate integrity agreement, as amended, for a period of three years and further requires, among other things, additional employee training obligations, additional reporting obligations and periodic Medicaid billing reviews by an independent review organization. Failure to meet our obligations under this corporate integrity agreement, as amended, could result in stipulated financial penalties, and failure to comply with material terms could lead to exclusion of our applicable business from participation in federal health care programs.

In January 2009, we entered into separate settlement agreements with the FTC and the HHS Office for Civil Rights ("OCR") resolving a joint investigation of disposal of patient information at a limited number of CVS/pharmacy locations. As part of the FTC settlement, we agreed to maintain an appropriate enterprise-wide information security program during the twenty-year term of the agreement with biennial compliance monitoring by an external assessor. As part of the OCR settlement, we agreed to maintain confidential waste disposal policies and procedures, training and employee sanctions at our retail stores. The OCR settlement provided for annual compliance monitoring by an external assessor. In June 2013, we received from the OCR a closure letter that noted we were in material compliance with our OCR settlement agreement and we had significantly improved our retail store processes surrounding protected health information and that our mandatory monitoring and reporting obligations were satisfied.

In October 2010, the Company entered into a non-prosecution agreement and civil settlement agreement with the U.S. Department of Justice ("DOJ") and various United States Attorneys' Offices relating to the sale and distribution of pseudoephedrine products at certain CVS/pharmacy stores, primarily in California and Nevada. The Company also entered into a related memorandum of agreement with the U.S. Drug Enforcement Administration ("DEA"). The non-prosecution agreement and the memorandum of agreement contain certain ongoing compliance requirements for the Company, and failure to comply with the terms of these documents could lead to civil or criminal remedies, financial penalties and/or administrative remedies against the DEA registrations for our retail pharmacies and distribution centers. The term of the non-prosecution agreement was three years and ended in October 2013. The term of the memorandum of agreement is five years.

In May 2012, a previously announced proposed consent order between the FTC and the Company became final and concluded an FTC investigation of the Company that commenced in 2009. The final consent order prohibits the Company from misrepresenting the price or cost of Medicare Part D prescription drugs or other prices or costs associated with Medicare Part D prescription drug plans.

On October 12, 2012, the DEA Administrator published its Final Decision and Order revoking the DEA license registrations for dispensing controlled substances at two of our retail pharmacy stores in Sanford, Florida. The license revocations for the two stores formally became effective on November 13, 2012. The pharmacies had voluntarily suspended dispensing controlled substances since April 2012, and have continued operating in that manner in compliance with the DEA Order.

In addition to the government agreements described above, the Company and/or its various affiliates are subject to other consent decrees or settlement agreements with various federal, state and local authorities that may contain certain ongoing reporting, monitoring or other compliance requirements for the Company. These agreements relate to such matters as privacy practices, waste disposal practices, selling expired products, environmental and safety matters, tobacco sales, marketing and advertising practices, pharmacy operations and various other business practices.

Health Reform Legislation - Congress passed major health reform legislation in 2010 referred to in this document as ACA. This legislation affects virtually every aspect of health care in the country. In addition to establishing the framework for every individual to have health coverage beginning in 2014, ACA enacted a number of significant health care reforms. While not all of these reforms affect our business directly, many affect the coverage and plan designs that are or will be provided by many of our health plan clients. As a result, these reforms could indirectly impact many of our services and business practices, and, in many other cases, directly impact our services and business practices. Given that many of the regulations implementing ACA

are still being finalized and that ongoing sub-regulatory guidance is still being issued, there is considerable uncertainty as to its full impact on our Company.

Managed Care Reform - In addition to health reforms enacted by ACA, proposed legislation has been considered at the state level, and legislation has been enacted in several states, aimed primarily at providing additional rights and access to drugs to individuals enrolled in managed care plans. This legislation may impact the design and implementation of prescription drug benefit plans sponsored by our PBM health plan clients and/or the services we provide to them. Both the scope of the managed care reform proposals considered by state legislatures and reforms enacted by states to date vary greatly, and the scope of future legislation that may be enacted is uncertain.

Medicare Part D - The Medicare Part D program, which makes prescription drug coverage available to eligible Medicare beneficiaries through private insurers, regulates all aspects of the provision of Medicare drug coverage, including enrollment, formularies, pharmacy networks, marketing, and claims processing. The Medicare Part D program has undergone significant legislative and regulatory changes since its inception, including changes made by ACA.

In April 2012, CMS issued a rule that requires coverage other than basic prescription drug coverage offered through Medicare Part D employer group waiver plans ("EGWPs") to be included in the definition of "other health or prescription drug coverage," starting January 1, 2014. CMS has clarified that, because the supplemental benefits primarily reduce cost sharing on claims covered under the basic benefit, they will continue as a practical matter to be subject to the Medicare Part D rules.

Medicare Part D continues to attract a high degree of legislative and regulatory scrutiny, and the applicable government rules and regulations continue to evolve. CMS sanctions for non-compliance may include suspension of enrollment and even termination from the program. CMS has imposed restrictions and consent requirements for automatic prescription delivery programs, further limited the circumstances under which Medicare Part D plans may recoup payments to pharmacies for claims that are subsequently determined not payable under Medicare Part D and, is expected to issue a proposed regulation that may limit the ability of Medicare Part D plans to establish preferred pharmacy networks. Accordingly, it is possible that legislative and regulatory developments and regulatory oversight could materially affect our Medicare Part D business or profitability.

Network Access Legislation - A majority of states now have some form of legislation affecting the ability to limit access to a pharmacy provider network or remove network providers. Certain "any willing provider" legislation may require us or our clients to admit a non-participating pharmacy if such pharmacy is willing and able to meet the plan's price and other applicable terms and conditions for network participation. These laws vary significantly from state to state in regard to scope, requirements and application. To the extent any state or federal any willing provider laws are determined to apply to us or to certain of our clients or to the pharmacy networks we manage for our PBM clients, such laws could negatively impact the services and economic benefits achievable through a limited pharmacy provider network.

PBM Laws and Regulation - Legislation seeking to regulate PBM activities in a comprehensive manner has been introduced or enacted in a number of states. This legislation varies in scope and often contains provisions that may impact our Company. To the extent states or other government entities enact legislation regulating PBMs that survive legal challenges to their enforceability, such legislation could adversely impact our ability to conduct business on commercially reasonable terms in locations where the legislation is in effect.

In addition, certain quasi-regulatory organizations, including the National Association of Boards of Pharmacy and the NAIC have issued model regulations or may propose future regulations concerning PBMs and/or PBM activities. Similarly, credentialing organizations such as the National Committee for Quality Assurance and the URAC may establish voluntary standards regarding PBM or specialty pharmacy activities. While the actions of these quasi-regulatory or standard-setting organizations do not have the force of law, they may influence states to adopt their requirements or recommendations and influence client requirements for PBM or specialty pharmacy services. Moreover, any standards established by these organizations could also impact our health plan clients and/or the services we provide to them.

Pharmacy and Professional Licensure and Regulation - We are subject to state and federal statutes and regulations governing the operation of retail and mail pharmacies, the transfer of prescriptions, repackaging of drug products, wholesale distribution, dispensing of controlled substance and listed chemical products, and medical and controlled substance waste disposal. Federal and state statutes and regulations govern the labeling, packaging, advertising and adulteration of prescription drugs and the dispensing of controlled substances, and some state regulations require compliance with standards established by the United States Pharmacopeia with respect to the packaging, storing and shipping of pharmaceuticals. Federal and state controlled substance laws require us to register our pharmacies and distribution centers with the DEA and state controlled substances agencies and to comply with security, recordkeeping, inventory control, personnel and labeling standards in order to

possess and dispense controlled substances and listed chemical products. We undergo audits by these regulatory bodies on a regular basis.

Plan Design Legislation - Some states have enacted legislation that prohibits a health plan sponsor from implementing certain restrictive design features, and many states have introduced legislation to regulate various aspects of managed care plans, including provisions relating to pharmacy benefits. Legislation imposing plan design mandates may apply to certain of our clients and could have the effect of limiting the economic benefits achievable through PBM services we provide.

Privacy and Confidentiality Requirements - Many of our activities involve the receipt, use and disclosure by us of personally identifiable information ("PII") as permitted in accordance with applicable federal and state privacy and data security laws, which require organizations to provide appropriate privacy protections and security safeguards for such information. In addition to PII, we use and disclose de-identified data for analytical and other purposes.

The federal Health Insurance Portability and Accountability Act of 1996 and the regulations issued thereunder (collectively "HIPAA") impose extensive requirements on the way in which health plans, health care providers, health care clearinghouses (known as "covered entities") and their business associates use, disclose and safeguard protected health information ("PHI"). HIPAA also gives individuals certain rights with respect to their PHI. For most uses and disclosures of PHI other than for treatment, payment, health care operations or certain public policy purposes, HIPAA generally requires that covered entities obtain the individual's written authorization. Criminal penalties and civil sanctions may be imposed for failing to comply with HIPAA standards. In January 2013, HHS issued a rule implementing the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), enacted as part of the American Recovery and Reinvestment Act of 2009. Among other things, the rule expands the circumstances under which authorizations are required to send communications to individuals that are funded by third parties and extends HIPAA privacy and security requirements and penalties directly to business associates of covered entities.

In addition to HIPAA, most states have enacted health care information confidentiality laws which limit the disclosure of confidential medical information. These state laws supersede HIPAA to the extent they are more protective of individual privacy than is HIPAA.

HHS has also issued regulations requiring federal and state exchanges to impose privacy and security standards on non-Exchange entities to protect PII obtained through the exchanges beginning in 2014. In proposed regulations, HHS has defined the term "non-exchange entities" to include insurers offering plans through the exchanges and would require that these entities in turn impose the same or more stringent privacy and security standards on their "downstream entities". If this rule is finalized as proposed, unless HIPAA-covered entities are able to negotiate with an exchange to accept compliance with HIPAA privacy and security standards as a substitute for complying with the exchange privacy and security standards, insurers offering plans through the exchanges and their business associates could potentially be subject to additional privacy and security standards in addition to HIPAA and existing more stringent state laws.

Reimbursement - A significant portion of our net revenue is derived directly from Medicare, Medicaid and other government-sponsored health care programs, and we are therefore subject to, among other laws and regulations, federal and state reimbursement laws and regulatory requirements, anti-remuneration laws, the Stark Law and/or federal and state false claims laws. (See the "Self-Referral Laws" section below for explanation of the Stark Law.) Sanctions for violating these federal and/or state laws may include, without limitation, recoupment or reduction of government reimbursement amounts, criminal and civil penalties and exclusion from participation in Medicare, Medicaid and other government health care programs. See Item 3, "Legal Proceedings," for further information.

Changes in reporting of Average Wholesale Price ("AWP"), Average Manufacturer Price ("AMP"), or Average Sales Price, which are pricing elements common to most payment formulas, or other adjustments that may be made regarding the reimbursement of drug payments by Medicaid and Medicare could impact our pricing to customers and other payors and/or could impact our ability to negotiate discounts or rebates with manufacturers, wholesalers, PBMs or retail and mail pharmacies. In some circumstances, such changes could also impact the reimbursement that we receive from Medicare or Medicaid programs for drugs covered by such programs and from MCOs that contract with government health programs to provide prescription drug benefits.

Reimportation - The MMA amended the Food, Drug and Cosmetic Act by providing that the FDA should promulgate rules that would permit pharmacists and wholesalers to import prescription drugs from Canada into the United States under certain circumstances. However, the promulgation of such rules is subject to a precondition that the FDA certify to Congress that such reimportation would not pose any additional risk to the public's health and safety and that it would result in a significant cost reduction. To date, the FDA has not provided such a certification. The FDA continues to strongly oppose efforts

to allow the widespread importation of drugs from Canada and elsewhere, citing concerns that such activities undermine the FDA's ability to oversee the quality and safety of the nation's drug supply. If the FDA changes its position and permits the broader importation of drugs from Canada in the future, or if new or pending health legislation or regulations permit the importation of drugs from the European Union or other countries in the future, our pharmacy services could be impacted.

Retail Clinics - States regulate retail clinics operated by nurse practitioners or physician assistants through physician oversight, lab licensing and the prohibition of the corporate practice of medicine. A number of states have implemented or proposed laws or regulations that impact certain components of retail clinic operations such as physician oversight, signage, third party contracting requirements, bathroom facilities, and scope of services. These laws and regulations may affect the operation and expansion of our owned and managed retail clinics.

Safety Regulations - The Occupational Safety and Health Act of 1970, as amended ("OSHA"), establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated under OSHA, and various record keeping, reporting and procedural requirements. Many of these OSHA standards, as well as various state and local laws and regulations pertaining to employee safety and health, including some that apply specifically to healthcare employees, apply to our operations. Any failure to comply with these regulations could result in fines or other sanctions by government authorities.

Self-Referral Laws - The federal law commonly known as the "Stark Law" prohibits a physician from referring Medicare or Medicaid beneficiaries for "designated health services" (which include, among other things, outpatient prescription drugs, home health services and durable medical equipment and supplies) to an entity with which the physician or an immediate family member of the physician has a "financial relationship" and prohibits the entity receiving a prohibited referral from presenting a claim to Medicare or Medicaid for the designated health service furnished under the prohibited referral. State statutes and regulations also prohibit payments for the referral of individuals by physicians to health care providers with whom the physicians have a financial relationship. Some of these state statutes and regulations apply to services reimbursed by governmental as well as private payors.

Violation of these laws may result in prohibition of payment for services rendered, loss of pharmacy or health care provider licenses, fines and criminal penalties. The laws and exceptions or safe harbors may vary from the federal Stark Law and vary significantly from state to state. The laws are often vague, and, in many cases, have not been interpreted by courts or regulatory agencies.

State Insurance Laws - PDPs and our PBM service contracts, including those in which we assume certain risk under performance guarantees or similar arrangements, are generally not subject to insurance regulation by the states. However, if a PBM offers to provide prescription drug coverage on a capitated basis or otherwise accepts material financial risk in providing pharmacy benefits, laws and regulations in various states may be applicable. Such laws may require that the party at risk become licensed as an insurer, establish reserves or otherwise demonstrate financial viability. Laws that may apply in such cases include insurance laws and laws governing MCOs and limited prepaid health service plans. The Company offers a PDP through SilverScript, which is subject to state insurance laws regarding licensure and solvency.

Some states have laws that prohibit submitting a false claim or making a false record or statement in order to secure reimbursement from an insurance company. These state laws vary, and violation of them may lead to the imposition of civil or criminal penalties. Additionally, several states have passed legislation governing the prompt payment of claims that requires, among other things, that health plans and payors pay claims within certain prescribed time periods or pay specified interest penalties. These laws vary from state to state in regard to scope, requirements and application, and it is not clear the extent to which they may apply to our clients or to us. Certain health plans and payors may be exempt from such laws on the basis of ERISA preemption, but the scope of ERISA preemption is unclear.

Telemarketing and Other Outbound Contacts - Certain federal and state laws, such as the Telephone Consumer Protection Act ("TCPA"), give the FTC, Federal Communications Commission ("FCC") and state attorneys general law enforcement tools to regulate telemarketing practices and certain automated outbound contacts such as phone calls, texts or emails. These laws may, among other things, impose registration requirements, require disclosures of specific information, prohibit misrepresentations, limit when, where and how consumers may be contacted, require consumer consent prior to being contacted, require transmission of Caller ID information, prohibit certain abandoned outbound calls, prohibit unauthorized billing, set payment restrictions for the sale of certain goods and services, require the establishment of certain policies and training of personnel and require the retention of specific business records. In October 2013, new FCC rules went into effect aimed at better aligning the FCC's regulatory response under the TCPA with the FTC's response, as well as requiring written prior consent for calls using an automatic telephone dialing system (call to a mobile number) or an artificial or prerecorded

voice (call to a residential or mobile number). The Company's use of telemarketing and other outbound contacts could be impacted by these laws and regulations.

Third Party Administration and Other State Licensure Laws - Many states have licensure or registration laws governing certain types of administrative organizations, such as preferred provider organizations, third party administrators and companies that provide utilization review services. Several states also have licensure or registration laws governing the organizations that provide or administer consumer card programs (also known as cash card or discount card programs). The scope of these laws differs significantly from state to state, and the application of such laws to our activities often is unclear.

Whistleblower Statutes - Certain federal and state laws, including the FCA, contain provisions permitting the filing of *qui tam* or "whistleblower" lawsuits alleging violations of such laws. Whistleblower provisions allow private individuals to bring lawsuits on behalf of the federal or state government alleging that the defendant has defrauded the government, and there is generally no minimum evidentiary or legal threshold required for bringing such a lawsuit. These lawsuits are typically filed under seal with the applicable federal or state enforcement authority, and such authority is required to review the allegations made and to determine whether it will intervene in the lawsuit and take the lead in the litigation. Because a *qui tam* lawsuit typically is filed under seal pending a government review of the allegations, the defendant generally may not be aware of the lawsuit until the government determines whether or not it will intervene or until the lawsuit is otherwise unsealed, a process which may take years. See Item 3, "Legal Proceedings," for further information.

Although we believe that we are in material compliance with existing laws and regulations applicable to our various business lines, we cannot give any assurances that our business, financial condition and results of operations will not be materially adversely affected, or that we will not be required to materially change our business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations, including the laws and regulations described in this Government Regulation section, as they may relate to our business, the pharmacy services, retail pharmacy or retail clinic industry or to the health care industry generally; (iii) pending or future federal or state governmental investigations of our business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) institution of government enforcement actions against us; (v) adverse developments in any pending *qui tam* lawsuit against

us, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against us; or (vi) adverse developments in other pending or future legal proceedings against us or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

Available Information

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 the Company's Web site at *http://info.cvscaremark.com*. Our financial press releases and filings with the U.S. Securities and Exchange Commission ("SEC") are available free of charge within the Investors section of our Web site at *http://www.cvscaremark.com/investors*. In addition, the SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers, such as the Company, that file electronically with the SEC. The address of that Web site is *http://www.sec.gov*.

Item 1A. Risk Factors

Our business is subject to various industry, economic, regulatory and other risks and uncertainties. Our business, financial condition, results of operations, cash flows and prospects could be materially adversely affected by any one or more of the following risk factors and by additional risks and uncertainties not presently known to us or that we currently deem to be immaterial:

The health of the economy in general and in the markets we serve.

Our business is affected by the economy in general, including changes in consumer purchasing power, preferences and/or spending patterns. Although an economic recovery might be underway, it is possible that a worsening of the economic environment will cause a decline in drug utilization, and dampen demand for pharmacy benefit management services as well as consumer demand for products sold in our retail stores. Further, interest rate fluctuations, changes in capital market conditions and regulatory changes may affect our ability to obtain necessary financing on acceptable terms, our ability to secure suitable store locations under acceptable terms and our ability to execute sale-leaseback transactions under acceptable terms. These circumstances could result in an adverse effect on our business and financial results.

Efforts to reduce reimbursement levels and alter health care financing practices.

The continued efforts of health maintenance organizations, managed care organizations, PBM companies, government entities, and other third party payors to reduce prescription drug costs and pharmacy reimbursement rates may impact our profitability. In particular, increased utilization of generic pharmaceuticals (which normally yield a higher gross profit rate than equivalent brand named drugs) has resulted in pressure to decrease reimbursement payments to retail and mail order pharmacies for generic drugs, causing a reduction in the generic profit rate. Historically, the effect of this trend on generic profitability has been mitigated by our efforts to negotiate reduced acquisition costs of generic pharmaceuticals with manufacturers. However, in recent years, there has been significant consolidation within the generic manufacturing industry, and it is possible that this dynamic may enhance the ability of manufacturers to sustain or increase pricing of generic pharmaceuticals and diminish our ability to negotiate reduced acquisition costs.

In addition, during the past several years, the U.S. health care industry has been subject to an increase in governmental regulation at both the federal and state levels. Efforts to control health care costs, including prescription drug costs, are underway at the federal and state government levels. Changing political, economic and regulatory influences may significantly affect health care financing and reimbursement practices.

ACA made several significant changes to Medicaid rebates and to reimbursement. One of these changes was to revise the definition of AMP and the reimbursement formula for multi-source (i.e., generic) drugs. In addition, ACA made other changes that affect the coverage and plan designs that are or will be provided by many of our health plan clients, including the requirement for health insurers to meet a minimum medical loss ratio to avoid having to pay rebates to enrollees. These ACA changes may not affect our business directly, but they could indirectly impact our services and/or business practices.

The possibility of PBM client loss and/or the failure to win new PBM business.

Our PBM business generates net revenues primarily by contracting with clients to provide prescription drugs and related health care services to plan members. PBM client contracts often have terms of approximately three years in duration, so approximately one third of a PBM's client base typically is subject to renewal each year. In some cases, however, PBM clients may negotiate a shorter or longer contract term or may require early or periodic renegotiation of pricing prior to expiration of a contract. In addition, the reputational impact of a service-related incident could negatively affect our ability to grow and retain our client base. Further, the PBM industry has been impacted by consolidation activity that may continue in the future. In the event one or more of our PBM clients is acquired by an entity that is not also our client, we may be unable to retain all or a portion of the acquired business. These circumstances, either individually or in the aggregate, could result in an adverse effect on our business and financial results. Therefore, we continually face challenges in competing for new PBM business and retaining or renewing our existing PBM business. There can be no assurance that we will be able to win new business or secure renewal business on terms as favorable to us as the present terms.

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

The profitability of our business is dependent upon the utilization of prescription drug products. Utilization trends are affected by, among other factors, the introduction of new and successful prescription pharmaceuticals as well as lower-priced generic alternatives to existing brand name products. Accordingly, our business could be impacted by a slowdown in the introduction of new and successful prescription pharmaceuticals and/or generic alternatives (the sale of which normally yield higher gross profit margins than brand name equivalents).

Risks relating to the market availability, suppliers and safety profiles of prescription drugs that we purchase and sell.

We dispense significant volumes of brand-name and generic drugs from our retail and mail-order pharmacies and through our PBM's network of retail pharmacies. When increased safety risk profiles or manufacturing or other supply issues of specific drugs or classes of drugs occur, or drugs become subject to greater restrictions as controlled substances, physicians may cease writing prescriptions for these drugs or the utilization of these drugs may be otherwise reduced. Additionally, adverse publicity regarding drugs with higher safety risk profiles may result in reduced consumer demand for such drugs. On occasion, products are withdrawn by their manufacturers or transition to over-the-counter products, which can result in lower prescription utilization. In addition, future FDA rulings could restrict the supply or increase the cost of products sold to our customers. Our volumes, net revenues, profitability and cash flows may decline as a result of such regulatory rulings or market changes.

Risks of declining gross margins in the PBM industry.

The PBM industry has been experiencing margin pressure as a result of competitive pressures and increased client demands for lower prices, enhanced service offerings and/or higher service levels. In that regard, we maintain contractual relationships with generic pharmaceutical manufacturers and brand name pharmaceutical manufacturers that provide for purchase discounts and/or rebates on drugs dispensed by pharmacies in our retail network and by our mail order pharmacies (all or a portion of which may be passed on to clients). Manufacturer rebates often depend on a PBM's ability to meet contractual market share or other requirements, including in some cases the placement of a manufacturer's products on the PBM's formularies. If we lose our relationship with one or more pharmaceutical manufacturers, or if the discounts or rebates provided by pharmaceutical manufacturers decline, our business and financial results could be adversely affected. Further, competitive pressures in the PBM industry have caused our PBM and other PBMs to share with clients a larger portion of rebates and/or discounts received from pharmaceutical manufacturers. In addition, market dynamics and regulatory changes have impacted our ability to offer plan sponsors pricing that includes the use of retail "differential" or "spread", which could negatively impact our future profitability. Further, changes in existing federal or state laws or regulations or the adoption of new laws or regulations relating to patent term extensions, purchase discount and rebate arrangements with pharmaceutical manufacturers, or to formulary management or other PBM services could also reduce the discounts or rebates we receive. Our Retail Pharmacy Segment has also been impacted by the margin pressures described above.

Regulatory and business changes relating to our participation in Medicare Part D.

Since its inception in 2006, Medicare Part D has resulted in increased utilization and decreased pharmacy gross margin rates as higher margin business, such as cash and state Medicaid customers, migrated to Medicare Part D coverage. Further, as a result of ACA and changes to Medicare Part D, such as the elimination in 2013 of the tax deductibility of the retiree drug subsidy payment received by sponsors of retiree drug plans, our PBM clients could decide to discontinue providing prescription drug benefits to their Medicare-eligible members. To the extent this occurs, the adverse effects of increasing customer migration into Medicare Part D may outweigh the benefits we realize from growth of our Medicare Part D business. In addition, if the cost and complexity of Medicare Part D exceed management's expectations or prevent effective program implementation or administration; if changes to the regulations regarding how drug costs are reported for Medicare Part D and retiree drug subsidy purposes are

implemented in a manner that impacts the profitability of our Medicare Part D business; if the government alters Medicare program requirements or reduces funding because of the higher-than-anticipated cost to taxpayers of Medicare Part D or for other reasons; if we fail to design and maintain programs that are attractive to Medicare participants; if CMS imposes restrictions on our Medicare Part D business as a result of audits or other regulatory actions; if we fail to successfully implement corrective action or other remedial measures sufficient to prevent or remove any applicable restrictions that may be imposed by CMS; if we fail to effectively integrate and operate the Medicare Part D businesses we have acquired; or if we are not successful in retaining enrollees, or winning contract renewals or new contracts under Medicare Part D's competitive bidding process, our Medicare Part D services and the ability to expand our Medicare Part D services could be impacted.

Possible changes in industry pricing benchmarks.

It is possible that the pharmaceutical industry or regulators may evaluate and/or develop an alternative pricing reference to replace AWP, which is the pricing reference used for many of our PBM client contracts, pharmaceutical purchase agreements, retail network contracts, specialty payor agreements and other contracts with third party payors. Future changes to the use of AWP or to other published pricing benchmarks used to establish pharmaceutical pricing, including changes in the basis for calculating reimbursement by federal and state health programs and/or other payors, could impact the reimbursement we receive from Medicare and Medicaid programs, the reimbursement we receive from PBM clients and other payors and/or our ability to negotiate rebates and/or discounts with pharmaceutical manufacturers, wholesalers, PBMs and retail pharmacies. The effect of these possible changes on our business cannot be predicted at this time.

An extremely competitive business environment.

Each of the retail pharmacy business and the pharmacy services business currently operates in a highly competitive and evolving health care environment. Our competitive success is impacted by the ability of our retail pharmacy business to establish and maintain contractual relationships with PBMs and other payors on acceptable terms and by the ability of our pharmacy services business to establish and maintain contractual relationships with network pharmacies in an environment where some PBM clients are considering adopting narrow or restricted retail pharmacy networks.

As a pharmacy retailer, we compete with other drugstore chains, supermarkets, discount retailers, independent pharmacies, membership clubs, Internet companies and retail health clinics, as well as other mail order pharmacies and PBMs. In that regard, many pharmacy benefit plans have implemented plan designs that mandate or provide incentives to fill maintenance

medications through mail order pharmacies. To the extent this trend continues, any negative impact in our retail pharmacy could out-weigh an increase in our own mail order business and/or an increase in participation in our Maintenance Choice program. In addition, some of these competitors may offer services and pricing terms that we may not be willing or able to offer. Competition may also come from other sources in the future.

Competitors in the PBM industry (e.g., Express Scripts, OptumRx, Catamaran and Prime Therapeutics), include large, national PBM companies, PBMs owned by large national health plans and smaller standalone PBMs. Some of these competitors may offer services and pricing terms that we may not be willing or able to offer. In addition, competition may also come from other sources in the future. Unless we can demonstrate enhanced value to our clients through innovative product and service offerings, particularly in a rapidly changing industry, we may be unable to remain competitive. In addition, changes in the overall composition of our pharmacy networks, or reduced pharmacy access under our networks, could adversely affect our claims volume and/or our competitiveness generally.

Relationship with our retail customers and the demand for our products and services

The success of our retail business depends in part on customer loyalty, superior customer service and our ability to persuade customers to purchase products in additional categories and our proprietary brands. Failure 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 could negatively affect our relationship with our customers and the demand for our products and services.

Reform of the U.S. health care system.

Congressional efforts to reform the U.S. health care system finally came to fruition in 2010 with the passage of ACA, which is resulting in significant structural changes to the health insurance system. See "Business - Government Regulation".
Many of the structural changes enacted by ACA are being implemented in 2014, and some of the applicable regulations and sub-regulatory guidance have not yet been issued and/or finalized. Therefore, there remains considerable uncertainty as to the full impact of ACA on our business. While these reforms may not affect our business directly, they affect the coverage and plan designs that are or will be provided by many of our health plan clients. As a result, they could indirectly impact many of our services and business practices. We cannot predict what effect, if any, the ACA changes may have on our retail pharmacy and pharmacy services businesses, and it is possible that other legislative or market-driven changes in the health care system that we cannot anticipate could also occur.

The failure or disruption of our information technology systems, our information security systems and our infrastructure to support our business and to protect the privacy and security of sensitive customer and business information.

Many aspects of our operations are dependent on our information systems and the information collected, processed, stored, and handled by these systems. Throughout our operations, we receive, retain and transmit certain confidential information, including personally identifiable information that our customers and clients provide to purchase products or services, enroll in programs or services, register on our websites, interact with our personnel, or otherwise communicate with us. In addition, for these operations, we depend in part on the secure transmission of confidential information over public networks. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches including credit card information breaches, vandalism, catastrophic events and human error. Although we deploy a layered approach to address information security threats and vulnerabilities, including ones from a cybersecurity standpoint, designed to protect confidential information against data security breaches, a compromise of our information security controls or of those businesses with whom we interact, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from customers and clients, financial institutions, payment card associations and other persons, any of which could adversely affect our business, financial position, and results of operations. Moreover, a data security breach could require that we expend significant resources related to our information systems and infrastructure, and could distract management and other key personnel from performing their primary operational duties. If our information systems are damaged, fail to work properly or otherwise become unavailable, or if we are unable to successfully complete our planned consolidation of our PBM claims adjudication platforms, we may incur substantial costs to repair or replace them, and may experience loss of critical information, customer disruption and interruptions or delays in our ability to perform essential functions and implement new and innovative services. In addition, compliance with changes in privacy and information security laws and standards may result in considerable expense due to increased investment in technology and the development of new operational processes.

Risks related to compliance with a broad and complex regulatory framework.

Our business is subject to numerous federal, state and local laws and regulations. See "Business — Government Regulation." Changes in these regulations may require extensive system and operating changes that may be difficult to implement. Untimely compliance or noncompliance with applicable laws and regulations could adversely affect the continued operation of our business, including, but not limited to: imposition of civil or criminal penalties; suspension or disgorgement of payments from government programs; loss of required government certifications or approvals; loss of authorizations to participate in or exclusion from government reimbursement programs, such as the Medicare and Medicaid programs; or loss of registrations or licensure. The regulations to which we are subject include, but are not limited to: the laws and regulations described in the Government Regulation section; accounting standards; securities laws and regulations; tax laws and regulations; laws and regulations relating to the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous materials and wastes; and regulations of the FDA, the FTC, the FCC, the DEA, and the Consumer Product Safety Commission, as well as state regulatory authorities, governing the sale, advertisement and promotion of products that we sell. In addition, our business interests outside of the United States are subject to the Foreign Corrupt Practices Act and other applicable domestic and international laws and regulations. We are also subject to the terms of various government agreements and mandates, including those described in the Government Regulation section. In that regard, our business, financial position and results of operations could be affected by existing and new government legislative and regulatory action, including, without limitation, any one or more of the following:

- federal and state laws and regulations governing the purchase, distribution, tracking, management, dispensing and reimbursement of prescription drugs and related services, whether at retail or mail, and applicable registration or licensing requirements;
- the effect of the expiration of patents covering brand name drugs and the introduction of generic products;
- the frequency and rate of approvals by the FDA of new brand name and generic drugs, or of over-the-counter status for brand name drugs;
- FDA regulation affecting the retail or PBM industry;
- consumer protection laws affecting our health care services, our loyalty programs, the products we sell, the informational calls we make and/or the marketing of our goods and services;
- rules and regulations issued pursuant to HIPAA and the HITECH Act; and other federal and state laws affecting the collection, use, disclosure and transmission of health or other personal information, such as federal laws on information privacy precipitated by concerns about information collection through the Internet, state security breach laws and state laws limiting the use and disclosure of prescriber information;
- administration of Medicare Part D, including legislative changes and/or CMS rulemaking and interpretation;

- government regulation of the development, administration, review and updating of formularies and drug lists;
- federal, state and local waste management laws and regulations applicable to our business, including the management of pharmaceutical wastes and photo processing solutions, as well as the storage and transportation of hazardous materials;
- state laws and regulations establishing or changing prompt payment requirements for payments to retail pharmacies;
- impact of network access legislation or regulations, including "any willing provider" laws, on our ability to manage pharmacy networks;
- health care reform, managed care reform and plan design legislation;

- insurance licensing and other insurance regulatory requirements applicable to offering Medicare Part D programs and services or other health care services; and
- direct regulation of pharmacies or PBMs by regulatory and quasi-regulatory bodies.

Risks related to litigation and other legal proceedings.

Pharmacy services and retail pharmacy are highly regulated and litigious industries. We are currently subject to various litigation matters, investigations, audits, government inquiries, regulatory and legal proceedings. Litigation, and particularly securities and collective or class action litigation, is often expensive and disruptive. We cannot predict the outcome of such matters, and the costs incurred may be substantial regardless of outcome. Our business, financial condition and results of operations may be adversely affected, or we may be required to materially change our business practices, as a result of such proceedings. We refer you to Item 3, "Legal Proceedings" for additional information.

The foregoing is not a comprehensive listing of all possible risks and there can be no assurance that we have correctly identified and appropriately assessed all factors affecting the business. As such, we refer you to "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes our "Cautionary Statement Concerning Forward-Looking Statements" at the end of such section of our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference.

Item 1B. Unresolved Staff Comments

There are no unresolved SEC Staff Comments.

Item 2. Properties

We lease most of our stores under long-term leases that vary as to rental amounts, expiration dates, renewal options and other rental provisions. For additional information on the amount of our rental obligations for our leases, we refer you to Note 7 "Leases" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

As of December 31, 2013, we owned approximately 5.9% of our 7,660 retail stores. Net selling space for our retail drugstores increased to 75.0 million square feet as of December 31, 2013. More than one third of our store base was opened or significantly remodeled within the last five years.

We own ten distribution centers located in Alabama, California, Hawaii, New York, Rhode Island, South Carolina, Tennessee and Texas and lease ten additional distribution facilities located in Arizona, Florida, Indiana, Michigan, New Jersey, Pennsylvania, Texas, Virginia and Brazil. The 20 distribution centers total approximately 11.5 million square feet as of December 31, 2013.

As of December 31, 2013, we owned one mail service dispensing pharmacy located in Texas and leased three additional mail service dispensing pharmacies located in Hawaii, Illinois and Pennsylvania. We leased call centers located in Missouri, Pennsylvania, Tennessee and Texas. As of December 31, 2013, we leased 17 onsite pharmacy stores and 25 specialty pharmacy stores, and operated 11 specialty mail order pharmacies, one of which we owned.

We own our corporate offices located in Woonsocket, Rhode Island, which totals approximately 1,000,000 square feet. In addition, we lease large corporate offices in Scottsdale, Arizona, Northbrook, Illinois, Irving, Texas and Sao Paulo, Brazil.

In connection with certain business dispositions completed between 1991 and 1997, we continue to guarantee lease obligations for approximately 73 former stores. We are indemnified for these guarantee obligations by the respective purchasers. These guarantees generally remain in effect for the initial lease term and any extension thereof pursuant to a renewal option provided for in the lease prior to the time of the disposition. For additional information, we refer you to Note 12 "Commitments and Contingencies" in our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Management believes that its owned and leased facilities are suitable and adequate to meet the Company's anticipated needs. At the end of the existing lease terms, management believes the leases can be renewed or replaced by alternate space.

The following is a breakdown by state, District of Columbia, Puerto Rico and Brazil of our retail stores, onsite pharmacy stores, specialty pharmacy stores, specialty mail order pharmacies and mail service dispensing pharmacies as of December 31, 2013:

	Retail Stores	Onsite Pharmacy Stores	Specialty Pharmacy Stores	Specialty Mail Order Pharmacies	Mail Service Dispensing Pharmacies	Total
United States:						
Alabama	155	—	1	—	—	156

Arkansas	1	—	—	—	—	1
Arizona	139	—	1	—	—	140
California	856	—	4	1	—	861
Colorado	—	—	1	—	—	1
Connecticut	149	1	—	—	—	150
Delaware	12	—	—	—	—	12
District of Columbia	58	—	1	—	—	59
Florida	716	—	1	1	—	718
Georgia	316	2	1	—	—	319
Hawaii	53	—	1	—	1	55
Iowa	17	1	—	—	—	18
Illinois	274	1	1	1	1	278
Indiana	297	—	—	—	—	297
Kansas	35	—	—	1	—	36
Kentucky	65	—	—	—	—	65
Louisiana	109	—	—	—	—	109
Maine	22	—	—	—	—	22
Maryland	171	1	—	—	—	172
Massachusetts	355	—	2	1	—	358
Michigan	248	1	—	1	—	250
Minnesota	57	1	—	—	—	58
Mississippi	50	—	—	—	—	50
Missouri	77	1	1	—	—	79
Montana	14	—	—	—	—	14
Nebraska	18	—	—	—	—	18
Nevada	85	—	—	—	—	85
New Hampshire	41	—	—	—	—	41
New Jersey	277	2	—	1	—	280
New Mexico	15	—	—	—	—	15
New York	471	—	1	—	—	472
North Carolina	312	—	1	1	—	314
North Dakota	6	—	—	—	—	6
Ohio	317	2	—	—	—	319
Oklahoma	53	—	—	—	—	53
Oregon	—	—	1	—	—	1
Pennsylvania	404	1	1	1	1	408
Puerto Rico	19	—	—	1	—	20
Rhode Island	62	—	1	—	—	63
South Carolina	194	—	1	—	—	195
Tennessee	134	1	—	1	—	136
Texas	588	1	3	—	1	593
Utah	2	—	—	—	—	2
Vermont	5	—	—	—	—	5
Virginia	271	—	—	—	—	271
Washington	—	—	1	—	—	1
West Virginia	50	—	—	—	—	50
Wisconsin	45	1	—	—	—	46
Total United States	7,615	17	25	11	4	7,672
Brazil	45	—	—	—	—	45
Total	7,660	17	25	11	4	7,717

Item 3. Legal Proceedings

I. Legal Proceedings

1. Caremark (the term "Caremark" being used herein to generally refer to any one or more PBM subsidiaries of the Company, as applicable) was a defendant in a *qui tam* lawsuit initially filed by a relator on behalf of various state and federal government agencies in Texas federal court in 1999. The case was unsealed in May 2005. The case sought monetary damages and alleged that Caremark's processing of Medicaid and certain other government claims on behalf of its clients (which allegedly resulted in underpayments from Caremark clients to the applicable government agencies) on one of Caremark's adjudication platforms violated applicable federal or state false claims acts and fraud statutes. The United States and the States of Texas, Tennessee, Florida, Arkansas, Louisiana and California intervened in the lawsuit, but Tennessee and Florida withdrew from the lawsuit in August 2006 and May 2007, respectively. Thereafter, in 2008, the Company prevailed on several motions for partial summary judgment and, following an appellate ruling from the Fifth Circuit Court of Appeals in 2011 that affirmed in part and reversed in part these prior rulings, the claims asserted in the case against Caremark were substantially narrowed. In December 2013, this case was dismissed following a settlement between the Company and the plaintiffs.
   In a related matter, in December 2007, the Company received a document subpoena from the Office of Inspector General ("OIG") within the U.S. Department of Health and Human Services ("HHS"), requesting information relating to the processing of Medicaid and other government agency claims on a different adjudication platform of Caremark. The Company has provided documents and other information in response to this request for information. The Company has been conducting discussions with the United States Department of Justice ("DOJ") and the OIG regarding a possible settlement of this legal matter.

2. Caremark was named in a putative class action lawsuit filed in October 2003 in Alabama state court by John Lauriello, purportedly on behalf of participants in the 1999 settlement of various securities class action and derivative lawsuits against Caremark and others. Other defendants include insurance companies that provided coverage to Caremark with respect to the settled lawsuits. The Lauriello lawsuit seeks approximately $3.2 billion in compensatory damages plus other non-specified damages based on allegations that the amount of insurance coverage available for the settled lawsuits was misrepresented and suppressed. A similar lawsuit was filed in November 2003 by Frank McArthur, also in Alabama state court, naming as defendants, among others, Caremark and several insurance companies involved in the 1999 settlement. This lawsuit was stayed as a later-filed class action, but McArthur was subsequently allowed to intervene in the Lauriello action. Following the close of class discovery, the trial court entered an Order on August 15, 2012 that granted the plaintiffs' motion to certify a class pursuant to Alabama Rule of Civil Procedures 23(b)(3) but denied their request that the class also be certified pursuant to Rule 23(b)(1). In addition, the August 15, 2012 Order appointed class representatives and class counsel. The defendants' appeal and plaintiffs' cross-appeal are pending before the Alabama Supreme Court. The proceedings in the trial court are stayed by statute pending a decision on the appeal and cross-appeal by the Alabama Supreme Court.
3. Various lawsuits have been filed alleging that Caremark has violated applicable antitrust laws in establishing and maintaining retail pharmacy networks for client health plans. In August 2003, Bellevue Drug Co., Robert Schreiber, Inc. d/b/a Burns Pharmacy and Rehn-Huerbinger Drug Co. d/b/a Parkway Drugs #4, together with Pharmacy Freedom Fund and the National Community Pharmacists Association filed a putative class action against Caremark in Pennsylvania federal court, seeking treble damages and injunctive relief. This case was initially sent to arbitration based on the contract terms between the pharmacies and Caremark. In October 2003, two independent pharmacies, North Jackson Pharmacy, Inc. and C&C, Inc. d/b/a Big C Discount Drugs, Inc., filed a putative class action complaint in Alabama federal court against Caremark and two PBM competitors, seeking treble damages and injunctive relief. The North Jackson Pharmacy case against two of the Caremark entities named as defendants was transferred to Illinois federal court, and the case against a separate Caremark entity was sent to arbitration based on contract terms between the pharmacies and Caremark. The Bellevue arbitration was then stayed by the parties pending developments in the North Jackson Pharmacy court case.
   In August 2006, the Bellevue case and the North Jackson Pharmacy case were both transferred to Pennsylvania federal court by the Judicial Panel on Multidistrict Litigation for coordinated and consolidated proceedings with other cases before the panel, including cases against other PBMs. Caremark appealed the decision which vacated an order compelling arbitration and staying the proceedings

in the Bellevue case and, following the appeal, the Court of Appeals reinstated the order compelling arbitration of the Bellevue case. Following remand, plaintiffs in the Bellevue case sought dismissal of their complaint to permit an immediate appeal of the reinstated order compelling arbitration and pursued an appeal to the Third Circuit Court of Appeals. In November 2012, the Third Circuit Court reversed the district court ruling and directed the parties to proceed in federal court. Motions for class certification in the coordinated cases within the multidistrict

litigation, including the North Jackson Pharmacy case, remain pending, and the court has permitted certain additional class discovery and briefing. The consolidated action is now known as the In Re Pharmacy Benefit Managers Antitrust Litigation.

investigation of possible false or otherwise improper claims for payment involving HHS programs. In February 2012, the Company also received a civil investigative demand from the Office of the Attorney General of the State of Texas requesting a copy of information produced under this OIG subpoena and other information related to prescription drug claims submitted by the Company's pharmacies to Texas Medicaid for reimbursement. The Company is providing documents and other information in response to these requests for information.

The Company is also a party to other legal proceedings, inquiries and audits arising in the normal course of its business, none of which is expected to be material to the Company. We can give no assurance, however, that our business, financial condition and results of operations will not be materially adversely affected, or that we will not be required to materially change our business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations, including the laws and regulations described in "Business — Government Regulation", as they may relate to our business, the pharmacy services, retail pharmacy or retail clinic industry or to the health care industry generally; (iii) pending or future federal or state governmental investigations of our business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) institution of government enforcement actions against us; (v) adverse developments in any pending *qui tam* lawsuit against us, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against us; or (vi) adverse developments in other pending or future legal proceedings against us or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

II. Environmental Matters

Item 103 of SEC Regulation S-K requires disclosure of certain environmental legal proceedings if management reasonably believes that the proceedings involve potential monetary sanctions of $100,000 or more. On January 8, 2014, a Settlement Agreement was signed with the State of New Jersey to resolve claims of alleged noncompliance with hazardous and medical waste regulations in connection with certain of the Company's facilities in New Jersey. As part of this settlement, the Company has agreed to pay $132,000 in civil penalties to resolve these claims.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

Executive Officers of the Registrant

The following sets forth the name, age and biographical information for each of our executive officers as of February 11, 2014. In each case the officer's term of office extends to the date of the board of directors meeting following the next annual meeting of stockholders of the Company. Previous positions and responsibilities held by each of the executive officers over the past five years are indicated below:

Lisa G. Bisaccia, age 57, Senior Vice President and Chief Human Resources Officer of CVS Caremark Corporation since January 2010; Vice President, Human Resources of CVS Pharmacy, Inc. from September 2004 through December 2009.

Eva C. Boratto, age 47, Senior Vice President and Controller and Chief Accounting Officer of CVS Caremark Corporation since July 2013; Senior Vice President of PBM Finance from July 2010 through June 2013; Vice President, U.S. Market Finance Leader of Merck & Co., Inc. ("Merck") from June 2009 through June 2010; Vice President of Investor Relations of Merck from April 2008 through May 2009.

Troyen A. Brennan, M.D., age 59, Executive Vice President and Chief Medical Officer of CVS Caremark Corporation since November 2008; Executive Vice President and Chief Medical Officer of Aetna, Inc. from February 2006 through November 2008.

David M. Denton, age 48, Executive Vice President and Chief Financial Officer of CVS Caremark Corporation since January 2010; Senior Vice President and Controller/Chief Accounting Officer of CVS Caremark Corporation from March 2008 until December 2009; Senior Vice President, Financial Administration of CVS Caremark Corporation and CVS Pharmacy, Inc. from April 2007 to March 2008.

Helena B. Foulkes, age 49, Executive Vice President of CVS Caremark Corporation and President of CVS/pharmacy since January 2014; Executive Vice President and Chief Health Care Strategy and Marketing Officer of CVS Caremark Corporation from March 2011 through December 2013; Executive Vice President and Chief Marketing Officer of CVS Caremark Corporation from January 2009 through February 2011; Senior Vice President of Health Services of CVS Caremark Corporation from May 2008 through January 2009, and of CVS Pharmacy, Inc. from October 2007 through January 2009.

Stephen J. Gold, age 54, Senior Vice President and Chief Information Officer for CVS Caremark Corporation since July 2012; Senior Vice President and Chief Information Officer of Avaya, Inc. from May 2010 through June 2012; Executive Vice President, Chief Information Officer and Chief Technology Officer of GSI Commerce, Inc. from February 2005 through April 2010.

J. David Joyner, age 49, Executive Vice President of CVS Caremark Corporation since March 2011 and Executive Vice President of Sales and Account Services, CVS Caremark Pharmacy Services since March 2004.

Per G.H. Lofberg, age 66, Executive Vice President of CVS Caremark Corporation; Executive Vice President of CVS Caremark Corporation and President of CVS Caremark Pharmacy Services from January 2010 through August 2012; President and Chief Executive Officer of Generation Health, Inc., a pharmacogenomics company, from November 2008 through December 2009.

Larry J. Merlo, age 58, President and Chief Executive Officer of CVS Caremark Corporation since March 2011; President and Chief Operating Officer of CVS Caremark Corporation from May 2010 through March 2011; President of CVS/pharmacy from January 2007 through August 2011; Executive Vice President of CVS Caremark Corporation from January 2007 through May 2010; also a director of CVS Caremark Corporation since May 2010.

Thomas M. Moriarty, age 50, Executive Vice President and General Counsel of CVS Caremark Corporation since October 2012; General Counsel of Celgene Corporation, a global biopharmaceutical company, from May 2012 through September 2012; General Counsel and Corporate Secretary of Medco Health Solutions, Inc. ("Medco"), a pharmacy benefit management company, from March 2008 through April 2012; also President of Global Pharmaceutical Strategies of Medco from March 2011 through April 2012; Senior Vice President, Pharmaceutical Strategies and Solutions of Medco from September 2007 through March 2011.

Jonathan C. Roberts, age 58, Executive Vice President of CVS Caremark Corporation and President of CVS Caremark Pharmacy Services since September 2012; Executive Vice President of CVS Caremark Corporation and Chief Operating

Officer of CVS Caremark Pharmacy Services from October 2010 through August 2011; Executive Vice President, Rx Purchasing, Pricing and Network Relations of CVS Caremark Corporation from January 2009 through October 2010; Senior Vice President and Chief Information Officer of CVS Caremark Corporation from May 2008 until January 2009, and of CVS Pharmacy, Inc. from January 2006 until January 2009.

Andrew J. Sussman, M.D., age 48, Senior Vice President and Associate Chief Medical Officer of CVS Caremark Corporation since March 2011 and President of MinuteClinic, L.L.C., the Company's retail-based health clinic subsidiary, since September 2009; Executive Vice President and Chief Operating Officer of the University of Massachusetts Memorial Medical Center, the major teaching affiliate of UMass Medical School, from May 2004 through August 2009.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange under the symbol "CVS." The table below sets forth the high and low sale prices of our common stock on the New York Stock Exchange Composite Tape and the quarterly cash dividends declared per share of common stock during the periods indicated.

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2013	High	$ 56.07	$ 60.70	$ 62.36	$ 71.99	$ 71.99
	Low	$ 49.00	$ 53.94	$ 56.68	$ 56.32	$ 49.00
	Cash dividends per common share	$ 0.22500	$ 0.22500	$ 0.22500	$ 0.22500	$ 0.90000
2012	High	$ 45.88	$ 46.93	$ 48.69	$ 49.80	$ 49.80
	Low	$ 41.01	$ 43.08	$ 43.65	$ 44.33	$ 41.01
	Cash dividends per common share	$ 0.16250	$ 0.16250	$ 0.16250	$ 0.16250	$ 0.65000

CVS Caremark has paid cash dividends every quarter since becoming a public company. Future dividend payments will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Company's Board of Directors. As of February 4, 2014, there were 22,602 registered shareholders according to the records maintained by our transfer agent.

On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program", and together with the 2013 Repurchase Program, "the Repurchase Programs") The Repurchase Programs, which were effective immediately, permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The Repurchase Programs may be modified or terminated by the Board of Directors at any time.

Pursuant to the authorization under the 2012 Repurchase Program, effective October 1, 2013, we entered into a $1.7 billion fixed dollar accelerated share repurchase ("ASR") agreement with Barclays Bank PLC ("Barclays"). Upon payment of the $1.7 billion purchase price on October 1, 2013, we received a number of shares of our common stock equal to 50% of the $1.7 billion notional amount of the ASR agreement or approximately 14.9 million shares at a price of $56.88 per share. The Company received approximately 11.7 million shares of common stock on December 30, 2013 at an average price of $63.83 per share, representing the remaining 50% of the $1.7 billion notional amount of the ASR agreement and thereby concluding the agreement. The total of 26.6 million shares of common stock delivered to the Company by Barclays over the term of the October 2013 ASR agreement were placed into treasury stock.

During the year ended December 31, 2013, the Company repurchased an aggregate of 66.2 million shares of common stock for approximately $4.0 billion under the 2012 Repurchase Program. As of December 31, 2013, there remained an aggregate of approximately $6.7 billion available for future repurchases under the Repurchase Programs.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2013 through October 31, 2013	14,866,352	$ 56.88	14,866,352	$ 692,873,727
November 1, 2013 through November 30, 2013	—	$ —	—	$ 692,873,727
December 1, 2013 through December 31, 2013	11,768,973	$ 63.83	11,768,973	$ 6,692,873,727
	26,635,325		26,635,325	

Item 6. Selected Financial Data

The selected consolidated financial data of CVS Caremark Corporation as of and for the periods indicated in the five-year period ended December 31, 2013 have been derived from the consolidated financial statements of CVS Caremark Corporation. 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 elsewhere herein.

In millions, except per share amounts	2013	2012[a]	2011	2010	2009
Statement of operations data:					
Net revenues	$ 126,761	$ 123,120	$ 107,080	$ 95,766	$ 98,144
Gross profit	23,783	22,488	20,562	20,215	20,348
Operating expenses	15,746	15,278	14,231	14,082	13,933
Operating profit	8,037	7,210	6,331	6,133	6,415
Interest expense, net	509	557	584	536	525
Loss on early extinguishment of debt	—	348	—	—	—
Income tax provision[1]	2,928	2,436	2,258	2,178	2,196
Income from continuing operations	4,600	3,869	3,489	3,419	3,694
Income (loss) from discontinued operations, net of tax[2]	(8)	(7)	(31)	2	(4)
Net income	4,592	3,862	3,458	3,421	3,690
Net loss attributable to noncontrolling interest[3]	—	2	4	3	—
Net income attributable to CVS Caremark	$ 4,592	$ 3,864	$ 3,462	$ 3,424	$ 3,690
Per common share data:					
Basic earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.78	$ 3.05	$ 2.61	$ 2.50	$ 2.58
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —
Net income attributable to CVS Caremark	$ 3.77	$ 3.04	$ 2.59	$ 2.50	$ 2.57
Diluted earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59	$ 2.49	$ 2.55
Loss from discontinued operations attributable to	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —

CVS Caremark					
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57	$ 2.49	$ 2.55
Cash dividends per common share	$ 0.900	$ 0.650	$ 0.500	$ 0.350	$ 0.305
Balance sheet and other data:					
Total assets	$ 71,526	$ 66,221	$ 64,852	$ 62,457	$ 61,918
Long-term debt	$ 12,841	$ 9,133	$ 9,208	$ 8,652	$ 8,756
Total shareholders' equity	$ 37,938	$ 37,653	$ 38,013	$ 37,661	$ 35,732
Number of stores (at end of year)	7,702	7,508	7,388	7,248	7,095

See Note 1 - Significant Accounting Policies (Revenue Recognition - Retail Pharmacy Segment) to the consolidated financial statements.

(1) Income tax provision includes the effect of the following: (i) in 2010, the recognition of $47 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities, and (ii) in 2009, the recognition of $167 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities.

(2) As discussed in Note 3 to the consolidated financial statements, the results of the TheraCom business are presented as discontinued operations and have been excluded from continuing operations for all periods presented. In connection with certain business dispositions completed between 1991 and 1997, the Company retained guarantees on store lease obligations for a number of former subsidiaries, including Linens 'n Things which filed for bankruptcy in 2008. The Company's income (loss) from discontinued operations includes lease-related costs which the Company believes it will likely be required to satisfy pursuant to its Linens 'n Things lease guarantees.

Below is a summary of the results of discontinued operations:

	Year Ended December 31,				
In millions	2013	2012	2011	2010	2009
Income from operations of TheraCom	$ —	$ —	$ 18	$ 28	$ 13
Gain on disposal of TheraCom	—	—	53	—	—
Loss on disposal of Linens 'n Things	(12)	(12)	(7)	(24)	(19)
Income tax benefit (provision)	4	5	(95)	(2)	2
Income (loss) from discontinued operations, net of tax	$ (8)	$ (7)	$ (31)	$ 2	$ (4)

(3) Represents the minority shareholders' portion of the net loss from our then-majority owned subsidiary, Generation Health, Inc., acquired in the fourth quarter of 2009. In June 2012, the Company acquired the remaining 40% interest in Generation Health, Inc. from minority shareholders and employee option holders.

(4) Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment. Additional details of the accounting change are discussed in Note 2 to the consolidated financial statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

We refer you to "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes our "Cautionary Statement Concerning Forward-Looking Statements" at the end of such section of our Annual Report to Stockholders for the year ended December 31, 2013, which section is incorporated by reference herein.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As of December 31, 2013, the Company had no derivative financial instruments or derivative commodity instruments in place and believes that its exposure to market risk associated with other financial instruments, principally interest rate risk inherent in its debt portfolio, is not material.

Item 8. Financial Statements and Supplementary Data

We refer you to the "Consolidated Statements of Income," "Consolidated Statements of Comprehensive Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements," and "Report of Independent Registered Public Accounting Firm" of our Annual Report to Stockholders for the fiscal year ended December 31, 2013, which sections are incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures: The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) as of December 31, 2013, have concluded that as of such date the Company's disclosure controls and procedures were adequate and effective at a reasonable assurance level and designed to ensure that material information relating to the Company and its subsidiaries would be made known to such officers on a timely basis.

Internal control over financial reporting: We refer you to "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" of our Annual Report to Stockholders for the fiscal year ended December 31, 2013, which are incorporated by reference herein, for Management's report on the Registrant's internal control over financial reporting and the Independent Registered Public Accounting Firm's report with respect to the effectiveness of internal control over financial reporting.

Changes in internal control over financial reporting: There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15 that occurred during the fourth quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

No events have occurred during the fourth quarter that would require disclosure under this item.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Committees of the Board," "Code of Conduct," "Director Nominations," "Audit Committee Report," "Biographies of our Board Nominees," and "Section 16(a) Beneficial Ownership Reporting Compliance," which sections are incorporated by reference herein. Biographical information on our executive officers is contained in Part I of this Annual Report on Form 10-K.

Item 11. Executive Compensation

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Executive Compensation and Related Matters," including "Compensation Discussion & Analysis" and "Management Planning and Development Committee Report," which sections are incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the captions "Share Ownership of Directors and Certain Executive Officers," and "Share Ownership of Principal Stockholders" which sections are incorporated by reference herein, for information concerning security ownership of certain beneficial owners and management and related stockholder matters.

The following table summarizes information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of our equity compensation plans as of December 31, 2013.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)(1)
Equity compensation plans approved by stockholders	34,738	$ 41.40	37,557
Equity compensation plans not approved by stockholders	—	—	—
Total	34,738	$ 41.40	37,557

(1) Shares in thousands.

Item 13. Certain Relationships and Related Transactions and Director Independence

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the caption "Independence Determinations for Directors" and "Certain Transactions with Directors and Officers," which sections are incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

We refer you to our Proxy Statement for the 2014 Annual Meeting of Stockholders under the caption "Item 2: Ratification of Appointment of Independent Registered Public Accounting Firm," which section is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statement Schedules

A. Documents filed as part of this report:

1. Financial Statements:

The following financial statements are incorporated by reference from our Annual Report to Stockholders for the fiscal year ended December 31, 2013, as provided in Item 8 hereof:

Consolidated Statements of Income for the Years Ended December 31, 2013, 2012 and 2011	26
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011	27
Consolidated Balance Sheets as of December 31, 2013 and 2012	28
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011	29
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2013, 2012, and 2011	30
Notes to Consolidated Financial Statements	31
Report of Independent Registered Public Accounting Firm	60

2. Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable, not required under the instructions, or the information is included in the consolidated financial statements or related notes.

B. Exhibits

Exhibits marked with an asterisk (*) are hereby incorporated by reference to exhibits or appendices previously filed by the Registrant as indicated in brackets following the description of the exhibit.

Exhibit	Description
2.1*	Agreement and Plan of Merger dated as of November 1, 2006 among, the Registrant, Caremark Rx, Inc. and Twain MergerSub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement No. 333-139470 on Form S-4 filed December 19, 2006).
2.2*	Amendment No. 1 dated as of January 16, 2007 to the Agreement and Plan of Merger dated as of November 1, 2006 among the Registrant, Caremark Rx, Inc. and Twain Merger Sub Corp. (incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement No. 333-139470 on Form S-4/A filed January 16, 2007).
2.3*	Waiver Agreement dated as of January 16, 2007 between the Registrant and Caremark Rx, Inc. with respect to the Agreement and Plan Merger dated as of November 1, 2006 by and between Registrant and Caremark Rx, Inc (incorporated by reference to Exhibit 2.3 to the Registrant's Registration Statement No. 333-139470 on Form S-4/A filed January 16, 2007).
2.4*	Amendment to Waiver Agreement, dated as of February 12, 2007, between Registrant and Caremark Rx, Inc. (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated February 13, 2007; Commission File No. 001-01011).
2.5*	Amendment to Waiver Agreement, dated as of March 8, 2007, between Registrant and Caremark Rx, Inc. (incorporated by reference to Exhibit 99.2 to the Registrants' Current Report on Form 8-K dated March 8, 2007; Commission File No. 001-01011).
2.6*	Agreement and Plan of Merger dated as of August 12, 2008 among, the Registrant, Longs Drug Stores Corporation and Blue MergerSub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated August 13, 2008; Commission File No. 001-01011).
3.1*	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996; Commission File No. 001-01011).

3.1A*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective May 13, 1998 (incorporated by reference to Exhibit 4.1A to Registrant's Registration Statement No. 333-52055 on Form S-3/A dated May 18, 1998).
3.1B*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated March 22, 2007; Commission File No. 001-01011).
3.1C*	Certificate of Merger dated May 9, 2007 (incorporated by reference to Exhibit 3.1C to Registrant's Quarterly Report on Form 10-Q dated November 1, 2007; Commission File No. 001-01011).

3.1D*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated May 13, 2010; Commission File No. 001-01011).
3.1E*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report On Form 8-K dated May 10, 2012; Commission File No. 001-01011).
3.2*	By-laws of the Registrant, as amended and restated (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated January 9, 2014; Commission File No. 001-01011).
4	Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), no instrument which defines the rights of holders of long-term debt of the Registrant and its subsidiaries is filed with this report. The Registrant hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
4.1*	Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement of the Registrant on Form 8-B dated November 4, 1996; Commission File No. 001-01011).
10.1*	Stock Purchase Agreement dated as of October 14, 1995 between The TJX Companies, Inc. and Melville Corporation, as amended November 17, 1995 (incorporated by reference to Exhibits 2.1 and 2.2 to Melville's Current Report on Form 8-K dated December 4, 1995; Commission File No. 001-01011).
10.2*	Stock Purchase Agreement dated as of March 25, 1996 between Melville Corporation and Consolidated Stores Corporation, as amended May 3, 1996 (incorporated by reference to Exhibits 2.1 and 2.2 to Melville's Current Report on Form 8-K dated May 5, 1996; Commission File No. 001-01011).
10.3*	Distribution Agreement dated as of September 24, 1996 among Melville Corporation, Footstar, Inc. and Footstar Center, Inc. (incorporated by reference to Exhibit 99.1 to Melville's Current Report on Form 8-K dated October 28, 1996; Commission File No. 001-01011).
10.4*	Tax Disaffiliation Agreement dated as of September 24, 1996 among Melville Corporation, Footstar, Inc. and certain subsidiaries named therein (incorporated by reference to Exhibit 99.2 to Melville's Current Report on Form 8-K dated October 28, 1996; Commission File No. 001-01011).
10.5*	Stockholder Agreement dated as of December 2, 1996 between the Registrant, Nashua Hollis CVS, Inc. and Linens 'n Things, Inc. (incorporated by reference to Exhibit 10(i)(6) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997; Commission File No. 001-01011).
10.6*	Tax Disaffiliation Agreement dated as of December 2, 1996 between the Registrant and Linens 'n Things, Inc. and certain of their respective affiliates (incorporated by reference to Exhibit 10(i)(7) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997; Commission File No. 001-01011).
10.7*	Four Year Credit Agreement dated as of May 12, 2011 by and among the Registrant, the lenders party thereto, Barclays Capital and JP Morgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and the Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011, Commission File No. 001-01011).
10.8*	Amendment No. 1, dated as of November 22, 2011, to the Credit Agreement dated as of May 12, 2011 by and among the Registrant, the Lenders party thereto, the Co-Syndication Agents and Co-Documentation Agents named therein, and The Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).

10.9*	Five Year Credit Agreement dated as of February 17, 2012, by and among the Registrant, the lenders party thereto, Barclays Capital and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 (Commission File No. 001-01011).
10.10*	Credit Agreement dated as of May 23, 2013, by and among the Registrant, the lenders party thereto, Barclays Bank PLC and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of New York Mellon, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (Commission File No. 001-01011).
10.11*	Amendment No. 2, dated as of May 23, 2013, to the Credit Agreement dated as of May 12, 2011, by and among the Registrant, the lenders party thereto, Barclays Capital and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents, and The Bank of Bank of New York Mellon, as Administrative Agent, as previously amended by Amendment No. 1, dated as of November 22, 2011 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (Commission File No. 001-01011).
10.12*	Supplemental Retirement Plan for Select Senior Management of CVS Caremark Corporation I as amended and restated in December 2008 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).
10.13*	CVS Caremark Corporation 1996 Directors Stock Plan, as amended and restated November 5, 2002 (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 2002; Commission File No. 001-01011).
10.14*	1997 Incentive Compensation Plan as amended through December 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).
10.15*	Caremark Rx, Inc. 2004 Incentive Stock Plan (incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement No. 333-141481 on Form S-8 filed March 22, 2007).
10.16*	CVS Caremark Deferred Stock Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).
10.17	CVS Caremark Deferred Compensation Plan, as amended and restated.
10.18*	2010 Incentive Compensation Plan, as amended through January 15, 2013 (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form10-K for the fiscal year ended December 31, 2012; Commission file No. 001-01011).

10.19*	2007 Employee Stock Purchase Plan (incorporated by reference to Exhibit D of the Registrant's Definitive Proxy Statement filed April 4, 2007; Commission File No. 001-01011).
10.20	The Registrant's 2013 Management Incentive Plan.
10.21	The Registrant's 2013 Long-Term Incentive Plan.
10.22	The Registrant's Partnership Equity Program amended as of August 2013.
10.23	The Registrant's Severance Plan for Non-Store Employees amended as of April 2013.
10.24	The Registrant's Performance-Based Restricted Stock Unit Plan amended as of April 2013.
10.25	Form of Enterprise Non-Competition, Non-Disclosure and Developments Agreement between the Registrant and certain of the Registrant's executive officers.

10.26*	Universal 409A Definition Document dated December 31, 2008 (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; Commission File No. 001-01011).
10.27	Form of Non-Qualified Stock Option Agreement between the Registrant and selected employees of the Registrant.
10.28	Form of Restricted Stock Unit Agreement - Annual Grant - between the Registrant and selected employees of the Registrant.
10.29	Form of Performance-Based Restricted Stock Unit Agreement between the Registrant and selected employees of the Registrant.
10.30	Form of Partnership Equity Program Participant Purchased RSUs, Company Matching RSUs and Company Matching Options Agreement (Pre-Tax).
10.31	Form of Partnership Equity Program Participant Purchased RSUs, Company Matching RSUs and Company Matching Options Agreement (Post-Tax).
10.32*	Amended and Restated Employment Agreement dated as of December 22, 2008 between the Registrant and the Registrant's President and Chief Executive Officer (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008; Commission File No. 001-01011).
10.33*	Amendment dated December 21, 2012 to the Amended and Restated Employment Agreement dated as of December 22, 2008 between the Registrant and the Registrant's President and Chief Executive Officer (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).
10.34	Form of Non-Qualified Stock Option Agreement between the Registrant and the Registrant's President and Chief Executive Officer.
10.35	Form of Restricted Stock Unit Agreement between the Registrant and the Registrant's President and Chief Executive Officer.
10.36*	Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and Chief Financial Officer (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010; Commission File No. 001-01011).
10.37*	Amendment dated as of December 31, 2012 to the Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and Chief Financial Officer (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).
10.38*	Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and President of CVS Caremark Pharmacy Services (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012; Commission File No. 001-01011).
10.39*	Amendment dated as of December 31, 2012 to the Change in Control Agreement dated December 22, 2008 between the Registrant and the Registrant's Executive Vice President and President of CVS Caremark Pharmacy Services; incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (Commission File No. 001-01011).
10.40*	Letter Agreement dated August 5, 2011 between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy (incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).

10.41*	Change in Control Agreement dated September 1, 2011 between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy (incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; Commission File No. 001-01011).
10.42	Separation Agreement between the Registrant and the Registrant's former Executive Vice President and President - CVS/pharmacy dated December 10, 2013
10.43	Change in Control Agreement dated December 1, 2008 between the Registrant and the Registrant's Former Executive Vice President and Chief Medical Officer.
13	Portions of the 2013 Annual Report to Stockholders of CVS Caremark Corporation, which are specifically designated in this Form 10-K as being incorporated by reference.
21	Subsidiaries of the Registrant.
23	Consent of Ernst & Young LLP.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the CVS Caremark Corporation Annual Report on Form 10-K for the year ended December 31, 2013 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows and (iv) related notes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

CVS CAREMARK CORPORATION

Date: February 10, 2014

By: /s/ DAVID M. DENTON
David M. Denton
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title(s)	Date
/s/ C. DAVID BROWN II **C. David Brown II**	Director	February 10, 2014
/s/ EVA C. BORATTO **Eva C. Boratto**	Senior Vice President — Finance and Controller (Principal Accounting Officer)	February 10, 2014
/s/ DAVID M. DENTON **David M. Denton**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 10, 2014
/s/ NANCY-ANN M. DEPARLE **Nancy-Ann M. DeParle**	Director	February 10, 2014
/s/ DAVID W. DORMAN **David W. Dorman**	Chairman of the Board and Director	February 10, 2014
/s/ ANNE M. FINUCANE **Anne M. Finucane**	Director	February 10, 2014
/s/ LARRY J. MERLO **Larry J. Merlo**	President and Chief Executive Officer (Principal Executive Officer) and Director	February 10, 2014
/s/ JEAN-PIERRE MILLON **Jean-Pierre Millon**	Director	February 10, 2014
/s/ RICHARD J. SWIFT **Richard J. Swift**	Director	February 10, 2014
/s/ WILLIAM C. WELDON **William C. Weldon**	Director	February 10, 2014
/s/ TONY L. WHITE **Tony L. White**	Director	February 10, 2014

CVS CAREMARK CORPORATION

Deferred Compensation Plan

as amended and restated as of December 31, 2008

CVS CAREMARK CORPORATION
DEFERRED COMPENSATION PLAN

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DARTICLE I – INTRODUCTION

1.01 Name of Plan

CVS Caremark Corporation (the "Corporation") hereby adopts the CVS Caremark Deferred Compensation Plan (the "Plan") as amended and restated as of December 31, 2008.

1.02 Purpose of Plan

The purpose of the Plan is to provide certain eligible employees of the Corporation or an Affiliate authorized to participate in the Plan the opportunity to defer elements of their compensation which might not otherwise be deferrable under other plans maintained by the Corporation or an Affiliate and to receive the benefit of additions to their deferral comparable to those obtainable under the 401(k) and Employee Stock Ownership Plan of CVS Caremark Corporation and Affiliated Companies ("Future Fund") in the absence of certain restrictions and limitations in the Internal Revenue Code.

1.03 "Top Hat" Pension Benefit Plan

The Plan is an "employee pension benefit plan" within the meaning of ERISA. However, the Plan is unfunded and maintained for a select group of management or highly compensated employees and, therefore, it is intended that the Plan will be exempt from Parts 2, 3 and 4 of Title I of ERISA. The Plan is not intended to qualify under Code Section 401(a).

1.04 Funding

The Plan is unfunded. All benefits will be paid from the general assets of the Corporation. Participants in the Plan shall have the status of general unsecured creditors of the Corporation.

1.05 Effective Date

The Plan is effective as of January 1, 1997, and as amended and restated in its entirety effective as of December 31, 2008, to comply with the provisions of Section 409A of the Internal Revenue Code and regulations promulgated thereunder and to reflect certain design and administrative changes desired by the Corporation.

1.06 Administration

The Plan shall be administered by the Plan Committee, as defined in Article VII.

1.07 Number and Gender

Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender. The feminine gender, where appearing in the Plan, shall be deemed to include the masculine gender.

1.08 Headings

The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

ARTICLE II – DEFINITIONS

For purposes of the Plan, the following words and phrases shall have the meanings set forth below, unless their context clearly requires a different meaning:

2.01 *Account* means the Company Account, Deferral Account, Grandfathered Company Account, and the Grandfathered Deferral Account maintained by the Corporation on behalf of each Participant pursuant to this Plan.

2.02 *Affiliate* means any entity, that together with the Corporation, would be treated as a single employer under Section 414(b) or (c) of the Code.

2.03 *Annual Cash Incentive* means the amount awarded to a Participant in cash for a Plan Year under a regular (annual or quarterly) incentive plan (other than an exceptional performance award program or a one-time incentive plan or program) maintained by the Corporation or an Affiliate, and any other amount otherwise included in Annual Cash Incentive for purposes of the Plan under rules as are adopted by the Committee.

2.04 *Annual Cash Incentive Deferral* means the amount of a Participant's Annual Cash Incentive which a Participant elects to have withheld on a pretax basis from his Annual Cash Incentive and credited to his Deferral Account pursuant to this Plan.

2.05 *Base Salary* means the base rate of cash compensation paid by the Corporation or an Affiliate to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of:

(a) deferrals pursuant to this Plan; and

(b) any pre-tax contribution made on the Participant's behalf to any qualified plan maintained by the Corporation or an Affiliate pursuant to a cash or deferred arrangement maintained by the Corporation or an Affiliate (as defined under Section 401(k) of the Code) or under any cafeteria plan (as defined under Section 125 of the Code) or under a qualified transportation fringe (as defined under Section 132(f) of the Code).

Base Salary shall exclude any overtime, premium pay, shift differentials, bonuses, commissions or any other form of supplemental cash compensation, except to the extent otherwise deemed "Base Salary" for purposes of the Plan under rules as are adopted by the Committee.

2.06 *Base Salary Deferral* means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pretax basis from his Base Salary and credited to his Deferral Account pursuant to this Plan.

2.07 *Beneficiary* means the person or persons designated by the Participant in accordance with the provisions of Section 6.08 to receive the amounts, if any, payable under the Plan upon the death of the Participant.

2.08 *Board* means the Board of Directors of the Corporation. 2.09 *Change In Control* means "Change in Control" as such term is defined in the Universal 409A Definition Document.

2.10 *Code* means the Internal Revenue Code of 1986, as amended.

2.11 *Commissions* mean the amount of a Participant's sales commissions or other commissions payable under a sales commissions or other commissions plan maintained by the Corporation or an Affiliate. (Sales commissions for purposes of the Plan shall mean sales commissions (as defined in Treas. Reg. Section 1.409A-2(a)(12)(i) and any subsequent guidance) and such sales commissions are considered to be earned in the taxable year of the Participant in which the sale occurs.)

2.12 *Commissions Deferral* means the amount of a Participant's Commissions which a Participant elects to have withheld on a pre-tax basis from his Commissions and credited to his Deferral Account pursuant to this Plan.

2.13 *Committee* means the Management Planning and Development Committee of the Board.

2.14 *Company Account* means the bookkeeping account (or subaccount(s) thereof) maintained for each Participant to record the amounts of Company Contributions that are either (i) credited on his behalf under Section 4.04 on or after January 1, 2005 or (ii) were credited on his behalf under Section 4.04

prior to January 1, 2005, but become vested on or after January 1, 2005, as adjusted pursuant to Section 5.06.

2.15 *Company Contribution* means the amount, as determined by the Company on an annual basis based on the provisions of this Plan, which is credited on the Participant's behalf by the Company to his Company Account pursuant to the provisions of Section 4.04(a) of the Plan.

2.16 *Corporation* means CVS Caremark Corporation. References in the Plan to CVS Caremark Corporation shall be deemed to include successors to CVS Caremark Corporation.

2.17 *CVS Caremark Retention Payment* means the amount granted to an Eligible Executive, as defined in and provided for under the provisions of the employment term sheet agreement entered into between the Corporation or an Affiliate and said eligible executive, as a former employee of Caremark Rx, Inc., in connection with the merger involving Caremark, Rx, Inc. and the Corporation.

2.18 *Deferrals* mean the amount of deferrals credited to a Participant pursuant to Section 4.01.

2.19 *Deferral Account* means the bookkeeping account (or subaccount(s) thereof) maintained for each Participant to record (i) the amount of Base Salary, CVS Caremark Retention Payment and/or Annual Cash Incentive or Commissions the Participant defers pursuant to Section 4.01 or (ii) the amount of LTIP deferrals the Participant elects to defer pursuant to Section 4.04(b), on or after January 1, 2005, as adjusted pursuant to Section 5.06.

2.20 *Deferred Compensation Election* means the written election including any amendments, attachments and appendices thereto as prescribed by the Plan Committee, regardless of how it may be titled, under which the Participant agrees to defer a portion of his Base Salary and/or Annual Cash Incentive or Commissions under the Plan (or any other cash remuneration payable to a Participant that he may elect to defer under the provisions of this Plan, including but not limited to LTIP cash awards). This election is made by the Participant and

constitutes the agreement entered into between the Corporation and a Participant for participation in the Plan. The Participants elect the terms of their deferral pursuant to the provisions of this Plan and the administrative procedures established by the Plan Committee.

2.21 *Effective Date* means January 1, 1997.

2.22 *Elective Deferrals* means Elective Deferrals as defined in Section 3.02 of Future Fund.

2.23 *Eligible Executive* means an Executive who is eligible to participate in the Plan as provided in Section 3.01(a).

2.24 *Employee* means any common-law employee of the Corporation or an Affiliate which has been authorized by the Committee to participate in the Plan.

2.25 *ERISA* means the Employee Retirement Income Security Act of 1974, as amended.

2.26 *Executive* means an Employee whose Base Salary (determined on the basis of a maximum 40- hour work week) equals or exceeds $150,000 (as adjusted from time to time by the Committee).

2.27 *Future Fund* means the 401(k) Plan and the Employee Stock Ownership Plan of CVS Caremark Corporation and Affiliated Companies.

2.28 *Grandfathered Company Account* means the bookkeeping account (or subaccount(s)) maintained for each Participant to record the amount of Company Contributions credited on a Participant's behalf under Section 4.04 prior to January 1, 2005, which were vested as of December 31, 2004, adjusted as provided in Section 5.06.

2.29 *Grandfathered Deferral Account* means the bookkeeping account (or subaccount(s)) maintained for each Participant to record (i) the amount of Base Salary and/or Annual Cash Incentive or Commissions deferred in accordance with Section 4.01 or (ii) the amount of LTIP deferrals deferred in accordance with Section 4.04, prior to January 1, 2005, adjusted pursuant to Section 5.06.

2.30 *Lost Matching Contributions* means the amounts credited on a Participant's behalf to his Company Account pursuant to the provisions of Section 4.04(a).

2.31 *Participant* means each Eligible Executive participating in the Plan pursuant to Article III who is credited with an amount under Article IV.

2.32 *Plan* means the CVS Caremark Deferred Compensation Plan, as amended from time to time.

2.33 *Plan Committee* means the administrative committee appointed pursuant to Section 7.01 to administer the Plan.

2.34 *Plan Year* means each calendar year ending on December 31.

2.35 *Qualified Future Fund Matching Contribution* means the total of all matching contributions made (or that would have been made) by the Corporation or an Affiliate with respect to a Plan Year for the benefit of a Participant under and in accordance with the terms of the Future Fund.

2.36 *Retirement* means Termination of Employment with the Corporation and all Affiliates on or after (i) age 55 and the completion of ten or more Years of Service or, if earlier, (ii) age 60 and the completion of five or more Years of Service.

2.37 *Specified Employee* means "Specified Employee" as such term is defined in the Universal 409A Definition Document.

2.38 *Specific Future Year* means a calendar year in the future voluntarily elected by a Participant to begin distribution of Accounts (or subaccount(s) thereof) pursuant to this Plan.

2.39 *Termination of Employment* means "termination of employment" as such term is defined in the Universal 409A Definition Document.

2.40 *Valuation Date* means each business day on which the New York Stock Exchange is open for business, or such other day as the Plan Committee may determine.

2.41 *Years of Service* means Vesting Service as defined in the Future Fund.

ARTICLE III – ELIGIBILITY AND PARTICIPATION

3.01 Eligibility

(a) An Employee who is an Eligible Executive on October 1st of a calendar year (or such other date in the calendar year as designated by the Plan Committee) shall be an Eligible Executive with respect to the Plan Year following such calendar year and thereby eligible to participate in this Plan and execute a Deferred Compensation Election authorizing Deferrals under the Plan with respect to a particular Plan Year. The Committee or the Plan Committee, may, in its sole discretion, designate other key employees of the Corporation or an Affiliate which has been authorized by the Committee to participate in the Plan who are members of a select group of management or highly compensated employees as eligible to participate in the Plan.

(b) Notwithstanding any Plan provision to the contrary, Employees must also be subject to the income tax laws of the United States in order to be eligible for participation in the Plan.

(c) Subject to the provisions of Section 3.03 below and Section 4.01, an Eligible Executive shall remain eligible to continue participation in the Plan for each Plan Year following his initial year of participation in the Plan.

3.02 Commencement of Participation

An Eligible Executive shall become a Participant effective as of the date the Plan Committee grants eligibility and that Eligible Executive's first Deferred Compensation Election becomes effective.

As a condition for participation in the Plan, a Participant may also be required by the Plan Committee to provide such other information as the Plan Committee may deem necessary to properly administer the Plan.

3.03 Termination of Participation

(a) Participation shall cease when all benefits to which a Participant is entitled to hereunder are distributed to him.

(b) Subject to the provisions of Section 4.03, a Participant shall only be eligible to have Deferrals credited on his behalf in accordance with Article IV for as long as he remains an Eligible Executive.

(c) If a former Participant who has incurred a Termination of Employment with the Corporation and all Affiliates and whose participation in the Plan ceased under Section 3.03 (a) is reemployed as an Eligible Executive, the former Participant may again become a Participant in accordance with the provisions of Section 3.01.

ARTICLE IV – DEFERRALS & COMPANY CONTRIBUTIONS

4.01 Deferral Amounts

(a) Subject to the following provisions of this Article IV, an Eligible Executive may defer for any Plan Year, (i) up to 50% of Base Salary otherwise earned and payable in that Plan Year, and/or (ii) up to 100% of Annual Cash Incentive otherwise earned in that Plan Year and payable in that Plan Year or in the first calendar quarter of the following Plan Year or (iii) up to 100% of Commissions otherwise earned in that Plan Year and payable in that Plan Year or in the first calendar quarter of the following Plan Year. The Plan Committee may, as it deems appropriate, establish maximum or minimum limits on the amounts which may be deferred for a Plan Year and/or the times of such Deferred Compensation Elections. An Eligible Executive shall be given advance notice of any such limits.

(b) Deferrals shall be calculated with respect to the gross cash compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Plan Committee as necessary so that Deferrals do not exceed 100% of the cash compensation of the Participant remaining after deduction of all required income and employment taxes, 401(k) and other employee benefit deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

4.02 Filing Requirements of Deferred Compensation Elections

Subject to the following provisions of this Section, prior to the close of an annual enrollment period established by the Plan Committee in any Plan Year, an Eligible Executive described in Section 3.01 may elect, subject to Section 4.01 above, to defer a portion of his Base Salary that is otherwise earned and payable in the next Plan Year and/or all or a portion of his Annual Cash Incentive or Commissions otherwise earned in the next Plan Year and payable in that Plan Year or in the first calendar quarter of the subsequent Plan Year by filing a Deferred Compensation Election with the Plan Committee. If an Executive becomes an Eligible Executive after October 1 (or such later date as prescribed by the Plan Committee) in any calendar year, he may not make a Deferred Compensation Election for Base Salary, Annual Cash Incentive or Commissions earned in the next Plan Year.

A Participant shall submit a Deferred Compensation Election in the manner specified by the Plan Committee and a Deferred Compensation Election that is not timely filed shall be considered void and have no effect. If a Participant does not file a Deferred Compensation Election applicable to his

Base Salary, Annual Cash Incentive or Commissions earned in a Plan Year on or before the close of the applicable annual enrollment period (or such later date prescribed by the Plan Committee), the Participant shall be deemed to have elected not to make a Deferred Compensation Election for such Plan Year. The Plan Committee shall establish procedures that govern deferral elections under the Plan, including the ability to make separate elections for Base Salary, Annual Cash Incentive or Commissions, and any other cash remuneration payable to the Participant that the Committee or Plan Committee permits a Participant to defer under this Plan.

Subject to the provisions of this Article, an Eligible Executive must file a new Deferred Compensation Election for each Plan Year that the Eligible Executive is eligible to participate in the Plan.

4.03 Modification or Revocation of Election by Participant

(a) A Participant's Deferred Compensation Election for a Plan Year shall become irrevocable as of the close of business on the date established by the Plan Committee, but not later than the last day of the calendar year preceding the Plan Year in which such Base Salary, Annual Cash Incentive or Commissions applicable to that election is earned. Such Deferred Compensation Election shall become effective as of the first day of the Plan Year in which such Base Salary and/or Annual Cash Incentive or Commissions is earned.

Notwithstanding the foregoing, the Plan Committee may cancel a Participant's Deferred Compensation Elections for the balance of a Plan Year if the Participant submits evidence of an unforeseeable emergency (as defined in the Universal 409A Definition Document) to the Plan Committee. Any Base Salary, Annual Cash Incentive, Commissions or other cash remuneration which would have been deferred pursuant to that cancelled Deferred Compensation Election shall be paid to the Eligible Executive as if he had not made that election.

A Participant may revoke or change a Deferred Compensation Election anytime prior to the date such election becomes irrevocable. Any such change or revocation shall be made in a form and manner determined by the Plan Committee. Under no circumstances may a Participant's Deferred Compensation Election be made, modified or revoked retroactively.

(b) If a Participant's Deferred Compensation Election applicable to his Base Salary and/or Annual Cash Incentive or Commissions is cancelled for a Plan Year, he will not be permitted to elect to make Deferrals again until the next Plan Year.

(c)

If a Participant ceases to be an Eligible Executive after the date a Deferred Compensation Election becomes effective but continues to be employed by the Corporation or an Affiliate, he shall continue to be a Participant and his Deferred Compensation Election currently in effect shall remain in force, but such Participant shall not be eligible to make any further Deferred Compensation Elections until such time as he shall once again become an Eligible Executive.

(d)Notwithstanding anything in this Plan to the contrary, if Eligible Executive: (i)receives a withdrawal of deferred cash contributionsAnnual Cash Incentative or Commissions payment which would have been deferred pursuant to that on accountDeferred Compensation Election but for the application of this Section 4.03(b) shall be paid to the of hardshipEligible Executive as if he had not made that election. from any plan which is maintained by the Corporation or an Affiliate and which meets the requirements of Section 401(k) of the Internal Revenue Code (or any successor thereto); and the Eligible Executive's Deferred Compensation Election with respect to Base Salary, Annual Cash Incentative or Commissions in effect at that time shall be cancelled. Any Base Salary,

4.04 Company Contributions and Other Deferrals

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any reductions or limitations required by Sections 401(a)(17), 401(k), 402(g) and/or 415 of the Code, for the Plan Year based on the aggregate of the Participant's Elective Deferrals to Future Fund, his deferrals to any other qualified defined contribution plan maintained by the Corporation or an Affiliate, and his Deferral under Section 4.01 for the Plan Year, disregarding, in all cases, any deferrals made with respect to Base Salary, Annual Cash Incentives and Commissions otherwise payable prior to the first payroll period commencing in the month following date the Participant's completion of one Year of Service; and

At the sole discretion of the Plan Committee, all or a portion of a Participant's cash award under a Long-Term Incentive Plan program maintained by the Corporation or an Affiliate may be deferred under this Plan. Such election shall be made in accordance

(ii)is precluded from making contributions to such 401(k) plan for at least 6 months after receipt of the hardship withdrawal,

(a) Company Contributions - Restoration of Lost Matching Contribution. The amount of Lost Matching Contributions credited under the Plan on a Participant's behalf each calendar year shall be equal to (i) minus (ii) where:

(i) is the total Qualified Future Fund Matching Contribution that would have been allocated on the Participant's behalf under Future Fund, without giving effect to with

(ii) if the Participant is eligible to contribute to Future Fund during the Plan Year, the actual matching contributions made on the Participant's behalf to Future Fund or any other qualified defined contribution plan maintained by the Corporation or any Affiliate for that Plan Year. However, if the Participant is not eligible to contribute to Future Fund during the Plan Year but is eligible to contribute to the CareSave 401(k) Retirement Savings Plan for Employees of Caremark Rx, Inc. during that Plan Year, the amount under this clause (ii) shall equal the maximum amount of matching contributions the Participant would have received under the provisions of Future Fund for that Plan Year had he been eligible to contribute to Future Fund during that Plan Year, based on his Base Salary and/or Annual Cash Incentive or Commissions otherwise earned and payable in that Plan Year, and his contributions to the CareSave 401(k) Retirement Savings Plan for Employees of Caremark Rx, Inc. for that Plan Year had been made to Future Fund.

(b) LTIP Deferrals.the procedures established by the Plan Committee. The deferral election applicable to a LTIP cash award shall be made prior to the close of the calendar year preceding the first day of the performance period applicable to that award. Notwithstanding the foregoing, such election shall become irrevocable as of the close of business of the last day of the calendar year preceding the first day of the performance period applicable to that award. However,

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if such award meets the definition of performance-based compensation (as defined under Treas. Reg. Section 1.409A-1(e) and any subsequent guidance), the Plan Committee may permit such election to be made in accordance with the provisions under Treas. Reg. Section 1.409A-2(a)(8) and subsequent guidance.

(c) Cash Retention Award Deferrals.At the sole discretion of the Plan Committee and subject to the procedures established by the Plan Committee, an Eligible Executive may elect to defer all or a portion of a cash retention award which may be otherwise paid under a cash retention program maintained by the Corporation or an Affiliate. The deferral election applicable to such cash retention award shall be made in accordance with the provisions of Treasury Regulations Section 1.409A-2(a)(5).

4.05 Deferral and Contribution Timing

Base Salary Deferrals will be credited to the Account of each Participant as of the date of the pay check from which the deferral was withheld. A Participant whose employment terminates during a pay period will cease deferral withholding effective as of the first day of the following payroll period.

Annual Cash Incentive Deferrals and Commission Deferrals will be credited to the Account of each Participant as of the day of which such Annual Cash Incentive or Commissions, whichever is applicable, otherwise would have been paid to the Participant in cash.

Company Contributions for the Restoration of Lost Matching Contribution pursuant to Section 4.04(a) above will generally be credited to the Participant's Company Account at the same time the said Lost Matching Contribution would otherwise have been credited to the Participant's account under Future Fund.

LTIP deferrals shall be credited to the Account of the Participant at the time designated by the Plan Committee.

Cash Retention Awards Deferrals will be credited to the Account of each Participant as of the day of which such Cash Retention Award otherwise would have been paid to the Participant in cash.

ARTICLE V – ACCOUNTS

5.01 Establishment of Bookkeeping Accounts

Separate bookkeeping accounts shall be maintained for each Participant. Said accounts (or subaccount(s) thereof) shall be credited with the deferrals and contributions made by or on behalf of the Participant pursuant to this Plan and credited (or charged, as the case may be) with the hypothetical investment results determined pursuant to this Article of the Plan.

5.02 Subaccounts

Within each Participant's bookkeeping account, separate subaccount(s) shall be maintained to the extent necessary for the administration of the Plan. Generally, subaccount(s) will be set up for each year, for each Deferred Compensation Election the Participant makes, and the Company contribution credited each year on behalf of a Participant.

5.03 Hypothetical Nature of Accounts

The accounts established under this Article shall be hypothetical in nature and shall be maintained for bookkeeping purposes only so that hypothetical gains or losses on the deferrals or contributions made to the Plan can be credited (or charged, as the case may be).

Neither the Plan nor any of the accounts, or subaccount(s), established hereunder shall hold any actual funds or assets. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Corporation. Any liability of the Corporation to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. The Corporation, an Affiliate, the Board, the Committee, or any other person shall not be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Corporation or an Affiliate and a Participant or any other person.

5.04 Vesting

Deferral Account. Participants shall be 100% vested in their Deferral Account and Grandfathered Deferral Account at all times. The Participants shall be 100% vested in the LTIP deferrals credited on his behalf pursuant to Section 4.04(b) and any Cash Retention Award deferrals credited on his behalf pursuant to Section 4.04(c).

Company Account. Participants shall be 100% vested in the portion of their Company Account and Grandfathered Company Account attributable to Company contributions credited on his behalf prior to January 1, 2001. A Participant shall vest in the portion of his Company Account and Grandfathered Company Account attributable to Lost Matching Contributions credited on his behalf on and after January 1, 2001 at the same rate at which such contributions would have vested under the Future Fund had they been contributed thereunder.

5.05 Deferral Crediting Options

Deferral Crediting Options are similar to investment choices in a qualified defined contribution plan, except that they are hypothetical in nature and no funds are actually held in the Plan. Deferral Crediting Options determine the hypothetical gain or loss to be reflected in the Participant Accounts.

The Deferral Crediting Options offered to Participants are determined by the Plan Committee at its sole discretion. The Plan Committee specifically retains the right to change the Deferral Crediting Options at any time, in its sole discretion.

In the event the Plan Committee designates more than one Deferral Crediting Options, each Participant shall file a Deferral Crediting Option election with the Plan Committee, which shall be used to measure the investment performance of his Accounts, within such time period and on such form as the Plan Committee may prescribe. The designation of a Deferral Crediting Option shall not require the Corporation to invest or earmark their general assets in any manner. If a Participant fails to make a Deferral Crediting Option, his Accounts shall be deemed invested in a Deferral Crediting Option as determined by the Plan Committee.

A Participant may change his election of Deferral Crediting Options used to measure the future investment performance of his future deferrals and company contributions within such time periods and in such manner prescribed by the Plan Committee. The election shall be effective as soon as administratively practicable after the date on which the notice is timely filed.

A Participant may change his election of a Deferral Crediting Options used to measure the future investment performance of his exisiting Account balance within such time periods and in such manner prescribed by the Plan Committee. The election shall be effective as soon as administratively practicable after the date on which the notice is timely filed.

Any amounts added to or subtracted from a Participant's Account on any given Valuation Date will be converted to hypothetical share equivalents ("Hypothetical Shares") based on the daily closing price on said date ("Share Price") for any given Deferral Crediting Option.

5.06 Hypothetical Gains or Losses

Any hypothetical dividends, capital gains and any other income or share activity will be reflected in the Deferral Crediting Options. The timing of these will be the same as for the funds on which each Deferral Crediting Option is based.

The gain or loss on Participant Accounts will be calculated each Valuation Date. The Share Price shall determine each Deferral Crediting Option's hypothetical value, based on the number of shares within the Account for any given Deferral Crediting Option. Account balances that are given to Participants on a given day will be based on the closing price of the previous Valuation Date.

ARTICLE VI – DISTRIBUTION OF ACCOUNT

6.01 Normal Distributions

(a) Subject to the limitations set forth in this Article VI, each time a Participant makes a Deferred Compensation Election with respect to a Plan Year beginning on or after January 1, 2005, the Participant shall designate on that applicable Deferred Compensation Election that the distribution of such deferrals, as adjusted pursuant to Article V, shall commence, pursuant to Section 6.02, on or after the occurrence of the later of (i) or (ii):

(i) the Participant's Retirement; or

(ii) a Specific Future Year not later than the Plan Year in which the Particpant attains age 71.

A Participant may choose different options with respect to each Deferred Compensation Election.

In the event a Participant elects to have such deferrals commence as of a Specific Future Year pursuant to clause (ii) above, subject to rules established by the Plan Committee, the deferral period must be at least five (5) Plan Years.

A Participant may not change the election made pursuant to the provisions of this Section 6.01, except as otherwise provided in Section 6.06 below.

(b) Notwithstanding the foregoing, any Company Contributions, made with respect to a Plan Year beginning on or after January 1, 2005, adjusted as provided in Article V, shall be distributed pursuant to the Participant's distribution election made with respect to his Base Salary Deferrals for that Plan Year. In the event a Participant has not made a Base Salary Deferral in that Plan Year, such distribution shall be made pursuant to his distribution election made with respect to Annual Cash Incentive or Commissions Deferral for that Plan Year, if any; otherwise, such distribution shall be made at Retirement.

(c) The distribution of the portion of a Participant's Deferral or Company Account (or subaccount(s)) that is deferred to Retirement under paragraph (a)(i) of this Section, adjusted as provided in Article V, shall commence on the first business day in January following his

Retirement, pursuant to the provisions of Section 6.02, provided, however, that with respect to a Participant who is a Specified Employee as of the date of his Retirement, payment of any portion of his Deferral or Company Account (or any subaccount(s) thereof) will be delayed until the first day of the seventh month following the date such Retirement occurs.

The distribution of the portion of a Participant's Deferral or Company Account (or subaccount(s)) that is deferred to a Specific Future Year under paragraph (a)(ii) of this Section, adjusted as provided in Article V, shall commence on the first business day in January of that specific year pursuant to the provisions of Section 6.02.

(d) A Participant shall not change his normal distribution election under this Section 6.01, except as otherwise provided in Section 6.06 below.

6.02 Form of Payment

(a) Subject to the limitations set forth in the Article VI, Normal Distributions will be made in annual (or quarterly, if the election was made prior to October 1, 2008) installments, as elected by the Participant, for up to, and including, fifteen (15) years (10 years for an election made after October 1, 2008). The initial installment of an annual or quarterly payment stream will begin as of the first business day in January following the Participant's date of Retirement or of the Specific Future Year in accordance with the provisions of set forth in Section 6.01. Subsequent annual or quarterly payments will be as of the first business day of each subsequent calendar year of the installment period. Notwithstanding the foregoing, effective as of October 1, 2008, a Participant may not elect either quarterly installments or installments in excess of 10 years.

Each installment will be equal to a fraction of the Account balance (or subaccount(s) thereof) as of the date the installment is paid. The numerator of the fraction being "1" and the denominator being the number of payments remaining in the payment schedule.

Notwithstanding the foregoing provisions of this paragraph (a), if a Participant dies before receiving payment of the entire balance of his Deferral and Company Accounts under the provisions of this Section 6.02(a), the remaining value of such Accounts shall be payable to his Beneficiary in accordance with the provisions of Section 6.04.

(b) Normal Distributions made pursuant to Section 6.01 will occur when and how a Participant elects to receive payment at the time of his Deferred Compensation Election. A Participant may choose different forms of payment with respect to each Deferred Compensation Election. Any Company Contributions made with respect to a Plan Year beginning on or after January 1, 2005, adjusted pursuant to Article V, shall be distributed pursuant to the Participant's form of payment election made with respect to his Base Salary Deferral for that year. If the Participant has not made a Base Salary Deferral in that year, the portion of his Company Account attributable to such Company contributions will be distributed in accordance with his form of payment election with respect to his Annual Cash Incentive or Commissions Deferrals for that year, if any; otherwise payment will be made in a lump sum payment. In the absence of an election of the form of payment by a Participant on a Deferred Compensation Election, the portion of the Participant's Account deferred pursuant to that Deferred Compensation Election, adjusted pursuant to the provisions of Article V, shall be paid in a single lump sum.

(c) A Participant shall not change his form of payment election, except as otherwise provided in Section 6.06 below.*6.03 Disability Distributions*

Notwithstanding the foregoing, if a Participant, prior to his Termination of Employment, becomes Disabled (as defined under Treas. Regs. Section 1.409A-3(i)(4) and any subsequent guidance thereto), such Participant will receive the balance of his Deferral Account and Company Account paid out in five (5) annual installments with the first payment to be made in the month following the date the Participant is determined to be Disabled by the Plan Committee. Subsequent annual payments will be paid as of the first business day of each subsequent year of the installment period.

6.04 Distributions in the Event of Death

Notwithstanding the foregoing, in the event of a Participant's death, the Participant's Beneficiary will receive the remaining balance of the Participant's Deferral Account and Company Account paid in two (2) annual installments with the first payment to be made by the end of the month following the month in which the Participant's date of death occurs. The second annual payment will be paid as of the first business day in January of the subsequent year.

*6.05 Distributions Upon Termination of Employment Other Than Retirement, Death or Disability*Notwithstanding the foregoing, in the event a Participant incurs a Termination of Employment from the Corporation and all Affiliates for any reason other than death or Retirement prior to becoming Disabled (as defined in Section 6.03), said Participant will receive his entire Deferral Account and Company Account balance in a single lump sum payment. Such payment shall be made as of the month following the month in which the Participant's Termination of Employment occurs; provided, however, that with respect to a Participant who is a Specified Employee as of the date of his Termination of Employment for reasons other than death, payment of any portion of his Deferral or Company Account (or any subaccount(s) thereof) pursuant to the provisions of this Section 6.05 will be delayed until the first day of the seventh month following the date such Termination of Employment occurs.

6.06 Change of Distribution Election

(a) In accordance with such procedures as the Plan Committee may prescribe, a Participant may elect to change his Specific Future Year election under Section 6.01(ii) (or an Interium Distribution date election applicable to a portion of his Deferral Account or Company Account made pursuant to the provisions of the Plan as in effect prior to Decemeber 31, 2008) to a later Specific Future Year (or, if applicable, a later Interium Distribution date) by duly completing, executing and filing with the Plan Committee a new Specific Future Year election (or Interium Distribution date election) applicable to such deferrals, subject to the following limitations:

(i)such election must be made at least 12 months prior to the Specific Future Year (or Interium Distribution date) then in effect with respect to that portion of his Deferral or Company Account (or subaccount(s) thereof), and such election will not become effective until at least 12 months after the date on which the election is made; and

(ii)the new Specific Future Year (or Interium Distribution date) shall be a calendar year that is not less than five (5) years from the Specific Future Year (or Interium Distribution date) then in effect.

Notwithstanding the forgoing, a Participant may elect to delay a Specific Future Year to the later of Retirement or a new Specific Future Year that is at least five years from the Specific

Future Year then in effect, provided the election is made in accordance with the foregoing provisions of this Section 6.06(a). A Participant may elect to delay a Specific Future Year (or Interium Distribution date) pursuant to this Section 6.06(a) more than once, provided that all such elections comply with the provisions of this Section 6.06 (a).

(or any subaccount(s) thereof) from Retirement to a Specific Future Year or, except as provided in paragraph (a) above, from a Specific Future Year to Retirement.

6.07 Account Valuation Upon a Distribution

Before a distribution pursuant to this Article, the balance of a Participant's Account shall be determined as of the Valuation Date on or immediately preceding the date such payment is processed based on the Share Price in effect for that Valuation Date.

6.08 Designation of Beneficiary

Each Participant shall have the right to designate a beneficiary to receive payment of their Account in the event of their death. A beneficiary designation shall be made by executing and filing the beneficiary designation form prescribed by the Plan Committee. Any such designation may be changed at any time by execution of a new designation in accordance with this Section.

If no such designation is on file with the Plan Committee at the time of the death of the Participant, or such designation is not effective for any reason as determined by the Plan Committee, then the beneficiary to receive such benefit shall be the Participant's surviving spouse, if any; otherwise, Plan Committee shall designate a Beneficiary or Beneficiaries from among the following in the order named (1) Participant's surviving lineal descendants, per stirpes, in equal parts, (2) the Participant's surviving parents, in equal parts, (3) the Participant's estate.

6.09 Unclaimed Benefits

If the Plan Committee is unable to locate a Participant or Beneficiary to whom a benefit is payable, such benefit may be forfeited to the Corporation upon the Plan Committee's determination. Notwithstanding the foregoing, if subsequent to any such forfeiture, the Participant or Beneficiary to whom such benefit is payable makes a valid claim for such benefit, such forfeited benefit shall be restored to the Plan and paid by the Corporation, with interim interest credited as if the Account were maintained in the plan.

6.10 Hardship Withdrawals

A Participant may apply in writing to the Plan Committee for, and the Plan Committee may grant, a hardship withdrawal of all or any part of a Participant's Deferral or Company Account if the Plan Committee, in its sole discretion, determines that the Participant has incurred an Unforeseeable Emergency, as defined in the Universal 409A Definition Document.

The Plan Committee shall determine whether an event qualifies as a hardship within this Section, in its sole and absolute discretion. Such request shall be made in a time and manner determined by the Plan Committee. The payment made from a Participant's Deferral or Company Account (or any subaccount(s) thereof) pursuant to the provisions of this Section 6.10 shall not be in excess of the amount necessary to meet such financial hardship of the Participant, including amounts necessary to pay any federal, state or local income taxes with respect to the payment. Payment shall be made in the month following the date the Plan Committee determines that the Participant has incurred an unforeseeable severe financial hardship and grants the right to a withdrawal pursuant to this Section 6.10.

6.11 Change In Control

Notwithstanding the foregoing provisions of this Article VI, upon the occurrence of a Change of Control a Participant who has a valid change in control election(s) in effect, shall automatically receive the balance of his Deferral Account and Company Account related to that election, in cash, in a single lump sum payment. Such lump sum payment shall be made in the month following the month in which the Change of Control occurs. If such Participant dies after such Change of Control event occurs, but before receiving such payment, it shall be made to his Beneficiary.

6.12 Distribution of Grandfathered Deferral Account and the Grandfathered Company Account

Notwithstanding the foregoing provisions of this Article VI, the distribution from a Participant's Grandfathered Deferral Account and Grandfathered Company Account (or subaccount(s)) shall be

made pursuant to the provisions of the Plan as set forth on October 3, 2004, without regard to any amendments after October 3, 2004 which would constitute a material modification for Code Section 409A, as modified in Appendix A attached hereto.

ARTICLE VII – ADMINISTRATION

7.01 Plan Committee

The Plan shall be administered by the committee appointed by the Board of Directors pursuant to the provisions of Future Fund. The Plan Committee shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Plan Committee may delegate to others certain aspects of the management and operations of the Plan including the employment of advisors and the delegation of ministerial duties to qualified individuals, provided that such delegation is in writing. The Plan Committee shall be a "named fiduciary" as that term is defined in Section 402(a)(2) of ERISA.

7.02 General Powers of Administration

The Plan Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising hereunder, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan. The decisions of the Plan Committee or such other party as is authorized under the terms of any grantor trust on all matters shall be final, binding and conclusive on all persons to the extent permitted by law. The Plan Committee shall have all powers necessary or appropriate to enable it to carry out its administrative duties. Not in limitation, but in application of the foregoing, the Plan Committee shall have the duty and power to interpret the Plan and determine all questions that may raise hereunder as to the status and rights of Employees, Participants, Beneficiaries, and any other person. The Plan Committee may exercise the powers hereby granted in its sole and absolute discretion. No member of the Plan Committee shall be personally liable for any actions taken by the Plan Committee unless the member's action involves gross negligence or willful misconduct.

7.03 Costs of Administration

The costs of administering the Plan shall be borne by the Corporation unless and until the Participant receives written notice of the imposition of such administrative costs; with such costs to begin with the next Plan Year and none may be assessed retroactively for prior Plan Years. Such costs shall be charged against the Participant's Account and shall be uniform or proportional for all Plan

Participants. Such costs shall not exceed the standard rates for similarly designed nonqualified plans under administration by high quality third party administrators at the time such costs are initially imposed and thereafter.

7.04 Indemnification of Plan Committee

The Corporation shall indemnify the members of the Plan Committee or its delegates against any and all claims, losses, damages, expenses, including attorney's fees, incurred by them, and any liability, including any amounts paid in settlement with their approval, arising from their action or failure to act, except when the same is judicially determined to be attributable to their gross negligence or willful misconduct.

7.05 Compliance

With respect to the accounts subject to Code Section 409A, the Plan is intended to comply with the requirements of Code Section 409A and the provisions hereof shall be interpreted in a manner that satisfies the requirements of Code Section 409A and the regulations thereunder, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict.

ARTICLE VIII – CLAIMS PROCEDURE

8.01 Claims

A person who believes that they are being denied a benefit to which they are entitled to under the Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Plan Committee, setting forth their claim. The request must be addressed to the Plan Committee at the Corporation's then principal place of business.

8.02 Claim Decision

Upon receipt of a claim, the Plan Committee shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. If the Plan Committee determines that additional time is needed to review the claim, the Plan Committee will provide the Claimant with a notice of the extension before the end of the initial ninety (90)-day period. The notice of extension will explain the special circumstances that require the extension and the date by which the Plan Committee expects to make a decision.

If the claim is denied in whole or in part, the Plan Committee shall adopt a written opinion using language calculated to be understood by the Claimant, setting forth all of the following:

(a) The specific reason or reasons for such denial;(b) The specific reference to pertinent provisions of the Plan on which such denial is based;

(c) A description of any additional material or information necessary for the Claimant to perfect their claim and an explanation why such material or such information is necessary;

(d) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and*8.03 Request for Review*

(e) The time limits for requesting a review under this Section.Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the determination of the Plan Committee be reviewed. Such request must be addressed to the Secretary of the Committee, at its then principal place of business. The Claimant or their duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Corporation. If the Claimant does not request a review of the Plan Committee's determination within such sixty (60)-day period, he shall be barred and stopped from challenging the Plan Committee's determination.

8.04 Review of Decision

Within sixty (60) days after the Secretary's receipt of a request for review, the Committee as designated by the Corporation to hear such appeals (Appeals Committee) will review the Plan Committee's determination. After considering all materials presented by the Claimant, the Secretary will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty (60)-day time period be extended, the Secretary will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

ARTICLE IX – MISCELLANEOUS

9.01 Not Contract of Employment

The adoption and maintenance of the Plan shall not be deemed to be a contract between the Corporation or an Affiliate and any person and shall not be consideration for the employment of any person. Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Corporation or an Affiliate or to restrict the right of the Corporation or an Affiliate to discharge any person at any time nor shall the Plan be deemed to give the Corporation or an Affiliate the right to require any person to remain in the employ of the Corporation or an Affiliate or to restrict any person's right to terminate their employment at any time.

9.02 Non-Assignability of Benefits

No Participant, Beneficiary or distributees of benefits under the Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder, which are expressly declared to be unassignable and nontransferable. Any such attempted assignment or transfer shall be void. No amount payable hereunder shall, prior to actual payment thereof, be subject to seizure by any creditor of any such Participant, Beneficiary or other distributees for the payment of any debt judgment or other obligation, by a proceeding at law or in equity, nor transferable by operation of law in the event of the bankruptcy, insolvency or death of such Participant, Beneficiary or other distributes hereunder.

9.03 Withholding

All deferrals and payments provided for hereunder shall be subject to applicable withholding and other deductions as shall be required of the Corporation under any applicable local, state or federal law.

9.04 Amendment and Termination

The Committee may from time to time, in its discretion, amend, in whole or in part, any or all of the provisions of the Plan; provided, however, that no amendment may be made that would impair the rights of a Participant with respect to amounts already allocated to their Account. To the extent consistent with the rules relating to plan terminations and liquidations in Treas. Reg. Section 1.409A-3(j)(4)(ix) or otherwise consistent with Code Section 409A, the Committee may terminate the Plan and any related Deferred Compensation Agreement at any time and in that event the Committee may provide that, without the prior written consent of Participants, the Participants' Deferral Account and Company Account shall be distributed in a cash lump sum upon termination

of the Plan. Unless so distributed in accordance with the preceding sentence, in the event of a Plan termination, the Committee shall continue to maintain the Deferral Account and Company Account until distributed pursuant to the terms of the Plan and Participants shall remain 100% vested in all amounts credited to their Deferal and Company Accounts. In the event of a Plan termination, the distribution of a Participant's Grandfathered Deferral Account and Grandfathered Company Account shall be made pursuant to the provisions of the Plan as set forth on October 3, 2004, without regard to any amendments after October 3, 2004 which would constitute a material modification for Code Section 409A, as modified in Appendix A attached hereto.

9.05 Compliance with Securities and Other Laws

Notwithstanding any Plan provision to the contrary, the Committee may at any time impose such restrictions on the Plan and participation therein, including limiting the amount of any deferral or the timing thereof, as the Committee may deem advisable from time to time in order to comply or preserve compliance with any applicable laws, including any applicable state and federal securities laws and exemptions from registration available thereunder.

9.06 No Trust Created

Nothing contained in this Plan and no action taken pursuant to its provisions by the Corporation or any person, shall create, nor be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or an Affiliate and the Participant, Beneficiary, or any other person.

9.07 Unsecured General Creditor Status of Employee

The payments to the Participant, Beneficiary or any other distributes hereunder shall be made from assets which shall continue, for all purposes, to be a part of the general, unrestricted assets of the Corporation. No person shall have or acquire any interest in any such assets by virtue of the provisions of this Plan. The Corporation's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that the Participant, Beneficiary or other distributees acquires a right to receive payments from the Corporation under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Corporation. No such person shall have nor require any legal or equitable right, interest or claim in or to any property or assets of the Corporation.

In the event that, in its discretion, the Corporation purchases an insurance policy, or policies, insuring the life of the Employee, or any other property, to allow the Corporation to recover the cost of

providing the benefits, in whole, or in part, hereunder, neither the Participant, Beneficiary or other distributee shall have or acquire any rights whatsoever therein or in the proceeds therefrom. The Corporation shall be the sole owner and beneficiary of any such policy or policies and, as such, shall possess and, may exercise all incidents of ownership therein. No such policy, policies or other property shall be held in any trust for a Participant, Beneficiary or other distributee or held as collateral security for any obligation of the Corporation hereunder. An Employee's participation in the underwriting or other steps necessary to acquire such policy or policies may be required by the Corporation and, if required, shall not be a suggestion of any beneficial interest in such policy or policies to a Participant.

9.08 Payment to Minors and Incompetents

If any Participant, spouse, or Beneficiary entitled to receive any benefits hereunder is a minor or is deemed by the Plan Committee or is adjudicated to be legally incapable of giving a valid receipt and discharge for such benefits, the benefits will be paid to such person or institution as the Plan Committee may designate or to the duly appointed guardian of such person. Such payment shall, to the extent made, be deemed a complete discharge of any such payment under the Plan.

9.09 Acceleration of or Delay in Payments

The Plan Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Participant hereunder, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4) and any subsequent guidance. The Plan Committee may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Participant hereunder, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7) and any subsequent guidance.

9.10 Severability

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

9.11 Governing Laws

All provisions of the Plan shall be construed in accordance with the laws of Rhode Island, except to the extent preempted by federal law.

9.12 Binding Effect

This Plan shall be binding on each Participant and their heirs and legal representatives and on the Corporation and its successors and assigns.

APPENDIX A

PROVISIONS APPLICABLE TO A PARTICIPANT'S GRANDFATHERED DEFERRAL ACOUNT AND GRANDFATHERED COMPANY ACCOUNT

This Appendix A constitutes an integral part of the Plan and is applicable with respect to the Grandfathered Deferral Account and the Grandfathered Company Account of those individuals who were Participants in the Plan on December 31, 2004. The Grandfathered Deferral Account and Grandfathered Company Account are subject to all the terms and conditions of the Plan as set forth on October 3, 2004, without regard to any Plan amendments after October 3, 2004 which would constitute a material modification for Code Section 409A, as modified below. Section references in this Appendix A correspond to appropriate Sections of the Plan as set forth on October 3, 2004.

ARTICLE I – DEFINITIONS

Section 2.15 - **Company Account** means the Participant's Grandfathered Company Account as set forth in Section 2.28.

Section 2.19 - **Deferral Account** means the Participant`s Grandfathered Deferral Account as set forth in Section 2.29 of the foregoing provisions of the Plan.

For purposes of a Particpant's Grandfathered Deferral Account and Grandfathered Company Account, the term Change in Control shall have the meaning set forth in the 1997 Incentive Compensation Plan as in effect on October 3, 2004.

ARTICLE IV – DEFERRALS AND COMPANY CONTRIBUTIONS

The provisons of Section 4.03 shall continue to apply to a Participant's Grandfathered Deferral Account, Grandfathered Company Account and amounts transferred from the Melville Deferred Compensation Plan that were vested on or earlier than December 31, 2004.

ARTICLE V – MAINTENANCE OF ACCOUNTS

The provisions of Section V as set forth in the foregoing provisions of the Plan as amended and restated effective as of December 31, 2008 shall be applicable to a Participant's Grandfathered Deferral Account and Grandfathered Company Account on and after January 1, 2009.

ARTICLE VI – PAYMENT OF BENEFIT

For purposes of this Article VI - Payment of Benefit, the term "termination of employment" or any other similar language means with respect to a Participant the complete cessation of providing service to the Corporation and any Affiliate as an employee.

6.02 Form of Payment

Effective on or after October 1, 2008, a Particpant shall not elect installments in excess of ten years or quarterly installments.

6.03 Disability Distributions

A Particpant shall be entitled to distribution under this Section if such Particpant become "Disabled" as such term is defined under Section 6.03 in the foregoing provisions of this Plan.

6.06 Change of Distribution Election

On and after January 1, 2009, a change in a Specific Future Year distribution date or an Interim distribution date shall be effective only if the new Specific Future Year distribution date or an Interim distribution date is not less than 5 years later then the date in effect prior to the change election.

2013 Management Incentive Plan

I. Objectives and Summary

CVS Caremark Corporation's Management Incentive Plan (the "MIP") is designed to reward incentive-eligible employees ("Eligible Participants") of CVS Caremark Corporation and its subsidiaries (together, "the Company") for their role in driving performance and to encourage Eligible Participants' continued employment with the Company. Funding for the payment of incentive awards will be based on actual results measured against pre-established financial goals. The amount of each incentive award will be based on the performance of the Company and the performance of the individual Eligible Participant.

The Management Planning and Development Committee (the "Committee") of the Board of Directors (the "Board") may delegate to officers of CVS Caremark the authority to perform administrative functions of the MIP as the Committee may determine and may appoint officers and others to assist it in administering the MIP

II. Plan Year

The MIP is a calendar year plan, which runs from January 1 to December 31, 2013 ("Plan Year"). All dates in this document occur during the Plan Year unless otherwise stated.

III. Eligibility

A. Eligibility for Participation

The Chief Executive Officer of CVS Caremark Corporation ("CEO") will determine those employees who are eligible for participation in the MIP, provided that the Committee shall determine the eligibility of employees who are or may be subject to Section 162(m) of the Internal Revenue Code (collectively, "Section 162(m) Eligible Participants", whom will also be included in the term "Eligible Participants" unless otherwise noted). In general, Eligible Participants include all exempt employees who are not covered by any other incentive plans and who are employed on or before November 1 of the Plan Year; provided, however, that an employee who becomes a Section 162(m) Eligible Participant after January 1 of the Plan Year shall be eligible for an award only to the extent that such award does not violate the requirements of Section 162(m).

The CEO (or, as to Section 162(m) Eligible Participants, the Committee) may, for any reason and in his or her (or its) sole discretion, at any time prior to the end of the Plan Year, determine an employee's eligibility for participation in the Plan. Eligible Participants are subject to the terms and conditions relating to incentive awards set forth in the MIP.

B. Section 162(m) Eligible Participants

Section 162(m) Eligible Participants shall be subject to the limitations required to comply with the provisions of Section 162(m). Subject to the requirements of Section 162(m), the Committee shall retain sole discretion to determine a Section 162(m) Eligible Participant's eligibility for an award, the target award, and the amount of the actual award. In no event shall a Section 162(m) Eligible Participant's award exceed the amount permitted by Section 162(m).

C. Newly-Eligible Employees

The award, if any, to an Eligible Participant who became an Eligible Participant after the beginning of the Plan Year may be prorated based on the date of eligibility.

D. Transfers

An employee who becomes an Eligible Participant on or before November 1 of the Plan Year as a result of a transfer may be eligible for a prorated MIP award. If a change in assignment results in an an employee becoming an Eligible Participant for part of the Plan Year and other incentives during other parts of the Plan Year, the employee may be eligible to receive a prorated award for the amount of time in each incentive eligible position, subject to the terms of each applicable incentive plan. A change in assignment from one MIP-eligible position to another MIP-eligible postion

during the Plan Year does not result in a prorata award but rather an award funded on the base salary of the Eligible Participant on December 31 of the Plan Year and the individual award opportunity as of that date.

E. Demotions

If a previously Eligible Participant is demoted to a non-incentive eligible position due to his or her violation of CVS Caremark policy or his or her performance, or if he or she voluntarily transfers to a non-incentive eligible position during the Plan Year, and is in the non-incentive eligible position on the last day of the Plan Year, he or she will not be eligible to earn an incentive award for the Plan Year under the MIP.

F. Terminations

Unless otherwise stated in Section VII of the MIP, if an Eligible Participant's employment terminates prior to the final determination of incentive awards for the Plan Year, he or she will not be eligible to receive an incentive award under the MIP. The final determination of incentive awards generally occurs in February of the year following the Plan Year.

G. Rehires

Employees who are rehired as Eligible Participants on or before November 1 of the Plan Year may be eligible for a prorated incentive award. For purposes of proration, credit will only be given for time worked during the Plan Year in incentive-eligible positions.

IV. Target Measurements and Total Pool

A. Consolidated Company Funding

MIP funding is based on consolidated Company performance, measured by Operating Profit, Retail Customer Service and Pharmacy Benefit Management ("PBM") Customer Satisfaction, as defined below. Achievement of the Company's consolidated operating profit target will determine 80% of the total funding (the "Total Pool"); achievement of the Retail Customer Service target, as measured by 'myCustomer Experience' scores, will determine 10% of the Total Pool; and achievement of PBM Customer Satisfaction targets will determine the remaining 10% of the Total Pool.

1. Operating Profit

Operating Profit is determined by reference to EBIT and may be adjusted by the permitted financial adjustments as approved by the Committee prior to the end of the first fiscal quarter of the Plan Year (the "Permitted Financial Adjustments").

If Operating Profit is below the minimum threshhold of 96.9% (see Exhibit A), no formulaic funding will be made available for incentive awards, regardless of Retail Customer Service and PBM Customer Satisfaction performance, and there shall be no requirement that incentive awards be paid under the MIP.

2. PBM Customer Satisfaction

Achievement of the PBM Customer Satisfaction component of incentive funding will be determined by the aggregate actual performance against target (see Exhibit A) of the weighted composite of the following surveys:

- Client Relationship and Loyalty Survey (weight = 50%)
- Mail Service Pharmacy and Customer Care Survey (weight = 25%)PBM Customer Satisfaction
- Specialty Pharmacy Satisfaction Survey (weight = 25%)funding is subject to adjustment based on Operating Profit.

3. Retail Customer Service
The Retail Customer Service component of the incentive funding will be determined using the myCustomer Experience actual performance against the target (see Exhibit A). The myCustomer Experience score is derived based on RX Score and Front Store score and assigned weightings.

Retail Customer Service funding is subject to adjustment based on Operating Profit.

COMPANY PERFORMANCE - TARGET MEASUREMENTS

Measurement	Percent Weight	Measurement Tool	Achievement Measured Against	Modifier
Consolidated Operating Profit	80%	Earnings Before Interest and Taxes ("EBIT")	2013 EBIT Goal	CEO & Committee Discretion [1] Permitted Financial Adjustments
PBM Customer Satisfaction	10%	Client Relationship and Loyalty, Customer Care, Mail Service and Specialty Surveys	2013 PBM Customer Satisfaction Target	Operating Profit Funding
Retail Customer Service	10%	myCustomer Service Scorecard	2013 myCustomer Experience Target	Operating Profit Funding

[1] Subject to restrictions applicable to Section 162(m) Eligible Participants

B. Total Pool Funding
After the achievement of at least threshold for Operating Profit has been confirmed, performance of Retail Customer Service and PBM Customer Satisfaction compared to target for the Plan Year will be calculated. The Total Pool for all business units will be fully based (100%) on consolidated Company performance.

The CEO may adjust the funding of the Total Pool at his or her discretion based on (a) input from the PBM and Retail Presidents and Finance regarding their assessment of the overall performance of the Company; and (b) the CEO's (or, in the case of Section 162(m) Eligible Participants, the Committee's) assessment of the achievement of Plan Year performance goals by the Company.

C. Individual Performance
The Total Pool will be available for award to Eligible Participants under the MIP, taking into account the individual contribution of each Eligible Participant. The amount, if any, of the incentive award for an Eligible Participant shall be detemined in the sole discretion of the Company. The amount, if any, of the incentive award for a Section 162(m) Eligible Participant shall be determined in the sole discretion of the Committee.

V. Earnings and Payout

A. Timing
Incentive awards will be paid to Eligible Participants as soon as administratively feasible following the date the Total Pool is determined and approved and the amount of incentive payments is ascertained, but in any case on or before March 15 of the year immediately following the Plan Year. Incentive payments under the MIP may be subject to garnishments and other state or federal requirements.

B. Calculations
Calculations for full and partial awards will be based on each Eligible Participant's annual base salary and individual target opportunity as of the last day of the Plan Year.

For purposes of proration, the 15th of the month will be used to determine if the month is included or excluded from the incentive calculation, as follows:

1. If an Eligible Participant is hired or returns to work from an authorized leave of absence on or before the 15th of the month, the month will be included in the incentive calculations.
2. If an Eligible Participant is hired or returns to work from an authorized leave of absence after the 15th of the month, then such month will be excluded from the incentive calculations.

3. If an Eligible Participant's employment is terminated on or before the 15th of the month and the employee is eligible for a prorated award under the Plan, then the month will be excluded from incentive calculations.
4. If an Eligible Participant's employment is terminated after the 15th of the month and the employee is eligible for a prorated award under the Plan, then the month will be included in the incentive calculations.

Examples:

a. An employee is hired as an Eligible Participant on September 14th. Because the Eligible Participant is actively employed prior to the 15th of September, the month of September will be included in his/her prorated incentive award and the Eligible Participant will receive a prorated incentive award covering a total of four months. The award will be calculated using the Eligible Participant's individual award opportunity target and base salary as of December 31st.

b. An Eligible Participant begins a personal leave of absence on June 3rd and returns to active status on July 22nd. Assuming the Eligible Participant was incentive eligible for the entire year, the months of June and July will be excluded from the Eligible Participant's incentive award and the Eligible Participant will receive a prorated incentive award covering a total of 10 months. The award will be calculated using the Eligible Participant's individual award opportunity target and base salary as of December 31st.

C. Award Opportunity
Individual target awards will be determined by position and may vary based on the Eligible Participant's level in the organization.

D. Obligation to Pay Out Total Pool
Eligible Participants, as a group, have a right to receive an amount at least equal to the Total Pool, but no individual Eligible Participant shall be entitled to receive an award or any specific amount of the Total Pool. In no event will the aggregate of the total awards paid from the MIP be less than the amount of the Total Pool.

VI. Corrections to Incentive Awards
Any corrections to incentive award calculations must be submitted through the Human Resources Business Partner to Compensation by April 15 of the year following the Plan Year.

VII. Eligible Participant Status

A. Performance
The Company has full discretion in determining the amount, if any, of a MIP award to an Eligible Participant, and the Participant's individual performance throughout the Plan Year will be considered by the Company in the final determination of the Eligible Participant's incentive award.

B. Leaves of Absence
An Eligible Participant on a Company-approved leave of absence at any time during the Plan Year who remains employed in an eligible position as of the last day of the Plan Year will earn a prorated incentive award based on the number of months actively worked (including time compensated as vacation, myTime or Paid Time Off ("PTO")) during the Plan Year, provided he or she meets all other eligibility criteria for an incentive award. For purposes of proration, the 15th of the month will be used to determine if the month is included or excluded from the incentive calculation, as set forth above in Section V.B.

C. Reduction in Force, Retirement and Death

1. Reduction in Force

If an Eligible Participant is separated from employment by the Company on or before the last day of the Plan Year due to a reduction in force, he or she may be eligible to receive a prorated incentive award based on the number of months worked during the Plan Year, provided the Eligible Participant meets all other eligibility criteria for an incentive award. For purposes of proration, the 15th of the month will be used to determine if the month is included or excluded from the incentive calculation, as set forth above.

2. Retirement

If an Eligible Participant is at least age 55 and has a minimum of 10 years of service with CVS Caremark or a predecessor company/subsidiary or is at least age 60 and has a minimum of 5 years of service with CVS Caremark or a predecessor company/subsidiary and the Eligible Participant retires before the end of the Plan Year, he/she may be eligible to receive a prorated incentive award based on the number of months worked during the Plan Year, provided he/she meets all other eligibility criteria for an incentive award. Eligible Participants who do not meet the minimum retirement requirements under this section at the time of retirement and who retire before the end of the Plan Year will not be eligible for an incentive award.

3. Death

In case of the death of an Eligible Participant, a prorated incentive award may be paid to the Eligible Participant's spouse, if living; otherwise, in equal shares to surviving children of the Eligible Participant. If there are no surviving children, the benefit shall be paid to the Eligible Participant's estate. The incentive award will be prorated based on the number of months the Eligible Participant worked during the Plan Year and shall be paid as soon as administratively practicable following the death of the Eligible Participant but no later than March 15 of the year following the Plan Year.

VIII. Miscellaneous

A. No Promise of Continued Employment

The MIP does not create an express or implied contract of employment between CVS Caremark and an Eligible Participant. Both CVS Caremark and the Eligible Participant retain the right to terminate the employment relationship at will, at any time and for any reason.

B. Rights are Non-Assignable

Neither the Eligible Participant, nor any beneficiary, nor any other person shall have any right to assign, in whole or in part, the right to receive payments under the MIP. Payments are non-assignable and non-transferable, whether voluntarily or involuntarily.

C. Compliance with Applicable Law

An Eligible Participant must comply with all applicable state and federal law and CVS Caremark policies to be eligible to receive an incentive award under the MIP.

CVS Caremark will comply with all applicable laws concerning incentive awards; the MIP and its administration are not intended to conflict with any applicable state or federal law.

D. Change in Control

In the event of a change in control of CVS Caremark, as defined in the 2010 Incentive Compensation Plan ("ICP"), the MIP shall remain in full force and effect. Any amendments, modifications, termination or dissolution of the MIP by the acquiring entity may only occur prospectively and will not affect incentive earnings or eligibility before the date of the change in control or such date as it may be modified or dissolved by the acquiring entity.

Provisions regarding the payment of annual incentive awards that are set forth in change in control agreements with Eligible Employees shall supersede those appearing in the MIP.

E. Withholding

All required deductions will be withheld from the incentive awards prior to distribution. This includes all applicable federal, state, or local taxes, as well as any eligible 401(k) deductions and deferred compensation contributions as defined by the applicable plans. Incentive awards that are deferred will be taxed according to applicable federal and state tax law. Each Eligible Participant shall be solely responsible for any tax consequences of his or her award hereunder.

F. MIP Amendment/Modification/Termination

CVS Caremark retains the right to amend, modify, or terminate the MIP at any time on or before the last day of the Plan Year for any reason, with or without notice to Eligible Participants, provided that no changes shall be made with respect to a Section 162(m) Eligible Participant that would not comply with the requirements of Section 162(m).

G. MIP Interpretation

All inquiries with respect to the MIP and any requests for interpretation of any provision in the MIP must be submitted to the appropriate Human Resources Business Partner in writing. Failure to submit a request for resolution of a dispute or question in writing within 30 days of distribution of the incentive award may result in a waiver of the Eligible Participant's rights to dispute the MIP provision or amount of the incentive award.

Capitalized terms not otherwise defined herein shall have the meaning assigned to such defined term(s) in the ICP. In the event of any conflict between the ICP and the MIP, the terms of the ICP shall govern.

H. Recoupment of Incentive Awards

Each incentive award under the MIP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Eligible Employee to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the MIP.

I. Section 409A of the Internal Revenue Code

The Company intends that the MIP not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Code, as amended, and the regulations and guidance thereunder (collectively, "Section 409A"), and that to the extent any provisions of the Plan do not comply with Section 409A the Company will make such changes as it deems reasonable in order to comply with Section 409A. Payments hereunder are intended to qualify as short-term deferral payments under Section 409A. In all events, the provisions of CVS Caremark Corporation's Universal [409A] Definitions Document are hereby incorporated by reference, and notwithstanding the any other provision of the Plan or any Award to the contrary, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code (requiring certain delays for "specified employees"), payment of any amounts subject to Section 409A shall be delayed until the first business day of the seventh (7th) month following the date of termination of employment. For purpotes of any provision of the Plan providing for the payment of any amounts or benefits in connection with a termination of employment, references to an Eligible Person's "termination of employment" (and corollary terms) shall be construed to refer to the Eligible Person's "separation from service" with the Company as determined under Section 409A.

Exhibit A

2013 Company MIP Funding Grid

Consolidated Operating Profit (EBIT)[a] (80%)	
Results	% Payout
102.5%	200%
102.2%	180%
101.9%	160%
101.6%	140%
101.2%	120%
99% -101%	**100%**
98.8%	90%
98.4%	80%
98.1%	70%
97.8%	60%
97.5%	50%
97.2%	40%
96.9%	30%
< 96.9%	0%

Retail Customer Service - myCustomer Experience (10%)	
Results	% Payout
100.0%	100%
99.0%	95%
98.0%	90%
97.0%	85%
96.0%	80%
95.0%	75%
94.0%	70%
93.0%	65%
92.0%	60%
91.0%	55%
90.0%	50%
89.0%	25%
<89.0%	0%

PBM Customer Satisfaction (10%)	
Results	% Payout
100.0%	100%
99.0%	95%
98.0%	90%
97.0%	85%
96.0%	80%
95.0%	75%
94.0%	70%
93.0%	65%
92.0%	60%
91.0%	55%
90.0%	50%
89.0%	25%
<89.0%	0%

[a] Linear interpolation to determine payout for results that are outside of the 100% performance range

CVS CAREMARK

LONG-TERM INCENTIVE PLAN

Purpose

The purpose of the CVS Caremark Long-Term Incentive Plan (the "Plan") is to motivate select executives to focus on the long-term financial goals of CVS Caremark Corporation (the "Company") that enhance shareholder value, while simultaneously promoting executive retention and maintaining competitive levels of compensation.

Administration

The Plan shall be administered by the Management Planning and Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company under the provisions of the 2010 Incentive Compensation Plan, as amended (the "2010 ICP"), where applicable. The Committee shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to determine Eligible Persons, grant awards under the Plan (each, an "Award"), and determine the amount, terms and conditions and all other matters relating to Awards. In addition, the Committee shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to construe and interpret rules and regulations for the administration of the Plan, correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan.

Capitalized terms not otherwise defined herein shall have the meaning assigned to such term(s) in the 2010 ICP.

Eligibility

Executives employed by the Company or its subsidiaries who are selected by the Committee or its designate shall be eligible to receive an Award under the Plan (an "Eligible Person").

The Committee may grant Awards under the Plan that are intended to qualify as performance-based compensation within the meaning of the rules under Section 162(m) of the Code ("the Section 162(m) Rules") and Awards that are not intended to qualify as performance-based compensation under the Section 162(m) Rules. In each case, the terms of each Award shall be established pursuant to such procedures and methods as may be approved by the Committee or its designate.

If (a) the Award recipient is a member of the Company's Business Planning Committee at the time the Award is granted and (b) the Award recipient is expected to be a "covered employee" within the meaning of the Section 162(m) Rules for the calendar year in which the Award is settled, any Award granted under the Plan to the Award recipient shall qualify as performance-based compensation under the Section 162(m) Rules, and the initial grant and the terms of such Award, as established and approved by the Committee, shall comply with the Section 162(m) Rules.

Awards

The Committee shall determine the Eligible Persons to whom Awards shall be granted and the terms and conditions relating to the Awards, including but not limited to the target amount of each Eligible Person's Award, the range of each Eligible Person's Award that may be earned based on the Company's performance, the performance period relating to such Awards, the performance criteria that will be used to determine if and to what extent such Awards may be earned by Eligible Persons participating in the Plan and any other provisions as the Committee deems appropriate; *provided, however*, that performance criteria with respect to Awards intended to qualify as Section 162(m) performance-based compensation shall be consistent with the 2010 ICP, and such determination shall be made within the following time frames:

(i) At the beginning of any performance period and, if the Awards are intended to qualify as Section 162(m) performance-based compensation, not later than the earlier of 90 days after the start of the performance period and expiration of 25% of the performance period, or

(ii) If the Awards are not intended to qualify as Section 162(m) performance-based compensation, then with respect to any new employee, not later than the last day of the calendar year in which the employee commences his or her employment.

(b) A "performance period" shall be defined by the Committee at the time the performance cycle for the Award is established but shall generally begin on a January 1st of a calendar year and end on a December 31st of a succeeding calendar year (the "Performance Period").

(i) The Committee may establish, in its sole discretion, one or more periodic performance measurement periods within a Performance Period (an "Interim Performance Period").

(ii) Any Interim Performance Period(s) commencement and end date(s), corresponding performance criteria and other relevant factors will be established to allow the Company to deduct to the full extent possible under Section 162(m) of the Code any compensation paid as a performance award against such pre-determined goals

(c) An Award is considered "earned" when the Committee certifies the Company's financial performance for the relevant performance period (an "Earned Award") which, with respect to Awards intended to qualify as Section 162(m) performance-based compensation, shall be consistent with the Section 162(m) Rules.

(d) **Settlement of Earned Awards**. At the end of a Performance Period, the Committee shall determine, in its sole discretion, the portion of the Earned Award that shall be distributed to each Eligible Person in cash and in shares of CVS Caremark common stock (the "Shares") based on the level of achievement of the relevant performance criteria.

Any Shares to be issued in connection with an Earned Award shall be issued pursuant to the 2010 ICP. The portion of the Earned Award payable in Shares shall be determined by dividing such portion of the Earned Award by the closing price of CVS Caremark stock ("FMV") on the date the Award is approved by the Committee, which shall be rounded down to the nearest whole share.

Subject to an Eligible Person's prior election to defer any or all of the Earned Award pursuant to Section 5, the cash and Shares payable in respect of an Earned Award will be paid to the Eligible Person as soon as practicable after the Earned Award is approved by the Committee and in no event later than March 15 following the completion of the relevant performance period. The Share portion of the Earned Award will be settled through the issuance to each Eligible Person of a certificate for Shares or such other method of transfer of Shares as may be made in accordance with prevailing Company practice.

5. Deferral Elections
In accordance with the rules promulgated by the Committee, an Eligible Person may elect to defer any or all of such Earned Award.

6. **Termination of Employment**(a) In the event an Eligible Person ceases to be employed by the Company and any subsidiary of the Company prior to the completion of a Performance Period due to an Eligible Person's voluntary termination of employment, or the termination of an Eligible Person by the Company for Cause, any Award granted but not yet earned for a Performance Period shall be forfeited. For this purpose, "Cause" shall be deemed to occur if the Eligible Person (A) willfully and materially breaches any of his or her obligations to the Company with respect to confidentiality, cooperation with regard to litigation, non-disparagement and non-solicitation; (B) is convicted of a felony involving moral turpitude; or (C) engages in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out Eligible Person's duties to the Company, resulting, in either case, in material harm to the financial condition or reputation of the Company

(b) In the event an Eligible Person ceases to be employed by the Company and any subsidiary of the Company prior to the completion of a Performance Period by reason of death, any Award not yet earned in accordance with Section 4 shall be prorated pursuant to Paragraph 6(f) below.

(c) In the event an Eligible Person ceases to be actively employed by the Company and any subsidiary of the Company prior to the completion of a Performance Period due to an Eligible Person becoming totally and permanently disabled

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(as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration) while actively employed by Company or a subsidiary of the Company, an Award granted but not yet earned for a Performance Period shall be prorated pursuant to Paragraph 6(f) below.

(d) In the event an Eligible Person ceases to be employed by the Company and any subsidiary of the Company, due to a Termination by the Company without Cause (as defined above in Paragraph 6(a)) or a "Constructive Termination without Cause" (defined below), any Award granted but not yet earned for a Performance Period shall be prorated pursuant to Paragraph 6(f) below. "Constructive Termination without Cause" shall mean a termination of the Eligible Person's employment at his or her initiative as provided under the definition of either "Constructive Termination without Cause" or "Termination by Executive for Good Reason" set forth in the most recent Employment Agreement, as amended, Change in Control Agreement, or other comparable agreement, between the Company and the Eligible Person. If there is no such Agreement between the Company and the Eligible Person, then Constructive Termination without Cause shall have the same meaning for the Eligible Person as is defined for a similarly-situated Eligible Person in his or her Employment or Change in Control Agreement.

(e) In the event an Eligible Person's employment with the Company and any subsidiary of the Company terminates by reason of a "Qualified Retirement," an Award granted but not yet earned for a Performance Period shall be prorated pursuant to Paragraph 6(f) below. A "Qualified Retirement" shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause. Notwithstanding the forgoing, in the event an Eligible Person is a party to an Employment Agreement with the Company, a Qualified Retirement shall be deemed to occur under this Section if the Eligible Person's termination of employment qualifies as a Normal Retirement or an Approved Early Retirement under such Employment Agreement.

(f) **Pro Rating**

(i) Subject to Paragraph 6(f)(ii), in the case of Paragraphs 6(b) and 6(c), the Award payable will be determined based on the Eligible Person's target award and, in the case of Paragraphs 6(d) and 6 (e), the Award payable will be determined based on the Company's *actual performance* during the applicable Performance Period. The amount of the Award will be calculated by multiplying the Award amount (based on target or actual performance, as the case may be) by the following fraction: (A) the numerator shall be the number of whole months elapsed since the beginning of the Performance Period and (B) the denominator shall be the total number of months in the Performance Period. For purposes of this calculation, the number of months in the numerator in sub-section (A) shall include any partial month in which an Eligible Person has worked. Any payment to an Eligible Person under Paragraphs 6(b) and 6(c) shall be made within two and a half months of such death or disability, as the case may be, and any payment made under Paragraphs 6(d) and 6(e) will be made following completion of the performance period at the same time payment is made to other Eligible Persons in accordance with Paragraph 4(d).

(ii) Notwithstanding the foregoing and subject to compliance with Section 409A of the Code, the Committee may provide, in its sole discretion, that the amount payable following terminations described in Paragraphs 6(b) and 6(c) with respect to Awards subject to the Section 162(m) Rules will be determined based on the Company's *actual performance* during the applicable Performance Period and payable on the earlier of (i) the time payment is made to other Eligible Persons in accordance with Paragraph 4(d) and (ii) the Company's first taxable year when payment would not reasonably be anticipated to result in a loss of a tax deduction under the Section 162(m) Rules

7. **Tax Withholding**The Company will withhold from an Eligible Person's Earned Award, subject to an Eligible Person's election to defer all or a portion of the Earned Award, all required federal, state and local payroll taxes, including Medicare taxes. If an Eligible Person's Social Security wages have not reached the Social Security maximum taxable wage base at the time the Earned Award is paid or Shares are delivered, Social Security taxes will also be withheld from the Award.

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If an Eligible Person elects to defer an Earned Award, the Company may require the Eligible Person to remit to the Company in advance of the actual deferral of such Earned Award, the required FICA withholding taxes, including Social Security and Medicare taxes, in order to ensure compliance with the Sarbanes-Oxley Act of 2002.

8. Change in Control of the Company
Upon the occurrence of a change in control of the Company, as defined in Section 10(c) of the 2010 ICP (a "Change in Control"), the performance criteria for any outstanding Performance Period shall be deemed to have been fully satisfied at target and all outstanding Awards under the Plan shall be come immediately non-forfeitable Earned Awards. Each Eligible Person shall receive the Target Award for each outstanding Performance Period to be paid as soon as administratively possible within two and a half months of the Change in Control, subject all applicable Plan provisions and federal regulations governing payment of such Award(s), including but not limited to the Eligible Person's deferral elections, and Sections 162(m), 4999 and 409A of the Code.

9. Recoupment of Awards
Except as may be specifically provided in the Award, each Award under the Plan shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Eligible Person to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Plan.

10. Miscellaneous
(a) *Not a Contract of Employment*. The adoption and maintenance of the Plan shall not be deemed to be a contract of between the Company and an Eligible Person and shall not be consideration for the employment of an Eligible Person. Nothing contained herein shall be deemed to give an Eligible Person the right to be retained in the employ of the Company or to restrict the right of the Company to discharge an Eligible Person at any time nor shall the Plan be deemed to give the Company the right to require an Eligible Person to remain in the employ of the Company or to restrict an Eligible Person's right to terminate their employment at any time.

(b) *Non-Assignability of Benefits*. No Eligible Person, Beneficiary or distributees of benefits under the Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder, which are expressly declared to be unassignable and nontransferable. Any such attempted assignment or transfer shall be void. No amount payable hereunder shall, prior to actual payment hereof, be subject to seizure by any creditor or any such Eligible Person, Beneficiary or other distributees for the payment of any debt judgment or other obligation, by a proceeding at law or in equity, nor transferable by operation of law in the event of the bankruptcy, insolvency or death of such Eligible Person, Beneficiary or other distributes hereunder.

(c) *Amendment and Termination*. The Board may amend, alter, suspend, discontinue or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of Eligible Persons, except that without the consent of an affected Eligible Person, no such Board action may materially and adversely affect the rights of such Eligible Person under any previously granted and outstanding Awards.

The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award(s) previously granted, except as otherwise provided in the Plan, provided that, without the consent of an affected Eligible Person, no such Committee action may materially and adversely affect the rights of such Eligible Person under such Award(s).

(d) *Compliance with Legal and Other Requirements.* Notwithstanding any Plan provision to the contrary, the Committee may at any time impose such restrictions on the Plan and participation therein as the Committee may deem advisable from time to time in order to comply with or preserve compliance with any applicable laws, including any applicable federal and state securities laws and exemptions from registrations thereunder.

Further, to the extent it would not violate an applicable provision of Section 409A of the Code the Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of CVS Caremark stock or payment of other benefits under any Earned Award until completion of such registration or qualification of such stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which such stock are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Eligible Person to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(e) *Section 409A.* The Company intends that the Plan not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Code, as amended, and the regulations and guidance thereunder (collectively, "Section 409A"), and that to the extent any provisions of the Plan do not comply with Section 409A the Company will make such changes as it deems reasonable in order to comply with Section 409A. In all events, the provisions of CVS Caremark Corporation's Universal 409A Definitions Document are hereby incorporated by reference, and notwithstanding the any other provision of the Plan or any Award to the contrary, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code (requiring certain delays for "specified employees"), payment of any amounts subject to Section 409A shall be delayed until the first business day of the seventh (7th) month following the date of termination of employment. For purposes of any provision of the Plan providing for the payment of any amounts or benefits in connection with a termination of employment, references to an Eligible Person's "termination of employment" (and corollary terms) shall be construed to refer to the Eligible Person's "separation from service" with the Company as determined under Section 409A.

(f) *Adjustments.* In the event that any dividend or other distribution (whether in the form of cash, stock, or other property), re-capitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the stock such that an adjustment is appropriate under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and kind of Shares of stock subject to or deliverable in respect of outstanding Awards.

(g) *Limitation on Rights Conferred by Awards Granted under Plan.* Neither the Plan nor any action taken under the Plan shall be construed as conferring on an Eligible Person any of the rights of a shareholder of CVS Caremark until the Eligible Person is duly issued or transferred Shares in accordance with the terms of an Earned Award.

(h) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to an Eligible Person or obligation to deliver stock pursuant to an Award, nothing contained in any Award shall give any such Eligible Person any rights that are greater than those of a general creditor of CVS Caremark, provided that the Committee may authorize the creation of trusts and deposit therein cash, stock, other awards or other property, or make other arrangements to meet CVS Caremark's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Eligible Person.

11. Governing Law

The validity, construction and effect of the Plan, and any rules and regulations under the Plan shall be determined in accordance with Delaware law, without giving effect to principles of conflicts of laws and applicable federal law.

Partnership Equity Program

Revised August 2013

Partnership Equity Program

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I. Purpose and Status of the PEP. The Partnership Equity Program (the "PEP") has been adopted by the Management Planning & Development Committee ("Committee") of the Board of Directors of CVS Caremark Corporation (the "Company"), as a subplan implemented under the Company's 2010 Incentive Compensation Plan (the "2010 ICP"). The purpose of the PEP is to promote a partnership between the participating executive and the Company through a mutual commitment based on ownership of a proprietary interest in the Company. This is accomplished through an investment by the participating executive in the Company's common stock and an award by the Company of restricted stock units and stock options. All shares of Stock (as hereinafter defined) issued or delivered in settlement of Participant Purchased RSUs (as hereinafter defined) and Company Matching RSUs (as hereinafter defined) under the PEP or issued upon exercise of Company Matching Options (as hereinafter defined) granted under the PEP shall be shares of Stock reserved and available under the 2010 ICP. All of the terms and conditions of the 2010 ICP are hereby incorporated by reference. Capitalized terms used in the PEP but not defined herein shall have the same meanings as defined in the 2010 ICP Plan. If any provision of the PEP is inconsistent with a provision of the 2010 ICP, the provision of the 2010 ICP shall govern.

II. Eligibility. The Committee shall determine and approve, in its sole discretion, the executives eligible to participate in the PEP.

III. Definitions.

A. **"Award"** means any Participant's investment, Company Matching RSUs, and Company Matching Options granted to a Participant under the PEP.

B. **"Beneficiary"** has the same meaning as the definition in the 2010 ICP.

C. **"Board"** means the Company's Board of Directors.

D. **"Change in Control"** means Change in Control as defined in the 2010 ICP.

E. **"Code"** means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

F. **"Company Matching Option"** means a right granted to a Participant under Section VIII of the PEP and 6(b) of the 2010 ICP to purchase Stock at a specified price during a specified time period.

G. **"Company Matching RSU"** refers to a RSU granted by the Company pursuant to which the Participant has a right to receive, at the time of settlement specified in the PEP, the value of one share of Stock.

H. **"Eligible Participant"** means an employee of the Company or of any subsidiary who is selected to have an opportunity to participate in the PEP.

I. **"Fair Market Value"** or **"FMV"** means the fair market value of the Stock as determined by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value shall be the closing price of a share of Stock, as quoted on the composite transactions table on the New York Stock Exchange, on the date on which the determination of Fair Market Value is being made.

J. **"Grant Date"** means the date an Award is granted, as approved by the Committee.

K. **"Grant Price"** means the Fair Market Value of a share of Stock of the Company on the Grant Date, as approved by the Committee.

L. **"Participant"** means an Eligible Participant who has been granted an Award that remains outstanding under the PEP.

M **"Participant Purchased RSUs"** means the number of RSUs credited to a designated account representing a Participant's pre-tax investment in the PEP.

N **"Participant Purchased Shares"** means number of shares of Stock credited to a designated account representing a Participant's post-tax investment in the PEP.

O. **"Post-Tax Investment Date"** means the date on which the Participant purchases Stock in the PEP on a post-tax basis.

P. **"RSU"** means a restricted stock unit granted under Sections VII and VIII of the PEP and Section 6(d) of the 2010 ICP in each case that represents a right to receive the value of a share of Stock upon the terms and conditions set forth in the PEP, the 2010 ICP and the applicable Award agreement.

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Q. **"Stock"** means the Company's common stock, $0.01 par value, and such other securities as may be substituted for Stock pursuant to Section 11 (c) of the 2010 ICP.

IV. Administration.

(A) Authority of the Committee. The PEP shall be administered by the Committee. The Committee shall have full and final authority, in each case subject to and consistent with the provisions of the PEP, to select Eligible Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award agreements (which need not be identical for each Participant) and rules and regulations for the administration of the PEP, construe and interpret the PEP and Award agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the PEP. The Committee, in its sole discretion, may waive the forfeiture provisions applicable to any Participant Purchased RSUs or Company Matching RSUs, provided that those RSUs shall be settled at the same time that they would otherwise have been settled if they had vested in due course under the terms of the PEP and the applicable Award.

(B) Manner of Exercise of Committee Authority. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. To the extent permitted by applicable law, the Committee may delegate to officers or managers of the Company or any subsidiary, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine. The Committee may appoint agents to assist it in administering the PEP.

(C) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any Participant officer, other officer or employee of the Corporation or a subsidiary, the Company's independent auditors, consultants or any other agents assisting in the administration of the PEP. Members of the Committee and any officer or employee of the Company or a subsidiary acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the PEP, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

V. Award. Upon approval by the Committee, an Eligible Participant shall be notified that he or she has been selected to receive an Award, contingent upon the Eligible Participant's decision to invest in the PEP by completion of a PEP participant election form (an "Election Form"). The Award will stipulate the Grant Date and the amount the Eligible Participant may invest in the PEP.

VI. Participation. On or before the Grant Date, the Eligible Participant shall be provided an Election Form to indicate (A) the dollar amount to be invested; and (B) the form of participation by the Eligible Participant. In order to become a Participant in the PEP, the Eligible Participant must return the executed Election Form to the Company within the time period designated on such form.

VII. Form of Participation. At the determination of the Committee, an Eligible Participant may invest in the PEP in one or in a combination of the following:

(A) Participant Purchased RSUs. On a pre-tax basis by electing to use cash payable to the Participant by the Company to invest in Participant Purchased RSUs, with such investment to occur on the Grant Date (Participant shall pay all applicable FICA taxes on the total dollar value of such pre-tax investment). The Company shall establish and maintain for each Participant an account on its stock administration system for purposes of tracking and administering the Participant Purchased RSUs.

Upon receipt by the Company from the Participant of a commitment to invest an amount in the PEP on a pre-tax basis as set forth on an Election Form, as of the Grant Date the Company will credit to the Participant's account an amount of Participant Purchased RSUs, as follows:

(i) The initial number of Participant Purchased RSUs shall be equal to the Participant's elected investment amount divided by the Fair Market Value of the Stock as of the Grant Date, rounded up to the next whole number of shares.

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(ii) Each Participant Purchased RSU represents a right to receive, at the time of settlement specified in the PEP, the value of one share of Stock.

(iii) Participant Purchased RSUs are non-transferable.

(B) Participant Purchased Shares. On an after-tax basis by designating Stock as follows:

(i) Designation by the Participant of Stock that the Participant owns as Participant Purchased Shares, with such designation as provided on the completed Election Form. The number of shares of Stock designated by the Participant as Participant Purchased Shares shall have a total Fair Market Value as of the Grant Date at least equal to the amount of the approved investment amount set forth in the Award.

(ii) Purchase of Stock by the Participant to be designated as Participant Purchased Shares, with such purchase and investment in the PEP to occur within thirty (30) days of the Grant Date.
The number of shares of Stock purchased by the Participant shall have a total Fair Market Value as of the purchase date at least equal to the investment amount set forth in the applicable Election Form (or, if applicable, at least equal to the difference between the Fair Market Value of the shares of Stock designated by the Participant under Section VII (B) (i) and the investment amount).

b. The Participant is responsible for the payment of any brokerage fees associated with the purchase of Stock for this purpose.

Under no circumstance may a Participant designate as Participant Purchased Shares any shares not actually owned by the Participant, including shares that are held in any other deferred compensation program sponsored by the Company or any prior employer of the Participant or any shares of Stock that are held in a qualified defined contribution plan as defined by the Code.

In all cases, the Participant shall maintain an account administered by a brokerage firm to hold the Participant Purchased Shares. The Participant is required to demonstrate, on a semi-annual basis and in the form required by the Company, that he or she has maintained ownership of such designated Participant Purchased Shares throughout the required ownership period.

VIII. Company Matching Investments. The Company shall establish and maintain for each Participant an account on its stock administration system for purposes of tracking and administering the Company Matching RSUs and Company Matching Options. As of the Grant Date, the Company shall make a matching Award to the Participant as described below.

(A) Company Matching RSUs. The Company Matching RSUs are non-transferable, shall be equal in number to the total Participant Purchased RSUs or to the Participant's investment amount divided by the Fair Market Value as of the Grant Date, and shall be credited to the Participant's account as of the Grant Date.

(B) Company Matching Option. The Company Matching Option is non-transferable and shall comprise an option to purchase a number of shares of Stock equal to ten (10) times the number of Company Matching RSUs and shall be credited to the Participant's account as of the Grant Date.

IX. Restrictions on Disposition of Participant Purchased Shares. Participant Purchased Shares are not subject to restriction on transfer, withdrawal, or other dispositions, except that if the Participant transfers, withdraws, sells or otherwise disposes of Participant Purchased Shares prior to the earlier of the fifth (5th) anniversary of the Grant Date or the date of the settlement of the Company Matching RSUs

relating to Participant Purchased Shares, the Participant will immediately forfeit the number of Company Matching RSUs (including additional Company Matching RSUs acquired as a result of dividend reinvestment, as described below) and all or a portion of the Company Matching Options, in each case granted in respect of the Purchased Shares disposed of, determined as follows: such Participant shall forfeit the Company Matching Option to purchase ten (10) shares for each Participant Purchased Share so disposed of, except that only the portion of the Company Matching Option that is not yet exercisable shall be forfeited.

X. Dividends. To the extent that dividends are declared on Stock as of a record date on which Participant Purchased RSUs or Company Matching RSUs remain outstanding and prior to the Settlement Date (as defined below), the Company shall credit as of the dividend payment date, a number of additional Participant Purchased RSUs or Company Matching RSUs to the Participant's account, which shall be determined by multiplying (i) the amount of

cash actually paid by the Company as a dividend per share of Stock by (ii) the number of Participant Purchased RSUs and Company Matching RSUs credited to the Participant's account as of the record date and dividing the product by (iii) the FMV per share of Stock on the dividend or dividend equivalent payment date; provided, however, that such additional Participant Purchased RSUs and Company Matching RSUs shall be subject to the same terms and conditions (including vesting) as the underlying award. As necessary to reflect dividend equivalents, a Participant's RSUs account will include fractional Stock units calculated to not less than three decimal places.

XI. Vesting and Settlement of Participant Purchased RSUs and Company Matching RSUs. Except as provided under Section XIII, Company Matching RSUs not previously forfeited shall vest on the fifth anniversary of the Grant Date. Participant Purchased RSUs and Company Matching RSUs shall settle on the fifth anniversary of the Grant Date.

(A) Pursuant to the rules promulgated by the Committee, the Participant may make a prior election to defer settlement of Participant Purchased RSUs and Company Matching RSUs.

(B) Absent a valid prior election by the Participant to defer settlement of the Stock subject to the Participant Purchased RSUs and Company Matching RSUs, the settlement and delivery of the Stock shall occur as promptly as practicable, but in any case within fifteen (15) days, following the fifth anniversary of the Grant Date (the "Settlement Date"). On the Settlement Date, the Company shall deliver to the Participant one share of Stock for each Participant Purchased RSU and Company Matching RSU; provided, however, that at the Settlement Date the number of shares of Stock to be delivered by the Company to the Participant shall be reduced by the smallest number of shares of Stock having a FMV at least equal to the dollar amount of Federal, state or local tax withholding required to be withheld by the Company with respect to such Participant Purchased RSUs and Company Matching RSUs on such date. In lieu of having the number of shares of Stock underlying the Participant Purchased RSUs and Company Matching RSU reduced, the Participant may elect to pay the Company for any amounts required to be withheld by the Company in connection with the settlement of the Participant Purchased RSUs and Company Matching RSUs pursuant to the Agreement. Such election may be made electronically at any time prior to the Settlement Date.

If the settlement includes any fractional share of Stock the Company may instead pay cash in lieu of delivery of a fractional share, on such basis as the Committee may determine. Upon settlement, all obligations of the Company in respect of Participant Purchased RSUs and Company Matching RSUs will be terminated, and the shares of Stock so distributed will no longer be subject to any risk of forfeiture or restriction under the PEP.

The settlement of Participant Purchased RSUs and Company Matching RSUs shall be subject to the settlement timing provisions of Section XIV(C)(ix) of the PEP.

XII. Options to Purchase Common Stock.

(A) **Grant of Option.** A Participant shall be granted a Company Matching Option in accordance with VIII (B) of the PEP.

(B) **Exercise Price.** The exercise price per share of Stock under a Company Matching Option shall be the FMV on the Grant Date, unless otherwise determined by the Committee, provided that in no event will the exercise price be less than the FMV of a share of Stock on the Grant Date.

(C) **Vesting and Method of Exercise.** Unless otherwise determined by the Committee, Company Matching Options will vest as to one-third of the underlying shares of Stock on each of the third, fourth and fifth anniversaries of the Grant Date; provided, however, that the exercisability of said Company Matching Option may be accelerated in accordance with the provisions of the PEP. To the extent vested, a Company Matching Option may be exercised in whole or in part, from time to time, all subject to the limitations on exercise set forth in this Section XII. An exercise shall be accomplished in accordance with Section 6(b) of the 2010 ICP. At the time of exercise, the exercise price of the number of shares as to which the Company Matching Option is being exercised shall be tendered to the Company. The exercise price of such Company Matching Option shall be paid in cash or by check or by surrender to the Company of shares of Stock (valued at their FMV as of the date of exercise) already owned by the Participant, other than shares acquired from the Company by exercise of an option during the preceding six months, or by a combination of cash, check, and surrender of such shares.

(D) **Expiration.** The Company Matching Option, to the extent it has not been exercised or previously terminated due to forfeiture, shall expire on the tenth (10th) anniversary of the Grant Date.

XIII. Termination of Employment. Except as provided below in this Section XIII, if, for any reason, a Participant's employment with the Company and any subsidiary of the Company terminates prior to the fifth anniversary of the

Grant Date, all Company Matching RSUs and all Company Matching Options not yet exercised shall be immediately forfeited as of Participant's employment termination date. For purposes of this section, "Cause" shall have the same meaning as defined in the Company's standard change in control agreement. Participant's transfer of employment from the Company to a subsidiary, from a subsidiary to the Company or from one subsidiary to another subsidiary shall not be considered a termination of employment.

(A) **Termination of Participant's Employment without Cause.** (i) In the event that a Participant's employment with the Company and its subsidiaries terminates and the Participant receives severance pay, the Participant's Award shall be treated as follows:

(a) Participant Purchased Shares shall no longer be subject to any transfer or sale restrictions;

(b) any Participant Purchased RSUs not vested at the time of Participant's employment termination date but scheduled to vest during the severance period specified in the agreement providing for severance pay shall vest and settle in accordance with the regular schedule set forth in the applicable Award;

(c) any Company Matching RSUs and Company Matching Options not vested at the time of Participant's employment termination date but scheduled to vest during the severance period specified in the agreement providing for severance pay shall vest and settle in accordance with the regular schedule set forth in the applicable Award; and

(d) any Company Matching RSUs and Company Matching Options not scheduled to vest during the specified severance period shall be forfeited as of the Participant's employment termination date. To the extent vested, Company Matching Options shall be exercisable at any time during the severance period and on or before the ninetieth (90th) day following the last day of the severance period, as long as no government regulations or rules are violated by such continued vesting or exercise period; provided, however, that no Company Matching Option will be exercisable beyond its original term.

(ii) The Committee shall have the authority, in its sole discretion, to make any interpretations, determinations, and/or take any administrative actions with respect to whether any post-termination payments to the Participant shall be deemed severance pay, the duration of any severance period, and/or whether a termination was without Cause.

(B) **Retirement of Participant. "Qualified Retirement"** shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if the Participant elects to terminate his or her employment voluntarily, the Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate the Participant's employment, then such termination is without cause. As of the Participant's retirement date, any Participant Purchased Shares shall no longer be subject to any transfer or sale restrictions, and any Participant Purchased RSUs shall vest in full. The Participant may exercise his or her vested Company Matching Option during the two-year period following the retirement date; any portion of the Company Matching Option which is not vested as of the retirement date shall be forfeited by the Participant as of the retirement date. Any Company Matching RSU that is not vested as of the retirement date shall be forfeited by the Participant. In the event the Participant's termination of employment qualifies as a Qualified Retirement and the Participant also enters into a severance agreement with the Company, the terms of Section XIII(A) shall apply with respect to the vesting and settlement of Participant Purchased RSUs, Company Matching RSUs and Company Matching Options.

(C) **Disability of Participant.** In the event a Participant ceases to be employed by the Company, or any subsidiary of the Company, by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration), any Participant Purchased Shares or Participant Purchased RSUs shall be vested and no longer subject to any transfer or sale restrictions. In addition, any Company Matching RSUs shall be vested and be settled and any Company Matching Option shall vest and be exercisable, in each case on a pro rata basis in accordance with the Award in effect for the Participant. Notwithstanding

the foregoing, a Participant shall be deemed to have ceased employment due to a qualifying disability under this Section XIII (C) only if at the time of such cessation of employment the Participant is disabled within the meaning of Section 409A of the Code pursuant to the regulations thereunder.

(D) **Death of Participant.** In the event of a Participant's death while employed by the Company or one of its subsidiaries, any Participant Purchased Shares or Participant Purchased RSUs shall be vested and no longer subject to any transfer or sale restrictions. In addition, all Company Matching RSUs shall vest and be settled and Company Matching Options shall become

immediately vested in full. The Company Matching Option may be exercised up to one (1) year following the Participant's death, or prior to the Company Matching Option expiration date, whichever occurs first, by the Participant's executor, administrator, personal representative or any person or persons who acquired the Company Matching Option directly from the Participant by bequest or inheritance. At the end of said one-year time period, all rights with respect to any Company Matching Option that is unexercised shall terminate and the unexercised Company Matching Option shall be cancelled.

(E)Change In Control. In the event of a Termination Without Cause or a Constructive Termination Without Cause, in each case within the two-year period following a Change in Control, any Participant Purchased Shares or Participant Purchased RSUs shall be vested and no longer subject to any transfer or sale restrictions. In addition, all of the Participant's outstanding Company Matching RSUs shall vest and be settled and Company Matching Options that are not then vested will become immediately vested and exercisable. All other terms and conditions governing such Company Matching RSUs, Participant Purchased RSUs and Company Matching Options will be subject to the provisions of the Company's 2010 ICP.

(F)Coordination of Provisions. Notwithstanding anything to the contrary above, to the extent that the circumstances of the termination of a Participant's employment are within the description of more than one of the subparagraphs above in this Section XIII, each portion of a Participant's Company Matching RSU or Company Matching Option under any Award shall be entitled to the more favorable treatment explicitly applicable to such portion of the Participant's Company Matching RSU or Company Matching Option under the provisions of this Section XIII. For example, if a Participant qualifies as Qualified Retiree at the time of the Participant's termination of employment but the Participant receives severance in connection with the Participant's termination as described in Section XIII (A), the Participant's unvested Matching Company Option shall continue to vest during the applicable severance period and any portion of the Company Matching Option that vests during the severance period shall be

(G) In any case, the settlement of Participant Purchased RSUs and Company Matching RSUs shall be subject to the settlement timing provisions of Section XIV(C) (ix) of the PEP.

XIV. General Provisions.

(A) Stock Dividends and Stock Splits. If the Company declares and pays a dividend or distribution in the form of Stock payable on Stock, or if there is a stock split of the Stock, and the record date is prior to the Settlement Date of Participant Purchased and/or Company Matching RSUs, the Company shall credit, as of the dividend payment date, distribution, or split, a number of additional Participant Purchased RSUs and Company Matching RSUs, as the case may be, to the Participant's account equal to the number of shares of Stock paid as a dividend or distribution per share of Stock or distributed as a result of the split per share of Stock multiplied by the number of Participant Purchased RSUs and Company Matching RSUs, as the case may be, credited to the Participant's account at the record date.

(B) Treatment of Additional Participant Purchased RSUs and Company Matching RSUs Resulting from Dividends or Splits. Additional Participant Purchased RSUs or Company Matching RSUs will be subject to the same terms, including the risk of forfeiture in the case of Company Matching RSUs, as the Participant Purchased RSUs

or Company Matching RSUs in respect of which they were credited. No such additional Company Matching RSUs will be credited to the Participant's account in respect of Company Matching RSUs forfeited on or before the record date for the dividend, distribution, or split.

(C) Other Terms. The following terms and provisions will be applicable to Participant Purchased Shares or RSUs, Company Matching RSUs and Company Matching Options, as applicable.

is therefore permitted to continue to vest in one or more installments of a Participant Purchased RSU or Company Matching RSU Award pursuant to Section XIII (A), such installments shall continue to be subject to settlement only after the vesting date originally applicable to such installments and during the settlement period set forth above in this Section XIV (C). In the event that the Committee exercises its sole discretion to waive the forfeiture provisions applicable to any Participant Purchased RSUs or Company Matching RSUs, those RSUs shall be settled at the same time that they would otherwise have been settled if they had vested in due course under the terms of the PEP and the applicable Award. Notwithstanding the foregoing or any other provision of the PEP or any Award to the contrary, to the extent necessary to comply with the requirements of Section 409A of the Code, any settlement amounts to which a Participant may become entitled under the PEP, which are subject to Section 409A of the Code (and not otherwise exempt from its application), that are payable within six months following the date of termination will be withheld until the first business day of the seventh (7th) month following the date of termination. To the extent any provisions of the PEP or any RSU does not comply with Section 409A of the Code, the Company and any affected Participant will make such changes with respect to such RSU as are mutually acceptable in order to comply with Section 409A of the Code.

XV. Recoupment Policy. Except as may be specifically provided in the Award agreement, each Award under the PEP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting an Award under the PEP, Participant acknowledges that the Company's Recoupment Policy has been made available for the Participant's reference.

CVS CAREMARK SEVERANCE PLAN
FOR NON-STORE EMPLOYEES
(Amended as of April 1, 2013)

exercisable on or before the ninetieth (90th) day following the last day of the severance period, while any portion of the Participant's Matching Company Option that vests as of the Retirement Date may be exercised during the two-year period following the Retirement Date. Similarly, by way of example, if a Participant experiences a termination of employment due to disability following a Change in Control, the treatment described in Section XIII (E) shall apply to the Participant's Awards to the extent that such treatment is more favorable to the Participant than the treatment applicable under Section XIII (C).

(i) **Adjustments.** Participant Purchased Shares or RSUs, Company Matching RSUs, and Company Matching Options, and the terms and conditions relating thereto, shall be subject to adjustment in accordance with applicable sections of the 2010 ICP.

(ii) **Nontransferability.** Participant Purchased Shares or RSUs, Company Matching RSUs, Company Matching Options, and all rights relating thereto, shall not be transferable or assignable by a Participant, other than by will or the laws of descent and distribution (or pursuant to a beneficiary designation if and to the extent authorized by the Committee), and shall not be pledged, hypothecated, or otherwise encumbered in any way or subject to execution, attachment, or similar process, and any such attempt to transfer such rights shall be considered null and void by the Company.

(iii) **Certain Other Terms.** Additional terms applicable to Awards under the PEP are set forth in the 2010 ICP.

(iv) **No Partnership Rights or Rights to Participate.** A Participant's participation in the PEP, investment in Participant Purchased Shares or RSUs, and grant of Award under the PEP confers no rights as a partner of a partnership. No Participant has or will have any claim to participate in the PEP, except as selected by the Committee, and the Company will have no obligation to continue the PEP.

(v) **Changes to the PEP.** The Committee may amend, alter, suspend, discontinue or terminate the PEP without the consent of any Participant; provided, however, that, without the consent of an affected Participant, no such action shall materially and adversely affect the rights of

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CVS CAREMARK CORPORATION SEVERANCE PLAN FOR NON-STORE EMPLOYEES (Amended as of April 1, 2013)

WHEREAS, CVS Caremark Corporation (the "Company") has established the CVS Caremark Severance Plan for Non-Store Employees (the "Plan") to provide financial assistance to employees in non-store positions who are involuntarily terminated and are eligible within the terms and conditions of the Plan;

WHEREAS, it is intended that the Plan constitute an employee welfare benefit plan within the scope of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that the Plan constitute a separation pay plan within the scope of Department of Labor ("DOL") Regulation Section 2510.3-2(b), and that all payments made under the Plan be deductible by the Company under Section 162 (a) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the benefits provided under the Plan are intended to constitute separation pay within the meaning of Treasury Regulation Section 1.409A-1(b)(9)(iii);

WHEREAS, this document is the official plan document; and

WHEREAS, the Company wishes to make certain amendments to the Plan, effective as of April 1, 2013 (the "Effective Date");

NOW, THEREFORE, as of the Effective Date, the Company does hereby amend the Plan to provide as follows:

ARTICLE 1
DEFINITIONS

For purposes of the Plan, the following terms, when used with an initial capital letter, shall have the meaning set forth below unless a different meaning is plainly required by the context.

(vi) **Limitation on Repurchase Obligation.** All repurchases of Stock permitted to occur in the ordinary course pursuant to the terms established under the PEP are intended to qualify for the exemption from Section 16 (b) of the Exchange Act pursuant to Rule 16b-3 (e) promulgated under the Exchange Act and, accordingly, such repurchases are authorized to occur with respect to all Awards under the PEP unless and until the repurchase rights and obligations relating to an Award are explicitly revoked by the Committee.

(vii) **Agreements and Other Documents.** The Committee shall specify agreements or other documents to evidence rights and obligations under the PEP. A form of agreement that may be used to evidence rights and obligations relating to Participant Purchased Shares and/or RSUs, Company Matching RSUs and Company Matching Options shall be provided to each Participant.

(viii) **Governing Law.** The validity, construction, and effect of the PEP, any rules and regulations and any award agreements or related documents hereunder shall be determined in accordance with the Delaware General Corporation Law, without giving effect to principles of conflicts of laws and applicable federal law.

(ix) **Section 409A Compliance.** The Participant Purchased RSUs and Company Matching RSUs under the PEP are intended to qualify as nonqualified deferred compensation awards which comply with the provisions of Section 409A and the regulations thereunder. The vesting dates shall be the dates fixed under the terms of the PEP as of the Grant Date, subject to acceleration only upon the following permissible events under Section 409A of the Code as specified under the PEP or as otherwise provided by the Committee in its sole discretion: the Participant's death, the Participant's qualifying disability (under Section XIII (C)) or a Change in Control (within the meaning of the 2010 ICP, which includes a definition of change in control that complies with Section 409A of the Code). Any portion of a Participant Purchased RSU and Company Matching RSU that has become vested in accordance with the terms of the PEP shall be settled as provided under the PEP on a date selected by the Company such Participant with respect to an outstanding Award.

1.1 "Affiliate" shall mean (a) any corporation which is required to be aggregated with the Company under Code Section 414(b), (c), (m), or (o) and (b) any other entity in which the Company has an ownership interest and which the Company designates as an Affiliate for purposes of the Plan.

1.2 "Cause" shall refer to a termination of an Eligible Employee's employment because of the Eligible Employee's (a) poor performance; (b) acts of unethical business activity, including but not limited to fraud, misappropriation, embezzlement, dishonesty, harassment, discrimination in violation of Employer policies, or willful or negligent destruction of property of an Employer or an Affiliate; (c) misconduct that is reasonably likely to cause material damage (monetary or otherwise) to the Employer, an Affiliate, or any personnel thereof; (d) conviction of or a plea of guilty or nolo contendere to any felony, whether or not any right to appeal has been or may be exercised; (e) negligence of duty; (f) insubordination; or (g) a violation of the Employer's policy, procedure, or practice.

1.3 "Code" shall mean the Internal Revenue Code of 1986, as amended.

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1.4 "Eligible Employee" shall mean an individual who is employed by the Employer on a regular basis in a non-store position, has been employed by the Employer in any position for a minimum of twelve (12) months prior to the individual's separation of employment, and is designated as eligible for severance benefits, as determined in the sole discretion of the Employer, due to a separation from service. For purposes of the Plan, individuals in the following categories will not be considered Eligible Employees:

(a) individuals who are covered by a collective bargaining agreement, provided welfare benefits were the subject of good faith bargaining, unless the terms of the collective bargaining agreement provide for participation in the Plan;

(b) individuals who are seasonal employees, leased employees, independent contractors, temporary employees, or consultants;

(c) individuals who work for the Employer or an Affiliate in a store location of the Company or an Affiliate, or whose compensation is paid through or according to a store payroll, including but not limited to: pharmacists, store managers, assistant store managers, crew, and pharmacy staff (for purposes of the Plan, distribution warehouse employees, field employees (e.g., district managers, regional managers, human resources), and employees employed by CVS ProCare, Inc., working at

occurring prior to the 15th day of the third calendar month following the applicable vesting date. In the event that a Participant experiences a termination of employment and is granted severance and

Company headquarters shall be treated as working in a non-store location and therefore not subject to the exclusion from eligibility provided in this Subsection (c));

(d) individuals employed by MinuteClinic, L.L.C. or by any practitioner-owned entity managed by MinuteClinic, L.L.C.;

(e) the President and CEO of CVS Caremark Corporation;

(f) individuals employed in Puerto Rico; and

(g) individuals employed outside the United States of America. The decision of who is an Eligible Employee for purposes of the Plan shall be made by the Employer in its sole discretion, and any individual who is excluded from being considered an Eligible Employee by the Employer shall be excluded from the definition of Eligible Employee regardless of the individual's reclassification by a government agency, including a reclassification by the Internal Revenue Service for tax withholding purposes.

1.5 "Employer" shall mean CVS Pharmacy, Inc. and Caremark Rx, L.L.C. and any current or future Affiliate thereof.

1.6 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.7 "Exempt Employee" shall mean an Eligible Employee who is paid on a salaried basis for payroll purposes and classified in the sole discretion of the Employer under its normal classification procedures as an exempt employee under the Fair Labor Standards Act.

1.8 "Involuntary Termination" shall mean an Eligible Employee's termination of employment with the Employer due to the unilateral action of the Employer, including but not limited to a termination as a result of the elimination of an Eligible Employee's position due to a reorganization or changes in responsibilities, a reduction in force, or a closing of the business unit in which the Eligible Employee works;

provided, however, that such Involuntary Termination constitutes a separation from service under Treasury Regulation Section 1.409A-1(h). Notwithstanding the foregoing, an Eligible Employee will not have an Involuntary Termination if the Eligible Employee: (a) is terminated for Cause, as determined by the Employer its sole discretion; (b) voluntarily terminates employment or resigns prior to an Involuntary Termination; (c) takes a leave of absence; (d) is administratively terminated for failure to return from a leave of absence upon expiration of his or her leave; (e) terminates employment due to his or her death; (f) transfers to an Affiliate; (g) transfers to a new employer in connection with the sale of an Employer facility; or (h) fails to accept an offer for a job with the Employer that is comparable to the job that he or she is performing for the Employer at the time of the offer. For purposes of Subsection (h) of this Section 1.8, whether a job is considered "comparable" shall be determined in the sole discretion of the Employer, taking into account whether the new job is located 50 or fewer miles from the Eligible Employee's job at the time of the offer, whether the compensation offered is materially less than the Eligible Employee's compensation at the time of the offer, and whether the new job will result in a substantial change of duties from the Eligible Employee's job at the time of the offer. The determination of whether an Eligible Employee's termination of employment is an Involuntary Termination shall be made in the sole discretion of the Employer.

1.9 "Non-exempt Employee" shall mean an Eligible Employee who is paid on an hourly basis for time worked and classified in the sole discretion of the Employer under its normal classification procedures as a non-exempt employee under the Fair Labor Standards Act.

1.10 "Plan Administrator" shall mean the Vice President of Human Resources of CVS Pharmacy, Inc., or such other person designated to act as the Plan Administrator.

1.11 "Rehire Date" shall mean the date an Eligible Employee accepts reemployment with any Employer.

1.12 "RxAmerica Legacy Employee" shall mean an Eligible Employee who (a) was employed by RxAmerica, L.L.C. on the date of the acquisition of Longs Drugs Stores Corporation by CVS Caremark Corporation, and (b) since the acquisition has been continuously employed by RxAmerica, L.L.C. through the date of his or her Involuntary Termination under the Plan.

1.13 "Severance Pay" shall mean the pay an Eligible Employee is eligible to receive under Subsection (b) of Section 2.1 of the Plan upon his or her Involuntary Termination.

1.14 "Severance Period" shall mean the period of time during which an Eligible Employee is eligible to receive Severance Pay; provided, for RxAmerica Legacy Employees, the Severance Period shall be the period of time on which the calculation of Severance Pay is based under Paragraphs (1) through (6) of Subsection (b) of Section 2.1 of the Plan.

1.15 "Weekly Rate" shall mean, (a) with respect to an Eligible Employee paid on a salaried basis, an Eligible Employee's annual base salary (as determined by the Employer), as of the date of the Eligible Employee's Involuntary Termination, expressed on a weekly basis (as determined in the sole discretion of the Employer), and (b) with respect to an Eligible Employee paid on an hourly basis, the hourly wage rate of the Eligible Employee as of the date of the Eligible Employee's Involuntary Termination multiplied by the Eligible Employee's regularly scheduled number of hours of service per week (as determined by the Employer), not in excess of 40 hours. Weekly Rate shall exclude any overtime, incentive, and bonus payments, unless otherwise required by law.

1.16 "Year of Service" shall mean each full year of service performed by the Eligible Employee for an Employer as reflected in the records of the Employer and as determined based on the Employer's policies and procedures for determining periods of service, and the applicable law.

ARTICLE 2
SEVERANCE PAY AND ELIGIBLE EMPLOYEE BENEFITS

2.1 (a) Eligibility. Upon his or her Involuntary Termination, an Eligible Employee may, in the discretion of the Plan Administrator, be eligible for Severance Pay and benefits provided under Subsections (b), (c), and (d) of this Section 2.1, provided the conditions of Section 2.2 are satisfied. The determination of whether Severance Pay is payable under the Plan, and the amount of such pay, shall be made in the sole discretion of the Plan Administrator.

(b) Severance Pay. The Severance Pay payable to an Eligible Employee in the event of Involuntary Termination shall be determined by the Plan Administrator in its sole discretion, using the following guidelines for the applicable Eligible Employee classification:

(i) For Eligible Employees who are Non-exempt Employees:

(A) the Eligible Employee's Weekly Rate multiplied by two (2), plus

(B) an amount equal to the Eligible Employee's Weekly Rate multiplied by the number of Years of Service completed by the Eligible Employee multiplied by two (2),

provided Severance Pay for Non-exempt employees should not exceed the Eligible Employee's Weekly Rate multiplied by thirteen (13);

(ii) For Eligible Exempt Employees in grades 24-28, H-K, and 107-109:

(A) the Eligible Employee's Weekly Rate multiplied by four (4), plus,

(B) an amount equal to the Eligible Employee's Weekly Rate multiplied by the number of Years of Service completed by the Eligible Employee multiplied by two (2),

provided Severance Pay for Exempt Employees should not exceed the Eligible Employee's Weekly Rate multiplied by twenty (20);

(iii) For Eligible Exempt Employees in grades 29-33, L, M, 110, and 111, the greater of (A) the Eligible Employee's Weekly Rate multiplied by thirteen (13) or, (B) the amount determined under the formula set forth in Paragraph (ii) of this Subsection (b), provided Severance Pay should not exceed the Eligible Employee's Weekly Rate multiplied by twenty (20);

(iv) For Eligible Exempt Employees in grades 34-36, N, and 112, the Eligible Employee's Weekly Rate multiplied by twenty-six (26);

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(v) For Eligible Exempt Employees in grades 36A-Z, the Eligible Employee's Weekly Rate multiplied by fifty-two (52); and

(vi) For Eligible Exempt Employees in grades 38A-Z and 39 A-Z, the Eligible Employee's Weekly Rate multiplied by fifty-two (52).

Notwithstanding the above guidelines, in the event of an Involuntary Termination of an Eligible Employee who is an RxAmerica Legacy Employee, Severance Pay shall be determined by the Plan Administrator in its sole discretion, using the following guidelines for the applicable Rx America Legacy Employee classification:

(1) For Rx America Legacy Employees who are Non-exempt Employees, the greater of (A) the RxAmerica Legacy Employee's Weekly Rate multiplied by the number of Years of Service, or (B) the RxAmerica Legacy Employee's Weekly Rate multiplied by eight (8);

(2) For RxAmerica Legacy Employees who are Exempt Employees, the greater of (A) the RxAmerica Legacy Employee's Weekly Rate multiplied by the number of Years of Service, or (B) the RxAmerica Legacy Employee's Weekly Rate multiplied by twelve (12);

(3) For RxAmerica Legacy Employees who are classified by the Employer (in its sole discretion) as a Manager or in an equivalent position, the greater of (A) the RxAmerica Legacy Employee's Weekly Rate multiplied by the number of Years of Service, or (B) the RxAmerica Legacy Employee's Weekly Rate multiplied by twenty-six (26);

(4) For RxAmerica Legacy Employees who are classified by the Employer (in its sole discretion) as a Director or in an equivalent position, the greater of (A) the Eligible Legacy Employee's Weekly Rate multiplied by the number of Years of Service, or (B) the RxAmerica Legacy Employee's Weekly Rate multiplied by thirty-nine (39);

(5) For RxAmerica Legacy Employees who are classified by the Employer (in its sole discretion) as a Vice President or Group Vice President or in an equivalent position, the greater of (A) the RxAmerica Legacy Employee's Weekly Rate multiplied by the number of Years of Service, or (B) the RxAmerica Legacy Employee's Weekly Rate multiplied by fifty-two (52); and

(6) For RxAmerica Legacy Employees who are classified by the Employer (in its sole discretion) in a position that is higher than Vice President or Group Vice President, such other amount determined in the sole discretion of the Plan Administrator.

Notwithstanding the above guidelines, the Plan Administrator may increase or decrease the amount of Severance Pay with respect to any Eligible Employee for reasons it deems appropriate in its sole discretion (including, but not limited to, an increase to provide consideration for Eligible Employees who have outstanding employment agreements with an Employer or a decrease to take into account any debts owed to an Employer).

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(c) COBRA Assistance. In the event an Eligible Employee who has an Involuntary Termination (i) is eligible to elect continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA") in accordance with the terms of the medical and prescription drug plan and/or dental plan of the Employer and (ii) properly and timely elects such continuation coverage, the Employer may pay for a portion of the cost of COBRA coverage equivalent to the contribution which the Employer makes on behalf of similarly situated active employees under such plan for the appropriate tier of coverage selected and in place immediately prior to the date of the Eligible Employee's Involuntary Termination (*e.g.*, employee-only, family coverage), for a period determined in the sole discretion of the Plan Administrator, which generally shall be the Severance Period. Any COBRA assistance provided under this Subsection (c) shall be paid by the Employer directly to the insurance carrier, if applicable. The portion of the COBRA premium not covered by the COBRA assistance specified in this Subsection (c) must be paid by the Eligible Employee directly to the insurance carrier or service provider that administers COBRA, as applicable, based on the standard rules under the respective plan for payment of COBRA premiums. This Subsection (c) does not provide COBRA assistance in the event the Eligible Employee fails to properly and timely elect COBRA continuation coverage, regardless of whether his or her covered dependents elect COBRA continuation coverage. Notwithstanding the foregoing, for an Eligible Employee who is an RxAmerica Legacy Employee eligible to elect COBRA continuation coverage in accordance with the terms of the medical and prescription drug plan and/or dental plan, the Employer may, in the sole discretion of the Plan Administrator, pay for COBRA assistance, generally in the form of a single lump sum payment equal to the weekly COBRA premium (102 percent of the applicable premium, as defined in Code Section 4980B(f)(4)) for the Severance Period, based on the tier of coverage in which the RxAmerica Legacy Employee is enrolled as of the date of his or her Involuntary Termination.

(d) Outplacement Services. Upon an Involuntary Termination, the outplacement services provided to an Eligible Employee shall be provided in the sole discretion of the Plan Administrator based on the guidelines contained in this Subsection (d).

(i) If an Eligible Employee so desires, he or she may be eligible for outplacement services for assistance in obtaining new employment, provided through a vendor selected by the Employer, with the Employer directly providing payment to such vendor. The provision of outplacement services is contingent upon the Eligible Employee's cooperation with the outplacement service vendor, upon the active efforts of the Eligible Employee to locate a new position, and upon the Eligible Employee initiating outplacement services during the Severance Period.

(ii) Subject to the requirements of Paragraph (i) of this Subsection (d), outplacement services shall be offered for a period of time determined in the sole discretion of the Plan Administrator, based on guidelines that include:

(A) a virtual or group training session for Eligible Non-exempt Employees and Exempt Employees in grades 24-28, H-K, and 107-109;

(B) three (3) months of outplacement services for Eligible Exempt Employees in grades 29-36, L-N, and 110-112; and

(C) six (6) months of outplacement services for Eligible Exempt Employees in grades 36A-Z, 38A-Z, and 39 A-Z;

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provided, in no event shall such services extend beyond twelve (12) months following the Involuntary Termination of the Eligible Employee.

(e) Form and Timing of Payment. In the event an Eligible Employee is awarded Severance Pay under the terms of Subsection (a) of this Section 2.1, such Severance Pay shall be paid following an Eligible Employee's Involuntary Termination (except as provided in Section 2.3, below), as follows: No Severance Pay shall commence (with respect to salary continuation payments) or be paid (with respect to a lump sum) (i) prior to the expiration of the later of a period that is identified in a separate agreement with the Eligible Employee during which he or she may consider the execution of the Release of Claims form (the "Consideration Period") or a period ending at least seven (7) days following the execution of the Release of Claims form (the "Revocation Period"), or (ii) later than sixty (60) days following the date of Eligible Employee's Involuntary Termination. Severance Pay that is paid in the form of salary continuation shall commence as soon as feasible following expiration of the later of the Consideration Period or the Revocation Period, which generally shall be the first regularly scheduled payroll date following the expiration of the Consideration Period or the Revocation Period, as the case may be, and shall thereafter be paid in substantially equal installments in accordance with the Employer's regular payroll practice, except as provided in Section 2.3 of the Plan; provided, with respect to RxAmerica Legacy Employees, Severance Pay shall be paid in a single lump sum. Further, in the Plan Administrator's sole discretion, Severance Pay may be paid to any Eligible Employees in a single lump sum, in which event Severance Pay shall be paid within the period that satisfies the 409A requirements for short-term deferrals under Section 409A of the Code.

(f) Withholding. Any payment of Severance Pay to an Eligible Employee shall be subject to normal withholding for state and federal income taxes and Social Security taxes.

(g) Death. Upon the death of the Eligible Employee who had an Involuntary Termination and who has not received all Severance Pay payable under the Plan, the Severance Pay otherwise payable under Section 2.1(b) of the Plan shall be paid in the form of a lump sum to the Eligible Employee's estate or beneficiary as soon as practicable, but in no event later than 60 days following death. Any other severance benefits provided under this Section 2.1 (COBRA assistance and outplacement services) shall cease upon the Eligible Employee's death.

2.2 Conditions on Payment of Severance Pay and Benefits. Payment of the Severance Pay and benefits provided in Section 2.1 of the Plan shall be subject to and conditioned upon the following:

(a) to the extent an Eligible Employee receives notice of a date selected by the Employer (in its sole discretion) on which the Eligible Employee's Involuntary Termination shall occur (a "Designated Termination Date"), the Eligible Employee must continue to work in a satisfactory manner until his or her Designated Termination Date;

(b) the Eligible Employee must cooperate in transitioning all of the Eligible Employee's work in consultation with the Eligible Employee's supervisor or other designated employee;

(c) the Eligible Employee must execute and deliver a Release of Claims form (in the form specified by the Employer from time to time which may include restrictive covenants and, if applicable, a waiver as described in Subsection (d) of this Section 2.2) within the time period specified under the terms of the applicable severance offer. Further, in no event will Severance Pay be paid

with respect to an Eligible Employee in the event the Release of Claim form is revoked during the Revocation Period (described in Section 2.1(e) of the Plan); and

(d) the Eligible Employee must waive the right to receive any other severance payment relating to salary continuation or salary replacement the Eligible Employee may otherwise be eligible to receive upon termination of employment under any employment agreement, severance plan, practice, policy or program of the Employer or an Affiliate.

2.3 Maximum Severance Pay. Notwithstanding any other provisions to the contrary, benefits paid hereunder shall not (a) exceed two times the lesser of (i) the Eligible Employee's Compensation (as defined in this Section 2.3) during the calendar year immediately preceding the Eligible Employee's Involuntary Termination or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the calendar year in which the Eligible Employee's Involuntary Termination occurs and (b) shall be paid in full within twenty-four (24) months after the date the Eligible Employee's Involuntary Termination occurs. In the event that any Severance Pay payable to an Eligible Employee would exceed the twenty-four (24) month period provided in the foregoing sentence if the Severance Pay continued to be paid in accordance with the Employer's regular payroll practice, any Severance Pay that would otherwise exceed the twenty-four (24) month time period will be paid to the Eligible Employee in a lump sum on the last regular payroll date within the twenty-four (24) month period. For purposes of this Section 2.3, "Compensation" shall mean the Eligible Employee's total annualized compensation, based upon the annual rate of pay for services provided to the Employer for the calendar year preceding the calendar year in which the Eligible Employee's Involuntary Termination occurs, adjusted for any increase in such preceding calendar year that was expected to continue indefinitely if the Eligible Employee had not had an Involuntary Termination.

2.4 Cessation of Severance Pay Upon Reemployment. If an Eligible Employee who had an Involuntary Termination and who is receiving Severance Pay thereafter accepts reemployment with any Employer during the Severance Period, such Employee's Severance Pay shall cease on the Rehire Date and any remaining Severance Pay shall be forfeited.

2.5 Impact of Debt on Severance Pay. In the event an Eligible Employee is indebted to the Company or Employer (determined in the sole discretion of the Company or Employer, as applicable), the Plan Administrator reserves the right to reduce, offset, withhold, and/or forfeit the Severance Pay otherwise payable under the Plan.

2.6 Employee Benefits. As of the date of an Eligible Employee's Involuntary Termination, the Eligible Employee's active participation in any benefit plan, program, or policy sponsored or subsidized by the Employer shall cease, unless otherwise continued pursuant to the terms of such plan, program or policy.

2.7 Awards. Any award or grant made to the Eligible Employee under any stock option, stock purchase, or stock appreciation rights plan of the Company or Employer shall be administered and interpreted in accordance with the terms of the applicable plan documents.

2.8 Paid Time Off. Any pay for accrued paid time off shall be determined under the terms of the Employer's applicable policies.

2.9 Benefits Not Vested. No one under any circumstance is automatically entitled to Severance Pay and benefits described in Section 2.1 of the Plan. Notwithstanding anything in the Plan to the contrary,

the Plan Administrator reserves the right, at its sole discretion, to increase, decrease, or eliminate Severance Pay and benefits under the Plan.

2.10 Bonuses. Whether any bonuses are payable to an Eligible Employee shall be determined based on the terms of any applicable bonus program, plan, or policy.

ARTICLE 3
ADMINISTRATION OF THE PLAN

3.1 Control and Administration. The Plan Administrator shall administer the Plan. The Plan Administrator shall have the sole and final discretionary authority to construe the terms of the Plan and all facts surrounding claims for benefits under the Plan and shall determine all questions arising in the administration, interpretation and application of the Plan, including, but not limited to, those concerning eligibility for benefits. Accordingly, benefits under the Plan shall be paid only if the Plan Administrator decides in its discretion that an applicant is entitled to benefits. All determinations of the Plan Administrator shall be conclusive and binding on all parties. The Plan Administrator shall be the named fiduciary of the Plan for purposes of ERISA.

3.2 Claim Procedures.

(a) Procedure for Granting or Denying Claims. An Eligible Employee, or his or her duly authorized representative, may file a claim for payment of benefits under the Plan. Such a claim must be made in writing and be delivered to the Plan Administrator, in person or by mail, postage paid. Within 90 days after receipt of such claim, the Plan Administrator shall notify the claimant of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the

claim. In no event may the extension exceed 90 days from the end of the initial 90-day period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 90-day period. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part.

(b) Requirement for Notice of Claim Denial. The Plan Administrator shall provide to every claimant who is denied a claim for benefits a written or electronic notice setting forth in a manner calculated to be understood by the claimant:

(i) The specific reason or reasons for the denial;

(ii) Specific reference to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material is necessary; and

(iv) An explanation of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination on review.

(c) Right to Appeal and Request Hearing on Claim Denial. Within 60 days after receipt by the claimant of written or electronic notification of the denial (in whole or in part) of his or her claim, the claimant or his or her duly authorized representative (including, but not limited to, his or

her counsel) may make a written application to the Plan Administrator, in person or by certified mail, postage prepaid, to be afforded a full and fair review of such denial. The claimant or his or her duly authorized representative may submit written comments, documents, records, and other information relating to the claim for benefits. Moreover, the claimant or his or her duly authorized representative shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. The request for a review may include a request for a hearing; provided only the claimant and the Plan Administrator may be present at any hearing granted by the Plan Administrator.

(d) Disposition of Disputed Claims. Upon receipt of a request for review, the Plan Administrator shall make a decision on the claim. The review shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision on review shall be made not later than 60 days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than 120 days after receipt of the request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial 60-day period.

The Plan Administrator shall provide the claimant with written or electronic notification of the Plan's determination on review. In the case of an adverse determination, the notification shall set forth, in a manner calculated to be understood by the claimant, the specific reason or reasons for the decision as well as specific references to the Plan provisions on which the decision was based. The decision shall also include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. Moreover, the decision shall contain a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

3.3 Bar to Legal Action. No legal action may be commenced or maintained against the Plan prior to the claimant's exhaustion of the claims procedures set forth in Section 3.2 of the Plan. In addition, no legal action may be commenced against the Plan more than ninety (90) days after the Plan Administrator's decision on review pursuant to Section 3.2(d) of the Plan.

3.4 Named Fiduciary. The Plan Administrator of the Plan shall be the Named Fiduciary of the Plan for purposes of ERISA Section 402(a)(1).

ARTICLE 4
MISCELLANEOUS

4.1 Amendment or Termination. The Plan may be amended, terminated, withdrawn or suspended at any time in writing by the Management Planning and Development Committee of the Company or any individual designated by such Committee to take such actions.

4.2 Choice of Law. The validity, interpretation, construction and performance of the obligations created under the Plan shall be governed by ERISA, and to the extent not preempted by federal law, the laws of the State of Rhode Island without regard to its conflicts of law principles.

4.3 Validity. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

4.4 Plan Exclusive Source of Rights. The Plan contains all of the terms and conditions with respect to the benefits provided hereunder, and no Eligible Employee or former Eligible Employee may rely on any other communication or representation, whether oral or written, of the Employer or any of its subsidiaries, or any officer or Eligible Employee thereof, as creating any right or obligation not expressly provided by the Plan.

4.5 Nonassignability. No benefit which shall be payable under the Plan to any Eligible Employee shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge (except as required by law), and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge a benefit shall be null and void. No benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any Eligible Employee. No benefit shall be subject to legal attachment or legal process for, or against, the Eligible Employee and the same shall not be recognized under the Plan. Notwithstanding the preceding sentence, the Employer retains the discretion, in accordance with federal and/or state laws, to reduce the amount of benefits payable under the Plan to any Eligible Employee to recover any amounts that the Eligible Employee owes to the Employer.

4.6 No Employment Rights. The Plan shall not give any Eligible Employee any right or claim except to the extent that the right is specifically provided under the terms of the Plan. The establishment of the Plan shall not be construed (a) to give any Eligible Employee a right to continue in the employ of the Employer or (b) to interfere with the right of the Employer to terminate the employment of any Eligible Employee at any time.

4.7 Headings. Article and section headings are for convenience only and the language of the Plan itself will be controlling.

4.8 Gender and Numbers. Masculine pronouns include the feminine as well as the neuter genders, and the singular shall include the plural, unless indicated otherwise by the context.

4.9 Code Section 409A. The benefits provided under the terms of the Plan are intended to fall within the short-term deferral exception, the separation pay exception or another exception to the application of Section 409A of the Code and the applicable guidance issued thereunder. In furtherance of this intent, the Plan shall be interpreted, operated and administered in a manner consistent with this intention. To the extent the benefits provided under the Plan become subject to Code Section 409A and applicable guidance issued thereunder, the Plan shall be construed, and benefits paid hereunder, as necessary to comply with Section 409A of the Code and such guidance. Further, to the extent that an Eligible Employee becomes entitled to receive Severance Pay under the terms of the Plan, and, at the time of the Eligible Employee's Involuntary Termination, he or she is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), any portion of Severance Pay payable to such Eligible Employee that is subject to Code Section 409A and applicable guidance thereunder shall be delayed until the date that is the earlier of (i) the Eligible Employee's death or (ii) six months following the date of the Eligible Employee's Involuntary Termination, at which time the payments that were delayed for such six month period shall be paid in a lump sum on the date of the next occurring regular payroll date of the Employer, and any remaining payments shall be paid

according to the original schedule provided herein. In addition, each payment of a salary continuation stream of installment payments hereunder shall be a separate payment for purposes of Section 409A of the Code.

4.10 Funding. The Plan is not funded, and Severance Pay and benefits under the Plan are paid from the general assets of the Employer.

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4.11 Plan Year. The Plan's records shall be maintained on the basis of the calendar year.

IN WITNESS WHEREOF, the Management Planning and Development Committee of the Company has amended the Plan as of the Effective Date pursuant to the execution hereof on its behalf by a duly authorized officer on _____.

CVS CAREMARK CORPORATION

By: _____

Title: Senior Vice President and Chief Human Resources Officer, CVS Pharmacy, Inc.

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CVS Caremark Corporation

Performance-Based Restricted Stock Unit Plan

I. *Objectives and Summary* The objective of the CVS Caremark Corporation (the "Company") Performance-Based Restricted Stock Unit Plan ("PBRS Plan") is to reward eligible participants for their role in achieving the Company's Earnings before Interest and Taxes ("EBIT") target and to encourage continued employment with the Company and its subsidiaries. PBRS Awards are generally delivered as restricted stock units ("RSUs") and are based on actual EBIT results measured against a pre-established target.

II. *Administration* The PBRS Plan shall be administered by the Management Planning and Development Committee (the "Committee") of the Board of Directors, or its designee, under the provisions of the 2010 Incentive Compensation Plan, as amended (the "2010 ICP"). The Committee shall have full and final authority, in each case, subject to and consistent with the provisions of the 2010 ICP and the PBRS Plan, to construe and interpret rules and regulations for the administration of the PBRS Plan, correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the PBRS Plan. Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the 2010 ICP. In the event of a conflict between the 2010 ICP and the PBRS Plan, the provisions of the 2010 ICP shall control.

III *PBRS Plan Year* The "PBRS Plan Year" commences on January 1 and ends on December 31 of each year, unless otherwise approved by the Committee. All dates in this document occur during the PBRS Plan Year unless otherwise stated.

IV. *Eligibility*

A. Eligible Employees

The Chief Executive Officer (the "CEO") or the CEO's designee determines those employees of the Company and its subsidiaries who are eligible to participate in the PBRS Plan ("Eligible Employees"). In general, Eligible Employees are those employees who are (i) officers of CVS Pharmacy, Inc. who are Vice Presidents or above, and (ii) senior officers of other subsidiaries who have been designated as Eligible Employees by the CEO or his or her designee. Generally, Business Planning Committee ("BPC") members are not eligible to participate, unless otherwise named as an Eligible Employee by the Committee.

B. Newly-Hired Eligible Employees

A newly-hired employee satisfying the requirements set forth on Paragraph IV(A) is an Eligible Employee and may receive a PBRS Award for the PBRS Plan Year in which he or she is hired provided he or she is hired on or before November 1 and remains in an Eligible Employee position through December 31 of the PBRS Plan Year.

C. Status Changes

(i) Promotions. An employee who is promoted on or before November 1 of the PBRS Plan Year to a position satisfying the requirements set forth on Paragraph IV(A) is an Eligible Employee and may receive a PBRS Award for the year in which the promotion occurs. The salary upon which the

Eligible Employee's PBRS Award will be based shall be the base salary as of December 31 of the PBRS Plan Year.

(ii) Demotions: An Eligible Employee who is demoted on or after November 1 of the PBRS Plan Year to a position not satisfying the requirements set forth on Paragraph IV(A) will remain an Eligible Employee and may receive a PBRS Award provided such demotion is not the result of voluntarily transfer to a lower level position, is not related to unsatisfactory performance, and is not as a result of a violation of a Company policy or Code of Ethics.

(iii) Terminations: PBRS Awards unvested as of a Participant's termination of employment shall be governed by the terms and conditions of the applicable agreement for each PBRS Award and the PBRS Plan in effect at the time of grant of each award.

D. Participants

Unless the Committee is required to make such determinations under applicable law or the 2010 ICP, the CEO shall determine which Eligible Employees will receive an award under the PBRS Plan (a "PBRS Award"). All such determinations, whether by the CEO or the Committee, shall be made no later than March 15 of the calendar year following the PBRS Plan Year. Each Eligible Employee who receives a PBRS Award is a "Participant" and the date a PBRS Award is granted is the "PBRS Award Date." No Eligible Employee has any right to receive a PBRS Award, regardless of whether such Eligible Employee is employed on the last day of the PBRS Plan Year, and the determination of whether an Eligible Employee will be a Participant shall be made in the sole discretion of the CEO or the Committee, as the case may be.

V. *Plan Performance Measure* Unless otherwise approved by the Committee, EBIT is the performance metric for the PBRS Plan. Each year, the Company will establish an EBIT Target which is approved by the Committee prior to March 31 of the Plan Year.

A. Actual EBIT compared to Target EBIT must meet a minimum threshold as specified in Exhibit A prior to the grant of any PBRS Award.

(i) Actual EBIT may be adjusted by the permitted financial adjustments as approved by the Committee prior to the end of the first fiscal quarter of the applicable PBRS Plan Year.

(ii) The Committee has the sole discretion to approve a change in the minimum threshold that must be achieved in order for any PBRS Awards to be granted under the PBRS Plan.

(iii) The Committee, in its sole discretion, may adjust the relationship between the EBIT Results and the % Funding Payout as shown in the Payout Chart on Exhibit A and determine to pay more or less than the calculation of actual EBIT against target EBIT would produce.

B. Unless otherwise determined by the Committee, in its sole discretion, the maximum PBRS Award that may be payable to any Participant under the PBRS Plan is 50% of base salary.

VI. *Plan Payout*

A. **Target PBRS Award** The target PBRS Award for each Participant is 25% of the base salary in effect as of the last day of the PBRS Plan Year.

B. PBRS Award Determination and Vesting

The actual amount of a PBRS Award is determined based on the achievement of the Company's EBIT against target, as shown on Exhibit A ("Award Payout Percentage").

The PBRS Award is equal to the Award Payout Percentage multiplied by the Participant's base salary as of the last day of the PBRS Plan Year, generally payable in RSUs. The number of RSUs that the Participant will receive is equal to the PBRS Award divided by the closing price of Company common stock on the PBRS Award Date.

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C. Vesting

The RSUs issued in respect of any PBRS Award will vest in accordance with and subject to the terms and conditions of the 2010 ICP and the applicable agreement for each PBRS Award.

D. Termination of Employment During the PBRS Plan Year.

(i) **Death or Disability.** If an Eligible Employee dies or commences a long-term disability (as defined in the Company's LTD plan or by the Social Security Administrator), the Eligible Employee may receive a PBRS Award for the year in which the death or commencement of long-term disability occurs at the same time PBRS Awards are made to other Participants. Such PBRS Award will be pro-rated for the number of full months (a partial month will be counted as a full month) during which the Eligible Employee was an active employee based on a full calendar year and will (unless otherwise determined by the CEO or the Committee) be paid in cash based on the Eligible Employee's base salary in effect at the time of death or commencement of long-term disability. PBRS Awards with respect to deceased Eligible Employees shall be paid to the Eligible Employee's Beneficiary.

(ii) **Other Terminations.** In the sole discretion of the CEO or the Committee (as the case may be), an Eligible Employee who terminates employment with the Company and its subsidiaries prior to the last day of the PBRS Plan Year or prior to the Plan payout date for any reason other than death or long-term disability may receive a PBRS Award. Such PBRS Award may be payable in cash at the same time PBRS Awards are made to other Participants and may be pro-rated for the number of full months (a partial month will be counted as a full month) during which the Eligible Employee was an active employee based on a full calendar year.

VII. *Plan Administration*

A. Employment Rights

The PBRS Plan does not create any express or implied contract of employment between the Company and an Eligible Employee. Both the Company and an Eligible Employee (whether or not a Participant) retain the right to terminate the employment relationship at any time and for any reason.

B. Rights are Non-Assignable

Neither a Participant nor any beneficiary nor any other person shall have any right to assign the right to receive payments hereunder, in whole or in part, which payments are non-assignable and non-transferable, whether voluntarily or involuntarily.

C. Change in Control

In the event of a Change in Control, the PBRS Plan shall remain in full force and effect. Any modifications to or dissolution of the PBRS Plan by the acquiring entity may only occur prospectively and will not affect entitlements, awards or eligibility before the date of the Change in Control.

D. Plan Amendment/Modification/Termination

The Company retains the right to amend, modify, or terminate the PBRS Plan for any reason and at any time on or before December 31 of the PBRS Plan Year, with or without notice to Eligible Employees. No representative of the Company or its subsidiaries has the authority to modify the terms of this PBRS Plan without written consent of the Chief Human Resources Officer or his or her designee.

E. Withholding

The Company may provide for the withholding from any benefits payable under the PBRS Plan all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

F. Section 409A of the Code

The Company intends that the PBRS Plan not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and the regulations and guidance thereunder (collectively, "Section 409A") and that to the extent any provisions of the PBRS Plan do not comply with Section 409A the Company will make such changes as it deems reasonable in order to comply with Section 409A. In all events, the provisions of CVS Caremark Corporation's Universal

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409A Definitions Document are hereby incorporated by reference and, notwithstanding any other provision of the Plan or any Award to the contrary, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A shall be delayed until the first regular scheduled payroll date of the Company occurring after the expiration of the six (6) month period immediately following the date of termination of employment. For purposes of any provision of the PBRS Plan providing for the payment of any amounts or benefits in connection with a termination of employment, references to an Eligible Employee's "termination of employment" (and corollary terms) shall be construed to refer to the Eligible Employee's "separation from service" with the Company as determined under Section 409A.

G. Request for Plan Interpretation

Any dispute or request for interpretation of any provision in the PBRS Plan must be submitted to the appropriate Human Resources Business Partner by the Eligible Employee or his or her manager in writing.

H. Compliance with Applicable Regulations

In order to be eligible to receive a PBRS Award under the PBRS Plan, a Participant must comply with all applicable state and federal regulations and Company policies.

I. Governing Law

The validity, construction and effect of the PBRS Plan, and any rules and regulations under the Plan shall be determined in accordance with Delaware law, without giving effect to principles of conflicts of laws and applicable federal law.

J. Recoupment

Except as may be specifically provided in the PBRS Award, each PBRS Award under the PBRS Plan shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive under the PBRS Plan.

EXHIBIT A

PERFORMANCE-BASED RESTRICTED STOCK PAYOUT CHART

(EBIT)		PBRS Award Payout Percentage
% of EBIT Target	% of Target Payout	% of Base Salary
102.5%	200%	50%
102.2%	180%	45%
101.9%	160%	40%
101.6%	140%	35%
101.2%	120%	30%
101.0%	100%	25%
100.0%	100%	25%
99.0%	100%	25%
98.8%	90%	22.5%
98.4%	80%	20.0%
98.1%	70%	17.5%
97.8%	60%	15.0%
97.5%	50%	12.5%
97.2%	40%	10.0%
96.9%	30%	7.5%
< 96.9%	0%	0.00%

CVS Caremark Corporation

2012 Enterprise Non-Competition, Non-Disclosure and Developments Agreement

I, _____, hereby enter into this 2012 Enterprise Non-Competition, Non-Disclosure and Developments Agreement ("Agreement") with CVS Pharmacy, Inc. ("CVS"), which shall be effective as of the date I sign this Agreement (the "Effective Date"). In consideration of the mutual promises in this Agreement, the parties agree as follows:

1. **Consideration for Agreement**. I acknowledge that in connection with my duties and responsibilities at CVS Caremark Corporation or one of its subsidiaries or affiliates, including but not limited to CVS (collectively, the "Corporation"), the Corporation has provided me with certain Confidential Information and/or access to the Corporation's customers and clients and the opportunity to develop and maintain relationships and goodwill with them. In consideration of my promises in this Agreement, CVS promises to continue to provide me with certain Confidential Information and/or the opportunity to develop and maintain relationships with the Corporation's customers and clients. In addition, as a condition of, and in consideration of the Restricted Stock Units ("RSUs") the Corporation granted me on April 2, 2012, I hereby agree with CVS to comply with the terms of this Agreement.

2. **Non-Competition**. During my employment by the Corporation and during the Non-Competition Period following the termination of my employment for any reason, I agree that I will not, directly or indirectly, engage in Competition or provide Consulting or Audit Services within the Restricted Area.

a. **Competition**. Engaging in "Competition" shall mean providing services to a Competitor of the Corporation (whether as an employee, independent contractor, consultant, principal, agent, partner, officer, director, investor, or shareholder, except as a shareholder of less than one percent of a publicly traded company) that: (i) are the same or similar in function or purpose to the services I provided to the Corporation during the last two years of my employment by the Corporation, and/or (ii) will likely result in the disclosure of Confidential Information to a Competitor or the use of Confidential Information on behalf of a Competitor. I agree that if an authorized representative of the Corporation, during my employment or the Non-Competition Period, requests that I identify the company or business to which I will be or am providing services, or with which I will be or am employed, and/or requests that I provide information about the services that I am or will be providing to such entity, I shall provide the Corporation with a written statement detailing the identity of the entity and the nature of the services that I am or will be providing to such entity with sufficient detail to allow the Corporation to independently assess whether I am or will be engaging in Competition during the Non-Competition Period. Such statement shall be delivered to the Corporation's Chief Human

Resources Officer or her authorized delegate via personal delivery or overnight delivery within five days of my receipt of such request.

b. **Competitor**. A "Competitor" for purposes of this Agreement shall mean any person, corporation or other entity that competes with one or more of the business units of the Corporation. As of the Effective Date, it is understood that the Corporation's business units include: (i) pharmacy benefits management ("PBM"), including the administration of pharmacy benefits for businesses, government agencies and health plans; mail order pharmacy; specialty pharmacy; and Medicare Part D services; (ii) retail, which includes the sale of prescription drugs, over-the-counter medications, beauty products and cosmetics, photo finishing, seasonal merchandise, greeting cards, convenience foods and other product lines that are sold by the Corporation's retail division; and (iii) retail health care ("MinuteClinic"). It is understood and agreed that PBM Competitors include, but are not limited to, Medco Health Solutions, Inc., Express Scripts, Inc., SXC Health Solutions Corp., and Catalyst, Inc., as well as health plans that provide PBM services that compete with the Corporation's PBM business. It is also understood and agreed that retail Competitors include, chain drug store companies such as Walgreen Co. and Rite Aid Corporation; mass merchants such as Wal-Mart Stores, Inc. and Target Corp.; food/drug combinations such as The Kroger Co. and Supervalu Inc.; and other retailers, including dollar stores, that sell one or more product lines that are sold by the Corporation. It is understood and agreed that MinuteClinic Competitors shall include, but are not limited to, Walgreen's Take Care Clinics, RediClinic, The Little Clinic, and Target Clinic. A person or entity shall not be considered a PBM Competitor unless it provides products or services that are offered by or compete with the products or services offered by CVS Caremark's PBM business A person or entity shall not be considered a retail Competitor if such entity derives annual gross revenues from its business in an amount that is less than 5% of the Corporation's gross revenues from its retail business during its most recently completed fiscal year.

I acknowledge and agree that as of the Effective Date, I have had business dealings and/or have been provided with certain Confidential Information regarding the Corporation's three business units, and as such acknowledge and agree to this enterprise-wide definition of non-competition that will prevent me from providing services to the Corporation's PBM, retail and MinuteClinic Competitors during the relevant time period. If, for the two years prior to the end of my employment with the Corporation, I continue to have business dealings and/or be provided with certain Confidential Information regarding the Corporation's three business units, then engaging in Competition shall continue to include providing services to PBM, retail and MinuteClinic Competitors. However, for example, as per Section 2(a) above, if I had business dealings and/or received Confidential Information regarding only one of the three business units during the last two years of my employment with the Corporation, then engaging in Competition shall be limited to providing services to a Competitor of that business unit. By way of further example, and as per Section 2(a) above, if I worked as an executive in the Corporation's retail division and oversaw the management of dozens of stores during the two years prior to my termination, engaging in Competition would not include working as the store manager or a staff pharmacist for a retail Competitor, where working in such a position would not likely result in the use or disclosure of Confidential Information.

c. **Consulting or Audit Services**. "Consulting or Audit Services" shall mean any activity that involves providing audit review or other consulting or advisory services with respect to any relationship between the Corporation and any third party, including but not limited to PBM clients, and that is likely to result in the use or disclosure of Confidential Information. For purposes of this Agreement, providing Consulting or Audit Services shall expressly include, but is not limited to, providing such services for Aon Hewitt, Towers Watson and/or Mercer, in connection with their PBM consulting businesses.

d. **Non-Competition Period**. The "Non-Competition Period" shall be the period of eighteen (18) months following the termination of my employment with the Corporation for any reason, provided that the Corporation may, in its sole discretion, reduce the length of the Non-Competition Period pursuant to a separation agreement or a written modification to this Agreement signed by me and an authorized representative of the Corporation.

e. **Restricted Area**. "Restricted Area" refers to those states within the United States in which the Corporation conducts its business, as well as the District of Columbia and Puerto Rico.

3. Non-Solicitation.

a. During the Non-Solicitation Period, which shall be 18 months following the termination of my employment with the Corporation for any reason, I will not, unless a duly authorized officer of the Corporation gives me written authorization to do so, interfere with the Corporation's business relationships with a Covered Customer by soliciting or communicating (regardless of who initiates the communication) with a Covered Customer to induce or encourage the Covered Customer to (i) stop doing business or reduce its business with the Corporation, or (ii) buy a product or service that competes with a product or service offered by the Corporation's PBM business. A "Covered Customer" is a customer (person or entity) of the Corporation's PBM business with which I had business-related contact or dealings, or about and/or from which I received Confidential Information, during the two years prior to my termination with the Corporation. A Covered Customer does not include a customer that has fully and finally decided to cease doing any business with the Corporation independent of any conduct or communications by me or breach of this Agreement, and that has, in fact, ceased doing any business with the Corporation. Nothing in this Paragraph 3(a) shall prevent me from working as a staff pharmacist or in another retail position wherein I would be providing or selling prescriptions or other products directly to consumers.

b. I also agree that during the Non-Solicitation Period, I will not interfere with the Corporation's relationship with its Business Partners by soliciting or communicating (regardless of who initiates the communication) with a Business Partner to induce or encourage the Business Partner to stop doing business or reduce its business with the Corporation, unless a duly authorized officer of the Corporation gives me written authorization to do so.

c. I further agree that during the Non-Solicitation Period, I will not work on a Corporation account on behalf of a Business Partner or serve as the representative of a Business Partner for the Corporation. "Business Partner" means a supplier, manufacturer, broker, hospital, hospital system, and/or pharmaceutical company (person or entity) with whom the Corporation has a business relationship and with which I had business-related contact or dealings, or about which I received Confidential Information, in the two years prior to the termination of my employment with the Corporation. A Business Partner does not include a supplier, manufacturer, broker, hospital, hospital system, and/or pharmaceutical company that has fully and finally decided to terminate its business relationship with the Corporation independent of any conduct or communications by me or breach of this Agreement, and which has, in fact, ceased doing any business with the Corporation.

d. I finally agree that during the Non-Solicitation Period, I will not interfere with the Corporation's relationship with any employee of the Corporation by: (i) soliciting or communicating with the employee to induce or encourage him or her to leave the Corporation's employ (regardless of who first initiates the communication); (ii) helping another person or entity evaluate such employee as an employment candidate; or (iii) otherwise helping any person or entity hire an employee away from the Corporation unless a duly authorized officer of the Corporation gives me written authorization to do so. Where required by law, the foregoing restriction will only apply to employees with whom I had material contact or about whom I received Confidential Information within the two years prior to the termination of my employment with the Corporation.

4. Non-Disclosure of Confidential Information.

a. Subject to Section 7 below, I will not at any time, whether during or after the termination of my employment, reveal to any person or entity any of the Corporation's Confidential Information, except as may be appropriately required in the ordinary course of performing my duties as an employee of the Corporation. The Corporation's Confidential Information includes but is not limited to the following non-public information: trade secrets; computer code generated or developed by the Corporation; software or programs and related documentation; strategic compilations and analysis; strategic processes; business or financial methods, practices and plans; non-public costs and prices; operating margins; marketing, merchandising and selling techniques and information; customer lists; details of customer agreements; pricing arrangements with drug manufacturers, including but not limited to any discounts and/or rebates; pharmacy reimbursement rates; expansion strategies; real estate strategies; operating strategies; sources of supply; employee compensation and benefit plans, patient records; and confidential information of third parties which is given to the Corporation pursuant to an obligation or agreement to keep such information confidential (collectively, "Confidential Information"). I shall keep secret all such matters entrusted to me, and I shall not use or attempt to use any Confidential Information on behalf of any person or entity other than the Corporation, or in any manner which may injure or cause loss or may be calculated to injure or cause loss, whether directly or indirectly, to the Corporation. For employees residing in Connecticut, these restrictions on use or disclosure of Confidential Information will only apply for three (3) years after the end of my employment where information that does not qualify as a trade secret is concerned; however, the restrictions will continue apply to trade secret information for as long as the information at issue remains qualified as a trade secret.

b. Further, I agree that, during my employment, I shall not make, use, or permit to be used, any notes, memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data, documentation or other materials of any nature relating to any matter within the scope of the business of the Corporation or concerning any of its dealings or affairs other than for the benefit of Corporation. I further agree that I shall not, after the termination of my employment, use or permit to be used any such notes, memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data, documentation or other materials. All of the foregoing shall be and remain the sole and exclusive property of the Corporation and, immediately upon the termination of my employment, I shall deliver all of the foregoing, and all copies thereof, to the Corporation at its main office.

5. **Ownership and Return of the Corporation's Property.** I agree that on or before my final date of employment with the Corporation I shall return to the Corporation all property of the Corporation in my possession, custody or control, including but not limited to the originals and copies of any information provided to or acquired by me in connection with the performance of my duties for the Corporation, such as files, correspondence, communications, memoranda, e-mails, slides, records, and all other documents, no matter how produced or reproduced, all computer equipment, communication devices (including but not limited to any mobile phone, BlackBerry or other portable digital assistant or device), computer programs and/or files, and all office keys and access cards. It is hereby acknowledged that all of said items are the sole and exclusive property of the Corporation.

6. **Rights to Inventions, Works.**

a. **Inventions Retained and Licensed.** I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Corporation (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Corporation's proposed business, products or research and development, and which are not assigned to the Corporation hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. I agree that I will not incorporate, or permit to be incorporated, any Prior Invention owned by me or in which I have an interest into a Corporation product, process or machine without the Corporation's prior written consent. Notwithstanding the foregoing sentence, if, in the course of my employment with the Corporation, I incorporate into a Corporation product, process or machine a Prior Invention owned by me or in which I have an interest, the Corporation is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

b. **Assignment of Inventions.** I agree that I will promptly make full written disclosure to the Corporation, will hold in trust for the sole right and benefit of the Corporation, and hereby assign to the Corporation, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, while in the course of my employment for the corporation during the period of time I am in the employ of the Corporation (collectively referred to as "Inventions"). I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Corporation and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act and as such are the sole property of the Corporation. I understand and agree that the decision whether or not to commercialize or market any Invention developed by me solely or jointly with others is within the Corporation's sole discretion and for the Corporation's sole benefit and that no royalty will be due to me as a result of the Corporation's efforts to commercialize or market any such Invention.

c. **Maintenance of Records.** I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Corporation. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Corporation. The records will be available to and remain the sole property of the Corporation at all times.

d. **Patent and Copyright Registrations.** I agree to assist the Corporation, or its designee, at the Corporation's expense, in every proper way to secure the Corporation's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including, but not limited to, the disclosure to the Corporation of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Corporation shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Corporation, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after my employment ends for any reason and/or after the termination of this Agreement. If the Corporation is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Corporation as above, then I hereby irrevocably designate and appoint the Corporation and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

e. **Exception to Assignments.** I understand that if I am an employee in Illinois, Kansas, North Carolina, Utah or Minnesota, I should refer to Exhibit B (incorporated herein for all purposes) for important limitations on the scope of the provisions of this Agreement concerning assignment of Inventions. I will advise the Corporation promptly in writing of any inventions that I believe meet the criteria in Exhibit B and that are not otherwise disclosed on Exhibit A.

7. **Cooperation.**

a. In the event that I receive a subpoena, deposition notice, interview request, or other process or order to produce Confidential Information or any other property of the Corporation, I shall promptly: (a) notify the Corporation of the item, document, or information sought by such subpoena, deposition notice, interview request, or other process or order; (b) furnish the Corporation with a copy of said subpoena, deposition notice, interview request, or other process or order; and (c) provide reasonable cooperation with respect to any procedure that the Corporation may initiate to protect Confidential Information or other interests. If the Corporation objects to the subpoena, deposition notice, interview request, process, or order, I shall cooperate to ensure that there shall be no disclosure until the court or other applicable entity has ruled upon the objection, and then only in accordance with the ruling so made. If no such objection is made despite a reasonable opportunity to do so, I shall be entitled to comply with the subpoena, deposition, notice, interview request, or other process or order provided that I have fulfilled the above obligations.

b. I agree to cooperate fully with the Corporation, its affiliates, and their legal counsel in connection with any action, proceeding, or dispute arising out of matters with which I was directly or indirectly involved while serving as an employee of the Corporation, its predecessors, subsidiaries or affiliates. This cooperation shall include, but shall not be limited to, meeting with, and providing information to, the Corporation and its legal counsel, maintaining the confidentiality of any past or future privileged communications with the Corporation's legal counsel (outside and in-house), and making myself available to testify truthfully by affidavit, in depositions, or in any other forum on behalf of the Corporation. The Corporation agrees to reimburse me for any reasonable and necessary out-of-pocket costs associated with my cooperation.

8. **Injunctive Relief.** I agree that any breach of this Agreement by me will cause irreparable damage to the Corporation and that, in the event of such breach, the Corporation shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent the violation of my obligations hereunder, and without providing a bond to the extent permitted by the applicable rules of civil procedure.

9. **Eligibility for Severance Pay.** In the event that the Corporation terminates my employment without Cause (as defined below), the Corporation will offer me a separation agreement in a form provided by the Corporation that will include periodic severance payments in an amount equal to my salary in effect immediately prior to my separation, as well as the opportunity to continue participating in the Corporation's medical, prescription and dental insurance plans (collectively, the "health benefits") on the same terms available during my employment, for the duration of the Non-Competition Period. The separation agreement will also include a general release of claims and other standard provisions. The Corporation reserves the right, in its sole discretion, to reduce the duration of the Non-Competition Period and the duration of the corresponding periodic severance payments and continuation of health benefits. For purposes of this Agreement, Cause shall mean that the Corporation, in its sole discretion, has determined that I have: (a) violated the terms of this Agreement; (b) willfully violated the CVS Caremark Code of Conduct or any of the Corporation's other policies; (c) engaged in dishonest or fraudulent conduct; or (d) willfully engaged in conduct that is detrimental to the Corporation's reputation. I understand that if I resign my employment with the Corporation, or if I am terminated with Cause, I am not eligible for severance pay, but my obligations under this Agreement are still in full force and effect, including the post-employment restrictions I am agreeing to in Paragraphs 2 and 3 herein. I further understand that nothing in this Agreement shall diminish any right to severance pay that I may have under another written agreement or arrangement with the Corporation. Further, I understand and agree that my entitlement to any severance payments pursuant to this Agreement shall be offset, i.e., decreased, by any severance payment for which I may be eligible pursuant to any other agreement or arrangement with the Corporation.

10. **No Right of Continued Employment.** I understand that this Agreement does not create an obligation on the Corporation or any other person or entity to continue my employment.

11. **No Conflicting Agreements.** I represent that the performance of my job duties with the Corporation and my compliance with all of the terms of this Agreement does not and will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Corporation.

12. **Entire Agreement/No Reliance/No Modifications.** This Agreement and any compensation, benefit or equity plan or agreement referred to herein set forth the entire agreement between the parties hereto and fully supersede any and all prior and/or supplemental understandings, whether written or oral, between the parties concerning the subject matter of this Agreement. Notwithstanding the foregoing, if I am a party to the CVS Caremark Corporation Change in Control Agreement (the "CIC Agreement"), then I understand that in the event of a Change in Control, as that term is defined in the CIC, Paragraph 2 of this Agreement shall be null and void. I agree and acknowledge that I have not relied on any representations, promises or agreements of any kind in connection with my decision to accept the terms of this Agreement, except for the representations, promises and agreements herein. Any modification to this Agreement must be made in writing and signed by me and the Corporation's Chief Human Resources Officer or her authorized representative.

13. **No Waiver.** Any waiver by the Corporation of a breach of any provision of this Agreement, or of any other similar agreement with any other current or former employee of the Corporation, shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

14. **Severability.** The parties hereby agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions of this Agreement are for any reason held to be excessively broad as to scope, activity, duration, subject or otherwise so as to be unenforceable at law, the parties consent to such provision or provisions being modified or limited by the appropriate judicial body (where allowed by applicable law), so as to be enforceable to the maximum extent compatible with the applicable law.

15. **Survival of Employee's Obligations.** My obligations under this Agreement shall survive the termination of my employment regardless of the manner of such termination and shall be binding upon my heirs, personal representatives, executors, administrators and legal representatives.

16. **Corporation's Right to Assign Agreement.** I acknowledge and agree that the Corporation has the right to assign this Agreement to its successors and assigns without the need for further agreement or consent by me, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns.

17. **Non-Assignment.** I shall not assign my rights and obligations under this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the Corporation, and any such assignment contrary to the terms hereof shall be null and void and of no force or effect.

18. **Governing Law; Venue; Headings.** This Agreement shall be governed by and construed in accordance with the laws of the state where I reside at the time this Agreement is provided to me. The exclusive venue for any legal action arising from this Agreement will be the federal and state courts within Rhode Island. I stipulate and consent to Rhode Island courts' personal jurisdiction over me, and waive my right to object to a Rhode Island court's jurisdiction. The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

19. **Tolling.** In the event I violate one of the time-limited restrictions in this Agreement, I agree that the time period for such violated restriction shall be extended by one day for each day I have violated the restriction, up to a maximum extension equal to the length of the original period of the restricted covenant. The foregoing provision shall not apply to residents of Wisconsin.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as a sealed instrument as of the date set forth below.

_____ _____
Signature Lisa Bisaccia

Chief Human Resources Officer
CVS Pharmacy, Inc.

Date: _____, 2012

EXHIBIT A

List of Prior Inventions – See Section 6(a)

EXHIBIT B

Notice Regarding Invention Assignment

1. For an employee residing in **Illinois, Kansas, or North Carolina**, you are hereby advised:
   Notice. No provision in this Agreement requires you to assign any of your rights to an invention for which no equipment, supplies, facility, or trade secret information of the Corporation was used and which was developed entirely on your own time, unless (a) the invention relates (i) to the business of the Corporation or (ii) to the Corporation's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by you for the Corporation. Illinois 765ILCS1060/1-3, "Employees Patent Act"; Kansas Statutes Section 44-130; North Carolina General Statutes Article 10A, Chapter 66, Commerce and Business, Section 66-57.1.

2. For an employee residing in **Utah**, you are hereby advised:
   Notice. No provision in this Agreement requires you to assign any of your rights to an invention which was created entirely on your own time, and which is not (a) conceived, developed, reduced to practice, or created by you (i) within the scope of your employment with the Corporation, (ii) on the Corporation's time, or (iii) with the aid, assistance, or use of any of the Corporation's property, equipment, facilities, supplies, resources, or patents, trade secrets, know-how, technology, confidential information, ideas, copy rights, trademarks and service marks and any and all rights, applications and registrations relating to them, (b) the results of any work, services, or duties performed by you for the Corporation, (c) related to the industry or trade of the Corporation, or (d) related to the current or demonstrably anticipated business, research, or development of the Corporation. Utah Code Sections 34-39-1 through 34-39-3, "Employee Inventions Act."

3. For an employee residing in **Minnesota**, you are hereby advised:
   Notice. No provision in this Agreement requires you to assign any of your rights to an invention for which no equipment, supplies, facility, or trade secret information of the Corporation was used, and which was developed entirely on your own time, and (a) which does not relate (i) directly to the business of the Corporation, or (ii) to the Corporation's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by you for the Corporation. Minnesota Statutes 13A Section 181.78.

CVS CAREMARK

CVS CAREMARK CORPORATION
BUSINESS PLANNING COMMITTEE
NONQUALIFIED STOCK OPTION AGREEMENT
ANNUAL GRANT

GRANT DATE: APRIL 1, 2013

1. **GRANT OF AWARD**. Pursuant to the provisions of the 2010 Incentive Compensation Plan, as amended (the "**ICP**") of CVS Caremark Corporation (the "**Company**"), on the date set forth above (the "**Grant Date**"), the Company has granted and hereby evidences the Grant to the person named below (the "**Participant**"), subject to the terms and conditions set forth or incorporated in this Nonqualified Stock Option Agreement ("**Agreement**"), the right, and option, to purchase from the Company the aggregate number of shares of Common Stock ($.01 par value) of the Company ("**Shares**") set forth below, at the purchase price indicated below (the "**Option**"), such Option to be exercised as hereinafter provided. The ICP is hereby made a part hereof and Participant agrees to be bound by all the provisions of the ICP. Capitalized terms not otherwise defined herein shall have the meaning assigned to such term(s) in the ICP. The Option is a nonqualified option as defined in the ICP.

Participant:
Employee ID:
Shares:
Option Price: $54.53

2. **TERM OF OPTION**. The term of this Option shall be for a period of seven (7) years from the Grant Date, subject to the earlier termination of the Option, as set forth in the ICP and in this Agreement. No portion of the Option shall be exercisable after the term of the Option.

3. **EXERCISE OF OPTION**.

(a) The Option, subject to the provisions of the ICP, shall be exercised by submitting a request to exercise to the Company's stock option administrator, in accordance with the Company's current exercise policies and procedures, specifying the number of Shares to be purchased, which number may not be less than one hundred (100) Shares (unless the number of Shares purchased is the total balance which is then exercisable). Unless the Company, in its discretion, establishes "cashless exercise" procedures and permits Participant entitled to exercise the Option to utilize such "cashless exercise" procedures, Participant so exercising all or part of this Option shall, at the time of exercise, tender to the Company cash or cash equivalent for the aggregate option price of the Shares Participant has elected to purchase or certificates for Shares of Common Stock of the Company owned by Participant for at least six (6) months with a fair market value at least equal to the aggregate option price of the Shares Participant has elected to purchase, or a combination of the foregoing.

(b) Prior to its expiration or termination and except as otherwise provided herein, the Option will become vested in accordance with the vesting schedule set forth below and any vested Option will be exercisable by Participant so long as Participant has maintained continuous employment with the Company or a subsidiary of the Company from the Grant Date through the exercise date:

(i) 25% of the Option shall vest on the 1st anniversary of the Grant Date.
(ii) 25% of the Option shall vest on the 2nd anniversary of the Grant Date.
(iii) 25% of the Option shall vest on the 3rd anniversary of the Grant Date.
(iv) 25% of the Option shall vest on the 4th anniversary of the Grant Date.

4. **TAXES**. If, upon the exercise of an Option, there shall be payable by the Company any amount for tax withholding, the Company shall have the right to require Participant to pay the amount of such taxes immediately, upon notification from the Company, before a certificate for the Shares purchased is delivered to Participant pursuant to such Option. Furthermore, the Company may elect to deduct such taxes from any other amounts then payable to Participant in cash or in Shares or from any other amounts payable any time thereafter to Participant.

5. **TRANSFERABILITY**. This Option may be transferred to and may thereafter be exercised by one or more members of Participant's immediate family, by a trust established by Participant for the benefit of one or more members of Participant's immediate family, or by a partnership of Company of which the only owners are members of Participant's immediate family (the "Transferee(s)"), provided, that no portion of the Option may be transferred until such time as it becomes vested and exercisable pursuant to Section 3(b) hereof, and further provided that no more than fifty percent (50%) of the exercisable Option may be transferred by Participant. An "immediate family member" shall mean Participant's spouse, parents, children, grandchildren and the spouses of such parents, children and grandchildren. Transferee will be subject to all terms and conditions applicable to Option prior to its transfer. Transferee may not again transfer said Option. In order to transfer this Option, Participant must notify the Company in the form of a "Notice of Transfer of Nonqualified Stock Option" (which form may be obtained from the Company's Legal Department) of such transfer and include the name, address and social security number of Transferee, as well as the relationship of Transferee to Participant.

6. **FORFEITURE OF OPTION UPON TERMINATION OF EMPLOYMENT**. Unless otherwise provided for in the ICP or in this Agreement, the Option (whether vested or unvested), to the extent not yet exercised, shall be forfeited immediately upon Participant's termination of employment with the Company or any of its subsidiaries.

7. **TERMINATION OF PARTICIPANT'S EMPLOYMENT WITHOUT CAUSE**. In the event that Participant's employment is terminated without cause by the Company or one of its subsidiaries and Participant receives severance pay following Participant's employment pursuant to a written agreement, vesting of the Option shall continue through the end of the severance period set forth in the agreement providing for such severance pay. To the extent vested, the Option shall be exercisable at any time during the severance period and on or before the ninetieth (90th) day following the last day of the severance period, as long as no government regulations or rules are violated by such continued vesting or exercise period; *provided, however*, that in no event will the Option be exercisable beyond its original term.

8. **RETIREMENT OF PARTICIPANT**. In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of a "Qualified Retirement", Participant (a) shall continue to vest in the Option, to the extent unvested as of the retirement date, for a period of three (3) years following Participant's retirement date and (b) may exercise the Option, to the extent vested, at any time within the period of three (3) years following Participant's retirement date, but not beyond the original term of the Option, in both cases as long as no government regulations or rules are violated by such continued vesting or exercise period. To the extent unvested or unexercised at the end of the three (3) year period following Participant's retirement date, the Option shall be forfeited. In the event Participant's termination of employment qualifies as a Qualified Retirement and Participant also enters into a severance agreement with the Company, the terms of this Section 7 shall apply with respect to the vesting and exercise of the Option as of the Participant's employment termination date. "**Qualified Retirement**" shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause.

9. **DISABILITY OF PARTICIPANT**. In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the Option shall vest as follows: the Option shall vest with respect to a total number of Shares as of the employment termination date (which is the last day that Participant is employed by the Company and any subsidiary of the Company) equal to (i) the number of Shares subject to the Option on the Grant Date *multiplied* by the following fraction: (A) the numerator shall be the whole number of months elapsed as of the employment termination date since the Grant Date and (B) the denominator shall be forty-eight (48), *minus* (ii) the number of Shares with respect to which the Option vested prior to the employment termination date (whether or not the Option was previously exercised). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date

and the employment termination date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Option may be exercised to the extent vested at any time within one (1) year of Participant's employment termination date but not beyond the original term of the Option. The Vesting Date shall be the Participant's employment termination date.

10. **DEATH OF PARTICIPANT**. In the event of Participant's death while Participant is employed with the Company and any subsidiary of the Company, the Option shall immediately vest in full, and the Option shall remain exercisable for a period of one (1) year after Participant's death, or prior to the Option expiration date, whichever occurs first, by Participant's executor, administrator, personal representative or any person or persons who acquired the Option directly from Participant by bequest or inheritance. At the end of said one (1)-year time period, all rights with respect to any Option that is unexercised shall terminate and the Option shall be cancelled.

11. **TRANSFER OF EMPLOYMENT**. Transfer of employment of Participant from the Company to a subsidiary of the Company, transfer among or between subsidiaries, or transfer from a subsidiary to the Company shall not be treated as termination of employment.

12. **ACCEPTANCE OF AWARD**. The Option may not be exercised unless and until the Company has received acceptance by Participant of the terms and conditions set forth herein. Acceptance may be submitted either electronically, if available, or in writing.

13. **NOTICE.** Any notice required to be given hereunder to the Company shall be addressed to the Company, attention Senior Vice President, Chief Human Resources Officer, One CVS Drive, Woonsocket, RI 02895, and any notice required to be given hereunder to Participant shall be addressed to Participant at his or her address as shown on the records of the Company, subject to the right of either party hereafter to designate in writing to the other some other address.

14. **RECOUPMENT OF OPTION AWARD.** The Option subject to this Agreement under the ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting this Award, Participant acknowledges that a copy of the Company's Recoupment Policy has been made available for the Participant's reference.

15. **COMMITTEE AUTHORITY.** The Committee shall have the authority, in its sole discretion, to make any interpretations, determinations, and/or take any administrative actions with respect to the ICP and this Agreement, including whether any post-termination payments to Participant shall be deemed severance pay, the duration of any severance period, and/or whether a termination was without cause.

16. **GOVERNING LAW.** This Nonqualified Stock Option Agreement and the Option evidenced hereby shall be governed by the laws of Delaware, without giving effect to principles of conflict of laws.

BY: _____
Lisa Bisaccia
Senior Vice President, Chief Human Resources Officer
CVS Caremark Corporation

Accepted By: _____
Participant

_____
Date

CVS CAREMARK CORPORATION
BUSINESS PLANNING COMMITTEE
RESTRICTED STOCK UNIT AGREEMENT – ANNUAL GRANT
GRANT DATE: APRIL 1, 2013

1. Pursuant and subject to the provisions of the 2010 Incentive Compensation Plan, as amended (the "**ICP**") of CVS Caremark Corporation (the "**Company**"), on the date set forth above (the "**Grant Date**"), the Company has awarded and hereby evidences the Restricted Stock Unit ("**RSU**") Award to the person named below (the "**Participant**"), subject to the terms and conditions set forth and incorporated in this Restricted Stock Unit agreement (the "**Agreement**"). The ICP is hereby made a part hereof and Participant agrees to be bound by all the provisions of the ICP. Capitalized terms not otherwise defined herein shall have the meaning assigned to such term(s) in the ICP. On the Grant Date specified above, the Fair Market Value (the "FMV"), which is the Closing Price of the Company's common stock on the Grant Date, of each RSU equals $54.53.

Participant:
Employee ID:
RSUs (#):

(b) Participant hereby agrees that the Company may withhold from the dividend equivalent amounts referred to in Paragraph 3(a) above amounts sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

2. Each RSU represents a right to a future payment of one share ("**Share**") of Common Stock ($0.01 par value) of the Company, subject to required tax withholding.
3. (a) To the extent dividends are paid on Shares while the RSUs remain outstanding and prior to the Settlement Date (as defined below), subject to Section 5(b), Participant shall be entitled to receive a cash payment in an amount equivalent to the cash dividends with respect to the number of Shares covered by the RSUs; provided, however, that no dividends shall be payable with respect to any RSUs forfeited on or prior to the dividend record date.
4. Subject to the terms and conditions of the ICP and this Agreement and subject to Participant's continued employment, Participant shall be entitled to receive (and the Company shall deliver to Participant) the Shares within sixty (60) days following the Vesting Date(s) set forth herein, unless delivery of the Shares has been deferred in accordance with Section 5 below (the date of such delivery of the Shares being hereafter referred to as the "**Settlement Date**"). Each "**Vesting Date**," except as otherwise provided in Section 7, shall be in accordance with the schedule set forth below:
(a) 50% of the Shares underlying the RSU shall vest on the third anniversary of the Grant Date;
(b) 50% of the Shares underlying the RSU shall vest on the fifth anniversary of the Grant Date.

5. (a) In accordance with rules promulgated by the Management Planning and Development Committee of the Board of Directors (the "**Committee**"), Participant, to the extent eligible under the CVS Caremark Deferred Stock Compensation Plan, may elect to defer delivery of Shares in settlement of RSUs covered by this Agreement. Any such deferred delivery date elected by Participant shall become the Settlement Date for purposes of this Agreement.
(b) Notwithstanding Section 3(a), to the extent dividends are paid on such deferred Shares following the Vesting Date and prior to the Settlement Date, Participant shall be entitled to receive a number of additional deferred Shares equal to: (x) the amount of dividend per Share as declared by the Company's Board of Directors on the Company's common stock multiplied by (y) the number of deferred Shares held by Participant on the record date of such dividend, divided by (z) the FMV of a Share on such dividend payment date. The Company may decrease the number of additional deferred Shares calculated as provided herein by the number of Shares sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

6. Except as may be elected by Participant, on the Settlement Date the number of Shares to be delivered by the Company to Participant shall be reduced by the smallest number of Shares having a FMV at least equal to the dollar amount of Federal, state and local tax withholding required to be withheld by the Company with respect to such RSUs on such date. In lieu of having the number of Shares underlying the RSU reduced, Participant may elect to pay the Company for any amounts required to be withheld by the Company in connection with the vesting of the RSUs or delivery of the Shares pursuant to the Agreement. Such election may be made electronically at any time prior to the Settlement Date of the RSUs.
7. (a) Except as provided in Paragraphs 7 (b) – (g) below, if, for any reason, Participant's employment with the Company and any subsidiary of the Company terminates, all RSUs not then vested in accordance with Section 4 above shall be immediately forfeited.
(b) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of death, RSUs not then vested in accordance with Section 4 will become immediately vested and the Vesting Date shall be the date of death.

(c) (i) In the event Participant's employment with the Company and any subsidiary of the Company terminates prior to the third anniversary of the Grant Date by reason of a "Qualified Retirement", RSUs shall vest on a pro rata basis as follows: the total number of RSUs vesting as of the retirement date, which is the last day that the Participant is employed by the Company or any subsidiary of the Company shall be equal to the number of RSUs granted on the Grant Date multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed as of the retirement date since the Grant Date and (B) the denominator shall be thirty-six (36). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the retirement date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Vesting Date shall be Participant's retirement date.

(ii) In the event Participant's employment with the Company and any subsidiary of the Company terminates after the third anniversary, but prior to the fifth anniversary, of the Grant Date by reason of a "Qualified Retirement", the remaining unvested RSUs shall vest on a pro rata basis as follows: 50% of the RSUs granted on the Grant Date multiplied by the following fraction: (C) the numerator shall be the whole number of months elapsed as of the retirement date since the Grant Date and (D) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the retirement date is fifty-four months and five days, the numerator in sub-section (C) above shall be fifty-five. The Vesting Date shall be Participant's retirement date.

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"**Qualified Retirement**" shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause. In the event Participant's termination of employment qualifies as a Qualified Retirement and Participant also enters into a severance agreement with the Company, the terms of Section 7(e) shall apply with respect to the vesting and settlement of RSUs that are unvested as of Participant's employment termination date.

(d) (i) In the event Participant's employment with the Company and any subsidiary of the Company terminates prior to the third anniversary of the Grant Date by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the RSUs shall vest on a pro rata basis as follows: the total number of RSUs vested as of the termination date, which is the last date that the Participant is employed by the Company or any subsidiary of the Company, shall be equal to the number of RSUs granted on the Grant Date multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed as of Participant's termination date since the Grant Date and (B) the denominator shall be thirty-six (36). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the termination date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Vesting Date shall be the effective date of the Participant's termination of employment.

(ii) In the event the Participant's employment with the Company and any subsidiary of the Company terminates after the third anniversary, but prior to the fifth anniversary, of the Grant Date, by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the remaining unvested RSUs shall vest on a pro rata basis according to the following formula: 50% of the RSUs granted on the Grant Date multiplied by the following fraction: (C) the numerator shall be the whole number of months elapsed as of the termination date since the Grant Date as of Participant's termination date and (D) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (C) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the termination date is fifty-four months and five days, the numerator in sub-section (C) above shall be fifty-five. The Vesting Date shall be the effective date of the Participant's termination of employment.

(e) In the event Participant's employment with the Company and any subsidiary of the Company terminates and Participant receives severance pay pursuant to a written agreement, RSUs not vested at the time of Participant's employment termination date but scheduled to vest during the severance period specified in the agreement providing for severance pay shall vest and settle in accordance with the schedule set forth in Section 4 of this Agreement. Participant will be responsible for any applicable withholding taxes that may become due as of Participant's employment termination date. All RSUs not scheduled to vest during the specified severance period shall be forfeited as of the employment termination date.

(f) Notwithstanding the above, (i) the provisions of Section 10 of the ICP shall apply in the event of a Change in Control (as defined in such Section 10) and (ii) the provisions of Section 7(e)(iv) of the ICP shall apply.

(g) For purposes of this Section 7, transfer of Participant's employment from the Company to a subsidiary of the Company, transfer among or between subsidiaries, or transfer from a subsidiary to the Company shall not be treated as termination of employment.

8. An RSU does not represent an equity interest in the Company and carries no voting rights. Participant shall have no rights of a shareholder with respect to the RSUs until the Shares have been delivered to Participant.

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9. Neither the execution and delivery hereof nor the granting of the award evidenced hereby shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or its subsidiaries to employ Participant for any specific period.
10. Any notice required to be given hereunder to the Company shall be addressed to: CVS Caremark Corporation, Senior Vice President, Chief Human Resources Officer, One CVS Drive, Woonsocket, RI 02895. Any notice required to be given hereunder to Participant shall be addressed to such Participant at the address shown on the records of the Company, subject to the right of either party hereafter to designate, in writing, to the other, some other address.
11. All decisions and interpretations made by the Board of Directors or the Committee with regard to any question arising hereunder or under the ICP shall be binding and conclusive on all persons. In the event of any inconsistency between the terms hereof and the provisions of the ICP, the ICP shall govern.
12. The award of RSUs pursuant to this Agreement is expressly subject to and contingent upon the requirement that the Participant shall have fully executed and delivered to the Company the CVS Caremark Corporation 2013 Restrictive Covenant Agreement provided by the Company; provided that the Company in its sole discretion may waive such requirement if Participant is currently a party to another agreement with the Company setting forth restrictive covenants, such as non-competition, non-disclosure, and/or non-solicitation obligations. The applicable agreement containing the restrictive covenants the Company requires in connection with this award, whether previously executed or required to be executed in connection with this award, is hereafter referred to as the "Restrictive Covenant Agreement".
If the Company intends to require Participant to execute and deliver a new Restrictive Covenant Agreement in connection with the grant hereunder, the Company shall provide such Restrictive Covenant Agreement to Participant and Participant agrees to execute and deliver such agreement by the deadline set forth by the Company, which shall be no less than ten days from the date it is provided to Participant. If Participant is currently subject to a Restrictive Covenant Agreement, Participant hereby affirms his or her agreement and intent to be bound by the restrictions in the Restrictive Covenant Agreement and to comply with all of its provisions.

Participant agrees that failure to execute and return the Restrictive Covenant Agreement, if required, shall result in the immediate and irrevocable forfeiture of the RSU Award hereunder and any right to receive dividend equivalents or Shares with respect thereto. Further, if Participant violates any provision of the applicable Restrictive Covenant Agreement, any unvested RSUs will be immediately and irrevocably forfeited, and no payment of any kind, including dividend equivalents or Shares, shall be payable with respect thereto. This Section shall not constitute the Company's exclusive remedy for Participant's violation of the Restrictive Covenant Agreement, and the Company may seek all available legal or equitable remedies in the event of Participant's violation or threatened of the Restrictive Covenant Agreement, including injunctive relief.

13. By accepting this Award, Participant acknowledges that a copy of the ICP has been made available by the Company for Participant's reference and agrees to be bound by the terms and conditions set forth in this Agreement and the ICP as in effect from time to time, including the requirement that Participant sign and return the Restrictive Covenant Agreement, as required by the Company as set forth in Section 12.
14. By accepting this Award, Participant further acknowledges that the Federal securities laws and/or Company's policies regarding trading in its securities may limit or restrict Participant's right to trade Shares, including without limitation, sales of Shares acquired in connection with RSUs. Participant agrees to comply with such

Federal securities law requirements and Company policies as such laws and policies may be amended from time to time.

15. The Company intends that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and that to the extent any provisions of this Agreement do not comply with Code Section 409A the Company will make such changes in order to comply with Code Section 409A to the extent it considers reasonable. In all events, the provisions of CVS Caremark Corporation's 409A Universal Definitions Document are hereby incorporated by reference, and to the extent required to avoid a violation of the applicable rules under all Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A of the Code shall be delayed until the first business day of the seventh month immediately following the employment termination date. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to a "termination of employment" (and corollary terms) shall be construed to refer to a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)). Notwithstanding the foregoing, the Company makes no representations as to the tax treatment or consequences of any payment made hereunder, and Participant, by accepting this Award, acknowledges that Participant shall be solely responsible for same.

16. The Award subject to this RSU Agreement under the ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting this Award, Participant acknowledges that the Company's Recoupment Policy has been made available for the Participant's reference.

17. This Agreement shall be governed by the laws of Delaware, without giving effect to its choice of law provisions.

18. This Agreement shall be fully effective only upon the Participant's formal acceptance of the terms and conditions set forth above as required by the Company.

By: _____
Lisa G. Bisaccia
Senior Vice President, Chief Human Resources Officer
CVS Caremark Corporation

Accepted By: _____
Participant Signature

_____
Date

CVS CAREMARK CORPORATION
PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
GRANT DATE: FEBRUARY 19, 2013

Participant
Employee Number
RSUs (#)

(b) Participant hereby agrees that the Company may withhold from the dividend equivalent amounts referred to in Paragraph 3(a) above amounts sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

(a) one-third of the Shares underlying the RSU on the first anniversary of the Grant Date;
(c) one-third of the Shares underlying the RSU on the third anniversary of the Grant Date.

(b) Notwithstanding Paragraph 3(a), to the extent dividends are paid on such deferred Shares following the Vesting Date and prior to the Settlement Date, Participant shall be entitled to receive a number of additional deferred Shares equal to (x) the amount of dividend per Share as declared by the Company's Board of Directors on the Company's common stock multiplied by (y) the number of deferred Shares held by Participant on the record date of such dividend, divided by (z) the FMV of a Share on such dividend payment date. The Company may decrease the number of additional deferred Shares calculated as provided herein by the number of Shares sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

(b) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of death, RSUs not then vested in accordance with Paragraph 4 will become immediately vested and Vesting Date shall be the date of death.

(c) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of a "Qualified Retirement", RSUs not yet vested in accordance with Section 4 will become immediately vested. The Vesting Date shall be the effective date of the Participant's termination of employment. "Qualified Retirement" shall mean a Participant's termination of his or her employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of the date of his or her termination of employment or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause.

(d) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the RSUs shall vest on a pro rata basis as follows: the total number of RSUs vesting as of the termination date, which is the last day that the Participant is employed by the Company or any subsidiary of the Company shall be equal to (i) the number of RSUs granted on the Grant Date multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed as of the termination date since the Grant Date and (B) the denominator shall be thirty-six (36) *minus* (ii) the number of RSUs that had vested prior to the termination date. For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the termination date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Vesting Date shall be the effective date of the Participant's termination of employment.

(e) In the event Participant's employment with the Company and any subsidiary of the Company terminates and Participant receives severance pay, RSUs not vested at the time of termination of employment but scheduled to vest during the severance period shall continue to vest during the severance period set forth in the agreement setting forth the severance pay in accordance with the schedule set forth in Section 4 of this PBRS Agreement. All RSUs not scheduled to vest during the specified severance period shall be forfeited on the employment termination date. During any severance period, Participant is eligible to receive dividend equivalents on outstanding RSUs as described in Paragraph 3(a) above.

(f) Notwithstanding the above, (i) the provisions of Section 10 of the ICP shall apply in the event of a Change in Control (as defined in such Section 10) and (ii) the provisions of Section 7(e)(iv) of the ICP shall apply.

(g) For purposes of this Section 7, transfer of Participant's employment from the Company to a subsidiary of the Company, transfer among or between subsidiaries, or transfer from a subsidiary to the Company shall not be treated as termination of employment.

8. An RSU does not represent an equity interest in the Company and carries no voting rights. Participant shall have no rights of a shareholder with respect to the RSUs until the Shares have been delivered to Participant.
9. Neither the execution and delivery hereof nor the granting of the award evidenced hereby shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or its subsidiaries to employ Participant for any specific period.
10. Any notice required to be given hereunder to the Company shall be addressed to: CVS Caremark Corporation, Senior Vice President, Chief Human Resources Officer, One CVS Drive, Woonsocket, RI 02895. Any notice required to be given hereunder to Participant shall be addressed to such Participant at the address shown on the records of the Company, subject to the right of either party hereafter to designate, in writing, to the other, some other address.
11. All decisions and interpretations made by the Board of Directors or the Committee with regard to any question arising hereunder or under the ICP shall be binding and conclusive on all persons. In the event of any inconsistency between the terms hereof and the provisions of the ICP, the ICP shall govern. 15.
12. By accepting this Award, Participant acknowledges that a copy of the ICP has been made available for the Participant's reference, and agrees to be bound by the terms and conditions set forth in this Agreement and the ICP as in effect from time to time.
13. By accepting this Award, Participant further acknowledges that the Federal securities laws and/or Company's policies regarding trading in its securities may limit or restrict Participant's right to buy or sell Shares, including without limitation, sales of Shares acquired in connection with RSUs. Participant agrees to comply with such Federal securities law requirements and Company policies as such laws and policies may be amended from time to time.
14. The company intends that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and the regulations and guidance thereunder (collectively, "Section 409A") and that to the extent any provisions of this PBRS Agreement do not comply with Section 409A the Company will make such changes as it deems reasonable in order to comply with Section 409A. In all events, the provisions of CVS Caremark Corporation's 409A Universal Definitions Document are hereby incorporated by reference and, notwithstanding any other provision of the Plan or this PBRS Agreement to the contrary, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A shall be delayed until the first regular scheduled payroll date of the Company occurring after the expiration of the six (6) month period immediately following the date of termination of employment. For purposes of any provision of this PBRS Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to the "termination of employment" (and corollary terms) shall be construed to refer to "separation from service" as determined under Section 409A
The Award subject to this PBRS Agreement under the Plan and ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting this Award, Participant acknowledges that the Company's Recoupment Policy has been made available for Participant's reference.
16. This Agreement shall be governed by the laws of Delaware, without giving effect to its choice of law provisions.

By: s/ Lisa G. Bisaccia
Senior Vice President, Chief Human Resources Officer
CVS Caremark Corporation

PARTNERSHIP EQUITY PROGRAM
Participant Purchased RSUs, Company Matching RSUs
and Company Matching Option Agreement

AGREEMENT, by and between CVS Caremark Corporation, a Delaware corporation (the "Company"), and _____ ("Participant"), effective on _____, herein after known as the "Grant Date" (this "Agreement").

WHEREAS, Participant has been selected as an employee eligible to invest under the Company's Partnership Equity Program (the "PEP") and has elected in the Participant's Election Form to invest $_____ in the PEP, subject to the terms and conditions set forth in the PEP and in this Agreement;

WHEREAS, the Company desires to provide Participant with written evidence acknowledging Participant's investment under the PEP through Purchased RSUs and the corresponding grant of Company Matching RSUs and a Company Matching Option under the PEP.

WHEREAS, the provisions of the PEP and the Company's 2010 Incentive Compensation Plan (the "ICP") are hereby incorporated by reference and shall have the same force and effect as though fully set forth herein; Participant hereby acknowledges receipt of a copy of the PEP and the ICP at the time of receipt of this Agreement and agrees to be bound by such provisions (as presently in effect or hereafter amended); if any provision of this Agreement is inconsistent with a provision of the PEP or the ICP, the terms of the PEP and/or the ICP, or any successor thereto, shall control; capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the PEP or the ICP, as the case may be; and on the Grant Date specified above, the Fair Market Value (the "FMV") of a share of CVS Caremark Common Stock ("Stock") equals $____, which is the closing price on such date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the parties hereto agree as follows:

I. PARTICIPANT PURCHASED RSUs AND COMPANY MATCHING RSUs

(A) Participant Purchased RSUs. The Company has received from Participant a completed Election Form authorizing the Company to apply designated future compensation of $_____ to the purchase of Participant Purchased RSUs on the Grant Date under the PEP, and the Company has accordingly credited Participant's Account under the PEP with the Participant Purchased RSUs. The Participant Purchased RSUs (including any Participant Purchased RSUs credited to Participant pursuant to Section I(C)(ii)) shall be fully vested at all times.

(B) Crediting of Company Matching RSUs. As of the Grant Date, the Company hereby awards the Participant, subject to the terms and conditions set forth and incorporated in this Agreement and the PEP, _____ Company Matching RSUs.

(C) Additional Transactions in Participant Accounts.

(i) Each Participant Purchased RSU and Company Matching RSU represents a right to a future payment of one share of Stock, subject to applicable tax withholding.

(ii) To the extent that dividends are declared and paid on shares of Stock while the Participant Purchased RSUs and Company Matching RSUs remain outstanding and prior to a Settlement Date (as defined below), the Company shall credit to Participant's Purchased RSU account and Company Matching RSU account (as applicable) an additional number of Participant Purchased RSUs and Company Matching RSUs calculated by multiplying (a) the amount of dividend per share of Stock paid by the Company's Board of Directors by (b) the number of Participant Purchased RSUs and Company Matching RSUs held by Participant on the record date of such dividend, and dividing the product by (c) the FMV of a share of Stock on such dividend payment date.

(iii) Provided, however, that if such dividend is paid prior to the Vesting Date of Participant Purchased RSUs and/or the Company Matching RSUs, as set forth in Section I (D) below, Participant shall not be entitled to any payment in respect of such dividend unless Participant is still employed by the Company on such dividend payment date.

(iv) Participant hereby agrees that, prior to the Settlement Date, the Company may withhold from the dividend equivalent amounts described to in Section I(C)(ii) amounts sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments, as applicable.

(D) Vesting of Company Matching RSUs. Subject to the terms and conditions of the PEP and this Agreement, and to Participant's continued employment through such date, the Company Matching RSUs, and the dividend equivalent amounts attributed to same, shall vest on the fifth (5th) anniversary of the Grant Date.

(E) Settlement.

(i) A "Settlement Date" shall mean the date shares of Stock are delivered to Participant pursuant to this Agreement.

(ii) Within fifteen (15) days following the earliest of the fifth (5th) anniversary of the Grant Date, Participant's death, termination of employment due to Participant's total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration), or a Change in Control, Participant shall be entitled to receive and the Company shall deliver to Participant the total number of shares of Stock (giving effect to Sections I(C)(ii) and I(C)(iv)) underlying the Company Matching RSUs vested as of such date. Notwithstanding the foregoing, no shares of Stock shall be delivered upon termination of employment unless such termination of employment is considered a "separation from service" (within the meaning given of Treasury Regulation §1.409A-1(h) or successor guidance thereto).

(iii) Subject to the rules promulgated by the Committee, the terms of the CVS Caremark Deferred Stock Compensation Plan and Section 409A, Participant may elect to defer settlement of Participant Purchased or Company Matching RSUs covered by this Agreement.

II. COMPANY MATCHING OPTION

(A) Grant of Option. The Company hereby awards and evidences the grant to Participant, subject to the terms and conditions incorporated in this Agreement, the right, and option, to purchase from the Company _____ shares of Stock, with an exercise price per share of Stock equal to the FMV of a share of Stock on the Grant Date, such Company Matching Option to be exercised as hereinafter provided. The Company Matching Option is a nonqualified option as defined in the ICP.

(B) Term of Company Matching Option. The term of this Company Matching Option shall be for a period of ten (10) years from the Grant Date, subject to the earlier termination of the Company Matching Option, as set forth in the ICP and in this Agreement.

(C) Vesting and Exercise of Company Matching Option

(i) Prior to its expiration or termination, and except as otherwise provided herein, the Company Matching Option shall vest and may be exercised by Participant, provided Participant has maintained continuous employment with the Company or a subsidiary of the Company from the Grant Date until the applicable vesting date, within the following time limitations:

a. On or after three (3) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to one-third (1/3) of the shares of Stock subject to the Company Matching Option;

b. On or after four (4) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to an aggregate of two-thirds (2/3) of the shares of Stock subject to the Company Matching Option; and

c. On or after five (5) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to all of the shares of Stock subject to the Company Matching Option.

(ii) The Company Matching Option, subject to the provisions of the ICP, shall be exercised by submitting a request to exercise to the Company's stock option administrator, in accordance with the Company's current exercise policies and procedures, specifying the number of shares of Stock to be purchased, which number may not be less than one hundred (100) shares of Stock (unless the number of shares

of Stock purchased is the total balance which is then exercisable). Unless the Company, in its discretion, establishes "cashless exercise" procedures and permits Participant entitled to exercise the Company Matching Option to utilize such "cashless exercise" procedures, Participant so exercising all or part of this Company Matching Option shall, at the time of exercise, tender to the Company cash or cash equivalent for the aggregate exercise price of the shares of Stock Participant has elected to purchase or certificates for shares of Stock of the Company already owned by Participant for at least six (6) months with an aggregate FMV at least equal to the aggregate exercise price of the shares of Stock Participant has elected to purchase, or a combination of the foregoing.

(D) **Company Matching Option Expiration**. The Company Matching Option shall be exercisable only as provided above and shall expire at the close of business on the the tenth (10th)anniversary of its Grant Date or such earlier expiration date as described in Section III below.

III. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL

(A) Except as provided in Sections III(B)-(G) below, if, for any reason, Participant's employment with the Company and any subsidiary of the Company terminates, all Company Matching RSUs and the Company Matching Option to the extent not then vested in accordance with Sections I(D) and II(C)(ii) above shall be immediately forfeited.

(B) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of death, Company Matching RSUs and the Company Matching Option will vest in full as of the date of death and the Company Matching Option shall be exercisable by the Participant's executor, administrator, personal representative or any person or persons who acquired the Company Matching Option directly from the Participant by bequest or inheritance during the twelve (12) month period following the date of death, as long as no government regulations or rules are violated by such accelerated vesting or exercise period; provided, however, that no Company Matching Option will be exercisable beyond its original term.

(C) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration), the Company Matching RSUs and the Company Matching Option shall vest on a pro rata basis as follows:

(i) the Company Matching RSUs shall be vested as of Participant's employment termination date (which is the last day that the Participant is employed by the Company or any subsidiary of the Company) shall be equal to the number of Company Matching RSUs multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed since the Grant Date and (B) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the Separation Date is eight months and five days, the numerator in sub-section (A) above shall be nine.

(ii) the Company Matching Option shall be vested as of Participant's employment termination date with respect to the number of shares of Stock subject to the Company Matching Option, multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed since the Grant Date and (B) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the Separation Date is eight months and five days, the numerator in sub-section (A) above shall be nine.

(iii) the vested portion of the Company Matching Option shall be exercisable during the twelve (12) month period following Participant's employment termination date, as long as no government regulations or rules are violated by such accelerated vesting or exercise period; provided, however, that the Company Matching Option shall not be exercisable beyond its original term.

(D) **Termination of Employment without Cause.** In the event that Participant's employment with the Company and any subsidiary of the Company terminates and Participant receives severance pay pursuant to a written agreement with the Company, Participant's Company Matching RSUs and the Company Matching Option to the extent not vested at the time of the Participant's employment termination date but scheduled to vest during the severance period specified in the agreement providing for severance pay shall continue to vest and settle in accordance with the schedule set forth in Section I (D) and Section II(C)(i), respectively, of this Agreement. Participant will be responsible for any applicable withholding taxes that may become due as of Participant's employment termination date. All Company Matching RSUs and the Company Matching Option to the extent not scheduled to vest during the specified severance period shall be forfeited as of the Participant's employment termination date. To the extent vested, the Company

Matching Option shall be exercisable on or before the ninetieth (90th) day following the last day of the severance period, as long as no government regulations or rules are violated by such continued vesting or exercise period; provided, however, that the Company Matching Option shall not be exercisable beyond its original term.

(E) **Retirement**. **"Qualified Retirement"** shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause.

(i) In the event Participant's termination of employment qualifies as a Qualified Retirement, Participant may exercise the Company Matching Option to the extent vested as of Participant's retirement date at any time within two (2) years after Participant's retirement date, but not beyond the original term of the Company Matching Option. To the extent unvested as of the retirement date, the Company Matching Option shall be forfeited. The Committee shall have the authority in its sole discretion to make any interpretations, determinations, and/or take any administrative actions with respect to whether Participant has experienced a Qualified Retirement.

(ii) Company Matching RSUs that are unvested as of the Participant's retirement date are forfeited as of the retirement date.

(iii) In the event Participant's termination of employment qualifies as a Qualified Retirement and Participant also enters into a severance agreement with the Company, the terms of Section III(D) shall apply with respect to the vesting and settlement of the Company Matching RSUs and the Company Matching Option.

(F) The provisions of Section 10 of the ICP, or any successor thereto, shall apply in the event of a Change in Control.

(G) For purposes of this Section III, transfer of employment by Participant from the Company to a subsidiary of the Company, transfer among or between subsidiaries, transfer from a subsidiary to the Company or any other continuation of employment with the Company or a subsidiary after termination by a related entity shall not be treated as termination of employment.

IV. NON-COMPETITION.

The grant of RSUs pursuant to this Agreement is expressly subject to and contingent upon the requirement that the Participant shall have fully executed and delivered to the Company the CVS Caremark Corporation Restrictive Covenant Agreement provided by the Company; provided that the Company in its sole discretion may waive such requirement if Participant is currently a party to another agreement with the Company setting forth restrictive covenants, such as non-competition, non-disclosure, and/or non-solicitation obligations. The applicable agreement containing the restrictive covenants the Company requires in connection with this Award, whether previously executed or required to be executed in connection with this Award, is hereafter referred to as the "Restrictive Covenant Agreement".

If the Company intends to require Participant to execute and deliver a new Restrictive Covenant Agreement in connection with the Award hereunder, the Company shall provide such Restrictive Covenant Agreement to Participant and Participant agrees to execute and deliver such agreement by the deadline set forth by the Company, which shall be no less than ten days from the date it is provided to Participant. If Participant is currently subject to a Restrictive Covenant Agreement, Participant hereby affirms his or her agreement and intent to be bound by the restrictions in the Restrictive Covenant Agreement and to comply with all of its provisions.

Participant agrees that failure to execute and return the Restrictive Covenant Agreement, if required, shall result in the immediate and irrevocable forfeiture of the RSU Award hereunder and any right to receive dividend equivalents or Shares with respect thereto. Further, if Participant violates any provision of the applicable Restrictive Covenant Agreement, any unvested RSUs will be immediately and irrevocably forfeited, and no payment of any kind, including dividend equivalents or Shares, shall be payable with respect thereto. This Section shall not constitute the Company's exclusive remedy for Participant's violation of the Restrictive Covenant Agreement, and the Company may seek all available legal or equitable remedies in the event of Participant's violation or threatened violation of the Restrictive Covenant Agreement, including injunctive relief.

V. MISCELLANEOUS.

(A) **Withholding Tax**. Participant may be subject to withholding taxes as a result of the exercise of the Company Matching Option or settlement of Participant Purchased RSUs or Company Matching RSUs. Except as may

otherwise be elected by Participant, the number of shares of Stock to be delivered by the Company to Participant shall be reduced by the smallest number of shares of Stock having a FMV at least equal to the dollar amount of federal, state or local tax withholding required to be withheld by the Company with respect to such exercise or settlement. Any shares of Stock so withheld or tendered will be valued as of the date they are withheld or tendered. In lieu of having the number of shares of Stock underlying the applicable award reduced, Participant may elect to pay to the Company in cash, promptly when the amount of

such obligations become determinable, all applicable federal, state, local and foreign withholding taxes that result from each such exercise or settlement. Such election may be made electronically or in writing at any time prior to the exercise date or Settlement Date, as applicable.

(B) **Recoupment.** This Award under the ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting this Award, Participant acknowledges that the Company's Recoupment Policy has been made available for Participant's reference.

(C) **Certain Terms and Conditions of the PEP.** Participant acknowledges and agrees that the terms and conditions of the PEP preclude all transfers of Participant Purchased RSUs, all Company Matching RSUs, and the Company Matching Option, except in limited circumstances in the event of Participant's death, impose a risk of forfeiture on Company Matching RSUs and the Company Matching Option, relieve the Company of certain obligations unless and until laws and regulations have been complied with, provide for adjustments to Participant Purchased RSUs, Company Matching RSUs, and the Company Matching Option upon the occurrence of certain events, and specify the state law which shall govern this Agreement, without giving effect to principles of conflict of laws.

(D) **Binding Agreement.** This Agreement shall be binding upon the heirs, executors, administrators, and successors of the parties. In particular, Participant's heirs, executors, administrators, and successors shall be subject to the terms and conditions of the PEP, ICP and this Agreement, and the Company may require any such person to execute an agreement or other documents acknowledging and agreeing to such terms and conditions as a condition precedent to any transfer of rights hereunder or shares of Stock issuable under the PEP, including upon exercise of the Company Matching Option, into the name of any such person.

(E) **Integration Clause; Amendments to Agreement.** This Agreement, together with the PEP and the ICP, constitutes the entire Agreement between the parties with respect to the PEP, and supersedes any prior agreements or documents with respect thereto. This Agreement may be amended, but no amendment or other change which may impose any additional obligation upon the Company or materially impair the rights of Participant under the PEP shall be valid unless contained in a writing signed by the party to be bound thereby.

(F) **Employment.** Neither the execution and delivery hereof nor the granting of the Company Matching RSUs or the Company Matching Option evidenced hereby shall constitute or be evidence of any agreement or understanding, expressed or implied, on the part of the Company or its subsidiaries to employ Participant for any specific period.

(G) **Acceptance of Award.** Acceptance may be submitted either electronically, if available, or in writing. The Company Matching Option may not be exercised unless and until the Company has received acceptance by the Participant of the terms and conditions set forth herein.

(H) **Company Matching RSUs.** Neither a Company Matching RSU nor a Participant Purchased RSU represents an equity interest in the Company and neither carries any voting rights. Except as otherwise specifically provided herein, Participant shall have no rights of a shareholder with respect to the RSUs until the related shares of Stock have been delivered to Participant.

(I) **Section 409A.** The Company intends that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and that to the extent any provisions of this Agreement do not comply with Code Section 409A the Company will make such changes in order to comply with Code Section 409A to the extent it considers reasonable. In all events, the provisions of CVS Caremark Corporation's 409A Universal Definitions Document are hereby incorporated by reference and to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A of the Code shall be delayed until the first business day of the seventh month immediately following the employment termination date. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to the "termination of employment" (and corollary terms) shall be construed to refer to "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)). Notwithstanding the foregoing,

the Company makes no representations as to the tax treatment or consequences of any payment made hereunder, and Participant, by accepting this Award, acknowledges that Participant shall be solely responsible for same.

(J) **Notices.** Any notice hereunder to the Company shall be addressed to One CVS Drive, Woonsocket, RI 02895, Attention: Senior Vice President, Chief Human Resources Officer, and any notice required to be given hereunder to Participant shall be addressed to Participant at his or her address as shown on the records of the Company, subject to the right of either party to designate in writing some other address for notices.

By: s/Lisa G. Bisaccia
Senior Vice President
Chief Human Resources Officer
CVS CAREMARK CORPORATION

Accepted by: _____
Participant Signature

_____
EMPLID

_____
Date

PARTNERSHIP EQUITY PROGRAM
Participant Purchased Share, Company Matching RSUs
and Company Matching Option Agreement

AGREEMENT, by and between CVS Caremark Corporation, a Delaware corporation (the "Company"), and _____("Participant"), effective on _____, herein after known as the "Grant Date" (this "Agreement").

WHEREAS, Participant has been selected as an employee eligible to invest under the Company's Partnership Equity Program (the "PEP"), and has elected in the Participant's Election Form to invest $_____ in the PEP, subject to the terms and conditions set forth in the PEP and in this Agreement.

WHEREAS, the Company desires to provide Participant with written evidence acknowledging Participant's investment under the PEP through Participant Purchased Shares and the corresponding grant of Company Matching RSUs and a Company Matching Option under the PEP.

WHEREAS, the provisions of the PEP and the Company's 2010 Incentive Compensation Plan (the "ICP") are hereby incorporated by reference and shall have the same force and effect as though fully set forth herein; Participant hereby acknowledges receipt of a copy of the PEP and the ICP at the time of receipt of this Agreement and agrees to be bound by such provisions (as presently in effect or hereafter

amended); if any provision of this Agreement is inconsistent with a provision of the PEP or the ICP, the terms of the PEP and/or the ICP, or any successor thereto, shall control; capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the PEP, or the ICP, as the case may be; and on the Grant Date specified above, the Fair Market Value (the "FMV") of a share of CVS Caremark Common Stock ("Stock") equals $_____, which is the closing price on such date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the parties hereto agree as follows:

I. PARTICIPANT PURCHASED SHARES AND COMPANY MATCHING RSUs

(A) Participant Purchased Shares.

(i) The Company has received from Participant a completed Election Form pursuant to which the Participant elects to invest the amount of $_____ in Participant Purchased Shares under the PEP. Participant's Post-Tax Investment Date must occur within thirty (30) days of the Grant Date, and Participant must provide evidence to the Company of Participant's purchase and ownership of the Participant Purchased Shares with a value as of the Post-Tax Investment Date equal to the elected investment amount in accordance with the PEP within thirty (30) days of the Grant Date.

(ii) Alternatively, Participant has demonstrated to the Company that he or she owns a sufficient number of shares of Stock in his or her own name, provided such shares of Stock are not held in a qualified 401(k) plan or in a nonqualified deferred stock compensation plan, having a FMV, on the Grant Date, at least equal to the amount elected by the Participant on the Election Form. In such event, such shares of Stock owned by Participant shall be designated as Participant Purchased Shares for purposes of this Agreement and the PEP.

(iii) Participant must provide to the Company on a semi-annual basis until the fifth (5th) anniversary of the Grant Date a brokerage statement or other evidence satisfactory to the Company that he or she has continued to maintain the number of Participant Purchased Shares as were owned by Participant on the Grant Date and/or the Post-Tax Investment Date.

(iv) In accordance with the PEP, if Participant disposes of Participant Purchased Shares prior to the fifth (5th) anniversary of the Grant Date, either in whole or in part, Participant will immediately forfeit a proportionate amount of the Company Matching RSUs and Company Matching Options that are unvested as of the date of such disposition.

(B) Crediting of Company Matching RSUs. As of the Grant Date, the Company hereby awards the Participant, subject to the terms and conditions set forth and incorporated in this Agreement and the PEP, _____ Company Matching RSUs.

(C) Additional Transactions in Participant Accounts.

(i) Each Company Matching RSU represents a right to a future payment of one share of Stock, subject to applicable tax withholding.

(D) Vesting of Company Matching RSUs.

(ii) To the extent that dividends are declared and paid on shares of Stock while the Company Matching RSUs remain outstanding and prior to a Settlement Date (as defined below), the Company shall credit to Participant's Matching RSU account (as applicable) an additional number of Company Matching RSUs calculated by multiplying (a) the amount of dividend per share of Stock paid by the Company's Board of Directors by (b) the number of Company Matching RSUs held by Participant on the record date of such dividend and dividing the product by (c) the FMV of a share of Stock on such dividend payment date.

(iii) Provided, however, that if such dividend is paid prior to the Vesting Date of the Company Matching RSUs, as set forth in Section I (D) below, Participant shall not be entitled to any payment in respect of such dividend unless Participant is still employed by the Company on such dividend payment date.

(iv) Participant hereby agrees that, prior to the Settlement Date, the Company may withhold from the dividend equivalent amounts described in Section I(C)(ii) amounts sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments, as applicable.

Subject to the terms and conditions of the PEP and this Agreement, and to Participant's continued employment through such date, the Company Matching RSUs, and the dividend equivalent amounts attributed to same, shall vest on the fifth (5th) anniversary of the Grant Date.

(E) Settlement.

(i) A "Settlement Date" shall mean the date shares of Stock are delivered to Participant pursuant to this Agreement.

(ii) Within fifteen (15) days following the earliest of the fifth (5th) anniversary of the Grant Date, Participant's death, termination of employment due to Participant's total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration), or a Change in Control, Participant shall be entitled to receive and the Company shall deliver to Participant the total number of shares of Stock (giving effect to Sections I(C)(ii) and I(C)(iv)) underlying the Company Matching RSUs vested as of such date. Notwithstanding the foregoing, no shares of Stock shall be delivered upon termination of employment unless such termination of employment is considered a "separation from service" (within the meaning given of Treasury Regulation §1.409A-1(h) or successor guidance thereto).

(iii) Subject to the rules promulgated by the Committee, the terms of the CVS Caremark Deferred Stock Compensation Plan and Section 409A, Participant may elect to defer settlement of Company Matching RSUs covered by this Agreement.

II. COMPANY MATCHING OPTION

(A) Grant of Option. The Company hereby awards and evidences the grant to Participant, subject to the terms and conditions incorporated in this Agreement, the right, and option, to purchase from the Company _____ shares of Stock, with an exercise price per share of Stock equal to the FMV of a share of Stock on the Grant Date, such Company Matching Option to be exercised as hereinafter provided. The Company Matching Option is a nonqualified option as defined in the ICP.

(B) Term of Company Matching Option. The term of this Company Matching Option shall be for a period of ten (10) years from the Grant Date, subject to the earlier termination of the Company Matching Option, as set forth in the ICP and in this Agreement.

(C) Vesting and Exercise of Company Matching Option.

(i) Prior to its expiration or termination, and except as otherwise provided herein, the Company Matching Option shall vest and may be exercised by Participant, provided Participant has maintained continuous

employment with the Company or a subsidiary of the Company from the Grant Date until the applicable vesting date, within the following time limitations:

a. On or after three (3) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to one-third (1/3) of the shares of Stock subject to the Company Matching Option;

b. On or after four (4) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to an aggregate of two-thirds (2/3) of the shares of Stock subject to the Company Matching Option; and

c. On or after five (5) years from the Grant Date, the Company Matching Option shall be vested and may be exercised as to all of the shares of Stock subject to the Company Matching Option.

(ii) The Company Matching Option, subject to the provisions of the ICP, shall be exercised by submitting a request to exercise to the Company's stock option administrator, in accordance with the Company's current exercise policies and procedures, specifying the number of shares of Stock to be purchased, which number may not be less than one hundred (100) shares of Stock (unless the number of shares of Stock purchased is the total balance which is then exercisable). Unless the Company, in its discretion, establishes "cashless exercise" procedures and permits Participant entitled to exercise the Company Matching Option to utilize such "cashless exercise" procedures, Participant so exercising all or part of this Company Matching Option shall, at the time of exercise, tender to the Company cash or cash equivalent for the aggregate exercise price of the shares of Stock Participant has elected to purchase or certificates for shares of Stock of the Company already owned by Participant for at least six (6) months with an aggregate FMV at least equal to the aggregate exercise price of the shares of Stock Participant has elected to purchase, or a combination of the foregoing.

(D) Company Matching Option Expiration. The Company Matching Option shall be exercisable only as provided above and shall expire at the close of business on the tenth (10th) anniversary of its Grant Date or such earlier expiration date as described in Section III below.

III. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL

(A) Except as provided in Sections III(B)-(G) below, if, for any reason, Participant's employment with the Company and any subsidiary of the Company terminates, all Company Matching RSUs and the Company Matching Option to the extent not then vested in accordance with Sections I(D) and II(C)(i) above shall be immediately forfeited.

(B) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of death, Company Matching RSUs and the Company Matching Option will vest in full as of the date of death, and the Company Matching Option shall be exercisable by the Participant's executor, administrator, personal representative or any person or persons who acquired the Company Matching Option directly from the Participant by bequest or inheritance during the twelve (12) month period following the date of death, as long as no government regulations or rules are violated by such accelerated vesting or exercise period; provided, however, that no Company Matching Option will be exercisable beyond its original term.

(C) In the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such plan, as defined by the Social Security Administration), the Company Matching RSUs and the Company Matching Option shall vest on a pro rata basis as follows:

(i) the Company Matching RSUs shall be vested as of Participant's employment termination date (which is the last day that the Participant is employed by the Company or any subsidiary of the Company) shall be equal to the number of Company Matching RSUs multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed since the Grant Date and (B) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the Separation Date is eight months and five days, the numerator in sub-section (A) above shall be nine.

(ii) the Company Matching Option shall be vested as of Participant's employment termination date with respect to the number of shares of Stock subject to the Company Matching Option multiplied by the

following fraction: (A) the numerator shall be the whole number of months elapsed since the Grant Date and (B) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the Separation Date is eight months and five days, the numerator in sub-section (A) above shall be nine.

(iii) the vested portion of the Company Matching Option shall be exercisable during the twelve (12) month period following Participant's employment termination date, as long as no government regulations or rules are violated by such accelerated vesting or exercise period; provided, however, that the Company Matching Option shall not be exercisable beyond its original term.

(D) **Termination of Employment without Cause.** In the event that Participant's employment with the Company and any subsidiary of the Company terminates and Participant receives severance pay pursuant to a written agreement with the Company, Participant's Company Matching RSUs and the Company Matching Option to the extent not vested at the time of the Participant's employment termination date but scheduled to vest during the severance period specified in the agreement providing for severance pay shall continue to vest and settle in accordance with the schedule set forth in Section I (D) and Section II(C)(i), respectively, of this Agreement. Participant will be responsible for any applicable withholding taxes that may become due as of Participant's employment termination date. All Company Matching RSUs and the Company Matching Option to the extent not scheduled to vest during the specified severance period shall be forfeited as of the Participant's employment termination date. To the extent vested, the Company Matching Option shall be exercisable on or before the ninetieth (90th) day following the last day of the severance period, as long as no government regulations or rules are violated by such continued vesting or exercise period; provided, however, that the Company Matching Option shall not be exercisable beyond its original term.

(E) **Retirement**. "**Qualified Retirement**" shall mean termination of employment after attainment of age fifty-five (55) with at least ten (10) years of continuous service, or attainment of age sixty (60) with at least five (5) years of continuous service, provided that: (i) if Participant elects to terminate his or her employment voluntarily, Participant has provided the Company with at least twelve (12) months advance notice of his or her retirement date or such other term of advance notice as is determined by the Chief Human Resources Officer of the Company; or (ii) if the Company elects to terminate Participant's employment, then such termination is without cause.

(i) In the event Participant's termination of employment qualifies as a Qualified Retirement, Participant may exercise the Company Matching Option to the extent vested as of Participant's retirement date, at any time within two (2) years after Participant's retirement date, but not beyond the original term of the Company Matching Option. To the extent unvested as of the retirement date, the Company Matching Option shall be forfeited. The Committee shall have the authority in its sole discretion to make any interpretations, determinations, and/or take any administrative actions with respect to whether Participant has experienced a Qualified Retirement.

(ii) Company Matching RSUs that are unvested as of the Participant's retirement date are forfeited as of the retirement date.

(iii) In the event Participant's termination of employment qualifies as a Qualified Retirement and Participant also enters into a severance agreement with the Company, the terms of Section III(D) shall apply with respect to the vesting and settlement of the Company Matching RSUs and the Company Matching Option.

(F) The provisions of Section 10 of the ICP, or any successor thereto, shall apply in the event of a Change in Control.

(G) For purposes of this Section III, transfer of employment by Participant from the Company to a subsidiary of the Company, transfer among or between subsidiaries, transfer from a subsidiary to the Company or any other continuation of employment with the Company or a subsidiary after termination by a related entity shall not be treated as termination of employment.

IV. **NON-COMPETITION**. The grant of RSUs pursuant to this Agreement is expressly subject to and contingent upon the requirement that the Participant shall have fully executed and delivered to the Company the CVS Caremark Corporation Restrictive Covenant Agreement provided by the Company; provided that the Company in its sole discretion may waive such requirement if Participant is currently a party to another agreement with the Company setting forth restrictive covenants, such as non-competition, non-disclosure, and/or non-solicitation obligations. The applicable agreement containing the restrictive covenants the Company requires in connection with this Award, whether previously executed or required to be executed in connection with this Award, is hereafter referred to as the "Restrictive Covenant Agreement".

If the Company intends to require Participant to execute and deliver a new Restrictive Covenant Agreement in connection with the Award hereunder, the Company shall provide such Restrictive Covenant Agreement to Participant and Participant agrees to execute and deliver such agreement by the deadline set forth by the Company, which shall be no less than ten days from the date it is provided to Participant. If Participant is currently subject to a Restrictive Covenant Agreement, Participant hereby affirms his or her agreement and intent to be bound by the restrictions in the Restrictive Covenant Agreement and to comply with all of its provisions.

Participant agrees that failure to execute and return the Restrictive Covenant Agreement, if required, shall result in the immediate and irrevocable forfeiture of the RSU Award hereunder and any right to receive dividend equivalents or Shares with respect thereto. Further, if Participant violates any provision of the applicable Restrictive Covenant Agreement, any unvested RSUs will be immediately and irrevocably forfeited, and no payment of any kind, including dividend equivalents or Shares, shall be payable with respect thereto. This Section shall not constitute the Company's exclusive remedy for Participant's violation of the Restrictive Covenant Agreement, and the Company may seek all available legal or equitable remedies in the event of Participant's violation or threatened violation of the Restrictive Covenant Agreement, including injunctive relief.

V. **MISCELLANEOUS**.

(A) **Withholding Tax**. Participant may be subject to withholding taxes as a result of the exercise of the Company Matching Option or settlement of Company Matching RSUs. Except as may otherwise be elected by Participant, the number of shares of Stock to be delivered by the Company to Participant shall be reduced by the smallest number of shares of Stock having a FMV at least equal to the dollar amount of federal, state or local tax withholding required to be withheld by the Company with respect to such exercise or settlement. Any shares of Stock so withheld or tendered will be valued as of the date they are withheld or tendered. In lieu of having the number of shares of Stock underlying the applicable award reduced, Participant may elect to pay to the Company in cash, promptly when the amount of such obligations become determinable, all applicable federal, state, local and foreign withholding taxes that result from each such exercise or settlement. Such election may be made electronically or in writing at any time prior to the exercise date or Settlement Date, as applicable.

(B) **Recoupment.** This Award under the ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require Participant to immediately repay to the Company the value of any pre-tax economic benefit that he or she may derive from the Award. By accepting this Award, Participant acknowledges that the Company's Recoupment Policy has been made available for Participant's reference.

(C) **Certain Terms and Conditions of the PEP**. Participant acknowledges and agrees that the terms and conditions of the PEP preclude all transfers of Participant Purchased Shares, all Company Matching RSUs, and the Company Matching Option, except in limited circumstances in the event of Participant's death, impose a risk of forfeiture on Company Matching RSUs and the Company Matching Option, relieve the Company of certain obligations unless and until laws and regulations have been complied with, provide for adjustments to Participant Purchased Shares, Company Matching RSUs, and the Company Matching Option upon the occurrence of certain events, and specify the state law which shall govern this Agreement, without giving effect to principles of conflict of laws.

(D) **Binding Agreement**. This Agreement shall be binding upon the heirs, executors, administrators, and successors of the parties. In particular, Participant's heirs, executors, administrators, and successors shall be subject to the terms and conditions of the PEP, ICP, and this Agreement, and the Company may require any such person to execute an agreement or other documents acknowledging and agreeing to such terms and conditions as a condition precedent to any transfer of rights hereunder or shares of Stock issuable under the PEP, including upon exercise of the Company Matching Option, into the name of any such person.

(E) Integration Clause; Amendments to Agreement. This Agreement, together with the PEP and the ICP, constitutes the entire Agreement between the parties with respect to the PEP, and supersedes any prior agreements or documents with respect thereto. This Agreement may be amended, but no amendment or other change which may impose any additional obligation upon the Company or materially impair the rights of Participant under the PEP shall be valid unless contained in a writing signed by the party to be bound thereby.

(F) Employment. Neither the execution and delivery hereof nor the granting of the Company Matching RSUs or the Company Matching Option evidenced hereby shall constitute or be evidence of any agreement or understanding, expressed or implied, on the part of the Company or its subsidiaries to employ Participant for any specific period.

(G) Acceptance of Award. Acceptance may be submitted either electronically, if available, or in writing. The Company Matching Option may not be exercised unless and until the Company has received acceptance by the Participant of the terms and conditions set forth herein.

(H) Company Matching RSUs. Company Matching RSUs do not represent an equity interest in the Company and do not carry any voting rights. Except as otherwise specifically provided herein, Participant shall have no rights of a shareholder with respect to the RSUs until the related shares of Stock have been delivered to Participant.

(I) Section 409A. The Company intends that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and that to the extent any provisions of this Agreement do not comply with Code Section 409A the Company will make such changes in order to comply with Code Section 409A to the extent it considers reasonable. In all events, the provisions of CVS Caremark Corporation's 409A Universal Definitions Document are hereby incorporated by reference and to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A of the Code shall be delayed until the first business day of the seventh month immediately following the employment termination date. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to the "termination of employment" (and corollary terms) shall be construed to refer to "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1 (h)). Notwithstanding the foregoing, the Company makes no representations as to the tax treatment or consequences of any payment made hereunder, and Participant, by accepting this Award, acknowledges that Participant shall be solely responsible for same.

(J) Notices. Any notice hereunder to the Company shall be addressed to One CVS Drive, Woonsocket, RI 02895, Attention: Senior Vice President, Chief Human Resources Officer, and any notice required to be given hereunder to Participant shall be addressed to Participant at his or her address as shown on the records of the Company, subject to the right of either party to designate in writing some other address for notices.

By: s/Lisa G. Bisaccia
Senior Vice President
Chief Human Resources Officer
CVS CAREMARK CORPORATION

Accepted by: _____
[NAME]

_____
[Employee ID #]

_____
Date

CVS CAREMARK CORPORATION
BUSINESS PLANNING COMMITTEE
NONQUALIFIED STOCK OPTION AGREEMENT
ANNUAL GRANT

GRANT DATE: APRIL __, 20__

1. GRANT OF OPTION. Pursuant to the provisions of the 2010 Incentive Compensation Plan, as amended (the "**ICP**") of CVS Caremark Corporation (the "**Company**"), on the date set forth above (the "**Grant Date**"), the Company has granted and hereby evidences the grant to the person named below (the "**Participant**"), subject to the terms and conditions set forth or incorporated in this Nonqualified Stock Option Agreement ("**Agreement**"), the right, and option, to purchase from the Company the aggregate number of shares of Common Stock ($.01 par value) of the Company ("**Shares**") set forth below, at the purchase price indicated below (the "**Option**"), the Option to be exercised as hereinafter provided. The ICP is hereby made a part hereof and Participant agrees to be bound by all the provisions of the ICP. Capitalized terms not otherwise defined herein shall have the meaning assigned to such term(s) in the ICP. The provisions in this Agreement shall be read in concert with the Amended and Restated Employment Agreement dated as of December 22, 2008, as amended as of December 21, 2012 (the "**Employment Agreement**") and the ICP. In the event of any ambiguity concerning the coordination of the provisions of this Agreement and the Employment Agreement, the terms of the document which provide Participant with the most favorable treatment with respect to the Option shall govern. The Option is a nonqualified option as defined in the ICP. The Option purchase price per Share as stated below is equal to the Fair Market Value per Share as of the Grant Date.

Participant:	**Larry Merlo**
Employee ID:	**XXXXXX**
Shares:	**XXXXXX**
Option Price:	**$XX.XX**

2. TERM OF OPTION. The term of the Option shall be for a period of seven (7) years from the Grant Date, subject to the earlier termination of the Option, as set forth in the ICP and in this Agreement. No portion of the Option shall be exercisable after the term of the Option.

3. EXERCISE OF OPTION. (a) The Option, subject to the provisions of the ICP, shall be exercised by submitting a request to exercise to the Company's stock option administrator, in accordance with the Company's current exercise policies and procedures, specifying the number of Shares to be purchased, which number may not be less than one hundred (100) Shares (unless the number of Shares purchased is the total balance which is then exercisable). Unless the Company, in its discretion, establishes "cashless exercise" procedures and permits Participant entitled to exercise the Option to utilize such "cashless exercise" procedures, Participant so exercising all or part of this Option shall, at the time of exercise, tender to the Company cash or cash equivalent for the aggregate option price of the Shares Participant has elected to purchase or certificates for Shares of Common Stock of the Company owned by Participant for at least six (6) months with a fair market value at least equal to the aggregate option price of the Shares Participant has elected to purchase, or a combination of the foregoing.

(b) Prior to its expiration or termination and except as otherwise provided herein, the Option will become vested in accordance with the vesting schedule set forth below and any vested Option will be exercisable by Participant so long as Participant has maintained continuous employment with the Company or a subsidiary of the Company from the Grant Date through the exercise date:

(iii) 25% of the Option shall vest on the 3rd anniversary of the Grant Date; (iv) 25% of the Option shall vest on the 4th anniversary of the Grant Date.

4. **TAXES.** If, upon the exercise of an Option, there shall be payable by the Company any amount for tax withholding, the Company shall have the right to require Participant to pay the amount of such taxes immediately, upon notification from the Company, before a certificate for the Shares purchased is delivered to Participant pursuant to such Option. Furthermore, the Company may elect to deduct such taxes from any other amounts then payable to Participant in cash or in Shares or from any other amounts payable any time thereafter to Participant.

5. **TRANSFERABILITY.** The Option may be transferred to and may thereafter be exercised by one or more members of Participant's immediate family, by a trust established by Participant for the benefit of one or more members of Participant's immediate family, or by a partnership of Company of which the only owners are members of Participant's immediate family (the "Transferee(s)"); provided, that no portion of the Option may be transferred until such time as it becomes vested and exercisable pursuant to Section 3(b) hereof, and further provided that no more than fifty percent (50%) of the exercisable Option may be transferred by Participant. An "immediate family member" shall mean Participant's spouse, parents, children, grandchildren and the spouses of such parents, children and grandchildren. Transferee will be subject to all terms and conditions applicable to the Option prior to its transfer. Transferee may not again transfer the Option. In order to transfer the Option, Participant must notify the Company in the form of a "Notice of Transfer of Nonqualified Stock Option" (which form may be obtained from the Company's Legal Department) of such transfer and include the name, address and social security number of Transferee, as well as the relationship of Transferee to Participant.

6. **TERMINATION OF EMPLOYMENT.** Unless otherwise provided for in the ICP, this Agreement or the Employment Agreement as amended from time to time, the Option (whether vested or unvested), to the extent not yet exercised, shall be forfeited immediately upon Participant's termination of employment with the Company or any of its subsidiaries.

(a) With respect to terminations addressed in the Employment Agreement, the provisions of the Employment Agreement as amended from time to time shall apply and continue to apply, except as set forth in this Section 6, notwithstanding any termination of the Employment Agreement.

(b) Retirement. In the event of an "Approved Early Retirement" or "Normal Retirement" as such terms are defined in the Employment Agreement, the Option shall vest and be exercisable in accordance with Section 10(f) of the Employment Agreement as amended from time to time; provided that the Option, to the extent fully vested as of the Approved Early Retirement or Normal Retirement shall remain exercisable for the three (3) year period immediately following the Approved Early Retirement or Normal Retirement, but not beyond the original term of the Option.

(c) Disability. Notwithstanding any contrary provisions of any agreement (including the Employment Agreement), in the event Participant's employment with the Company and any subsidiary of the Company terminates by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the Option shall vest as follows: the Option shall vest with respect to a total number of Shares as of the employment termination date (which is the last day that Participant is employed by the Company and any subsidiary of the Company), equal to (i) the number of Shares subject to the Option on the Grant Date *multiplied* by the following fraction: (A) the numerator shall be the whole number of months elapsed as of the employment termination date since the Grant Date and (B) the denominator shall be forty-eight (48), *minus* (ii) the number of Shares with respect to which the Option vested prior to the employment termination date (whether or not the Option was previously exercised). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the employment termination date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Option may be exercised to the extent vested at any time within one (1) year of Participant's employment termination date but not beyond the original term of the Option.

7. **ACCEPTANCE OF AWARD.** The Option may not be exercised unless and until the Company has received formal acceptance by Participant of the terms and conditions set forth herein as required by the Company. Acceptance may be submitted either electronically, if available, or in writing.

8. **NOTICE.** Any notice required to be given hereunder to the Company shall be addressed to the Company, attention Senior Vice President, Chief Human Resources Officer, One CVS Drive, Woonsocket, RI 02895, and any notice required to be given hereunder to Participant shall be addressed to Participant at his address as shown on the records of the Company, subject to the right of either party hereafter to designate in writing to the other some other address.

9. **RECOUPMENT OF OPTION AWARD.** The Option shall be subject to the terms of the Company's Recoupment Policy as it exists *from* time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he may derive from the grant of the Option hereunder. By accepting this Option grant, Participant acknowledges that a copy of the Company's Recoupment Policy has been made available for the Participant's reference.

10. **COMMITTEE AUTHORITY.** The Committee shall have the authority, in its sole discretion, to make any interpretations, determinations, and/or take any administrative actions with respect to the ICP and this Agreement, including whether any post-termination payments to Participant shall be deemed severance pay, the duration of any severance period, and/or whether a termination was without cause.

11. **GOVERNING LAW.** This Nonqualified Stock Option Agreement and the Option evidenced hereby shall be governed by the laws of Delaware, without giving effect to principles of conflict of laws.

BY: _____
Lisa G. Bisaccia
Senior Vice President, Chief Human Resources Officer
CVS Caremark Corporation

Accepted By: _____
Larry J. Merlo

_____
Date

CVS CAREMARK CORPORATION
BUSINESS PLANNING COMMITTEE
RESTRICTED STOCK UNIT AGREEMENT – ANNUAL GRANT
GRANT DATE: APRIL __, 20__

Participant: **Larry Merlo**

Employee ID: XXXXXXX
RSUs (#): XXXXX

3. (a) To the extent dividends are paid on Shares while the RSUs remain outstanding and prior to the Settlement Date (as defined below), subject to Section 5(b), Participant shall be entitled to receive a cash payment in an amount equivalent to the cash dividends with respect to the number of Shares covered by the RSUs; provided, however, that no dividends shall be payable with respect to any RSUs forfeited on or prior to the dividend record date.
(b) Participant hereby agrees that the Company may withhold from the dividend equivalent amounts referred to in Paragraph 3(a) above amounts sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

4. Subject to the terms and conditions of the ICP and this Agreement and subject to Participant's continued employment, Participant shall be entitled to receive (and the Company shall deliver to Participant) the Shares within sixty (60) days following the Vesting Date(s) set forth herein (or in the Employment Agreement, as the case may be), unless delivery of the Shares has been deferred in accordance with Section 5 below (the date of such delivery of the Shares being hereafter referred to as the "**Settlement Date**"). Each "**Vesting Date**" , except as otherwise provided in Section 7, shall be in accordance with the schedule set forth below:
(a) 50% of the Shares underlying the RSU shall vest on the third anniversary of the Grant Date ("Tranche A");
(b) 50% of the Shares underlying the RSU shall vest on the fifth anniversary of the Grant Date ("Tranche B");

Provided, however, that a fraction of the Shares in Tranche A and Tranche B shall vest earlier on the effective date of the Participant's Approved Early Retirement or Normal Retirement (as such terms are defined in the Employment Agreement) so long as:

(i) Participant provides at least 12 months' advance notice to the Committee of his intent to take Approved Early Retirement or Normal Retirement,
(ii) Participant fully cooperates with the Company in transitioning his duties during the period between the disclosure to the Committee of his intent to take Approved Early Retirement or Normal Retirement and his retirement date,
(iii) Participant continues to be employed by the Company through the Approved Early Retirement or Normal Retirement date, andIf the foregoing conditions are satisfied, the number of
(iv) the Committee approves such vesting terms (such approval not to be unreasonably withheld), and, in the case of an Approved Early Retirement, approves such retirement RSUs that vest on the Approved Early Retirement or Normal Retirement date shall be calculated as follows: (A) the number of Shares from Tranche A that vest shall be the total number of Shares in Tranche A multiplied by a fraction in which the numerator is the whole number of months worked from the Grant Date through the Approved Early Retirement or Normal Retirement date and the denominator is thirty-six (36); (B) the number of Shares from Tranche B that vest shall be the total number of Shares in Tranche B multiplied by a fraction in which the numerator is the whole number of months worked from the Grant Date through the Approved Early Retirement or Normal Retirement date and the denominator is sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. The Vesting Date shall be the effective date of the Participant's termination of employment as a result of Approved Early Retirement or Normal Retirement.

5. (a) In accordance with rules promulgated by the Management Planning and Development Committee of the Board of Directors (the "**Committee**"), Participant, to the extent eligible under the CVS Caremark Deferred Stock Compensation Plan, may elect to defer delivery of Shares in settlement of RSUs covered by this Agreement. Any such deferred delivery date elected by Participant shall become the Settlement Date for purposes of this Agreement.
(b) Notwithstanding Section 3(a), to the extent dividends are paid on such deferred Shares following the Vesting Date and prior to the Settlement Date, Participant shall be entitled to receive a number of additional deferred Shares equal to: (x) the amount of dividend per Share as declared by the Company's Board of Directors on the Company's common stock multiplied by (y) the number of deferred Shares held by Participant on the record date of such dividend, divided by (z) the FMV of a Share on such dividend payment date. The Company may decrease the number of additional deferred Shares calculated as provided herein by the number of Shares sufficient to satisfy the applicable tax withholding in respect of such dividend equivalent payments.

6. Except as may be elected by Participant, on the Settlement Date the number of Shares to be delivered by the Company to Participant shall be reduced by the smallest number of Shares having a FMV at least equal to the dollar amount of Federal, state and local tax withholding required to be withheld by the Company with respect to such RSUs on such date. In lieu of having the number of Shares underlying the RSU reduced, Participant may elect to pay the Company for any amounts required to be withheld by the Company in connection with the vesting of the RSUs or delivery of the Shares pursuant to the Agreement. Such election may be made electronically at any time prior to the Settlement Date of the RSUs.
7. (a) Except as provided in Paragraphs 7(b) – (g) below, if, for any reason other than Approved Early Retirement or Normal Retirement, Participant's employment with the Company and any subsidiary of the Company terminates, all RSUs not then vested in accordance with Section 4 above shall be treated in accordance with the Employment Agreement. In the event of a conflict between the Employment Agreement and the provisions in Sections 7(b) – (g) of this Agreement, this Agreement shall control.

(b) In the event Participant's employment with the Company and any subsidiary of the Company, terminates for Cause (as defined in the Employment Agreement) or as a result of voluntary termination (as described in Section 10(d) of the Employment Agreement), all RSUs not then vested shall be immediately forfeited.

(c) (i) In the event Participant's employment with the Company and any subsidiary of the Company terminates prior to the third anniversary of the Grant Date, by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the RSUs shall vest on a pro rata basis as follows: the total number of RSUs vested as of the termination date, which is the last date that the Participant is employed by the Company or any subsidiary of the Company, shall be equal to the number of RSUs granted on the Grant Date multiplied by the following fraction: (A) the numerator shall be the whole number of months elapsed Participant's termination date and (B) the denominator shall be thirty-six (36). For purposes of this calculation, the number of months in the numerator in sub-section (A) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the termination date is eight months and five days, the numerator in sub-section (A) above shall be nine. The Vesting Date shall be the effective date of the Participant's termination of employment.

(ii) In the event the Participant's employment with the Company and any subsidiary of the Company terminates on or after the third anniversary, but prior to the fifth anniversary, of the Grant Date, by reason of total and permanent disability (as defined in the Company's Long-Term Disability Plan, or, if not defined in such Plan, as defined by the Social Security Administration), the remaining unvested RSUs shall vest on a pro rata basis according to the following formula: 50% of the RSUs granted on the Grant Date multiplied by the following fraction: (C) the numerator shall be the whole number of months elapsed as of the termination date since the Grant Date as of Participant's termination date and (D) the denominator shall be sixty (60). For purposes of this calculation, the number of months in the numerator in sub-section (C) above shall include any partial month in which Participant has worked. For example, if the time elapsed between the Grant Date and the termination date is fifty-four months and five days, the numerator in sub-section (C) above shall be fifty-five. The Vesting Date shall be the effective date of the Participant's termination of employment.

(d) Notwithstanding the above, (i) the provisions of Section 10 of the ICP shall apply in the event of a Change in Control (as defined in such Section 10) and (ii) the provisions of Section 7(e)(iv) of the ICP shall apply.

(e) For purposes of this Section 7, transfer of Participant's employment from the Company to a subsidiary of the Company, transfer among or between subsidiaries, or transfer from a subsidiary to the Company shall not be treated as termination of employment.

8. An RSU does not represent an equity interest in the Company and carries no voting rights. Participant shall have no rights of a shareholder with respect to the RSUs until the Shares have been delivered to Participant.
9. Neither the execution and delivery hereof nor the granting of the award evidenced hereby shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or its subsidiaries to employ Participant for any specific period.
Any notice required to be given hereunder to the Company shall be addressed to: CVS Caremark Corporation, Senior Vice President, Chief Human Resources Officer, One CVS Drive, Woonsocket, RI 02895. Any notice required to be given hereunder to Participant shall be addressed to such Participant at the address shown on the records of the Company, subject to the right of either party hereafter to designate, in writing, to the other, some other address.

11. All decisions and interpretations made by the Board of Directors or the Committee with regard to any question arising hereunder or under the ICP shall be binding and conclusive on all persons. In the event of any inconsistency between the terms hereof and the provisions of the ICP, the ICP shall govern.

12. By accepting this Award, Participant acknowledges that a copy of the ICP has been made available by the Company for Participant's reference and agrees to be bound by the terms and conditions set forth in this Agreement and the ICP as in effect from time to time.

13. By accepting this Award, Participant further acknowledges that the Federal securities laws and/or Company's policies regarding trading in its securities may limit or restrict Participant's right to trade Shares, including without limitation, sales of Shares acquired in connection with RSUs. Participant agrees to comply with such Federal securities law requirements and Company policies as such laws and policies may be amended from time to time.

14. The Company intends that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Internal Revenue Code of 1986 (the "Code"), as amended, and that to the extent any provisions of this Agreement do not comply with Code Section 409A the Company will make such changes in order to comply with Code Section 409A to the extent it considers reasonable. In all events, the provisions of CVS Caremark Corporation's 409A Universal Definitions Document are hereby incorporated by reference and to the extent required to avoid a violation of the applicable rules under all Section 409A by reason of Section 409A(a)(2)(B)(i) of the Code, payment of any amounts subject to Section 409A of the Code shall be delayed until the first business day of the seventh month immediately following the employment termination date. For purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to a "termination of employment" (and corollary terms) shall be construed to refer to a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)). Notwithstanding the foregoing, the Company makes no representations as to the tax treatment or consequences of any payment made hereunder, and Participant, by accepting this Award, acknowledges that Participant shall be solely responsible for same.

15. The Award subject to this RSU Agreement under the ICP shall be subject to the terms of the Company's Recoupment Policy as it exists from time to time, which may require the Participant to immediately repay to the Company the value of any pre-tax economic benefit that he may derive from the Award. By accepting this Award Participant acknowledges that the Company's Recoupment Policy has been made available for the Participant's reference.

16. This Agreement shall be governed by the laws of Delaware, without giving effect to its choice of law provisions.

17. This Agreement shall be fully effective only upon the Participant's formal acceptance of the terms and conditions set forth above as required by the Company.

By: _____
Lisa G. Bisaccia
Senior Vice President, Chief Human Resources Officer
CVS Caremark Corporation

Accepted By: _____
Larry J. Merlo

_____
Date

SEPARATION AGREEMENT

This Separation Agreement ("Agreement") between Mark Cosby ("Executive") and CVS Pharmacy, Inc. ("CVS Caremark" or the "Company") shall be effective as of the end of the Revocation Period defined herein (the "Effective Date").

WHEREAS, Executive and CVS Caremark desire to enter into an agreement setting forth the terms of Executive's separation from the Company;

WHEREAS, Executive has thoroughly reviewed this Agreement, has entered into it voluntarily, and has consulted with legal counsel of Executive's choice before signing this Agreement.

NOW THEREFORE, in consideration of the covenants below, including but not limited to the General Release of Claims, and for other good and valuable consideration as set forth in this Agreement, Executive and the Company agree as follows:

1. **SEPARATION OF EMPLOYMENT**. Executive's last date of employment with the Company shall be December 31, 2013 (the "Separation Date"). Executive agrees that, as of the Separation Date or earlier if requested by the Company, he shall cease serving in all positions at the Company and any of its affiliates, including on any of their boards or committees, and, if requested by the Company, Executive will execute such documents to evidence such cessation of service.

2. **SEVERANCE PAY**. CVS Caremark shall pay Executive severance pay in the form of salary continuation payments at the rate in effect as of the Separation Date during the "Severance Period," which is the 18 month period beginning immediately after the Separation Date. The final day of the Severance Period is the "Severance End Date." Subject to Section 19, severance pay will be paid in accordance with the Company's regular payroll practices.

3. **BENEFITS**. Effective immediately after the Separation Date, Executive may elect to continue Executive's Medical (including prescription), Dental, and/or Vision coverage in effect as of the Separation Date pursuant to COBRA. If Executive properly and timely elects to continue health care coverage under COBRA, CVS Caremark shall subsidize such coverage, at the level in effect as of the day immediately preceding the Separation Date, by paying the health insurance provider an amount equal to the current Company contribution for active employees for coverage until the earlier of the Severance End Date or the date on which Executive first becomes eligible for health care coverage from another employer, whichever is earlier. After the Severance End Date or the date on which Executive first becomes eligible for health care coverage from another employer, whichever is earlier, Executive shall be solely responsible for any health insurance Executive elects to obtain, and, if eligible, Executive may continue coverage under Employer's plans at the full premium rate plus a 2% administrative fee to the extent permitted under COBRA. Executive understands and agrees that CVS Caremark may modify its premium structure, the terms of its Plans, and the coverage of the Plans at any time subject only to applicable law.

4. **MANAGEMENT INCENTIVE AWARD**. Executive shall be eligible for an Incentive Award for performance year 2013 pursuant to the terms of the Management Incentive Plan ("MIP"). The amount of the award, if any, shall be determined in accordance with the terms of the MIP, and Executive acknowledges that an award is not guaranteed under the MIP.

5. **STOCK OPTIONS AND RESTRICTED STOCK UNITS**. The terms and conditions of Executive's previously-granted stock options and restricted stock units shall be governed by the CVS Caremark Corporation Incentive Compensation Plan, as amended, and the applicable award agreements, in each case applying those terms and conditions applicable upon a termination without cause and/or pursuant to which an individual is receiving severance.

6. **LONG TERM INCENTIVE PLAN**. Executive's awards under the Long Term Incentive Plan (LTIP) for the performance cycles of 2011-2013, 2012-2014, and 2013-2015 shall be governed by the applicable plan documents. Executive acknowledges that the awards related to performance years 2012-2014 and 2013-2015 are subject to pro-ration based on Executive's length of employment during the plan cycle. Executive is not eligible to participate in any other LTIP cycles. For the avoidance of doubt, Executive's separation for the purpose of the LTIP shall be treated as a termination without cause.

7. **OUTPLACEMENT SERVICES**. CVS Caremark will provide Executive with executive outplacement services in the greater Boston area through an outplacement vendor selected and paid by CVS Caremark. Such services shall be available for a six month period so long as use of the services is initiated during the Severance Period.

8. **NO OTHER PAY OR BENEFITS; SUFFICIENCY OF CONSIDERATION**. Promptly following the Separation Date, CVS Caremark will pay Executive any remaining accrued but unused myTime in accordance with CVS Caremark policy. Except as specifically set forth in this Agreement, Executive shall be entitled to no other wages, salary, vacation pay, myTime, PTO, bonuses, incentive awards, commissions, benefits, or any other compensation of any kind, except as required by law. Executive acknowledges that the promises described in this Agreement are in excess of any earned wages and any other amounts due and owing to Executive, are in full satisfaction of any obligations to Executive under the Offer Letter between Executive and CVS Caremark Corporation dated August 5, 2011 (the "Offer Letter"), and are good and valuable consideration for the general release of claims and the other covenants in this Agreement.

9. **EXECUTIVE COVENANTS.**

a) Executive acknowledges and agrees that the 2012 Enterprise Non-Competition, Non-Disclosure and Developments Agreement executed by Executive on May 18, 2012 (the "Restrictive Covenant") is a valid agreement enforced by adequate consideration. Executive further agrees that the consideration provided by the Company in this Agreement is contingent on Executive's compliance with his obligations under the Restrictive Covenant, and Executive affirms his obligations as set forth in the Restrictive Covenant and his intent to be bound by those obligations.

b) Executive further certifies that, during the term of employment with the Company, Executive has complied with all applicable laws and regulations and that, as of the date Executive signs below, Executive has notified the Company of any actual or potential violations of applicable laws or regulations about which Executive has information.

c) Executive will not make any statements that disparage the business or reputation of the Company, and/or any officer, director or employee of the Company. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Executive from (i) making truthful statements or disclosures that are required by applicable law, regulation or legal process, subject to prior notice to the Company to the extent permitted under applicable law; (ii) requesting or receiving confidential legal advice; or (iii) cooperating, participating or filing charges with any federal, state or local government agency enforcing discrimination laws, including the US Equal Employment Opportunity Commission ("EEOC"). Executive retains the right to participate in any such action, and retains the right to communicate with the EEOC and any other federal, state or local agency enforcing discrimination laws and such communication shall not be limited by any provision in this Agreement. Executive shall not, however, be entitled to receive any relief, recovery or monies in connection with any Released Claim brought against any of the Released Parties, regardless of who filed or initiated any such complaint, charge or proceeding.

Subject to the limitations set forth above, Executive represents that as of the date Executive signs this Agreement, Executive has not filed or initiated, or caused to be filed or initiated, any complaint, claim, action or lawsuit of any kind against any of the Released Parties in any federal, state, or local court or agency, and Executive agrees not to initiate or file, or cause to be initiated or filed, any action, lawsuit, complaint or proceeding in any federal, state, or local court or in any administrative tribunal with authority to adjudicate disputes asserting any of the Released Claims against any of the Released Parties. Executive agrees to promptly reimburse the Company for any legal fees that the Company incurs as a result of any breach of this section by Executive.

Execution Copy 2

Execution Copy 3

Execution Copy 4

jurisdiction over him and waives his right to object to a Rhode Island court's jurisdiction. Section headings in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

Execution Copy 5

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Separation Agreement as of the dates set forth below.

MARK COSBY	CVS PHARMACY, INC.
/s/ Mark Cosby	BY: /s/ Lisa G. Bisaccia Lisa G. Bisaccia Senior Vice President, Chief Human Resources Officer
DATE: 12/8/2013	DATE: 12/10/2013

Execution Copy 6

10. **COMPANY COVENANT.** The Company agrees that it will instruct Larry Merlo and the immediate successor to the President of CVS/pharmacy position (the "Named Executives") not to make, and not to direct any other employee of the Company to make, any disparaging statements regarding the Executive. Notwithstanding the foregoing, nothing in this Agreement shall prohibit (i) any officer, director or employee of the Company from making truthful statements or disclosures that are required by applicable law, regulation or legal process, or (ii) any of the Named Executives from requesting or receiving confidential legal advice or from making confidential statements to one another, to members of the Company's Business Planning Committee, or to the Company's directors concerning the Executive.

11. **GENERAL RELEASE OF CLAIMS**. Executive hereby releases and forever discharges CVS Caremark Corporation and each of its divisions, affiliates, subsidiaries and operating companies, and the respective officers, directors, employees, agents and affiliates of each of them (collectively, the "Released Parties") from any and all causes of action, lawsuits, proceedings, complaints, charges, debts, contracts, judgments, damages, claims, and attorneys fees against the Released Parties, whether known or unknown, which Executive ever had, now has or which Executive or Executive's heirs, executors, administrators, successors or assigns may have prior to the date this Agreement is signed by Executive, due to any matter whatsoever relating to Executive's employment, compensation, benefits, and/or termination of Executive's employment with CVS Caremark (collectively, the "Released Claims"). The Released Claims include, but are not limited to, any claim that any of the Released Parties violated the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, Sections 1981 through 1988 of Title 42 of the United States Code, the Executive Retirement Income Security Act, the Immigration Reform and Control Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Family and Medical Leave Act, and/or the Occupational Safety and Health Act; any claim that any of the Released Parties violated any other federal, state or local statute, law, regulation or ordinance; any claim of unlawful discrimination of any kind; any public policy, contract, tort, or common law claim; and any claim for costs, fees, or other expenses including attorney's fees incurred in these matters. Notwithstanding the foregoing, this release does not include any rights that Executive cannot lawfully waive, and will not release any rights Executive has to (a) defense and indemnification from CVS Caremark or its insurers for actions taken by Executive in the course and scope of Executive's employment with CVS Caremark to the extent permitted by applicable law and the governing documents of CVS Caremark Corporation; (b) claims, actions, or rights arising under or to enforce the terms of this Agreement; and/or (c) vested benefits under any retirement or pension plan and/or deferred compensation plan.

12. **NO PENDING ACTIONS; COVENANT NOT TO SUE.** Nothing in this Agreement is intended to or shall interfere with Executive's right to challenge the Company's compliance with the waiver requirements of the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act. Moreover, nothing in this

Agreement is intended to or shall interfere with Executive's right to file a charge or participate or cooperate in an investigation or proceeding with the EEOC or any other federal, state or local agency enforcing employment discrimination laws.

13. **TIME TO CONSIDER AGREEMENT.** Executive shall have twenty-one (21) days from the date of receipt (the "Consideration Period") to consider whether to enter into this Agreement. Any modifications to this Agreement, whether material or immaterial, will not restart the Consideration Period. Executive may revoke his acceptance of this Agreement within seven (7) calendar days of the date on which Executive signed this Agreement (the "Revocation Period.") by sending written notice by certified mail or hand stating: "I revoke my acceptance of the Separation Agreement," or words to that effect, to Ms. Bisaccia at One CVS Drive, Woonsocket, RI 02895, before the end of the Revocation Period. If the revocation notice is mailed, it must be sent by certified mail. Executive acknowledges and agrees that this Agreement shall take effect on the day following the expiration of the Revocation Period (the "Effective Date.")

14. **BREACH OF EMPLOYEE COVENANTS AND INJUNCTIVE RELIEF.** Without limiting the remedies available to CVS Caremark, Executive acknowledges that a breach by Executive of any of the covenants set forth above in the section entitled Executive Covenants will result in irreparable injury to some or all of CVS Caremark for which there is no adequate remedy at law, that monetary relief will be inadequate, and that, in the event of such a material breach or threat thereof, CVS Caremark shall be entitled to obtain, in addition to any other relief that may be available, a temporary restraining order and/or a preliminary or permanent injunction, restraining Executive from engaging in activities prohibited by the Restrictive Covenant and this Agreement, as well as such other relief as may be required specifically to enforce the Restrictive Covenant and this Agreement, without the payment of any bond. In the event that a court issues a temporary restraining

15. **GOVERNING LAW; VENUE; HEADINGS.** This Agreement shall be governed by and conformed in accordance with the laws of the state of Rhode Island without regard to its conflict of laws provisions The exclusive venue for any legal action arising from this Agreement will be the federal and state courts within Rhode Island. Executive consents to the Rhode Island courts' personal

16. **JURY TRIAL WAIVER.** Executive and CVS Caremark irrevocably and unconditionally waive the right to a trial by jury in any action or proceeding seeking to enforce, or alleging the breach of, any provision of this Agreement.

17. **COUNTERPARTS.** This Agreement may be executed in counterparts and each counterpart will be deemed an original.

18. **SEVERABILITY.** If any of the provisions of this Agreement, including but not limited to the Restrictive Covenant and Section 9 of this Agreement, are deemed unenforceable by a court of competent jurisdiction because they are overly broad, then the court shall have the ability to modify the offending provision in order to make it enforceable. Should any term or provision of this Agreement be declared illegal, invalid or unenforceable by any court of competent jurisdiction and if such provision cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the parties.

19. **SECTION 409A AND RESPONSIBILITY FOR TAXES.** Each payment made under this Agreement, including each installment payment of a salary continuation stream hereunder, shall be deemed and treated as a separate payment for purposes of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). Because Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), any portion of the payments under this Agreement payable to Executive that is subject to Section 409A and applicable guidance thereunder shall be delayed until the date that is the earlier of (i) Executive's death or (ii) six months following Executive's Separation Date, at which time the payments that were delayed for such six month period shall be paid in a lump sum on the date of the next occurring regular payroll date of the Company, and any remaining payments shall be paid according to the original schedule provided herein. In no event shall any separation payment hereunder be made unless and until Executive has experienced a separation from service, as defined under Treasury Regulation Section 1.409A-1(h). All payments set forth in this Agreement are subject to applicable withholdings and deductions. Executive acknowledges and agrees that Executive is solely responsible for all taxes on the payments and benefits described in

20. **DEBTS TO THE COMPANY.** Executive acknowledges that, in the event Executive is indebted to the Company or an affiliate thereof, the severance payments provided for in the Agreement may be reduced, offset, withheld or forfeited up to the amount of the debt.

21. **ENTIRE AGREEMENT.** This Agreement, the Restrictive Covenant, and any compensation, equity or benefit plan or agreement referred to herein set forth the entire agreement between the parties hereto and fully supersede any and all prior and/or supplemental understandings, whether written or oral, between the parties concerning the subject matter of this Agreement, including without limitation the Offer Letter. Executive has not relied on any representations, promises or agreements of any kind made to Executive in connection with Executive's decision to accept the terms of this Agreement, except for the representations, promises and agreements herein. Any modification to this Agreement must be in

order, preliminary injunction. permanent injunction, or issues any other similar order enjoining Executive from breaching the Restrictive Covenant and/or this Agreement, or awards CVS Caremark any damages due to Executive's breach of the Restrictive Covenant and/or this Agreement, Executive agrees promptly to reimburse the Company for all reasonable attorneys fees incurred by CVS Caremark in connection with obtaining such equitable relief or damages.

this Agreement. While the parties intend for payments and benefits provided under the terms of this Agreement to be exempt from or compliant with Section 409A, as applicable, CVS Caremark makes no representations or guarantees with respect to the tax status of any of the payments or benefits set forth herein, including taxation pursuant to Section 409A, and Executive acknowledges that Executive is solely responsible and will hold the Company and its affiliates harmless for same.

writing and signed by Executive and CVS Caremark Corporation's Chief Human Resources Officer or her authorized representative.

CVS CAREMARK

CVS CAREMARK CORPORATION

Change in Control Agreement for

Troyen Brennan

CONFIDENTIAL REVISED November 2008

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This Change in Control Agreement ("Agreement") is made and entered into as of December 1, 2008 between CVS Pharmacy, Inc. ("CVS") and **Troyen Brennan** (the "Executive").

WHEREAS, the Board of Directors (the "Board") of CVS Caremark Corporation ("CVS Caremark" or the "Company") believes it is necessary and desirable for the Company to be able to rely upon Executive to continue serving in his or her position with the Company in the event of a pending or actual change in control of CVS Caremark;

WHEREAS, Executive is employed by a Subsidiary of CVS Caremark, and this Agreement shall not alter Executive's status as an employee at will;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, CVS and Executive (individually a "Party" and together the "Parties") agree as follows:

1. Definitions. For purposes of this Agreement, an act or failure to act on Executive's part shall be considered "willful" if it was done or omitted to be done by Executive not in good faith, and shall not include any act or failure to act resulting from any incapacity of Executive. A termination for Cause shall not take effect absent compliance with the

a. "Base Salary" shall mean Executive's annual rate of base salary at the time of Executive's termination of employment or, if greater, as in effect immediately prior to a Change in Control.

b. "Cause" shall exist if: i. Executive willfully and materially breaches Sections 4 or 5 of this Agreement;provisions of this paragraph. Executive shall be given written notice by the Company of its intention

ii. Executive is convicted of a felony involving moral turpitude; orto terminale Executive's employment for Cause, such notice (A) to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause

iii. Executive engages in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out Executive's duties under this Agreement, resulting, in either case, in material harm to the financial condition or reputation of the Company.

is based and (B) to be given within 90 days of the Company's learning of such act or acts or failure or failures to act. Executive shall have 20 days after the date that such written notice has been given to Executive in which to cure such conduct, to extent such cure is possible. If Executive fails to cure such conduct, Executive shall then be entitled to a hearing before the Committee, or an officer or officers designated by the Committee, at which Executive is entitled to appear. Such hearing shall be held within 25 days of such notice to Executive, provided Executive requests such hearing within 10 days of the written notice from the Company of the intention to terminate Executive for Cause. If, within five days following such hearing, Executive is furnished written notice by the Committee confirming that, in its judgment, grounds for Cause on the basis of the original notice exist, Executive shall thereupon be terminated for Cause. Executive's right to cure in accordance with this provision applies only in the event of a Change in Control as defined in Section 1(c) below and does not alter Executive's "at will" employment status.

c. A "Change in Control" shall be deemed to have occurred if:

(i) any Person (other than (w) the Company, (x) any trustee or other fiduciary holding securities under any employee benefit plan of the Company, (y) any company owned, directly or indirectly, by the stockholders of the Company immediately after the occurrence with respect to which the evaluation is being made in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such occurrence or (z) any surviving or resulting entity from a merger or consolidation referred to in clause (iii) below that does not constitute a Change in Control under clause (iii) below) becomes the Beneficial Owner (except that a Person shall be deemed to be the Beneficial Owner of all shares that any such Person has the right

to acquire pursuant to any agreement or arrangement or upon exercise of conversion rights, warrants or options or otherwise, without regard to the sixty day period referred to in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company or of any subsidiary owning directly or indirectly all or substantially all of the consolidated assets of the Company (a "Significant Subsidiary"), representing 30% or more of the combined voting power of the Company's or such Significant Subsidiary's then outstanding securities;

(ii) during any period of twelve (12) consecutive months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the twelve (12) month period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(iii)the consummation of a merger or consolidation of the Company or any Significant Subsidiary with any other entity, other than a merger or consolidation which would result in the voting securities of the Company or a Significant Subsidiary outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such merger or consolidation; or

(iv)the consummation of a transaction (or series of transactions within a 12 month period) which constitutes the sale or disposition of all or substantially all of the consolidated assets of the Company but in no event assets having a gross fair market value of less than 40% of the total gross fair market value of all of the consolidated assets of the Company (other than such a sale or disposition immediately after which such assets will be owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such sale or disposition)

For purposes of this definition:

(A)The term "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act (including any successor to such Rule).
(B)The term "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.
(C)The term "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including "group" as defined in Section 13(d) thereof.

d.

"Committee" shall mean the Management Planning and Development Committee of the Board, or the corresponding committee of the board of directors of a successor to CVS Caremark.

e."Company" shall mean, collectively, CVS Caremark and any Subsidiary or affiliate of CVS Caremark.

f."Confidential Information" shall have the meaning set forth in Section 4 below.

g."Constructive Termination Without Cause" shall mean a termination of the Executive's employment at Executive's initiative following the occurrence, without the Executive's written consent, of one or more of the following events (except as a result of a prior termination):

i.an assignment of any duties to Executive that is inconsistent with Executive's status as a member of the senior management of CVS Caremark;

ii.a decrease in Executive's annual base salary or target annual incentive award opportunity;

iii.any failure to secure the agreement of any successor to CVS Caremark to fully assume the Company's obligations under this Agreement; or

iv.a relocation of Executive's principal place of employment more than 35 miles from Executive's place of employment before such relocation.

h."Disability" shall mean (i) for any plan or disability as that term is defined in the Company's Long-Term Disability Plan.

i."Effective Date" shall have the meaning set forth in Section 2 below.

j."Original Term" shall have the meaning set forth in Section 2 below.

k."Renewal Term" shall have the meaning set forth in Section 2 below.

l."Severance Period" shall mean the period of 18 months following the termination of Executive's employment with the Company.

m."Subsidiary" shall have the meaning set forth in Section 4 below.

n."Term" shall have the meaning set forth in Section 2 below.

o."termination of employment", "employment is terminated" and other similar words shall mean with respect to Executive arrangement that is subject to the rules of Section 409A of the Internal Revenue Code (the "Code") a "Separation from Service" as such term is defined in the Income Tax Regulations under Section 409A (the "409A Regulations") of the Code as modified by the rules described below:

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to be performed by Executive after such date would be permanently reduced to 20% or less of the average services rendered by Executive during the immediately preceding 36-month period (or the total period of employment, if less than 36 months), disregarding periods during which Executive was on a bona fide leave of absence;

(A)except in the case where Executive is on a bona fide leave of absence pursuant to the Company's policies as provided below, Executive is deemed to have incurred a Separation from Service on a date if the company and Executive reasonably anticipate that the level of services

(B)if Executive is absent from work due to military leave, sick leave, or other bona fide leave of absence pursuant to the Company's policies, Executive shall incur a Separation from Service on the first date that the rules of (A), above, are satisfied following the later of (i) the six-month anniversary of the commencement of the leave or (ii) the expiration of Executive's right, if any, to reemployment under statute, contract or Company policy;

(C)Executive shall be considered to continue employment and to not have a Separation from Service while on a bona fide leave of absence pursuant to the Company's policies if the leave does not exceed 6 consecutive months (12) months for a disability leave of absence) or, if longer, so long as the Executive retains a right to reemployment with the Company or an Affiliate under an applicable statute, contract or Company policy. For this purpose, a "disability leave of absence" is an absence due to any medically determinable physical or mental impairment of Executive that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the Participant to be unable to perform the duties of his job or a substantially similar job;

(D)for purposes of determining whether another organization is an Affiliate of the Company, common ownership of at least 50% shall be determinative;The term of

(E) the Company specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from Service with respect to Executive providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Section 409A of the Code; or

(ii) for any plan or arrangement that is not subject to the rules of Section 409A of the Code, the complete cessation of providing service to the Company or any Affiliate as an employee.

2. Term of Agreement.this Agreement shall commence on the date of this Agreement (the "Effective Date") and end on the third anniversary of such date (the "Original Term"). The Original Term shall be automatically renewed for successive one-year terms (the "Renewal Terms") unless at least 180 days prior to the expiration of the Original Term or any Renewal Term, either Party notifies the other Party in writing that he/she or it is electing to terminate this Agreement at the expiration of the then current Term. "Term" shall mean the Original Term and all Renewal Terms. If a Change in Control shall have occurred during the Term, notwithstanding any other provision of this Section 2, the Term shall not expire earlier than two years after such Change in Control.

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3. Entitlement to Severance Benefit.

a. Severance Benefit. In the event Executive's employment with the Company is Terminated Without Cause, other than due to death, or Disability, or in the event there is a Constructive Termination Without Cause within two years following a Change in Control, Executive shall be entitled to receive:

i. Base Salary through the date of termination of Executive's employment, which shall be paid in a cash lump sum not later than 15 days following Executive's termination of employment;

ii. An amount equal to 1.5 times Executive's Base Salary in effect on the date of termination of Executive's employment (or in the event a reduction in Base Salary is a basis for a Constructive Termination Without Cause, then the Base Salary in effect immediately prior to such reduction), payable in a cash lump sum following Executive's termination of employment;

iii. An amount equal to the most recently established target annual cash incentive bonus amount, pro rated based on the portion of the performance year that Executive has worked as of the date of Executive's termination, and payable in a cash lump sum following Executive's termination of employment;

iv. An amount equal to 1.5 times the most recently established target annual incentive cash bonus amount, payable in a cash lump sum following the Executive's termination of employment;

v.

Elimination of all restrictions on any restricted stock or restricted stock unit awards outstanding at the time of termination of employment (other than awards under the Company's Partnership Equity Program, which shall be governed by the terms of such awards);

vi. Immediate vesting of all outstanding stock options and the right to exercise such stock options for the remainder of the full term of such option (other than awards under the Company's Partnership Equity Program, which shall be governed by the terms of such awards);

vii. The balance of any incentive awards earned as of December 31 of the prior year (but not yet paid), which shall be paid in a single lump sum not later than 15 days following Executive's termination of employment;

viii. Settlement of all deferred compensation arrangements in accordance with any then applicable deferred compensation plan or election form;

ix. Continued participation in all medical, health and life insurance plans at the same benefit level at which Executive was participating on the date of termination of Executive's employment until the earlier of:

1. the end of the Severance Period; or
2. the date, or dates, Executive receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverage and benefits to be determined on a coverage-by-coverage, or benefit-by-benefit, basis);

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provided that (1) if Executive is precluded from continuing Executive's participation in any employee benefit plan or program as provided in this clause (ix) of this Section 3.a, Executive shall receive cash payments equal on an after-tax basis to the cost to Executive of obtaining the benefits provided under the plan or program in which Executive is unable to participate for the period specified in this clause (ix) of this Section 3.a, (2) such cost shall be deemed to be the lowest reasonable cost that would be incurred by Executive in obtaining such benefit on an individual basis, and (3) payment of such amounts shall be made quarterly in advance; and

x. other or additional benefits then due or earned in accordance with applicable plans and programs of the Company.

b. Change in Control Best Payments Determination. In the event the Severance Benefits described in Section 3(a) are payable to Executive in connection with a Change in Control and, if paid, could subject Executive to an excise tax under Section 4999 of the Internal Revenue Code (the "Excise Tax"), then notwithstanding the provisions of Section 3(a) the Company shall reduce the Severance Benefits (the "Benefit Reduction") under Section 3(a) by the amount necessary to result in the Executive not being subject to the Excise Tax if such reduction would result in the Executive's "Net After-Tax Amount" attributable to the Severance Benefits described in Section 3(a) being greater than it would be if no Benefit Reduction was effected. For this purpose "Net After-Tax Amount" shall mean the net amount of Severance Benefits Executive is entitled to receive under this Agreement after giving effect to all Federal, state and local taxes which would be applicable to such payments, including, but not limited to, the Excise Tax. The determination of whether any such Benefit Reduction shall be effected shall be made by a nationally recognized public accounting firm selected by the Company (the "Accounting Firm") prior to the occurrence of the Change in Control and such determination shall be binding on both Executive and the Company. In the event it is determined that a Benefit Reduction is required, such reduction of items described in Section 3(a) above shall be done first by reducing cash severance determined in accordance with Section 3(a)(ii), 3(a)(iii) and 3(a)(iv); to the extent a further Benefit Reduction is necessary, then Severance Benefits will be reduced from the amounts determined in accordance with Section 3(a)(v) and 3(a)(vi), all as determined by the Accounting Firm.

c. No Mitigation; No Offset. In the event of any termination of employment under this Section 3, Executive shall be under no obligation to seek other employment, and the amounts due Executive under this Agreement shall not be offset by any remuneration attributable to any subsequent employment that Executive may obtain.

d. Nature of Payments. Any amounts due under this Section 3 are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty.

e. Exclusivity of Severance Benefit. Upon termination of Executive's employment during the term, Executive shall not be entitled to any severance payments or severance benefits from the Company, or any other payments by the Company pursuant to any other agreement or arrangement between Executive and the Company, other than the Severance Benefit provided in this Section 3, except as required by law.

f. General Release of Claims. Executive agrees, as a condition of payment of the Severance Benefit provided for in this Section 3, that Executive will execute within 60 days of Executive's termination of employment a separation agreement, in a form reasonably satisfactory to the Company, that includes a general release of any and all

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claims arising out of Executive's employment or termination of employment with the Company, other than claims for (i) enforcement of this Agreement, (ii) enforcement of Executive's rights under any of the Company's incentive compensation, equity and/or employee benefit plans and programs to which Executive is entitled under this Agreement, and (iii) any tort for personal injury not arising out of or related to Executive's employment or termination of employment.

g. Subject to the provisions of Section 13(b), all payments to be made pursuant to this Section 3 upon the termination of employment of Executive shall be made or commence, as the case may be, within 75 days after the Executive's termination of employment provided, however, that if such termination of employment is after October 17 of a year, the payment or first payment, as the case may be, shall be made at the end of such 75 day period.

4. Confidentiality; Cooperation with Regard to Litigation; Non-disparagement.

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a. During the Term and thereafter, Executive shall not, without the prior written consent of the Company, disclose to anyone (except in good faith in the ordinary course of business to a person who will be advised by Executive to keep such information confidential) or make use of any confidential information except in the performance of Executive's duties hereunder or when required to do so by legal process, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) that requires Executive to divulge, disclose or make accessible such information. In the event that Executive is so ordered, Executive shall give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such order.

b. During the Term and thereafter, Executive shall not disclose the existence or contents of this Agreement beyond what is disclosed in the proxy statement or documents filed with the government unless and to the extent such disclosure is required by law, by a governmental agency, or in a document required by law to be filed with a governmental agency or in connection with enforcement of his/her rights under this Agreement. In the event that disclosure is so required, Executive shall give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such requirement. This restriction shall not apply to such disclosure by Executive to members of his/her immediate family, his/her tax, legal or financial advisors, any lender, or tax authorities, or to potential future employers to the extent necessary, each of whom shall be advised not to disclose such information.

c. "Confidential Information" shall mean all information concerning the business of the Company or any Subsidiary relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies. Excluded from the definition of Confidential Information is information (i) that is or becomes part of the public domain, other than through the breach of this Agreement by Executive or (ii) regarding the Company's business or industry properly acquired by Executive in the

course of Executive's career as an Executive in the Company's industry and independent of Executive's employment by the Company. For this purpose, information known or available generally within the trade or industry of the Company or any Subsidiary shall be deemed to be known or available to the public.

d."Subsidiary"- shall mean any corporation or other business entity owned or controlled directly or indirectly by CVS Caremark.

e.Executive agrees to cooperate with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by being reasonably available to testify on behalf of the Company or any Subsidiary in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, or any Subsidiary, in any such action, suit, or proceeding, by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, or any Subsidiary as requested; provided, however that the same does not materially interfere with Executive's then current professional activities. The Company agrees to reimburse Executive on an after tax basis, for all reasonable expenses actually incurred in connection with Executive's provision of testimony or assistance.

f.Executive agrees that, during the Term and thereafter (including following Executive's termination of employment for any reason) Executive will not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to the Company or any Subsidiary or their respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from making truthful statements or disclosures that are required by applicable law, regulation or legal process.

5. Non-solicitation. During the period beginning with the Effective Date and ending 18 months following the termination of Executive's employment with the Company, Executive, whether acting on Executive's own behalf or by, through or on behalf of any third party, shall not (a) hire any employees of the Company or any Subsidiary, or recruit or solicit any such employees or encourage them to terminate their employment with the Company or any Subsidiary; (b) accept business from any customers of the Company or any Subsidiary, or solicit or encourage any customers, joint venture partners or investors of the Company or any Subsidiary to terminate or diminish their relationship with the Company or any Subsidiary or to violate any agreement with the Company or any Subsidiary. For purposes of subsection 5(a), an employee of the Company or any Subsidiary means any person who was employed by the Company or any Subsidiary within 180 days of such hiring, recruitment, solicitation or encouragement. Executive agrees to make any employer with whom Executive becomes employed during the 18-month period following Executive's termination with the Company aware of this non-solicitation obligation upon commencing employment with such subsequent entity.

6. Remedies. In addition to whatever other rights and remedies the Company may have at equity or in law, the Company (a) shall have the right to immediately terminate all payments and benefits due under this Agreement if Executive breaches any of the provisions contained in Sections 4 or 5 above, and (b) shall have the right to seek injunctive relief in any court of competent jurisdiction if Executive breaches or threatens to breach any of the provisions contained in Sections 4 or 5 above. Executive acknowledges that such a breach would cause irreparable injury and that money damages would not provide an adequate remedy for the Company; provided, however, the foregoing shall not prevent Executive from contesting the issuance of any such injunction on the ground that no violation or threatened violation of Sections 4 or 5 has occurred.

7. Effect of Agreement on Other Benefits and Obligations. Except as specifically provided in this Agreement, the existence of this Agreement shall not be interpreted to preclude, prohibit or restrict the Executive's participation in any other employee benefit or other plans or programs in which he /she currently participates.

8. Not an Employment Agreement. This Agreement is not, and nothing herein shall be deemed to create, a contract of employment between Executive and the Company. The Company may terminate the employment of Executive at any time and for any reason, subject to the terms of any employment agreement between the Company and Executive that may then be in effect.

9. Resolution of Disputes. Any controversy or claim arising out of or relating to this Agreement or any breach or asserted breach hereof or questioning the validity and binding effect hereof arising under or in connection with this Agreement, other than seeking injunctive relief under Sections 4 or 5, shall be resolved by binding arbitration, to be held at an office closest to the Company's principal offices in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Pending the resolution of any arbitration or court proceeding, the company shall continue payment of all amounts and benefits due Executive under this Agreement. All reasonable costs and expenses of any arbitration or court proceeding (including fees and disbursements of counsel) shall be paid on behalf of or reimbursed to Executive promptly by the Company; provided, however, that no reimbursement shall be made of such expenses if and to the extent the arbitrator(s) determine(s) that any of Executive's litigation assertions or defenses were in bad faith or frivolous.

10. Assignability; Binding Nature. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs (in the case of Executive) and permitted assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred in connection with the sale or transfer of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this agreement, either contractually or as a matter of law. The Company further agrees that, in the event of a sale or transfer of assets as described in the preceding sentence, it shall take whatever action it legally can in order to cause such assignee or transferee to expressly assume the liabilities, obligations and duties of the Company hereunder. No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than his/her, rights to compensation and benefits, which may be transferred only by will or operation of law, except as provided in Section 16 below.

11. Representation. The Company represents and warrants that it is fully authorized and empowered to enter into this Agreement and that the performance of its obligations under this Agreement will not violate any agreement between it and any other person, firm or organization.

12. Entire Agreement. This Agreement contains the entire understanding and agreement between the Parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the Parties with respect thereto.

13. Amendment; Waiver; Code Section 409A. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this

(a) No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by Executive and an authorized officer of the Company. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by Executive or an authorized officer of the Company, as the case may be.

(b) Executive and Company agree that it is the intent of the parties that this Agreement not violate any applicable provision of, or result in any additional tax or penalty under, Section 409A of the Code, as amended, and that to the extent any provisions of this Agreement do not comply with such Code Section 409A the parties will make such changes as are mutually agreed upon in order to comply with Code Section 409A. In all events, to the extent required to avoid a violation of any of the applicable rules under Code Section 409A by reason of Code Section 409A(a)(2)(B)(i), payment of any amounts subject to Code Section 409A shall be delayed until the relevant date of payment that will result in compliance with the rules of Code Section 409A(a)(2)(B)(i).

14. Severability. Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

15. Survivorship. The respective rights and obligations of the Parties hereunder shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

16. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative.

17. Governing Law/Jurisdiction. This Agreement shall be governed by and construed and interpreted in accordance with the laws of Rhode Island without reference to principles of conflict of laws. Subject to Section 6, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts for

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purposes of resolving any dispute under this Agreement: (i) the United States District Court for Rhode Island or (ii) any of the courts of the State of Rhode Island. The Company and Executive further agree that any service of process or notice requirements in such proceeding shall be satisfied if the rules of such court relating thereto have been substantially satisfied. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it or Executive may now or hereafter have to such jurisdiction and any defense of inconvenient forum.

18. Notices. Any notice given to a Party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the Party concerned at the address indicated below or to, such changed address as such Party may subsequently give such notice of:

If to CVS:

CVS Pharmacy, Inc.
One CVS Drive
Woonsocket, RI 02895
Attention: Corporate Secretary

If to Executive:

Troyen Brennan

_____

_____

19. Headings. The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

20. Counterparts. This Agreement may be executed in two or more counterparts.

In WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as of the date first written above.

CVS Pharmacy, Inc.

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By: /s/ V. Michael Ferdinandi
V. Michael Ferdinandi
Senior Vice President
Human Resources, Corporate
Communications and Community
Relations

Troyen Brennan

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/s/ Troyen Brennan
EVP and Chief Medical Officer

Exhibit 13

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and Cautionary Statement Concerning Forward-Looking Statements that are included in this Annual Report.

Overview of Our Business

CVS Caremark Corporation ("CVS Caremark", the "Company", "we", "our" or "us"), 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 order and specialty pharmacy division, CVS Caremark® Pharmacy Services; our more than 7,600 CVS/pharmacy® and Drogaria Onofre® retail stores; our retail-based health clinic subsidiary, MinuteClinic®; and our online retail pharmacies, CVS.com® and Onofre.com.br.

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

Overview of Our Pharmacy Services Segment

Our Pharmacy Services business provides a full range of PBM services, including mail order and 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 and disease 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 order pharmacies, specialty pharmacies and national network of nearly 68,000 retail pharmacies, consisting of approximately 41,000 chain pharmacies (which includes our CVS/pharmacy stores) and 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. Substantially all of our mail service specialty pharmacies have been accredited by The Joint Commission, which is an independent, not-for-profit organization that accredits and certifies health care organizations and programs in the United States.

We also provide health management programs, which include integrated disease management for 17 conditions, through our Accordant® rare disease management offering. The majority of these integrated programs are accredited by the National Committee for Quality Assurance.

In addition, through our SilverScript Insurance Company ("SilverScript") subsidiary, we are a national provider of drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program. We currently provide Medicare Part D plan benefits to approximately 4.3 million beneficiaries through SilverScript.

Our Pharmacy Services Segment generates net revenues primarily by contracting with clients to provide prescription drugs to plan members. Net revenues are also generated by providing additional services to clients, including administrative services such as claims processing and formulary management, as well as health care-related services such as disease management.

The Pharmacy Services Segment operates under the CVS Caremark® Pharmacy Services, Caremark®, CVS Caremark®, CarePlus CVS/pharmacy®, RxAmerica®, Accordant®, SilverScript® and Novologix® names. As of December 31, 2013, the Pharmacy Services Segment operated 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies and four mail service dispensing pharmacies located in 22 states, Puerto Rico and the District of Columbia.

Overview of Our 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®, Longs Drugs® and Drogaria 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 23,500 retail pharmacists. The role of our retail pharmacists is shifting from primarily dispensing prescriptions to also providing services, including flu vaccinations as well as face-to-face patient counseling with respect to adherence to drug therapies, closing gaps in care, and more cost-effective drug therapies. Our integrated pharmacy services model enables us to enhance access to care while helping to lower overall health care costs and improve health outcomes.

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. We believe our clinics provide high quality services that are affordable and convenient.

Our proprietary loyalty card program, ExtraCare®, has approximately 70 million active cardholders, making it one of the largest and most successful retail loyalty card programs in the country.

As of December 31, 2013, our Retail Pharmacy Segment included 7,660 retail drugstores (of which 7,603 operated a pharmacy) located in 43 states, the District of Columbia, Puerto Rico and Brazil operating primarily under the CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® names, 17 onsite pharmacies and 800 retail health care clinics operating under the MinuteClinic® name (of which 792 were located in CVS/pharmacy stores), and our online retail websites, CVS.com® and Onofre.com.br.

Overview of Our Corporate Segment

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

Results of Operations

Summary of our Consolidated Financial Results

	Year Ended December 31,		
In millions, except per common share amounts:	2013	2012	2011
Net revenues	$ 126,761	$ 123,120	$ 107,080
Cost of revenues	102,978	100,632	86,518
Gross profit	23,783	22,488	20,562
Operating expenses	15,746	15,278	14,231
Operating profit	8,037	7,210	6,331
Interest expense, net	509	557	584
Loss on early extinguishment of debt	—	348	—
Income before income tax provision	7,528	6,305	5,747
Income tax provision	2,928	2,436	2,258
Income from continuing operations	4,600	3,869	3,489
Loss from discontinued operations, net of tax	(8)	(7)	(31)
Net income	4,592	3,862	3,458
Net loss attributable to noncontrolling interest	—	2	4
Net income attributable to CVS Caremark	$ 4,592	$ 3,864	$ 3,462
Diluted earnings per common share:			
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57

Net revenues increased $3.6 billion in 2013 compared to 2012, and increased $16.0 billion in 2012 compared to 2011. As you review our performance in this area, we believe you should consider the following important information:

- During 2013, net revenues in our Pharmacy Services Segment increased 3.8% and net revenues in our Retail Pharmacy Segment increased 3.1% compared to the prior year.
- During 2012, net revenues in our Pharmacy Services Segment increased by 24.7% and net revenues in our Retail Pharmacy Segment increased 6.8% compared to the prior year.
- The increase in our generic dispensing rates in both of our operating segments continued to have an adverse effect on net revenue in 2013 as compared to 2012, as well as in 2012 as compared to 2011. In 2012, the Pharmacy Services Segment had a greater impact from net new business as compared to 2013.

Please see the Segment Analysis later in this document for additional information about our net revenues.

Gross profit increased $1.3 billion, or 5.8% in 2013, to $23.8 billion, or 18.8% of net revenues, as compared to $22.5 billion, or 18.3% of net revenues in 2012. Gross profit increased $1.9 billion, or 9.4% in 2012, to $22.5 billion, or 18.3% of net revenues, as compared to $20.6 billion, or 19.2% of net revenues in 2011.

- During 2013, gross profit in our Pharmacy Services Segment and Retail Pharmacy Segment increased by 11.3% and 5.3%, respectively, compared to the prior year. For the year ended December 31, 2013, gross profit as a percent of net revenues in our Pharmacy Services Segment and Retail Pharmacy Segment was 5.6% and 30.6%, respectively.

- During 2012, gross profit in our Pharmacy Services Segment and Retail Pharmacy Segment increased by 16.1% and 9.3%, respectively, compared to the prior year. For the year ended December 31, 2012, gross profit as a percent of net revenues in our Pharmacy Services Segment and Retail Pharmacy Segment was 5.2% and 30.0%, respectively.

- The increased weighting toward the Pharmacy Services Segment, which has a lower gross profit than the Retail Pharmacy Segment, resulted in a decline in consolidated gross profit as a percent of net revenues in 2012 as compared to 2011. In addition, gross profit for 2013, 2012 and 2011 has been negatively impacted by the efforts of managed care

organizations, pharmacy benefit managers and governmental and other third-party payors to reduce their prescription drug costs.

Please see the Segment Analysis later in this document for additional information about our gross profit.

Operating expenses increased $468 million, or 3.1% in the year ended December 31, 2013, as compared to the prior year. Operating expenses as a percent of net revenues remained flat at 12.4% in the year ended December 31, 2013, despite the dampening effect of generics on net revenues. The increase in operating expenses in the year ended December 31, 2013 was primarily due to incremental store operating costs associated with a higher store count as compared to the prior year, as well as strategic initiatives. The increase was partially offset by a $72 million gain on a legal settlement recorded in the third quarter.

Operating expenses increased $1.0 billion in the year ended December 31, 2012 as compared to the prior year. Operating expenses as a percent of net revenues improved approximately 90 basis points to 12.4% in the year ended December 31, 2012. The increase in operating expense dollars in the year ended December 31, 2012 was primarily due to incremental store operating costs associated with a higher store count as compared to the prior year, as well as the expansion of our Medicare Part D business. The improvement in operating expenses as a percent of net revenues is primarily due to expense leverage from net revenue growth and expense control initiatives.

Please see the Segment Analysis later in this document for additional information about operating expenses.

Interest expense, net for the years ended December 31 consisted of the following:

In millions	2013	2012	2011
Interest expense	$ 517	$ 561	$ 588
Interest income	(8)	(4)	(4)
Interest expense, net	$ 509	$ 557	$ 584

Net interest expense decreased $48 million during the year ended December 31, 2013, which resulted from lower average interest rates during 2013. During 2012, net interest expense decreased by $27 million, to $557 million compared to 2011, due to a reduction in our average outstanding short-term and long-term debt.

Income tax provision - Our effective income tax rate was 38.9%, 38.6% and 39.3% in 2013, 2012 and 2011, respectively. The effective income tax was higher in 2013 than in 2012 primarily due to certain permanent items in 2012. These same items were the principal factors for the lower effective income tax rate in 2012 compared to 2011.

Income from continuing operations increased $731 million or 18.9% to $4.6 billion in 2013. Income from continuing operations increased $380 million or 10.9% to $3.9 billion in 2012 as compared to $3.5 billion in 2011. The 2013 increase in income from continuing operations was primarily related to increases in generic dispensing rates for both operating segments, increased volume across all channels in our Pharmacy Services Segment, as well as increased sales in the Retail Pharmacy Segment.

Loss from discontinued operations - In connection with certain business dispositions completed between 1991 and 1997, the Company retained guarantees on store lease obligations for a number of former subsidiaries, including Linens 'n Things, which filed for bankruptcy in 2008. The Company's loss from discontinued operations includes lease-related costs which the Company believes it will likely be required to satisfy pursuant to its Linens 'n Things lease guarantees.

We incurred a loss from discontinued operations of $8 million in 2013, a loss from discontinued operations of $7 million in 2012 and a loss from discontinued operations of $31 million in 2011. The loss from discontinued operations in 2013 and 2012 was primarily due to costs related to Linens 'n Things lease guarantees. The loss from discontinued operations in 2011 was primarily due to the disposition of our TheraCom subsidiary. We recognized a $53 million pre-tax gain and a $37 million after-tax loss on the sale of TheraCom. The after-tax loss was caused by the income tax treatment of TheraCom's nondeductible goodwill.

See Note 3 "Discontinued Operations" to the consolidated financial statements for additional information about discontinued operations and Note 12 "Commitments and Contingencies" for additional information about our lease guarantees.

Net loss attributable to noncontrolling interest represents the minority shareholders' portion of the net loss from our subsidiary, Generation Health, Inc., prior to June 2012. We acquired the remaining 40% interest of Generation Health, Inc. on June 29, 2012 and as a result, there was no longer a noncontrolling interest in Generation Health, Inc. for the year ended December 31, 2013. The net loss attributable to noncontrolling interest for the years ended December 31, 2012 and 2011 was $2 million and $4 million, respectively.

Net income attributable to CVS Caremark increased $728 million or 18.8% to $4.6 billion (or $3.74 per diluted share) in 2013. This compares to $3.9 billion (or $3.02 per diluted share) in 2012 and $3.5 billion (or $2.57 per diluted share) in 2011. As discussed previously, the 2013 increase in net income attributable to CVS Caremark was primarily related to increased generic drug dispensing in both operating segments, increased volume across all channels in our Pharmacy Services Segment, and increased sales in our Retail Pharmacy Segment. The increase in net income attributable to CVS Caremark per diluted share was also driven by increased share repurchase activity in 2013 and 2012.

Segment Analysis

We evaluate the performance of our Pharmacy Services and Retail Pharmacy segments based on net revenues, gross profit and operating profit before the effect of certain intersegment activities and charges. The Company evaluates the performance of its Corporate Segment based on operating expenses before the effect of discontinued operations and certain intersegment activities and charges. The following is a reconciliation of the Company's business segments to the consolidated financial statements:

In millions	Pharmacy Services Segment[(1)(2)]	Retail Pharmacy Segment[(1)]	Corporate Segment	Intersegment Eliminations[(2)]	Consolidated Totals
2013:					
Net revenues	$ 76,208	$ 65,618	$ —	$ (15,065)	$ 126,761
Gross profit	4,237	20,112	—	(566)	23,783
Operating profit (loss)	3,086	6,268	(751)	(566)	8,037
2012:					
Net revenues	$ 73,444	$ 63,641	$ —	$ (13,965)	$ 123,120
Gross profit	3,808	19,091	—	(411)	22,488
Operating profit (loss)	2,679	5,636	(694)	(411)	7,210
2011:					
Net revenues	$ 58,874	$ 59,579	$ —	$ (11,373)	$ 107,080
Gross profit	3,279	17,469	—	(186)	20,562
Operating profit (loss)	2,220	4,913	(616)	(186)	6,331

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Pharmacy Services Segment

The following table summarizes our Pharmacy Services Segment's performance for the respective periods:

	Year Ended December 31,		
In millions	2013	2012	2011
Net revenues	$ 76,208	$ 73,444	$ 58,874
Gross profit	$ 4,237	$ 3,808	$ 3,279
Gross profit % of net revenues	5.6%	5.2%	5.6%
Operating expenses	$ 1,151	$ 1,129	$ 1,059
Operating expenses % of net revenues	1.5%	1.5%	1.8%
Operating profit	$ 3,086	$ 2,679	$ 2,220
Operating profit % of net revenues	4.1%	3.6%	3.8%
Net revenues[1]:			
Mail choice[2]	$ 24,791	$ 22,843	$ 18,616
Pharmacy network[3]	$ 51,211	$ 50,411	$ 40,040
Other	$ 206	$ 190	$ 218
Pharmacy claims processed[1]:			
Total	902.1	880.5	774.6
Mail choice[2]	83.3	81.7	70.6
Pharmacy network[3]	818.8	798.8	704.0
Generic dispensing rate[1]:			
Total	80.8%	78.5%	74.1%
Mail choice[2]	76.0%	72.0%	64.9%
Pharmacy network[3]	81.3%	79.1%	75.0%
Mail choice penetration rate	22.6%	22.7%	22.3%

(1) Pharmacy network net revenues, claims processed and generic dispensing rates do not include Maintenance Choice, which are included within the mail choice category
(2) Mail choice is defined as claims filled at a Pharmacy Services mail facility, which includes specialty mail claims, as well as 90-day claims filled at our retail stores under the Maintenance Choice program
(3) Pharmacy network is defined as claims filled at retail pharmacies, including our retail drugstores, but excluding Maintenance Choice activity.

Medicare Part D Update - The Company participates in the Medicare Part D program by (1) providing Medicare Part D-related PBM services to our health plan and other clients that have qualified as Medicare Part D plans, and (2) offering Medicare Part D pharmacy benefits through the Company's own SilverScript PDP, which offers benefits to individual members and through employer group waiver plans ("EGWPs"). At the beginning of the 2013 Medicare Part D plan year, the Company implemented an enrollment systems conversion process and other actions to consolidate its Medicare Part D PDPs into the Company's SilverScript PDP. These consolidation efforts impacted certain enrollment and coverage determination services the Company provided to SilverScript enrollees following commencement of the 2013 plan year. Effective January 15, 2013, Centers for Medicare and Medicaid Services ("CMS") imposed intermediate sanctions on the SilverScript PDP, consisting of immediate suspension of further plan enrollment and marketing activities. On December 20, 2013, the Company announced that CMS completed its review of the corrective actions taken to address the coverage determination issues resulting from the Company's plan consolidation efforts and the sanctions were removed.

Net revenues in our Pharmacy Services Segment increased $2.8 billion, or 3.8%, to $76.2 billion for the year ended December 31, 2013, as compared to the prior year. The increase in net revenues was primarily due to drug cost inflation in the specialty pharmacy business. Conversely, the increase in our generic dispensing rate had a negative impact on our revenue in 2013, as it did in 2012.

Net revenues increased $14.6 billion, or 24.7%, to $73.4 billion for the year ended December 31, 2012, as compared to the prior year. The increase in 2012 was primarily due to new client starts on January 1, 2012, drug cost inflation and the growth of our Medicare Part D business. Additionally, the increase in our generic dispensing rate had a negative impact on our revenue in 2012 as it did in 2011.

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As you review our Pharmacy Services Segment's revenue performance, we believe you should also consider the following important information:

- Our mail choice claims processed increased 1.9% to 83.3 million claims in the year ended December 31, 2013, compared to 81.7 million claims in the prior year. The increase in mail choice claim volume was primarily due to increased claims associated with the continuing client adoption of our Maintenance Choice offerings. During 2012, our mail choice claims processed increased 15.7% to 81.7 million claims. The increase in mail choice claim volume was primarily due to a significant number of 2012 new client starts, as well as increased claims associated with the continued adoption of our Maintenance Choice offerings.

- During 2013 and 2012, our average revenue per mail choice claim increased by 6.5% and 6.0%, compared to 2012 and 2011, respectively. This increase was primarily due to drug cost inflation particularly in our specialty business, partially offset by increases in the percentage of generic prescription drugs dispensed and changes in client pricing.
- Our mail choice generic dispensing rate was 76.0%, 72.0% and 64.9% in the years ended December 31, 2013, 2012 and 2011, respectively.
- Our pharmacy network generic dispensing rate increased to 81.3% in the year ended December 31, 2013, compared to 79.1% in the prior year. During 2012, our pharmacy network generic dispensing rate increased to 79.1% compared to our pharmacy network generic dispensing rate of 75.0% in 2011. These continued increases in both mail choice and pharmacy network generic dispensing rates were primarily due to the impact of new generic drug introductions, primarily in 2012, and our continuous efforts to encourage plan members to use generic drugs when they are available. We believe our generic dispensing rates will continue to increase in future periods, albeit, at a slower pace. This increase will be affected by, among other things, the number of new generic drug introductions and our success at encouraging plan members to utilize generic drugs when they are available and clinically appropriate.
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Our pharmacy network claims processed increased 2.5% to 818.8 million claims in the year ended December 31, 2013, compared to 798.8 million claims in the prior year. During 2012, our pharmacy network claims processed increased 13.5% to 798.8 million compared to 704.0 million pharmacy network claims processed in 2011. The increase in the pharmacy network claim volume was primarily due to higher claims activity associated with our Medicare Part D program.

•Our average revenue per pharmacy network claim processed decreased 0.9% in the year ended December 31, 2013 as compared to the prior year. This decrease was primarily due to increases in the generic dispensing rate. During 2012, our average revenue per pharmacy network claim processed increased by 11.0%, compared to 2011. This increase was primarily due to drug cost inflation partially offset by increases in the generic dispensing rate.

•The Pharmacy Services Segment recognizes revenues for its pharmacy network transactions based on individual contract terms. In accordance with ASC 605, *Revenue Recognition*, CVS Caremark Pharmacy Services' contracts are predominantly accounted for using the gross method.

Gross profit in our Pharmacy Services Segment includes net revenues less cost of revenues. Cost of revenues includes (i) the cost of pharmaceuticals dispensed, either directly through our mail service and specialty retail pharmacies or indirectly through our pharmacy network, (ii) shipping and handling costs and (iii) the operating costs of our mail service dispensing pharmacies, customer service operations and related information technology support.

Gross profit increased $429 million, or 11.3% to $4.2 billion in the year ended December 31, 2013, as compared to the prior year. Gross profit as a percentage of net revenues increased to 5.6% for the year ended December 31, 2013, compared to 5.2% in the prior year. The increase in gross profit dollars and gross profit as a percentage of net revenues in the year ended December 31, 2013 was primarily due to an increase in generic dispensing

During 2012, gross profit increased $529 million, or 16.1%, to $3.8 billion in the year ended December 31, 2012, as compared to the prior year. Gross profit as a percentage of net revenues was 5.2% for the year ended December 31, 2012, compared to 5.0% in the prior year. The increase in gross profit dollars in the year ended December 31, 2012 was primarily due to a significant number of 2012 new client starts, an increase in generic dispensing and drug cost inflation. The decrease in gross profit as a percentage of revenue was driven primarily by client pricing compression, increased payroll and other expenses associated with our mail and specialty operations, and expanding Medicare Part D operations, which has lower margins. The increase in expenses associated with our mail operations was the result of the significant number of 2012 new client starts.

As you review our Pharmacy Services Segment's performance in this area, we believe you should consider the following important information:

Operating expenses in our Pharmacy Services Segment, which include selling, general and administrative expenses, depreciation and amortization related to selling, general and administrative activities and retail specialty pharmacy store and administrative payroll, employee benefits and occupancy costs, remained flat at 1.5% of net revenues in 2013 compared to 1.5% in 2012, and decreased from 1.8% in 2011.

As you review our Pharmacy Services Segment's performance in this area, we believe you should consider the following important information:

Retail Pharmacy Segment

The following table summarizes our Retail Pharmacy Segment's performance for the respective periods:

- Our gross profit dollars and gross profit as a percentage of net revenues continued to be impacted by our efforts to (i) retain existing clients, (ii) obtain new business and (iii) maintain or improve the rebates and/or discounts we received from manufacturers, wholesalers and retail pharmacies. In particular, competitive pressures in the PBM industry have caused us and other PBMs to continue to share a larger portion of rebates and/or discounts received from pharmaceutical manufacturers with clients. In addition, market dynamics and regulatory changes have impacted our ability to offer plan sponsors pricing that includes retail network "differential" or "spread". We expect these trends to continue. The "differential" or "spread" is any difference between the drug price charged to plan sponsors, including Medicare Part D plan sponsors, by a PBM and the price paid for the drug by the PBM to the dispensing provider. The increased use of generic drugs has positively impacted our gross profit margins but has resulted in third party payors augmenting their efforts to reduce reimbursement payments for prescriptions. This trend, which we expect to continue, reduces the benefit we realize from brand to generic product conversions.
- We review our network contracts on an individual basis to determine if the related revenues should be accounted for using the gross method or net method under the applicable accounting rules. CVS Caremark Pharmacy Services' network contracts are predominantly accounted for using the gross method, which results in higher revenues, higher cost of revenues and lower gross profit rates.
- Our gross profit as a percentage of revenues benefited from the increase in our total generic dispensing rate, which increased to 80.8% and 78.5% in 2013 and 2012, respectively, compared to our generic dispensing rate of 74.1% in 2011. These increases were primarily due to new generic drug introductions and our continued efforts to encourage plan members to use generic drugs when they are available. We expect these trends to continue, albeit at a slower pace.
- Operating expenses increased $22 million or 1.9%, to $1.2 billion, in the year ended December 31, 2013, compared to the prior year. The increase in operating expenses is primarily related to costs associated with the remediation of Medicare Part D sanctions and coverage determination issues discussed previously. The increase was partially offset by the Pharmacy Services Segment's $11 million share of a gain on a legal settlement recorded in the third quarter of 2013.
- During 2012, the increase in operating expenses of $70 million or 6.6%, to $1.1 billion compared to 2011, is primarily related to increased costs associated with the expansion of our Medicare Part D business. The decrease in operating expenses as a percentage of net revenues from 1.8% to 1.5% is primarily due to expense leverage from net revenue growth and expense control initiatives.

	Year Ended December 31,		
In millions	2013	2012	2011
Net revenues	$ 65,618	$ 63,641	$ 59,579
Gross profit	$ 20,112	$ 19,091	$ 17,469
Gross profit % of net revenues	30.6 %	30.0%	29.3%
Operating expenses	$ 13,844	$ 13,455	$ 12,556
Operating expenses % of net revenues	21.1 %	21.1%	21.1%
Operating profit	$ 6,268	$ 5,636	$ 4,913
Operating profit % of net revenues	9.6 %	8.9%	8.2%
Retail prescriptions filled (90 Day = 1 prescription)	734.3	717.4	657.7
Retail prescriptions filled (90 Day = 3 prescriptions) [1]	890.1	845.8	763.6
Net revenue increase:			
Total	3.1 %	6.8%	3.9%
Pharmacy	4.1 %	7.6%	4.3%
Front Store	1.0 %	5.1%	3.0%
Total prescription volume (90 Day = 1 prescription)	2.4 %	9.1%	3.4%
Total prescription volume (90 Day = 3 prescriptions) [1]	5.2 %	11.0%	5.5%
Same store sales increase:			
Total	1.7 %	5.6%	2.3%
Pharmacy	2.6 %	6.6%	3.0%
Front Store	(0.5)%	3.4%	0.8%
Prescription volume (90 Day = 1 prescription)	1.5 %	8.1%	2.3%
Prescription volume (90 Day = 3 prescriptions) [1]	4.4 %	10.0%	4.3%
Generic dispensing rates	81.4 %	79.2%	75.6%
Pharmacy % of net revenues	69.5 %	68.8%	68.3%
Third party % of pharmacy revenue	97.9 %	97.5%	97.8%

(1) Includes the adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.

Net revenues increased approximately $2.0 billion, or 3.1%, to $65.6 billion for the year ended December 31, 2013, as compared to the prior year. This increase was primarily driven by a same store sales increase of 1.7% and net revenues from new and acquired stores, which accounted for approximately 130 basis points of our total net revenue percentage increase during the year. Additionally, we continued to see a positive impact on our net revenues due to the growth of our Maintenance Choice program.

Net revenues in our Retail Pharmacy Segment increased $4.1 billion, or 6.8% to $63.6 billion for the year ended December 31, 2012, as compared to the prior year. This increase was primarily driven by a same store sales increase of 5.6% and net revenues from new stores, which accounted for approximately 110 basis points of our total net revenue percentage increase during the year. Additionally, we continued to see a positive impact on our net revenues due to the growth of our Maintenance Choice program.

As you review our Retail Pharmacy Segment's performance in this area, we believe you should consider the following important information:

- Front store same store sales declined 0.5% in the year ended December 31, 2013, as compared to the prior year. 2013 had one less day as a result of 2012 being a leap year, which had a negative impact on front store same store sales of approximately 40 basis points. Front store same store sales were negatively impacted by a decrease in customer traffic, partially offset by an increase in basket size.

- Pharmacy same store sales rose 2.6% in the year ended December 31, 2013, as compared to the prior year. Pharmacy same store sales were positively impacted by increased prescription volume, partially offset by the negative impact of the increase in generic dispensing, reimbursement pressure, and the impact of 2013 having one fewer day as a result of 2012 being a leap year.

- Pharmacy revenues continue to be negatively impacted by the conversion of brand name drugs to equivalent generic drugs, which typically have a lower selling price. Pharmacy same store sales were negatively impacted by approximately 540 and 700 basis points for the years ended December 31, 2013 and 2012, respectively, due to recent generic introductions. The decrease in the impact from 2012 to 2013 was primarily due to a smaller impact from new generic drug introductions. In addition, our pharmacy growth has also been adversely affected by the lack of significant new brand name drug introductions, higher consumer co-payments and co-insurance arrangements and an increase in the number of over-the-counter remedies that were historically only available by prescription.

- As of December 31, 2013, we operated 7,660 retail stores compared to 7,458 retail stores as of December 31, 2012 and 7,327 retail stores as of December 31, 2011. Total net revenues from new stores (excluding acquired stores) contributed approximately 1.0%, 1.1% and 1.3% to our total net revenue percentage increase in 2013, 2012, and 2011, respectively.

- Pharmacy revenue growth continued to benefit from increased utilization by Medicare Part D beneficiaries, the ability to attract and retain managed care customers and favorable industry trends. These trends include an aging American population; many "baby boomers" are now in their fifties and sixties and are consuming a greater number of prescription drugs. In addition, the increased use of pharmaceuticals as the first line of defense for individual health care also contributed to the growing demand for pharmacy services. We believe these favorable industry trends will continue.

Gross profit in our Retail Pharmacy Segment includes net revenues less the cost of merchandise sold during the reporting period and the related purchasing costs, warehousing costs, delivery costs and actual and estimated inventory losses.

Gross profit increased $1.0 billion, or 5.3%, to $20.1 billion in the year ended December 31, 2013, as compared to the prior year. Gross profit as a percentage of net revenues increased to 30.6% in year ended December 31, 2013, from 30.0% in 2012. The increase in gross profit dollars in the year ended December 31, 2013, was primarily driven by increases in the generic dispensing rate, same store sales and new store sales. The increase in gross profit as a percentage of net revenues was primarily driven by increased pharmacy margins due to the positive impact of increased generic dispensing rates and increased front store margins, partially offset by continued reimbursement pressure.

Gross profit increased $1.6 billion, or 9.3%, to $19.1 billion for the year ended December 31, 2012, as compared to the prior year. Gross profit as a percentage of net revenues increased to 30.0% for the year ended December 31, 2012, compared to 29.3% for the prior year. The increase in gross profit dollars in the year ended December 31, 2012, was primarily driven by same store sales increases. The increase in gross profit as a percentage of revenue was primarily driven by increased pharmacy margins due to the positive impact of increased generic drugs dispensed, partially offset by continued reimbursement pressure and lower front store margins.

As you review our Retail Pharmacy Segment's performance in this area, we believe you should consider the following important information:

- Gross profit was positively impacted by approximately $31 million for the year ended December 31, 2012 as a result of the change in inventory accounting methods described in Note 2 to our consolidated financial statements. The impact of this change on gross profit as a percentage of net revenues for the year ended December 31, 2012 was approximately five basis points.

- On average, our gross profit on front store revenues is generally higher than our gross profit on pharmacy revenues. Front store revenues were 30.5%, 31.2% and 31.7% of total revenues, in 2013, 2012 and 2011, respectively. Pharmacy revenues were 69.5%, 68.8% and 68.3% of total revenues, in 2013, 2012 and 2011, respectively. This shift in sales mix had a negative effect on our overall gross profit for the years ended December 31, 2013, 2012 and 2011, respectively. The negative effect was offset by increasing generic drug dispensing rates.

- Our pharmacy gross profit rates have been adversely affected by the efforts of managed care organizations, pharmacy benefit managers and governmental and other third party payors to reduce their prescription drug costs. In the event this trend continues, we may not be able to sustain our current rate of revenue growth and gross profit dollars could be adversely impacted.

- The increased use of generic drugs has positively impacted our gross profit margins but has resulted in third party payors augmenting their efforts to reduce reimbursement payments to retail pharmacies for prescriptions. This trend, which we expect to continue, reduces the benefit we realize from brand to generic product conversions.

- Sales to customers covered by third party insurance programs are a large component of our total pharmacy business. On average, our gross profit on third party pharmacy revenues is lower than our gross profit on cash pharmacy revenues. Third party pharmacy revenues were 97.9% of pharmacy revenues in 2013, compared to 97.5% and 97.8% of pharmacy revenues in 2012 and 2011, respectively.

- The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, "ACA") made several significant changes to Medicaid rebates and to reimbursement. One of these changes was the proposed revision of the definition of Average Manufacturer Price ("AMP") and the reimbursement formula for multi-source drugs. Changes in reporting of AMP or other adjustments that may be made regarding the reimbursement of drug payments by Medicaid and Medicare could impact our pricing to customers and other payors and/or could impact our ability to negotiate discounts or rebates with manufacturers, wholesalers, PBMs or retail and mail pharmacies. See "Government Regulation" within Part I, Item 1, Business, for additional information.

Operating expenses in our Retail Pharmacy Segment include store payroll, store employee benefits, store occupancy costs, selling expenses, advertising expenses, depreciation and amortization expense and certain administrative expenses.

Operating expenses increased $389 million, or 2.9% to $13.8 billion, or 21.1% as a percentage of net revenues, in the year ended December 31, 2013, as compared to $13.5 billion, or 21.1% as a percentage of net revenues, in the prior year. Operating expenses increased $899 million, or 7.2%, to $13.5 billion, or 21.1% as a percentage of net revenues, in the year ended December 31, 2012, as compared to $12.6 billion, or 21.1% as a percentage of net revenues, in the prior year. Operating expenses as a percentage of net revenues remained consistent from 2011 through 2013 primarily due to disciplined cost control, despite the negative impact of generics on net revenues. The increase in operating expense dollars in 2013 and 2012 was the result of higher store operating costs associated with our increased store count. The increase was partially offset by the Retail Pharmacy Segment's $61 million share of a gain on a legal settlement recorded in the third quarter of 2013.

Corporate Segment

Operating expenses increased $57 million, or 8.3%, to $751 million in the year ended December 31, 2013, as compared to the prior year. Operating expenses increased $78 million, or 12.5%, to $694 million in the year ended December 31, 2012. Operating expenses within the Corporate Segment include executive management, corporate relations, legal, compliance, human resources, corporate information technology and finance related costs. The increase in operating expenses in 2013 was primarily due to higher benefit costs and strategic initiatives. The increase in operating expenses in 2012 was primarily due to higher benefit costs and information technology expenses.

Liquidity and Capital Resources

We maintain a level of liquidity sufficient to allow us to cover our cash needs in the short-term. Over the long-term, we manage our cash and capital structure to maximize shareholder return, maintain our financial position and maintain flexibility for future strategic initiatives. We continuously assess our working capital needs, debt and leverage levels, capital expenditure requirements, dividend payouts, potential share repurchases and future investments or acquisitions. We believe our operating cash flows, commercial paper program, sale-leaseback program, as well as any potential future borrowings, will be sufficient to fund these future payments and long-term initiatives.

Net cash provided by operating activities was $5.8 billion for the year ended December 31, 2013, compared to $6.7 billion in 2012, and $5.9 billion in 2011. The decrease in 2013 was primarily due to increased accounts receivable due to the timing of payments from CMS in connection with our Medicare Part D operations, partially offset by improved inventory management. The increase in 2012 was primarily due to the significant increase in net income, improved receivables management, improved payables management, and the timing of payments.

Net cash used in investing activities was $1.8 billion in 2013 and 2012. This compares to approximately $2.4 billion in 2011. The decrease in 2012 was primarily due to the $1.3 billion acquisition of the Medicare prescription drug business of Universal American Corp. (the "UAM Medicare Part D Business") which occurred in April 2011.

In 2013, gross capital expenditures totaled approximately $2.0 billion, a decrease of $46 million compared to the prior year. During 2013, approximately 45% of our total capital expenditures were for new store construction, 25% were for store,

fulfillment and support facilities expansion and improvements and 30% were for technology and other corporate initiatives. Gross capital expenditures totaled approximately $2.0 billion during 2012, compared to approximately $1.9 billion in 2011. The increase in gross capital expenditures during 2012 was primarily due to the increased spending on store expansion and improvements. During 2012, approximately 45% of our total capital expenditures were for new store construction, 40% were for store expansion and improvements and 15% were for technology and other corporate initiatives.

Proceeds from sale-leaseback transactions totaled $600 million in 2013. This compares to $529 million in 2012 and $592 million in 2011. Under the sale-leaseback transactions, the properties are generally sold at net book value, which generally approximates fair value, and the resulting leases generally qualify and are accounted for as operating leases. The specific timing and amount of future sale-leaseback transactions will vary depending on future market conditions and other factors.

Below is a summary of our store development activity for the respective years:

	2013[2]	2012[2]	2011[2]
Total stores (beginning of year)	7,508	7,388	7,248
New and acquired stores[1]	213	150	162
Closed stores[1]	(19)	(30)	(22)
Total stores (end of year)	7,702	7,508	7,388
Relocated stores	78	90	86

(1) Relocated stores are not included in new or closed store totals.

(2) Excludes specialty mail order facilities

Net cash used in financing activities was approximately $1.2 billion in 2013, compared to net cash used in financing activities of $4.9 billion in 2012 and $3.5 billion in 2011. Net cash used in financing activities decreased $3.7 billion in 2013 primarily due to greater net borrowings than in the prior year. Net cash used in financing activities increased $1.4 billion in 2012 primarily due to $1.3 billion more repurchases of common stock than in the prior year.

Share repurchase programs — On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program"). Each of these share repurchase authorizations, which were effective immediately, permit the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The 2013 and 2012 Repurchase Programs may be modified or terminated by the Board of Directors at any time.

On August 23, 2011, our Board of Directors authorized a share repurchase program for up to $4.0 billion of outstanding common stock (the "2011 Repurchase Program"). This share repurchase authorization, which was effective immediately, permitted us to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The 2011 Repurchase Program has been completed, as described below.

Pursuant to the authorization under the 2012 Repurchase Program, effective October 1, 2013, we entered into a $1.7 billion fixed dollar accelerated share repurchase ("ASR") agreement with Barclays Bank PLC ("Barclays"). Upon payment of the $1.7 billion purchase price on October 1, 2013, we received a number of shares of our common stock equal to 50% of the $1.7 billion notional amount of the ASR agreement or approximately 14.9 million shares at a price of $56.88 per share. The Company received approximately 11.7 million shares of common stock on December 30, 2013 at an average price of $63.83 per share, representing the remaining 50% of the $1.7 billion notional amount of the ASR agreement and thereby concluding the agreement. The total of 26.6 million shares of common stock delivered to the Company by Barclays over the term of the October 2013 ASR agreement were placed into treasury stock.

Pursuant to the authorizations under the 2011 and 2012 Repurchase Programs, on September 19, 2012, we entered into a $1.2 billion fixed dollar ASR agreement with Barclays. Upon payment of the $1.2 billion purchase price on September 20, 2012, we received a number of shares of our common stock equal to 50% of the $1.2 billion notional amount of the ASR agreement or approximately 12.6 million shares at a price of $47.71 per share. We received approximately 13.0 million shares of common stock on November 16, 2012 at an average price of $46.96 per share, representing the remaining 50% of the $1.2 billion notional amount of the ASR agreement and thereby concluding the agreement, and completing the 2011 Repurchase Program.

The total of 25.6 million shares of common stock delivered to us by Barclays over the term of the September 2012 ASR agreement were placed into treasury stock.

Pursuant to the authorization under the 2011 Repurchase Program, on August 24, 2011, we entered into a $1.0 billion fixed dollar ASR agreement with Barclays. The ASR agreement contained provisions that establish the minimum and maximum number of shares to be repurchased during its term. Pursuant to this ASR agreement, on August 25, 2011, we paid $1.0 billion to Barclays in exchange for Barclays delivering 20.3 million shares of common stock to us. On September 16, 2011, upon establishment of the minimum number of shares to be repurchased, Barclays delivered an additional 5.4 million shares of common stock to us. At the conclusion of the transaction, Barclays delivered a final installment of 1.6 million shares of common stock on December 29, 2011. The aggregate 27.3 million shares of common stock delivered to us by Barclays under the August 2011 ASR agreement, were placed into treasury stock. This represented all the repurchases that occurred during the year ended December 31, 2011 under the 2011 Repurchase Program.

During the years ended December 31, 2013 and 2012, we repurchased an aggregate of 66.2 million and 95.0 million shares of common stock for approximately $4.0 and $4.3 billion, respectively, under the 2012 and 2011 Repurchase Programs. As of December 31, 2013, there remained an aggregate of approximately $6.7 billion available for future repurchases under the 2013 and 2012 Repurchase Programs.

On June 14, 2010, our Board of Directors authorized a share repurchase program for up to $2.0 billion of our outstanding common stock (the "2010 Repurchase Program"). During the year ended December 31, 2011, we repurchased an aggregate of 56.4 million shares of common stock for approximately $2.0 billion, completing the 2010 Repurchase Program.

Short-term borrowings - There was no commercial paper outstanding as of December 31, 2013. In connection with our commercial paper program, we maintain a $1.25 billion, four-year unsecured back-up credit facility, which expires on May 23, 2016, a $1.25 billion, five-year unsecured back-up credit facility, which expires on February 17, 2017, and a $1.0 billion, five-year unsecured back-up credit facility, which expires on May 23, 2018. The credit facilities allow for borrowings at various rates that are dependent, in part, on the Company's public debt ratings and require the Company to pay a weighted average quarterly facility fee of approximately 0.03%, regardless of usage. As of December 31, 2013, there were no borrowings outstanding under the back-up credit facilities.

Long-term borrowings - On December 2, 2013, the Company issued $750 million of 1.2% unsecured senior notes due December 5, 2016; $1.25 billion of 2.25% unsecured senior notes due December 5, 2018; $1.25 billion of 4% unsecured senior notes due December 5, 2023; and $750 million of 5.3% unsecured senior notes due December 5, 2043 (the "2013 Notes") for total proceeds of approximately $4.0 billion, net of discounts and underwriting fees. The 2013 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at the Company's option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2013 Notes were used to repay commercial paper outstanding at the time of issuance and to fund the acquisition of Coram LLC in January 2014. The remainder will be used for general corporate purposes.

On November 26, 2012, we issued $1.25 billion of 2.75% unsecured senior notes due December 1, 2022 (the "2012 Notes") for total proceeds of approximately $1.24 billion, net of discounts and underwriting fees. The 2012 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at our option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2012 Notes were used for general corporate purposes and to repay certain corporate debt.

Also on November 26, 2012, we announced tender offers for any and all of the 6.6% Senior Notes due 2019, and up to a maximum amount of the 6.125% Senior Notes due 2016 and 5.75% Senior Notes due 2017, for up to an aggregate principal amount of $1.0 billion. In December 2012, we increased the aggregate principal amount of the tender offers to $1.325 billion and completed the repurchase for the maximum amount. We paid a premium of $332 million in excess of the debt principal in connection with the tender offers, wrote off $13 million of unamortized deferred financing costs and incurred $3 million in fees, for a total loss on the early extinguishment of debt of $348 million. The loss was recorded in income from continuing operations on the consolidated statement of income.

In connection with our acquisition of the UAM Medicare Part D Business in April 2011, we assumed $110 million of long-term debt in the form of Trust Preferred Securities that mature through 2037. During the years ended December 31, 2012 and 2011, we repaid $50 million and $60 million, respectively, of the Trust Preferred Securities at par.

On May 12, 2011, we issued $550 million of 4.125% unsecured senior notes due May 15, 2021 and issued $950 million of 5.75% unsecured senior notes due May 15, 2041 (collectively, the "2011 Notes") for total proceeds of approximately $1.5

billion, net of discounts and underwriting fees. The 2011 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at our option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2011 Notes were used to repay commercial paper borrowings and certain other corporate debt, and were used for general corporate purposes.

In December 2011 and July 2012, we repurchased $958 million and $1 million of the principal amount of our Enhanced Capital Advantaged Preferred Securities ("ECAPS") at par. The fees and write-off of deferred issuance costs associated with the early extinguishment of the ECAPS were de minimis. The remaining $41 million of outstanding ECAPS are due in 2062 and had a fixed rate of interest of 6.302% per year until June 1, 2012, at which time we began paying interest based on a floating rate (2.3% and 2.59% at December 31, 2013 and 2012, respectively). The ECAPS pay interest semi-annually and may be redeemed at any time, in whole or in part, at a defined redemption price plus accrued interest.

Our backup credit facilities, unsecured senior notes and ECAPS (see Note 6 to the Consolidated Financial Statements) contain customary restrictive financial and operating covenants.

These covenants do not include a requirement for the acceleration of our debt maturities in the event of a downgrade in our credit rating. We do not believe the restrictions contained in these covenants materially affect our financial or operating flexibility.

As of December 31, 2013 and 2012, we had no outstanding derivative financial instruments.

Debt Ratings - As of December 31, 2013, our long-term debt was rated "Baa1" by Moody's with a stable outlook and "BBB+" by Standard & Poor's with a stable outlook, and our commercial paper program was rated "P-2" by Moody's and "A-2" by Standard & Poor's. In assessing our credit strength, we believe that both Moody's and Standard & Poor's considered, among other things, our capital structure and financial policies as well as our consolidated balance sheet, our historical acquisition activity and other financial information. Although we currently believe our long-term debt ratings will remain investment grade, we cannot guarantee the future actions of Moody's and/or Standard & Poor's. Our debt ratings have a direct impact on our future borrowing costs, access to capital markets and new store operating lease costs.

Quarterly Dividend Increase - In December 2013, our Board of Directors authorized a 22% increase in our quarterly common stock dividend to $0.275 per share. This increase equates to an annual dividend rate of $1.10 per share. In December 2012, our Board of directors authorized a 38% increase in our quarterly common stock dividend to $0.225 per share. This increase equated to an annual dividend rate of $0.90 per share. In December 2011, our Board of Directors authorized a 30% increase in our quarterly common stock dividend to $0.1625 per share. This increase equated to an annual dividend rate of $0.65 per share.

Off-Balance Sheet Arrangements

In connection with executing operating leases, we provide a guarantee of the lease payments. We also finance a portion of our new store development through sale-leaseback transactions, which involve selling stores to unrelated parties and then leasing the stores back under leases that generally qualify and are accounted for as operating leases. We do not have any retained or contingent interests in the stores, and we do not provide any guarantees, other than a guarantee of the lease payments, in connection with the transactions. In accordance with generally accepted accounting principles, our operating leases are not reflected on our consolidated balance sheets.

Between 1991 and 1997, we sold or spun off a number of subsidiaries, including Bob's Stores, Linens 'n Things, Marshalls, Kay-Bee Toys, This End Up and Footstar. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the store's lease obligations. When the subsidiaries were disposed of, the Company's guarantees remained in place, although each initial purchaser agreed to indemnify the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries were to become insolvent and failed to make the required payments under a store lease, the Company could be required to satisfy these obligations.

As of December 31, 2013, we guaranteed approximately 73 such store leases (excluding the lease guarantees related to Linens 'n Things), with the maximum remaining lease term extending through 2026. Management believes the ultimate disposition of any of the remaining lease guarantees will not have a material adverse effect on the Company's consolidated financial condition or future cash flows. Please see "Loss from discontinued operations" previously in this document for further information regarding our guarantee of certain Linens 'n Things' store lease obligations.

Below is a summary of our significant contractual obligations as of December 31, 2013:

	Payments Due by Period				
In millions	Total	2014	2015 to 2016	2017 to 2018	Thereafter
Operating leases	$ 27,090	$ 2,175	$ 4,184	$ 3,817	$ 16,914
Lease obligations from discontinued operations	71	18	32	14	7
Capital lease obligations	789	46	93	94	556
Long-term debt	13,012	551	1,749	2,574	8,138
Interest payments on long-term debt[1]	7,821	596	1,111	915	5,199
Other long-term liabilities reflected in our consolidated balance sheet	514	54	158	81	221
	$ 49,297	$ 3,440	$ 7,327	$ 7,495	$ 31,035

(1) Interest payments on long-term debt are calculated on outstanding balances and interest rates in effect on December 31, 2013.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with generally accepted accounting principles, which require management to make certain estimates and apply judgment. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the consolidated financial statements are prepared. On a regular basis, we review our accounting policies and how they are applied and disclosed in our consolidated financial statements. While we believe the historical experience, current trends and other factors considered, support the preparation of our consolidated financial statements in conformity with generally accepted accounting principles, actual results could differ from our estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 to our consolidated financial statements. We believe the following accounting policies include a higher degree of judgment and/or complexity and, thus, are considered to be critical accounting policies. We have discussed the development and selection of our critical accounting policies with the Audit Committee of our Board of Directors and the Audit Committee has reviewed our disclosures relating to them.

Revenue Recognition

Pharmacy Services Segment

Our Pharmacy Services Segment sells prescription drugs directly through our mail service dispensing pharmacies and indirectly through our retail pharmacy network. We recognize revenues in our Pharmacy Services Segment from prescription drugs sold by our mail service dispensing pharmacies and under retail pharmacy network contracts where we are the principal using the gross method at the contract prices negotiated with our clients. Net revenue from our Pharmacy Services Segment includes: (i) the portion of the price the client pays directly to us, net of any volume-related or other discounts paid back to the client, (ii) the price paid to us ("Mail Co-Payments") or a third party pharmacy in our retail pharmacy network ("Retail Co-Payments") by individuals included in our clients' benefit plans, and (iii) administrative fees for retail pharmacy network contracts where we are not the principal. Sales taxes are not included in revenue.

We recognize revenue in the Pharmacy Services Segment when: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. The following revenue recognition policies have been established for the Pharmacy Services Segment:

- Revenues generated from prescription drugs sold by mail service dispensing pharmacies are recognized when the prescription is delivered. At the time of delivery, the Pharmacy Services Segment has performed substantially all of its obligations under its client contracts and does not experience a significant level of returns or reshipments.

- Revenues generated from prescription drugs sold by third party pharmacies in the Pharmacy Services Segment's retail pharmacy network and associated administrative fees are recognized at the Pharmacy Services Segment's point-of-sale, which is when the claim is adjudicated by the Pharmacy Services Segment's online claims processing system.

We determine whether we are the principal or agent for our retail pharmacy network transactions on a contract by contract basis. In the majority of our contracts, we have determined we are the principal due to us: (i) being the primary obligor in the

arrangement, (ii) having latitude in establishing the price, changing the product or performing part of the service, (iii) having discretion in supplier selection, (iv) having involvement in the determination of product or service specifications, and (v) having credit risk. Our obligations under our client contracts for which revenues are reported using the gross method are separate and distinct from our obligations to the third party pharmacies included in our retail pharmacy network contracts. Pursuant to these contracts, we are contractually required to pay the third party pharmacies in our retail pharmacy network for products sold, regardless of whether we are paid by our clients. Our responsibilities under these client contracts typically include validating eligibility and coverage levels, communicating the prescription price and the co-payments due to the third party retail pharmacy, identifying possible adverse drug interactions for the pharmacist to address with the physician prior to dispensing, suggesting clinically appropriate generic alternatives where appropriate and approving the prescription for dispensing. Although we do not have credit risk with respect to Retail Co-Payments, we believe that all of the other indicators of gross revenue reporting are present. For contracts under which we act as an agent, we record revenues using the net method.

We deduct from our revenues the manufacturers' rebates that are earned by our clients based on their members' utilization of brand-name formulary drugs. We estimate these rebates at period-end based on actual and estimated claims data and our estimates of the manufacturers' rebates earned by our clients. We base our estimates on the best available data at period-end and recent history for the various factors that can affect the amount of rebates due to the client. We adjust our rebates payable to clients to the actual amounts paid when these rebates are paid or as significant events occur. We record any cumulative effect of these adjustments against revenues as identified, and adjust our estimates prospectively to consider recurring matters. Adjustments generally result from contract changes with our clients or manufacturers, differences between the estimated and actual product mix subject to rebates or whether the product was included in the applicable formulary. We also deduct from our revenues pricing guarantees and guarantees regarding the level of service we will provide to the client or member as well as other payments made to our clients. Because the inputs to most of these estimates are not subject to a high degree of subjectivity or volatility, the effect of adjustments between estimated and actual amounts have not been material to our results of operations or financial position.

We participate in the Federal Government's Medicare Part D program as a PDP through our SilverScript Insurance Company subsidiary. Our net revenues include insurance premiums earned by the PDP, which are determined based on the PDP's annual bid and related contractual arrangements with CMS. The insurance premiums include a beneficiary premium, which is the responsibility of the PDP member, but is subsidized by CMS in the case of low-income members, and a direct premium paid by CMS. Premiums collected in advance are initially deferred as accrued expenses and are then recognized ratably as revenue over the period in which members are entitled to receive benefits.

In addition to these premiums, our net revenues include co-payments, coverage gap benefits, deductibles and co-insurance (collectively, the "Member Co-Payments") related to PDP members' actual prescription claims. In certain cases, CMS subsidizes a portion of these Member Co-Payments and we are paid an estimated prospective Member Co-Payment subsidy, each month. The prospective Member Co-Payment subsidy amounts received from CMS are also included in our net revenues. We assume no risk for these amounts, which represented 7.0%, 7.7% and 3.1% of consolidated net revenues in 2013, 2012 and 2011, respectively. If the prospective Member Co-Payment subsidies received differ from the amounts based on actual prescription claims, the difference is recorded in either accounts receivable or accrued expenses. We account for fully insured CMS obligations and Member Co-Payments (including the amounts subsidized by CMS) using the gross method consistent with our revenue recognition policies for Mail Co-Payments and Retail Co-Payments. We have recorded estimates of various assets and liabilities arising from our participation in the Medicare Part D program based on information in our claims management and enrollment systems. Significant estimates arising from our participation in the Medicare Part D program include: (i) estimates of low-income cost subsidy and reinsurance amounts ultimately payable to or receivable from CMS based on a detailed claims reconciliation, (ii) an estimate of amounts payable to CMS under a risk-sharing feature of the Medicare Part D program design, referred to as the risk corridor and (iii) estimates for claims that have been reported and are in the process of being paid or contested and for our estimate of claims that have been incurred but have not yet been reported. Actual amounts of Medicare Part D-related assets and liabilities could differ significantly from amounts recorded. Historically, the effect of these adjustments has not been material to our results of operations or financial position.

Retail Pharmacy Segment

Our Retail Pharmacy Segment recognizes revenue from the sale of merchandise (other than prescription drugs) at the time the merchandise is purchased by the retail customer. Prior to the fourth quarter of 2013, revenue from the sale of prescription drugs was recognized at the time the prescription was filled as opposed to upon delivery as required under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification 605, *Revenue Recognition*. For substantially all prescriptions, the fill date and the delivery date occur in the same reporting period. The effect on both revenue and income of recording prescription drug sales upon fill as opposed to delivery is immaterial. During the fourth quarter of 2013, the Company began

recognizing revenue from the sale of prescription drugs when the prescription is picked up by the customer. See Note 1 to our consolidated financial statements for the impact of this change.

Customer returns are not material. Revenue generated from the performance of services in our health care clinics is recognized at the time the services are performed. Sales taxes are not included in revenue.

Vendor Allowances and Purchase Discounts

Pharmacy Services Segment

Our Pharmacy Services Segment receives purchase discounts on products purchased. Contractual arrangements with vendors, including manufacturers, wholesalers and retail pharmacies, normally provide for the Pharmacy Services Segment to receive purchase discounts from established list prices in one, or a combination, of the following forms: (i) a direct discount at the time of purchase, (ii) a discount for the prompt payment of invoices or (iii) when products are purchased indirectly from a manufacturer (e.g., through a wholesaler or retail pharmacy), a discount (or rebate) paid subsequent to dispensing. These rebates are recognized when prescriptions are dispensed and are generally calculated and billed to manufacturers within 30 days of the end of each completed quarter. Historically, the effect of adjustments resulting from the reconciliation of rebates recognized to the amounts billed and collected has not been material to the results of operations. We account for the effect of any such differences as a change in accounting estimate in the period the reconciliation is completed. The Pharmacy Services Segment also receives additional discounts under its wholesaler contracts if it exceeds contractually defined annual purchase volumes. In addition, the Pharmacy Services Segment receives fees from pharmaceutical manufacturers for administrative services. Purchase discounts and administrative service fees are recorded as a reduction of "Cost of revenues".

Retail Pharmacy Segment

Vendor allowances received by the Retail Pharmacy Segment reduce the carrying cost of inventory and are recognized in cost of revenues when the related inventory is sold, unless they are specifically identified as a reimbursement of incremental costs for promotional programs and/or other services provided. Amounts that are directly linked to advertising commitments are recognized as a reduction of advertising expense (included in operating expenses) when the related advertising commitment is satisfied. Any such allowances received in excess of the actual cost incurred also reduce the carrying cost of inventory. The total value of any upfront payments received from vendors that are linked to purchase commitments is initially deferred. The deferred amounts are then amortized to reduce cost of revenues over the life of the contract based upon purchase volume. The total value of any upfront payments received from vendors that are not linked to purchase commitments is also initially deferred. The deferred amounts are then amortized to reduce cost of revenues on a straight-line basis over the life of the related contract.

We have not made any material changes in the way we account for vendor allowances and purchase discounts during the past three years.

Inventory

Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment. Prior to 2012, the Company valued prescription drug inventories at the lower of cost or market on a first-in, first-out ("FIFO") basis in retail pharmacies using the retail inventory method and in distribution centers using the FIFO cost method. Effective January 1, 2012, all prescription drug inventories in the Retail Pharmacy Segment have been valued at the lower of cost or market using the weighted average cost method. These changes affected approximately 51% of consolidated inventories as of January 1, 2012.

These changes were made primarily to bring all of the pharmacy operations of the Company to a common inventory valuation methodology and to provide the Company with better information to manage its retail pharmacy operations. The Company believes the weighted average cost method is preferable to the retail inventory method and the FIFO cost method because it results in greater precision in the determination of cost of revenues and inventories by specific drug product and results in a consistent inventory valuation method for all of the Company's prescription drug inventories as the Pharmacy Services Segment's mail service and specialty pharmacies were already on the weighted average cost method. Most of these mail service and specialty pharmacies in the Pharmacy Services Segment were acquired in the Company's 2007 acquisition of Caremark Rx, Inc.

The Company recorded the cumulative effect of these changes in accounting principle as of January 1, 2012. The Company determined that retrospective application for periods prior to 2012 is impracticable, as the period-specific information

necessary to value prescription drug inventories in the Retail Pharmacy Segment under the weighted average cost method is unavailable. The Company implemented a new pharmacy cost accounting system to value prescription drug inventory as of January 1, 2012 and calculated the cumulative impact. The effect of these changes in accounting principle as of January 1, 2012 was a decrease in inventories of $146 million, an increase in current deferred income tax assets of $57 million and a decrease in retained earnings of $89 million.

The weighted average cost method continues to be used to determine cost of sales and inventory in our mail service and specialty pharmacies in our Pharmacy Services Segment. Front store inventory in our Retail Pharmacy Segment is stated at the lower of cost or market on a FIFO basis using the retail method of accounting to determine cost of sales and inventory, and the cost method of accounting on a FIFO basis to determine front store inventory in our distribution centers. Under the retail method, inventory is stated at cost, which is determined by applying a cost-to-retail ratio to the ending retail value of our inventory. Since the retail value of our inventory is adjusted on a regular basis to reflect current market conditions, our carrying value should approximate the lower of cost or market. In addition, we reduce the value of our ending inventory for estimated inventory losses that have occurred during the interim period between physical inventory counts. Physical inventory counts are taken on a regular basis in each store and a continuous cycle count process is the primary procedure used to validate the inventory balances on hand in each distribution center and mail facility to ensure that the amounts reflected in the accompanying consolidated financial statements are properly stated. The accounting for inventory contains uncertainty since we must use judgment to estimate the inventory losses that have occurred during the interim period between physical inventory counts. When estimating these losses, we consider a number of factors, which include, but are not limited to, historical physical inventory results on a location-by-location basis and current physical inventory loss trends.

Our total reserve for estimated inventory losses covered by this critical accounting policy was $240 million as of December 31, 2013. Although we believe we have sufficient current and historical information available to us to record reasonable estimates for estimated inventory losses, it is possible that actual results could differ. In order to help you assess the aggregate risk, if any, associated with the uncertainties discussed above, a ten percent (10%) pre-tax change in our estimated inventory losses, which we believe is a reasonably likely change, would increase or decrease our total reserve for estimated inventory losses by about $24 million as of December 31, 2013.

Although we believe that the estimates discussed above are reasonable and the related calculations conform to generally accepted accounting principles, actual results could differ from our estimates, and such differences could be material.

Goodwill and Intangible Assets

Identifiable intangible assets consist primarily of trademarks, client contracts and relationships, favorable leases and covenants not to compete. These intangible assets arise primarily from the determination of their respective fair market values at the date of acquisition.

Amounts assigned to identifiable intangible assets, and their related useful lives, are derived from established valuation techniques and management estimates. Goodwill represents the excess of amounts paid for acquisitions over the fair value of the net identifiable assets acquired.

We evaluate the recoverability of certain long-lived assets, including intangible assets with finite lives, but excluding goodwill and intangible assets with indefinite lives which are tested for impairment using separate tests, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We group and evaluate these long-lived assets for impairment at the lowest level at which individual cash flows can be identified. When evaluating these long-lived assets for potential impairment, we first compare the carrying amount of the asset group to the asset group's estimated future cash flows (undiscounted and without interest charges). If the estimated future cash flows are less than the carrying amount of the asset group, an impairment loss calculation is prepared. The impairment loss calculation compares the carrying amount of the asset group to the asset group's estimated future cash flows (discounted and with interest charges). If required, an impairment loss is recorded for the portion of the asset group's carrying value that exceeds the asset group's estimated future cash flows (discounted and with interest charges). Our long-lived asset impairment loss calculation contains uncertainty since we must use judgment to estimate each asset group's future sales, profitability and cash flows. When preparing these estimates, we consider historical results and current operating trends and our consolidated sales, profitability and cash flow results and forecasts.

These estimates can be affected by a number of factors including, but not limited to, general economic and regulatory conditions, efforts of third party organizations to reduce their prescription drug costs and/or increased member co-payments, the continued efforts of competitors to gain market share and consumer spending patterns.

Goodwill and indefinitely-lived intangible assets are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate that the carrying value may not be recoverable.

Indefinitely-lived intangible assets are tested by comparing the estimated fair value of the asset to its carrying value. If the carrying value of the asset exceeds its estimated fair value, an impairment loss is recognized and the asset is written down to its estimated fair value.

Our indefinitely-lived intangible asset impairment loss calculation contains uncertainty since we must use judgment to estimate the fair value based on the assumption that in lieu of ownership of an intangible asset, the Company would be willing to pay a royalty in order to utilize the benefits of the asset. Value is estimated by discounting the hypothetical royalty payments to their present value over the estimated economic life of the asset. These estimates can be affected by a number of factors including, but not limited to, general economic conditions, availability of market information as well as the profitability of the Company.

Goodwill is tested for impairment on a reporting unit basis using a two-step process. The first step of the impairment test is to identify potential impairment by comparing the reporting unit's fair value with its net book value (or carrying amount), including goodwill. The fair value of our reporting units is estimated using a combination of the discounted cash flow valuation model and comparable market transaction models. If the fair value of the reporting unit exceeds its carrying amount, the reporting unit's goodwill is not considered to be impaired and the second step of the impairment test is not performed. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. The second step of the impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of the goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to that excess.

The determination of the fair value of our reporting units requires the Company to make significant assumptions and estimates. These assumptions and estimates primarily include, but are not limited to, the selection of appropriate peer group companies; control premiums and valuation multiples appropriate for acquisitions in the industries in which the Company competes; discount rates, terminal growth rates; and forecasts of revenue, operating profit, depreciation and amortization, capital expenditures and future working capital requirements. When determining these assumptions and preparing these estimates, we consider each reporting unit's historical results and current operating trends and our consolidated revenues, profitability and cash flow results and forecasts. Our estimates can be affected by a number of factors including, but not limited to, general economic and regulatory conditions, our market capitalization, efforts of third party organizations to reduce their prescription drug costs and/or increase member co-payments, the continued efforts of competitors to gain market share and consumer spending patterns.

The carrying value of goodwill and other intangible assets covered by this critical accounting policy was $26.5 billion and $9.5 billion as of December 31, 2013, respectively. We did not record any impairment losses related to goodwill or other intangible assets during 2013, 2012 or 2011. During the third quarter of 2013, we performed our required annual impairment tests of goodwill and indefinitely-lived trademarks. The results of the impairment tests concluded that there was no impairment of goodwill or trademarks. The goodwill impairment test resulted in the fair value of our Pharmacy Services and Retail Pharmacy reporting units exceeding their carrying values by a significant margin. The carrying value of goodwill as of December 31, 2013, in our Pharmacy Services and Retail Pharmacy reporting units was $19.6 billion and $6.9 billion, respectively.

Although we believe we have sufficient current and historical information available to us to test for impairment, it is possible that actual results could differ from the estimates used in our impairment tests.

We have not made any material changes in the methodologies utilized to test the carrying values of goodwill and intangible assets for impairment during the past three years.

Closed Store Lease Liability

We account for closed store lease termination costs when a leased store is closed. When a leased store is closed, we record a liability for the estimated present value of the remaining obligation under the noncancelable lease, which includes future real estate taxes, common area maintenance and other charges, if applicable. The liability is reduced by estimated future sublease income.

The initial calculation and subsequent evaluations of our closed store lease liability contain uncertainty since we must use judgment to estimate the timing and duration of future vacancy periods, the amount and timing of future lump sum settlement payments and the amount and timing of potential future sublease income. When estimating these potential termination costs and their related timing, we consider a number of factors, which include, but are not limited to, historical settlement experience,

the owner of the property, the location and condition of the property, the terms of the underlying lease, the specific marketplace demand and general economic conditions.

Our total closed store lease liability covered by this critical accounting policy was $310 million as of December 31, 2013. This amount is net of $178 million of estimated sublease income that is subject to the uncertainties discussed above. Although we believe we have sufficient current and historical information available to us to record reasonable estimates for sublease income, it is possible that actual results could differ.

In order to help you assess the risk, if any, associated with the uncertainties discussed above, a ten percent (10%) pre-tax change in our estimated sublease income, which we believe is a reasonably likely change, would increase or decrease our total closed store lease liability by about $18 million as of December 31, 2013.

We have not made any material changes in the reserve methodology used to record closed store lease reserves during the past three years.

Self-Insurance Liabilities

We are self-insured for certain losses related to general liability, workers' compensation and auto liability, although we maintain stop loss coverage with third party insurers to limit our total liability exposure. We are also self-insured for certain losses related to health and medical liabilities.

The estimate of our self-insurance liability contains uncertainty since we must use judgment to estimate the ultimate cost that will be incurred to settle reported claims and unreported claims for incidents incurred but not reported as of the balance sheet date. When estimating our self-insurance liability, we consider a number of factors, which include, but are not limited to, historical claim experience, demographic factors, severity factors and other standard insurance industry actuarial assumptions. On a quarterly basis, we review our self-insurance liability to determine if it is adequate as it relates to our general liability, workers' compensation and auto liability. Similar reviews are conducted semi-annually to determine if our self-insurance liability is adequate for our health and medical liability.

Our total self-insurance liability covered by this critical accounting policy was $612 million as of December 31, 2013. Although we believe we have sufficient current and historical information available to us to record reasonable estimates for our self-insurance liability, it is possible that actual results could differ. In order to help you assess the risk, if any, associated with the uncertainties discussed above, a ten percent (10%) pre-tax change in our estimate for our self-insurance liability, which we believe is a reasonably likely change, would increase or decrease our self-insurance liability by about $61 million as of December 31, 2013.

We have not made any material changes in the accounting methodology used to establish our self-insurance liability during the past three years.

New Accounting Pronouncements

In July 2012, the FASB issued Accounting Standards Update ("ASU") 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* ("ASU 2012-02"). ASU 2012-02 allows entities to use a qualitative approach to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount and recognize an impairment loss, if any, to the extent the carrying value exceeds its fair value. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of ASU 2012-02 did not have a material effect on the Company's consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). ASU 2013-02 adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The additional disclosures include: (1) changes in accumulated other comprehensive income balances by component and (2) significant items reclassified out of accumulated other comprehensive income. The changes in accumulated other comprehensive income balance by component will be disaggregated to separately present reclassification adjustments and current-period other comprehensive income. Significant items reclassified out of accumulated other comprehensive income by component are required to be presented either on the face of the statement of income or as

separate disclosure in the notes to the financial statements. These additional disclosures may be presented before-tax or net-of-tax as long as the income tax benefit or expense attributed to each component of other comprehensive income and reclassification adjustments is presented in the financial statement or in the notes to the financial statements. ASU 2013-02 is effective for interim and annual periods beginning after December 15, 2012 and should be applied prospectively. The adoption of ASU 2013-02 did not have a material effect on the Company's consolidated financial statements. The expanded disclosures are included in Note 1 to the Consolidated Financial Statements.

Recently Proposed Accounting Standard Update

In May 2013, the FASB issued a revised proposed accounting standard update on lease accounting that will require entities to recognize assets and liabilities arising from lease contracts on the balance sheet. The proposed accounting standard update states that lessees and lessors should apply a "right-of-use model" in accounting for all leases. Under the proposed model, lessees would recognize an asset for the right to use the leased asset, and a liability for the obligation to make rental payments over the lease term. The lease term is defined as the noncancelable term that takes into account renewal options and termination options if there is a significant economic incentive for an entity to exercise or not exercise the option. The accounting by a lessor would reflect its retained exposure to the risks or benefits of the underlying leased asset. A lessor would recognize an asset representing its right to receive lease payments based on the expected term of the lease. The Company cannot presently determine the potential impact the proposed standard would have on its results of operations. While the Company believes that the proposed standard, as currently drafted, will likely have a material impact on its financial position, it will not have a material impact on its liquidity; however, until the proposed standard is finalized, such evaluation cannot be completed.

Cautionary Statement Concerning Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Reform Act") provides a safe harbor for forward-looking statements made by or on behalf of CVS Caremark Corporation. 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 in its reports to stockholders. 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; 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 Reform Act.

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, including, but not limited to:

- *Risks relating to the health of the economy in general and in the markets we serve, which could impact consumer purchasing power, preferences and/or spending patterns, drug utilization trends, the financial health of our 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.* 22

- *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 service levels and market dynamics and regulatory changes that impact our 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 CVS Caremark'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 our retail pharmacy business to secure and maintain contractual relationships with PBMs and other payors on acceptable terms, uncertainty concerning the ability of our 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.*
- *Risks relating to our ability to secure timely and sufficient access to the products we sell from our 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 our failure to properly maintain our information technology systems, our information security systems and our infrastructure to support our 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 our business.*

- *Risks related to litigation, government investigations and other legal proceedings as they relate to our 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 our filings with the SEC.*

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.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our Company's internal control over financial reporting includes those policies and procedures that pertain to the Company's ability to record, process, summarize and report a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that the unauthorized acquisition, use or disposition of assets are prevented or timely detected and that transactions are authorized, recorded and reported properly to permit the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and receipt and expenditures are duly authorized. In order to ensure the Company's internal control over financial reporting is effective, management regularly assesses such controls and did so most recently for its financial reporting as of December 31, 2013.

We conducted an assessment of the effectiveness of our internal controls over financial reporting based on the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework). This evaluation included review of the documentation, evaluation of the design effectiveness and testing of the operating effectiveness of controls. Our system of internal control over financial reporting is enhanced by periodic reviews by our internal auditors, written policies and procedures and a written Code of Conduct adopted by our Company's Board of Directors, applicable to all employees of our Company. In addition, we have an internal Disclosure Committee, comprised of management from each functional area within the Company, which performs a separate review of our disclosure controls and procedures There are inherent limitations in the effectiveness of any system of internal controls over financial reporting.

Based on our assessment, we conclude our Company's internal control over financial reporting is effective and provides reasonable assurance that assets are safeguarded and that the financial records are reliable for preparing financial statements as of December 31, 2013.

Ernst & Young LLP, independent registered public accounting firm, is appointed by the Board of Directors and ratified by our Company's shareholders. They were engaged to render an opinion regarding the fair presentation of our consolidated financial statements as well as conducting an audit of internal control over financial reporting. Their accompanying reports are based upon an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

February 10, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CVS Caremark Corporation

We have audited CVS Caremark Corporation's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). CVS Caremark Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on CVS Caremark Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CVS Caremark Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CVS Caremark Corporation as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2013 of CVS Caremark Corporation and our report dated February 10, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 10, 2014

Consolidated

Statements of Income

In millions, except per share amounts	Year Ended December 31, 2013	2012	2011
Net revenues	$ 126,761	$ 123,120	$ 107,080
Cost of revenues	102,978	100,632	86,518
Gross profit	23,783	22,488	20,562
Operating expenses	15,746	15,278	14,231
Operating profit	8,037	7,210	6,331
Interest expense, net	509	557	584
Loss on early extinguishment of debt	—	348	—
Income before income tax provision	7,528	6,305	5,747
Income tax provision	2,928	2,436	2,258
Income from continuing operations	4,600	3,869	3,489
Loss from discontinued operations, net of tax	(8)	(7)	(31)
Net income	4,592	3,862	3,458
Net loss attributable to noncontrolling interest	—	2	4
Net income attributable to CVS Caremark	$ 4,592	$ 3,864	$ 3,462
Basic earnings per common share:			
Income from continuing operations attributable to CVS Caremark	$ 3.78	$ 3.05	$ 2.61
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)
Net income attributable to CVS Caremark	$ 3.77	$ 3.04	$ 2.59
Weighted average common shares outstanding	1,217	1,271	1,338
Diluted earnings per common share:			
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57
Weighted average common shares outstanding	1,226	1,280	1,347
Dividends declared per common share	$ 0.90	$ 0.65	$ 0.50

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

In millions	Year Ended December 31, 2013	2012	2011
Net income	$ 4,592	$ 3,862	$ 3,458
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax	(30)	—	—
Net cash flow hedges, net of income tax	3	3	(9)
Pension and other postretirement benefits, net of income tax	59	(12)	(20)
Total other comprehensive income (loss)	32	(9)	(29)
Comprehensive income	4,624	3,853	3,429
Comprehensive loss attributable to noncontrolling interest	—	2	4
Comprehensive income attributable to CVS Caremark	$ 4,624	$ 3,855	$ 3,433

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

In millions, except per share amounts	December 31, 2013	December 31, 2012
Assets:		
Cash and cash equivalents	$ 4,089	$ 1,375
Short-term investments	88	5
Accounts receivable, net	8,729	6,479
Inventories	11,045	11,032
Deferred income taxes	902	693
Other current assets	472	577
Total current assets	25,325	20,161
Property and equipment, net	8,615	8,632
Goodwill	26,542	26,395
Intangible assets, net	9,529	9,753
Other assets	1,515	1,280
Total assets	$ 71,526	$ 66,221
Liabilities:		
Accounts payable	$ 5,548	$ 5,070
Claims and discounts payable	4,548	3,974
Accrued expenses	4,768	4,411
Short-term debt	—	690
Current portion of long-term debt	561	5
Total current liabilities	15,425	14,150
Long-term debt	12,841	9,133
Deferred income taxes	3,901	3,784
Other long-term liabilities	1,421	1,501
Commitments and contingencies (Note 12)	—	—
Shareholders' equity:		
Preferred stock, par value $0.01: 0.1 shares authorized; none issued or outstanding	—	—
Common stock, par value $0.01: 3,200 shares authorized; 1,680 shares issued and 1,180 shares outstanding at December 31, 2013 and 1,667 shares issued and 1,231 shares outstanding at December 31, 2012	17	17
Treasury stock, at cost: 500 shares at December 31, 2013 and 435 shares at December 31, 2012	(20,169)	(16,270)
Shares held in trust: 1 share at December 31, 2013 and 2012	(31)	(31)
Capital surplus	29,777	29,120
Retained earnings	28,493	24,998
Accumulated other comprehensive loss	(149)	(181)
Total shareholders' equity	37,938	37,653
Total liabilities and shareholders' equity	$ 71,526	$ 66,221

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

In millions	December 31, 2013	2012	2011
Cash flows from operating activities:			
Cash receipts from customers	$ 114,993	$ 113,205	$ 97,688
Cash paid for inventory and prescriptions dispensed by retail network pharmacies	(91,178)	(90,032)	(75,148)
Cash paid to other suppliers and employees	(14,295)	(13,643)	(13,635)
Interest received	8	4	4
Interest paid	(534)	(581)	(647)
Income taxes paid	(3,211)	(2,282)	(2,406)
Net cash provided by operating activities	5,783	6,671	5,856
Cash flows from investing activities:			
Purchases of property and equipment	(1,984)	(2,030)	(1,872)
Proceeds from sale-leaseback transactions	600	529	592
Proceeds from sale of property and equipment and other assets	54	23	4
Acquisitions (net of cash acquired) and other investments	(415)	(378)	(1,441)
Purchase of available-for-sale investments	(226)	—	(3)
Maturity of available-for-sale investments	136	—	60
Proceeds from sale of subsidiary	—	7	250
Net cash used in investing activities	(1,835)	(1,849)	(2,410)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	(690)	(60)	450
Proceeds from issuance of long-term debt	3,964	1,239	1,463
Repayments of long-term debt	—	(1,718)	(2,122)
Purchase of noncontrolling interest in subsidiary	—	(26)	—
Dividends paid	(1,097)	(829)	(674)
Derivative settlements	—	—	(19)
Proceeds from exercise of stock options	500	836	431
Excess tax benefits from stock-based compensation	62	28	21
Repurchase of common stock	(3,976)	(4,330)	(3,001)
Other	—	—	(9)
Net cash used in financing activities	(1,237)	(4,860)	(3,460)
Effect of exchange rate changes on cash and cash equivalents	3	—	—
Net increase (decrease) in cash and cash equivalents	2,714	(38)	(14)
Cash and cash equivalents at the beginning of the year	1,375	1,413	1,427
Cash and cash equivalents at the end of the year	$ 4,089	$ 1,375	$ 1,413
Reconciliation of net income to net cash provided by operating activities:			
Net income	$ 4,592	$ 3,862	$ 3,458
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,870	1,753	1,568
Stock-based compensation	141	132	135
Loss on early extinguishment of debt	—	348	—
Gain on sale of subsidiary	—	—	(53)
Deferred income taxes and other noncash items	(86)	(111)	144
Change in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	(2,210)	(387)	(748)
Inventories	12	(853)	586
Other current assets	105	3	(420)
Other assets	(135)	(99)	(49)
Accounts payable and claims and discounts payable	1,024	1,147	1,128
Accrued expenses	471	766	105
Other long-term liabilities	(1)	110	2
Net cash provided by operating activities	$ 5,783	$ 6,671	$ 5,856

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

In millions	Shares, Year Ended December 31, 2013	2012	2011	Dollars, Year Ended December 31, 2013	2012	2011
Common stock:						
Beginning of year	1,667	1,640	1,624	$ 17	$ 16	$ 16
Stock options exercised and issuance of stock awards	13	27	16	—	1	—
End of year	1,680	1,667	1,640	$ 17	$ 17	$ 16
Treasury stock:						
Beginning of year	(435)	(340)	(259)	$ (16,270)	$ (11,953)	$ (9,030)
Purchase of treasury shares	(66)	(95)	(84)	(3,976)	(4,330)	(3,001)
Employee stock purchase plan issuances	1	1	3	77	47	78
Transfer of shares from shares held in trust	—	(1)	—	—	(34)	—
End of year	(500)	(435)	(340)	$ (20,169)	$ (16,270)	$ (11,953)
Shares held in trust:						

Beginning of year	(1)	(2)	(2)	$ (31)	$ (56)	$ (56)
Transfer of shares to treasury stock	—	—	—	—	25	—
End of year	(1)	(1)	(2)	$ (31)	$ (31)	$ (56)
Capital surplus:						
Beginning of year				$ 29,120	$ 28,126	$ 27,610
Stock option activity and stock awards				588	955	495
Tax benefit on stock options and stock awards				69	28	21
Transfer of shares held in trust to treasury stock				—	9	—
Purchase of noncontrolling interest in subsidiary				—	2	—
End of year				$ 29,777	$ 29,120	$ 28,126
Retained earnings:						
Beginning of year				$ 24,998	$ 22,052	$ 19,303
Adjustment to opening balance (1)				—	—	(39)
Beginning of year, as adjusted				24,998	22,052	19,264
Changes in inventory accounting principles (Note 2)				—	(89)	—
Net income attributable to CVS Caremark				4,592	3,864	3,462
Common stock dividends				(1,097)	(829)	(674)
End of year				$ 28,493	$ 24,998	$ 22,052
Accumulated other comprehensive loss:						
Beginning of year				$ (181)	$ (172)	$ (143)
Foreign currency translation adjustments, net of income tax				(30)	—	—
Net cash flow hedges, net of income tax				3	3	(9)
Pension and other postretirement benefits, net of income tax				59	(12)	(20)
End of year				$ (149)	$ (181)	$ (172)
Total shareholders' equity				$ 37,938	$ 37,653	$ 38,013

(1) See Note 1 - Significant Accounting Policies (Revenue Recognition - Retail Pharmacy Segment).

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1 Significant Accounting Policies

Description of business - CVS Caremark Corporation and its subsidiaries (the "Company") is the largest integrated pharmacy health care provider in the United States based upon revenues and prescriptions filled. The Company currently has three reportable business segments, Pharmacy Services, Retail Pharmacy and Corporate, which are described below.

Pharmacy Services Segment (the "PSS") - The PSS provides a full range of pharmacy benefit management services including mail order pharmacy services, specialty pharmacy services, plan design and administration, formulary management and claims processing. The Company's 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, the PSS manages the dispensing of pharmaceuticals through the Company's mail order pharmacies and national network of nearly 68,000 retail pharmacies, consisting of approximately 41,000 chain pharmacies and 27,000 independent pharmacies, to eligible members in the benefits plans maintained by the Company's clients and utilizes its information systems to perform, among other things, safety checks, drug interaction screenings and brand to generic substitutions.

The PSS' specialty pharmacies support individuals that require complex and expensive drug therapies. The specialty pharmacy business includes mail order and retail specialty pharmacies that operate under the CVS Caremark® and CarePlus CVS/pharmacy® names.

The PSS also provides health management programs, which include integrated disease management for 17 conditions, through the Company's Accordant® rare disease management offering.

In addition, through the Company's SilverScript Insurance Company ("SilverScript") subsidiary, the PSS is a national provider of drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program.

The PSS generates net revenues primarily by contracting with clients to provide prescription drugs to plan members. Prescription drugs are dispensed by the mail order pharmacies, specialty pharmacies and national network of retail pharmacies. Net revenues are also generated by providing additional services to clients, including administrative services such as claims processing and formulary management, as well as health care related services such as disease management.

The pharmacy services business operates under the CVS Caremark® Pharmacy Services, Caremark®, CVS Caremark®, CarePlus CVS/pharmacy®, RxAmerica®, Accordant®, SilverScript® and Novologix® names. As of December 31, 2013, the PSS operated 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies and four mail service dispensing pharmacies located in 22 states, Puerto Rico and the District of Columbia.

Retail Pharmacy Segment (the "RPS") - The RPS 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 the Company's CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® retail stores and online through CVS.com® and Onofre.com.br.

The RPS also provides health care services through its 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 December 31, 2013, the retail pharmacy business included 7,660 retail drugstores (of which 7,603 operated a pharmacy) located in 43 states, the District of Columbia, Puerto Rico and Brazil operating primarily under the CVS/pharmacy and Drogaria Onofre® names, the online retail websites, CVS.com and Onofre.com.br, and 800 retail health care clinics operating under the MinuteClinic® name (of which 792 were located in CVS/pharmacy stores).

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

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All intercompany balances and transactions have been eliminated.

Notes to Consolidated Financial Statements (continued)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value hierarchy - The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.
- Level 3 - Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions about risk.

Cash and cash equivalents - Cash and cash equivalents consist of cash and temporary investments with maturities of three months or less when purchased. The Company invests in short-term money market funds, commercial paper and time deposits, as well as other debt securities that are classified as cash equivalents within the accompanying consolidated balance sheets, as these funds are highly liquid and readily convertible to known amounts of cash. These investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Short-term investments - The Company's short-term investments consist of certificate of deposits with initial maturities of greater than three months when purchased. These investments, which were classified as available-for-sale within Level 1 of the fair value hierarchy, were carried at fair value, which approximated historical cost at December 31, 2013 and 2012.

Fair value of financial instruments - As of December 31, 2013, the Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and short-term debt. Due to the short-term nature of these instruments, the Company's carrying value approximates fair value. The carrying amount and estimated fair value of total long-term debt was $13.4 billion and $14.2 billion, respectively, as of December 31, 2013. The fair value of the Company's long-term debt was estimated based on quoted rates currently offered in active markets for the Company's debt, which is considered Level 1 of the fair value hierarchy. The Company had outstanding letters of credit, which guaranteed foreign trade purchases, with a fair value of $3.6 million as of December 31, 2013. There were no outstanding derivative financial instruments as of December 31, 2013 and 2012.

Foreign currency translation and transactions - For local currency functional locations, assets and liabilities are translated at end-of-period rates while revenues and expenses are translated at average rates in effect during the period. Equity is translated at historical rates and the resulting cumulative translation adjustments are included as a component of accumulated other comprehensive income/(loss).

For U.S. dollar functional currency locations, foreign currency assets and liabilities are remeasured into U.S. dollars at end-of-period exchange rates, except for non-monetary balance sheet accounts, which are remeasured at historical exchange rates. Revenue and expense are remeasured at average exchange rates in effect during each period, except for those expenses related to the nonmonetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in income.

Gains and losses arising from foreign currency transactions and the effects of remeasurements were not material for all period presented.

Accounts receivable - Accounts receivable are stated net of an allowance for doubtful accounts. The accounts receivable balance primarily includes amounts due from third party providers (e.g., pharmacy benefit managers, insurance companies and governmental agencies), clients and members, as well as vendors and manufacturers. Charges to bad debt are based on both historical write-offs and specifically identified receivables.

The activity in the allowance for doubtful accounts receivable for the years ended December 31 is as follows:

In millions	2013	2012	2011
Beginning balance	$ 243	$ 189	$ 182
Additions charged to bad debt expense	195	149	129
Write-offs charged to allowance	(182)	(95)	(122)
Ending balance	$ 256	$ 243	$ 189

Inventories - Prior to 2012, inventories were stated at the lower of cost or market on a first-in, first-out basis using the retail inventory method in the retail pharmacy stores, the weighted average cost method in the mail service and specialty pharmacies, and the cost method on a first-in, first-out basis in the distribution centers. Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the RPS to the weighted average cost method. See Note 2 for additional information regarding the accounting change. Physical inventory counts are taken on a regular basis in each store and a continuous cycle count process is the primary procedure used to validate the inventory balances on hand in each distribution center and mail facility to ensure that the amounts reflected in the accompanying consolidated financial statements are properly stated. During the interim period between physical inventory counts, the Company accrues for anticipated physical inventory losses on a location-by-location basis based on historical results and current trends.

Property and equipment - Property, equipment and improvements to leased premises are depreciated using the straight-line method over the estimated useful lives of the assets, or when applicable, the term of the lease, whichever is shorter. Estimated useful lives generally range from 10 to 40 years for buildings, building improvements and leasehold improvements and 3 to 10 years for fixtures, equipment and internally developed software. Repair and maintenance costs are charged directly to expense as incurred. Major renewals or replacements that substantially extend the useful life of an asset are capitalized and depreciated. Application development stage costs for significant internally developed software projects are capitalized and depreciated.

The following are the components of property and equipment at December 31:

In millions	2013	2012
Land	$ 1,460	$ 1,429
Building and improvements	2,694	2,614
Fixtures and equipment	8,419	7,928
Leasehold improvements	3,320	3,105
Software	1,515	1,230
	17,408	16,306
Accumulated depreciation and amortization	(8,793)	(7,674)
Property and equipment, net	$ 8,615	$ 8,632

The gross amount of property and equipment under capital leases was $260 million and $219 million as of December 31, 2013 and 2012, respectively. Accumulated amortization of property and equipment under capital lease was $74 million and $64 million as of December 31, 2013 and 2012, respectively. Amortization of property and equipment under capital lease is included within depreciation expense. Depreciation expense totaled $1.4 billion, $1.3 billion and $1.1 billion in 2013, 2012 and 2011, respectively.

Goodwill and other indefinitely-lived assets - Goodwill and other indefinitely-lived assets are not amortized, but are subject to impairment reviews annually, or more frequently if necessary. See Note 4 for additional information on goodwill and other indefinitely-lived assets.

Intangible assets - Purchased customer contracts and relationships are amortized on a straight-line basis over their estimated useful lives between 10 and 20 years. Purchased customer lists are amortized on a straight-line basis over their estimated useful lives of up to 10 years. Purchased leases are amortized on a straight-line basis over the remaining life of the lease. See Note 4 for additional information about intangible assets.

Impairment of long-lived assets - The Company groups and evaluates fixed and finite-lived intangible assets for impairment at the lowest level at which individual cash flows can be identified, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If indicators of impairment are present, the Company first compares the carrying amount of the asset group to the estimated future cash flows associated with the asset group (undiscounted and without

interest charges). If the estimated future cash flows used in this analysis are less than the carrying amount of the asset group, an impairment loss calculation is prepared. The impairment loss calculation compares the carrying amount of the asset group to the asset group's estimated future cash flows (discounted and with interest charges). If required, an impairment loss is recorded for the portion of the asset group's carrying value that exceeds the asset group's estimated future cash flows (discounted and with interest charges).

Redeemable noncontrolling interest — Through June 29, 2012, the Company had an approximately 60% ownership interest in Generation Health, Inc. ("Generation Health") and consolidated Generation Health in its consolidated financial statements. The nonemployee noncontrolling shareholders of Generation Health held put rights for the remaining interest in Generation Health that if exercised would require the Company to purchase the remaining interest in Generation Health in 2015 for a minimum of $26 million and a maximum of $159 million, depending on certain financial metrics of Generation Health in 2014. Since the noncontrolling shareholders of Generation Health had a redemption feature as a result of the put rights, the Company had classified the redeemable noncontrolling interest in Generation Health in the mezzanine section of the consolidated balance sheet outside of shareholders' equity. On June 29, 2012, the Company acquired the remaining 40% interest in Generation Health from minority shareholders and employee option holders for $26 million and $5 million, respectively, for a total of $31 million.

The following is a reconciliation of the changes in the redeemable noncontrolling interest for the years ended December 31, 2012 and 2011:

In millions	2012	2011
Beginning balance	$ 30	$ 34
Net loss attributable to noncontrolling interest	(2)	(4)
Purchase of noncontrolling interest	(26)	—
Reclassification to capital surplus in connection with purchase of noncontrolling interest	(2)	—
Ending balance	$ —	$ 30

Revenue Recognition

Pharmacy Services Segment - The PSS sells prescription drugs directly through its mail service dispensing pharmacies and indirectly through its retail pharmacy network. The PSS recognizes revenue from prescription drugs sold by its mail service dispensing pharmacies and under retail pharmacy network contracts where it is the principal using the gross method at the contract prices negotiated with its clients. Net revenues include: (i) the portion of the price the client pays directly to the PSS, net of any volume-related or other discounts paid back to the client (see "Drug Discounts" below), (ii) the price paid to the PSS by client plan members for mail order prescriptions ("Mail Co-Payments") and the price paid to retail network pharmacies by client plan members for retail prescriptions ("Retail Co-Payments"), and (iii) administrative fees for retail pharmacy network contracts where the PSS is not the principal as discussed below. Sales taxes are not included in revenue.

Revenue is recognized when: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. The following revenue recognition policies have been established for the PSS:

The PSS determines whether it is the principal or agent for its retail pharmacy network transactions on a contract by contract basis. In the majority of its contracts, the PSS has determined it is the principal due to it: (i) being the primary obligor in the arrangement, (ii) having latitude in establishing the price, changing the product or performing part of the service, (iii) having discretion in supplier selection, (iv) having involvement in the determination of product or service specifications, and (v) having credit risk. The PSS's obligations under its client contracts for which revenues are reported using the gross method are separate and distinct from its obligations to the third party pharmacies included in its retail pharmacy network contracts.

Pursuant to these contracts, the PSS is contractually required to pay the third party pharmacies in its retail pharmacy network for products sold, regardless of whether the PSS is paid by its clients. The PSS's responsibilities under its client contracts typically include validating eligibility and coverage levels, communicating the prescription price and the co-payments due to the third party retail pharmacy, identifying possible adverse drug interactions for the pharmacist to address with the prescriber prior to dispensing, suggesting generic alternatives where clinically appropriate and approving the prescription for dispensing. Although the PSS does not have credit risk with respect to Retail Co-Payments, management believes that all of the other applicable indicators of gross revenue reporting are present. For contracts under which the PSS acts as an agent, revenue is recognized using the net method.

Drug Discounts - The PSS deducts from its revenues any rebates, inclusive of discounts and fees, earned by its clients. Rebates are paid to clients in accordance with the terms of client contracts, which are normally based on fixed rebates per prescription for specific products dispensed or a percentage of manufacturer discounts received for specific products dispensed. The liability for rebates due to clients is included in "Claims and discounts payable" in the accompanying consolidated balance sheets.

Medicare Part D - The PSS, through its SilverScript Insurance Company subsidiary, participates in the Federal Government's Medicare Part D program as a Prescription Drug Plan ("PDP"). Net revenues include insurance premiums earned by the PDP, which are determined based on the PDP's annual bid and related contractual arrangements with the Centers for Medicare and Medicaid Services ("CMS"). The insurance premiums include a direct premium paid by CMS and a beneficiary premium, which is the responsibility of the PDP member, but is subsidized by CMS in the case of low-income members. Premiums collected in advance are initially deferred in accrued expenses and are then recognized in net revenues over the period in which members are entitled to receive benefits.

In addition to these premiums, net revenues include co-payments, coverage gap benefits, deductibles and co-insurance (collectively, the "Member Co-Payments") related to PDP members' actual prescription claims. In certain cases, CMS subsidizes a portion of these Member Co-Payments and pays the PSS an estimated prospective Member Co-Payment subsidy amount each month. The prospective Member Co-Payment subsidy amounts received from CMS are also included in net revenues. The Company assumes no risk for these amounts. If the prospective Member Co-Payment subsidies received differ from the amounts based on actual prescription claims, the difference is recorded in either accounts receivable or accrued expenses.

The PSS accounts for CMS obligations and Member Co-Payments (including the amounts subsidized by CMS) using the gross method consistent with its revenue recognition policies for Mail Co-Payments and Retail Co-Payments (discussed previously in this document).

Retail Pharmacy Segment - The RPS recognizes revenue from the sale of merchandise (other than prescription drugs) at the time the merchandise is purchased by the retail customer. Prior to the fourth quarter of 2013, revenue from the sale of prescription drugs was recognized at the time the prescription was filled as opposed to upon delivery as required under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification 605, *Revenue Recognition*. For substantially all prescriptions, the fill date and the delivery date occur in the same reporting period. The effect on both revenue and income of recording prescription drug sales upon fill as opposed to delivery is immaterial. During the fourth quarter of 2013, the Company began recognizing revenue from the sale of prescription drugs when the prescription is picked up by the customer. This immaterial error correction is reflected in all annual and quarterly financial statements presented. For the year ended December 31, 2012, the correction reduced net revenues and net income attributable to CVS Caremark by $13 million and $13 million. For the year ended December 31, 2011, the correction reduced net revenues by $20 million and increased net income attributable to CVS Caremark by $1 million. Diluted earnings per share from net income attributable to CVS Caremark was reduced by $0.01 for the year ended December 31, 2012. There was no impact on diluted earnings per share from net income attributable to CVS Caremark in any other annual or interim period impacted by the immaterial error correction. The adjustment increased total assets and total liabilities by $309 million and $360 million as of December 31, 2012 and decreased retained earnings by $38 million and $39 million as of December 31, 2011 and 2010, respectively.

Customer returns are not material. Revenue generated from the performance of services in the RPS's health care clinics is recognized at the time the services are performed. Sales taxes are not included in revenue.

See Note 13 for additional information about the revenues of the Company's business segments.

Notes to Consolidated Financial Statements (continued)

Cost of revenues

Pharmacy Services Segment - The PSS' cost of revenues includes: (i) the cost of prescription drugs sold during the reporting period directly through its mail service dispensing pharmacies and indirectly through its retail pharmacy network, (ii) shipping and handling costs, and (iii) the operating costs of its mail service dispensing pharmacies and client service operations and related information technology support costs including depreciation and amortization. The cost of prescription drugs sold component of cost of revenues includes: (i) the cost of the prescription drugs purchased from manufacturers or distributors and shipped to members in clients' benefit plans from the PSS' mail service dispensing pharmacies, net of any volume-related or other discounts (see "Vendor allowances and purchase discounts" below) and (ii) the cost of prescription drugs sold (including Retail Co-Payments) through the PSS' retail pharmacy network under contracts where it is the principal, net of any volume-related or other discounts.

Retail Pharmacy Segment - The RPS' cost of revenues includes: the cost of merchandise sold during the reporting period and the related purchasing costs, warehousing and delivery costs (including depreciation and amortization) and actual and estimated inventory losses.

See Note 13 for additional information about the cost of revenues of the Company's business segments.

Vendor allowances and purchase discounts

The Company accounts for vendor allowances and purchase discounts as follows:

Pharmacy Services Segment - The PSS receives purchase discounts on products purchased. The PSS' contractual arrangements with vendors, including manufacturers, wholesalers and retail pharmacies, normally provide for the PSS to receive purchase discounts from established list prices in one, or a combination, of the following forms: (i) a direct discount at the time of purchase, (ii) a discount for the prompt payment of invoices, or (iii) when products are purchased indirectly from a manufacturer (e.g., through a wholesaler or retail pharmacy), a discount (or rebate) paid subsequent to dispensing. These rebates are recognized when prescriptions are dispensed and are generally calculated and billed to manufacturers within 30 days of the end of each completed quarter. Historically, the effect of adjustments resulting from the reconciliation of rebates recognized to the amounts billed and collected has not been material to the PSS' results of operations. The PSS accounts for the effect of any such differences as a change in accounting estimate in the period the reconciliation is completed. The PSS also receives additional discounts under its wholesaler contracts if it exceeds contractually defined annual purchase volumes. In addition, the PSS receives fees from pharmaceutical manufacturers for administrative services. Purchase discounts and administrative service fees are recorded as a reduction of "Cost of revenues".

Retail Pharmacy Segment - Vendor allowances received by the RPS reduce the carrying cost of inventory and are recognized in cost of revenues when the related inventory is sold, unless they are specifically identified as a reimbursement of incremental costs for promotional programs and/or other services provided. Amounts that are directly linked to advertising commitments are recognized as a reduction of advertising expense (included in operating expenses) when the related advertising commitment is satisfied. Any such allowances received in excess of the actual cost incurred also reduce the carrying cost of inventory. The total value of any upfront payments received from vendors that are linked to purchase commitments is initially deferred. The deferred amounts are then amortized to reduce cost of revenues over the life of the contract based upon purchase volume. The total value of any upfront payments received from vendors that are not linked to purchase commitments is also initially deferred. The deferred amounts are then amortized to reduce cost of revenues on a straight-line basis over the life of the related contract. The total amortization of these upfront payments was not material to the accompanying consolidated financial statements.

Insurance - The Company is self-insured for certain losses related to general liability, workers' compensation and auto liability. The Company obtains third party insurance coverage to limit exposure from these claims. The Company is also self-insured for certain losses related to health and medical liabilities. The Company's self-insurance accruals, which include reported claims and claims incurred but not reported, are calculated using standard insurance industry actuarial assumptions and the Company's historical claims experience.

Facility opening and closing costs - New facility opening costs, other than capital expenditures, are charged directly to expense when incurred. When the Company closes a facility, the present value of estimated unrecoverable costs, including the remaining lease obligation less estimated sublease income and the book value of abandoned property and equipment, are charged to expense. The long-term portion of the lease obligations associated with facility closings was $246 million and $288 million in 2013 and 2012, respectively.

Advertising costs - Advertising costs are expensed when the related advertising takes place. Advertising costs, net of vendor funding (included in operating expenses), were $177 million, $221 million and $211 million in 2013, 2012 and 2011, respectively.

Interest expense, net - Interest expense, net of capitalized interest, was $517 million, $561 million and $588 million, and interest income was $8 million, $4 million and $4 million in 2013, 2012 and 2011, respectively. Capitalized interest totaled $25 million, $29 million and $37 million in 2013, 2012 and 2011, respectively.

Shares held in trust - The Company maintains grantor trusts, which held approximately 1 million shares of its common stock at December 31, 2013 and 2012, respectively. These shares are designated for use under various employee compensation plans. Since the Company holds these shares, they are excluded from the computation of basic and diluted shares outstanding.

Accumulated other comprehensive loss - Accumulated other comprehensive loss consists of changes in the net actuarial gains and losses associated with pension and other postretirement benefit plans, unrealized losses on derivatives from cash flow hedges executed in previous years associated with the issuance of long-term debt, and foreign currency translation adjustments. The amount included in accumulated other comprehensive loss related to the Company's pension and postretirement plans was $172 million pre-tax ($106 million after-tax) as of December 31, 2013 and $268 million pre-tax ($165 million after-tax) as of December 31, 2012. The net impact on cash flow hedges totaled $22 million pre-tax ($13 million after-tax) and $26 million pre-tax ($16 million after-tax) as of December 31, 2013 and 2012, respectively. Cumulative foreign currency translation adjustments at December 31, 2013 were $30 million.

Changes in accumulated other comprehensive income (loss) by component are shown below:

	Year Ended December 31, 2013[1]				
In millions	Losses on Cash Flow Hedges	Pension and Other Postretirement Benefits	Foreign Currency	Total	Stock-based
Balance, December 31, 2012	$ (16)	$ (165)	$ —	$ (181)	
Other comprehensive income (loss) before reclassifications	—	—	(30)	(30)	
Amounts reclassified from accumulated other comprehensive income [2]	3	59	—	62	
Net other comprehensive income (loss)	3	59	(30)	32	
Balance, December 31, 2013	$ (13)	$ (106)	$ (30)	$ (149)	

compensation - Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the applicable requisite service period of the stock award (generally 3 to 5 years) using the straight-line method. Stock-based compensation is included in operating expenses.

Related party transactions - The Company has an equity method investment in SureScripts, LLC ("SureScripts"), which operates a clinical health information network. The Pharmacy Services and Retail Pharmacy segments utilize this clinical health information network in providing services to its client plan members and retail customers. The Company expensed fees of approximately $48 million, $32 million and $28 million in the years ended December 31, 2013, 2012 and 2011, respectively, for the use of this network.

The Company's investment in and equity in earnings in SureScripts for all periods presented is immaterial.

Income taxes - The Company provides for income taxes currently payable, as well as for those deferred because of timing differences between reported income and expenses for financial statement purposes versus income tax return purposes. Income tax credits are recorded as a reduction of income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax return purposes. Deferred income tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be

recoverable or settled. The effect of a change in income tax rates is recognized as income or expense in the period of the change.

Earnings per common share - Basic earnings per common share is computed by dividing: (i) net earnings by (ii) the weighted average number of common shares outstanding during the year (the "Basic Shares"). Diluted earnings per common share is computed by dividing: (i) net earnings by (ii) Basic Shares plus the additional shares that would be issued assuming that all dilutive stock awards are exercised. Options to purchase 6.2 million, 5.9 million and 30.5 million shares of common stock were outstanding as of December 31, 2013, 2012 and 2011, respectively, but were not included in the calculation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

New Accounting Pronouncements

In July 2012, the FASB issued Accounting Standards Update ("ASU") 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* ("ASU 2012-02"). ASU 2012-02 allows entities to use a qualitative approach to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount and recognize an impairment loss, if any, to the extent the carrying value exceeds its fair value. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of ASU 2012-02 did not have a material effect on the Company's consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). ASU 2013-02 adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The additional disclosures include: (1) changes in accumulated other comprehensive income balances by component and (2) significant items reclassified out of accumulated other comprehensive income. The changes in accumulated other comprehensive income balance by component will be disaggregated to separately present reclassification adjustments and current-period other comprehensive income. Significant items reclassified out of accumulated other comprehensive income by component are required to be presented either on the face of the statement of income or as separate disclosure in the notes to the financial statements. These additional disclosures may be presented before-tax or net-of-tax as long as the income tax benefit or expense attributed to each component of other comprehensive income and reclassification adjustments is presented in the financial statement or in the notes to the financial statements. ASU 2013-02 is effective for interim and annual periods beginning after December 15, 2012 and should be applied prospectively. The adoption of ASU 2013-02 did not have a material effect on the Company's consolidated financial statements. The expanded disclosures have been included in Note 1 to these consolidated financial statements.

2 Changes in Accounting Principle

Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the RPS. Prior to 2012, the Company valued prescription drug inventories at the lower of cost or market on a first-in, first-out ("FIFO") basis in retail pharmacies using the retail inventory method and in distribution centers using the FIFO cost method. Effective January 1, 2012, all prescription drug inventories in the RPS have been valued at the lower of cost or market using the weighted average cost method. These changes affected approximately 51% of consolidated inventories as of January 1, 2012.

These changes were made primarily to bring all of the pharmacy operations of the Company to a common inventory valuation methodology and to provide the Company with better information to manage its retail pharmacy operations. The Company believes the weighted average cost method is preferable to the retail inventory method and the FIFO cost method because it results in greater precision in the determination of cost of revenues and inventories by specific drug product and results in a consistent inventory valuation method for all of the Company's prescription drug inventories as the PSS's mail service and specialty pharmacies were already on the weighted average cost method. Most of these mail service and specialty pharmacies in the PSS were acquired in the Company's 2007 acquisition of Caremark Rx, Inc.

The Company recorded the cumulative effect of these changes in accounting principle as of January 1, 2012. The Company determined that retrospective application for periods prior to 2012 is impracticable, as the period-specific information necessary to value prescription drug inventories in the Retail Pharmacy Segment under the weighted average cost method is unavailable. The Company implemented a new pharmacy cost accounting system to value prescription drug inventory as of January 1, 2012 and calculated the cumulative impact. The effect of these changes in accounting principle as of January 1, 2012

was a decrease in inventories of $146 million, an increase in current deferred income tax assets of $57 million and a decrease in retained earnings of $89 million.

Had the Company not made these changes in accounting principle, for the year ended December 31, 2012, income from continuing operations and net income attributable to CVS Caremark would have been approximately $19 million lower. For the year ended December 31, 2012, basic and diluted earnings per common share for income from continuing operations attributable to CVS Caremark and net income attributable to CVS Caremark would have been reduced by $0.01.

3 Discontinued Operations

On November 1, 2011, the Company sold its TheraCom, L.L.C. ("TheraCom") subsidiary to AmerisourceBergen Corporation for $250 million, plus a working capital adjustment of $7 million which the Company received in March 2012. TheraCom is a provider of commercialization support services to the biotech and pharmaceutical industries. The TheraCom business had historically been part of the Company's PSS. The results of the TheraCom business are presented as discontinued operations and have been excluded from both continuing operations and segment results for all periods presented.

In connection with certain business dispositions completed between 1991 and 1997, the Company retained guarantees on store lease obligations for a number of former subsidiaries, including Linens 'n Things which filed for bankruptcy in 2008. The Company's income (loss) from discontinued operations includes lease-related costs which the Company believes it will likely be required to satisfy pursuant to its Linens 'n Things lease guarantees.

Below is a summary of the results of discontinued operations for the years ended December 31:

In millions	2013	2012	2011
Net revenues of TheraCom	$ —	$ —	$ 650
Income from operations of TheraCom	$ —	$ —	$ 18
Gain on disposal of TheraCom	—	—	53
Loss on disposal of Linens 'n Things	(12)	(12)	(7)
Income tax benefit (provision)	4	5	(95)
Loss from discontinued operations, net of tax	$ (8)	$ (7)	$ (31)

4 Goodwill and Other Intangibles

Goodwill and other indefinitely-lived assets are not amortized, but are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate an impairment may exist.

When evaluating goodwill for potential impairment, the Company first compares the fair value of its two reporting units, the PSS and RPS, to their respective carrying amounts. The Company estimates the fair value of its reporting units using a combination of a future discounted cash flow valuation model and a comparable market transaction model. If the estimated fair value of the reporting unit is less than its carrying amount, an impairment loss calculation is prepared. The impairment loss calculation compares the implied fair value of a reporting unit's goodwill with the carrying amount of its goodwill. If the carrying amount of the goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to the excess. During the third quarter of 2013, the Company performed its required annual goodwill impairment tests. The Company concluded there were no goodwill impairments as of the testing date. The carrying amount of goodwill was $26.5 billion and $26.4 billion as of December 31, 2013 and 2012, respectively (see Note 13 for a breakdown of goodwill by segment). During the year ended December 31, 2013, goodwill increased $12 million in PSS and $135 million in RPS for a total increase of $147 million. The increase in PSS was primarily due to an immaterial acquisition. The $135 million net increase in RPS was due to an immaterial acquisition which increased goodwill by $160 million, which was partially offset by a decrease of $25 million related to foreign currency translation adjustments.

Indefinitely-lived intangible assets are tested for impairment by comparing the estimated fair value of the asset to its carrying value. The Company estimates the fair value of its indefinitely-lived trademark using the relief from royalty method under the income approach. If the carrying value of the asset exceeds its estimated fair value, an impairment loss is recognized and the asset is written down to its estimated fair value. During the third quarter of 2013, the Company performed its annual

impairment test of the indefinitely-lived trademark and concluded there was no impairment as of the testing date. The carrying amount of its indefinitely-lived trademark was $6.4 billion as of December 31, 2013 and 2012.

The Company amortizes intangible assets with finite lives over the estimated useful lives of the respective assets, which have a weighted average useful life of 13.0 years. The weighted average useful lives of the Company's customer contracts and relationships and covenants not to compete are 12.5 years. The weighted average lives of the Company's favorable leases and other intangible assets are 17.1 years. Amortization expense for intangible assets totaled $494 million, $486 million and $452 million in 2013, 2012 and 2011, respectively. The anticipated annual amortization expense for these intangible assets for the next five years is $457 million in 2014, $427 million in 2015, $398 million in 2016, $375 million in 2017 and $357 million in 2018.

The following table is a summary of the Company's intangible assets as of December 31:

	2013			2012		
In millions	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark (indefinitely-lived)	$ 6,398	$ —	$ 6,398	$ 6,398	$ —	$ 6,398
Customer contracts and relationships and covenants not to compete	5,840	(3,083)	2,757	5,745	(2,812)	2,933
Favorable leases and other	800	(426)	374	802	(380)	422
	$ 13,038	$ (3,509)	$ 9,529	$ 12,945	$ (3,192)	$ 9,753

5 Share Repurchase Programs

On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program"). On August 23, 2011, the Company's Board of Directors authorized a share repurchase program for up to $4.0 billion of outstanding common stock (the "2011 Repurchase Program"). On June 14, 2010, our Board of Directors authorized a share repurchase program for up to $2.0 billion of outstanding common stock (the "2010 Repurchase Program"). The share repurchase authorizations, each of which was effective immediately, permitted the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The 2013 and 2012 Repurchase Programs may be modified or terminated by the Board of Directors at any time. The 2011 and 2010 Repurchase Programs have been completed, as described below.

Pursuant to the authorization under the 2012 Repurchase Program, effective October 1, 2013, the Company entered into a $1.7 billion fixed dollar accelerated share repurchase ("ASR") agreement with Barclays Bank PLC ("Barclays"). Upon payment of the $1.7 billion purchase price on October 1, 2013, the Company received a number of shares of its common stock equal to 50% of the $1.7 billion notional amount of the ASR agreement or approximately 14.9 million shares at a price of $56.88 per share. The Company received approximately 11.7 million shares of common stock on December 30, 2013 at an average price of $63.83 per share, representing the remaining 50% of the $1.7 billion notional amount of the ASR agreement and thereby concluding the agreement. The total of 26.6 million shares of common stock delivered to the Company by Barclays over the term of the October 2013 ASR agreement were placed into treasury stock.

Pursuant to the authorizations under the 2011 and 2012 Repurchase Programs, on September 19, 2012, the Company entered into a $1.2 billion fixed dollar ASR agreement with Barclays. Upon payment of the $1.2 billion purchase price on September 20, 2012, the Company received a number of shares of its common stock equal to 50% of the $1.2 billion notional amount of the ASR agreement or approximately 12.6 million shares at a price of $47.71 per share. The Company received approximately 13.0 million shares of common stock on November 16, 2012 at an average price of $46.96 per share, representing the remaining 50% of the $1.2 billion notional amount of the ASR agreement and thereby concluding the agreement. The total of 25.6 million shares of common stock delivered to the Company by Barclays over the term of the September 2012 ASR agreement were placed into treasury stock.

Pursuant to the authorization under the 2011 Repurchase Program, on August 24, 2011, the Company entered into a $1.0 billion fixed dollar ASR agreement with Barclays. The ASR agreement contained provisions that establish the minimum and maximum number of shares to be repurchased during its term. Pursuant to the ASR agreement, on August 25, 2011, the

Company paid $1.0 billion to Barclays in exchange for Barclays delivering 20.3 million shares of common stock to the Company. On September 16, 2011, upon establishment of the minimum number of shares to be repurchased, Barclays delivered an additional 5.4 million shares of common stock to the Company. At the conclusion of the transaction on December 28, 2011, Barclays delivered a final installment of 1.6 million shares of common stock on December 29, 2011. The aggregate 27.3 million shares of common stock delivered to the Company by Barclays, were placed into treasury stock. This represented all the repurchases that occurred during the year ended December 31, 2011 under the 2011 Repurchase Program.

Each of the ASR transactions described above were accounted for as an initial treasury stock transaction and a forward contract. The forward contract was classified as an equity instrument. The initial repurchase of the shares and delivery of the remainder of the shares to conclude each ASR, resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted net income per share.

During the year ended December 31, 2013, the Company repurchased an aggregate of 66.2 million shares of common stock for approximately $4.0 billion under the 2012 Repurchase Program, which includes shares received from the October 2013 ASR agreement described above. As of December 31, 2013, there remained an aggregate of approximately $6.7 billion available for future repurchases under the 2013 and 2012 Repurchase Programs.

During the year ended December 31, 2012, the Company repurchased an aggregate of 95.0 million shares of common stock for approximately $4.3 billion under the 2012 and 2011 Repurchase Programs, which includes shares received from the September 2012 ASR agreement described above. As of December 31, 2012, the 2011 Repurchase Program was complete.

During the year ended December 31, 2011, the Company repurchased an aggregate of 56.4 million shares of common stock for approximately $2.0 billion, completing the 2010 Repurchase Program.

6 Borrowing and Credit Agreements

The following table is a summary of the Company's borrowings as of December 31:

In millions	2013	2012
Commercial paper	$ —	$ 690
4.875% senior notes due 2014	550	550

3.25% senior notes due 2015	550	550
1.2% senior notes due 2016	750	—
6.125% senior notes due 2016	421	421
5.75% senior notes due 2017	1,310	1,310
2.25% senior notes due 2018	1,250	—
6.6% senior notes due 2019	394	394
4.75% senior notes due 2020	450	450
4.125% senior notes due 2021	550	550
2.75% senior notes due 2022	1,250	1,250
4.0% senior notes due 2023	1,250	—
6.25% senior notes due 2027	1,000	1,000
6.125% senior notes due 2039	1,500	1,500
5.75% senior notes due 2041	950	950
5.3% senior notes due 2043	750	—
Enhanced Capital Advantage Preferred Securities due 2062[a]	41	41
Deferred acquisition payables due 2015-2017[b]	42	—
Mortgage notes payable	4	1
Capital lease obligations	390	171
	13,402	9,828
Less:		
Short-term debt (commercial paper)	—	(690)
Current portion of long-term debt	(561)	(5)
	$ 12,841	$ 9,133

The Company had no commercial paper outstanding as of December 31, 2013. In connection with its commercial paper program, the Company maintains a $1.25 billion, four-year unsecured back-up credit facility, which expires on May 23, 2016, a $1.25 billion, five-year unsecured back-up credit facility, which expires on February 17, 2017, and a $1.0 billion, five-year unsecured back-up credit facility, which expires on May 23, 2018. The credit facilities allow for borrowings at various rates that are dependent, in part, on the Company's public debt ratings and require the Company to pay a weighted average quarterly facility fee of approximately 0.03%, regardless of usage. As of December 31, 2013, there were no borrowings outstanding under the back-up credit facilities. The weighted average interest rate for short-term debt was 0.27% as of December 31, 2013 and 0.35% as of December 31, 2012.

On December 2, 2013, the Company issued $750 million of 1.2% unsecured senior notes due December 5, 2016; $1.25 billion of 2.25% unsecured senior notes due December 5, 2018; $1.25 billion of 4.0% unsecured senior notes due December 5, 2023; and $750 million of 5.3% unsecured senior notes due December 5, 2043 (the "2013 Notes") for total proceeds of approximately $4.0 billion, net of discounts and underwriting fees. The 2013 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at the Company's option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2013 Notes were used to repay commercial paper outstanding at the time of issuance and to fund the acquisition of Coram LLC in January 2014 (See Note 15). The remainder will be used for general corporate purposes.

On November 26, 2012, the Company issued $1.25 billion of 2.75% unsecured senior notes due December 1, 2022 (the "2012 Notes") for total proceeds of approximately $1.24 billion, net of discounts and underwriting fees. The 2012 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at the Company's option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2012 Notes were used for general corporate purposes and to repay certain corporate debt.

On November 26, 2012, the Company announced tender offers for any and all of the 6.6% Senior Notes due 2019, and up to a maximum amount of the 6.125% Senior Notes due 2016 and 5.75% Senior Notes due 2017, for up to an aggregate principal amount of $1.0 billion. In December 2012, the Company increased the aggregate principal amount of the tender offers to $1.325 billion and completed the repurchase for the maximum amount. The Company paid a premium of $332 million in excess of the debt principal in connection with the tender offers, wrote off $13 million of unamortized deferred financing costs and incurred $3 million in fees, for a total loss on the early extinguishment of debt of $348 million The loss was recorded in income from continuing operations on the consolidated statement of income.

In connection with the Company's acquisition of the UAM Medicare Part D Business in April 2011, the Company assumed $110 million of long-term debt in the form of Trust Preferred Securities that mature through 2037. During the years ended December 31, 2012 and 2011, the Company repaid $50 million and $60 million, respectively, of the Trust Preferred Securities at par.

On May 12, 2011, the Company issued $550 million of 4.125% unsecured senior notes due May 15, 2021 and issued $950 million of 5.75% unsecured senior notes due May 15, 2041 (collectively, the "2011 Notes") for total proceeds of approximately $1.5 billion, net of discounts and underwriting fees. The 2011 Notes pay interest semi-annually and may be redeemed, in whole at any time, or in part from time to time, at the Company's option at a defined redemption price plus accrued and unpaid interest to the redemption date. The net proceeds of the 2011 Notes were used to repay commercial paper borrowings and certain other corporate debt, and were used for general corporate purposes.

In December 2011 and July 2012, the Company repurchased $958 million and $1 million of the principal amount of its ECAPS at par. The fees and write-off of deferred issuance costs associated with the early extinguishment of the ECAPS were de minimis. The remaining $41 million of outstanding ECAPS at December 31, 2013 are due in 2062. The ECAPS pay interest semi-annually and may be redeemed at any time, in whole or in part at a defined redemption price plus accrued interest.

The credit facilities, back-up credit facilities, unsecured senior notes and ECAPS contain customary restrictive financial and operating covenants. The covenants do not materially affect the Company's financial or operating flexibility.

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2013 are $561 million in 2014, $576 million in 2015, $1.2 billion in 2016, $1.3 billion in 2017 and $1.3 billion in 2018.

7 Leases

The Company leases most of its retail and mail order locations, ten of its distribution centers and certain corporate offices under non-cancelable operating leases, typically with initial terms of 15 to 25 years and with options that permit renewals for additional periods. The Company also leases certain equipment and other assets under noncancelable operating leases, typically with initial terms of 3 to 10 years. Minimum rent is expensed on a straight-line basis over the term of the lease. In addition to minimum rental payments, certain leases require additional payments based on sales volume, as well as reimbursement for real estate taxes, common area maintenance and insurance, which are expensed when incurred.

The following table is a summary of the Company's net rental expense for operating leases for the years ended December 31:

In millions	2013	2012	2011
Minimum rentals	$ 2,210	$ 2,165	$ 2,087
Contingent rentals	41	48	49
	2,251	2,213	2,136
Less: sublease income	(21)	(20)	(19)
	$ 2,230	$ 2,193	$ 2,117

Notes to Consolidated Financial Statements (continued)

The following table is a summary of the future minimum lease payments under capital and operating leases as of December 31, 2013:

In millions	Capital Leases	Operating Leases[(1)]
2014	$ 46	$ 2,175
2015	46	2,129
2016	47	2,055
2017	47	1,964
2018	47	1,853
Thereafter	556	16,914
Total future lease payments	789	$ 27,090
Less: imputed interest	(399)	
Present value of capital lease obligations	$ 390	

The Company finances a portion of its store development program through sale-leaseback transactions. The properties are generally sold at net book value, which generally approximates fair value, and the resulting leases generally qualify and are accounted for as operating leases. The operating leases that resulted from these transactions are included in the above table. The Company does not have any retained or contingent interests in the stores and does not provide any guarantees, other than a guarantee of lease payments, in connection with the sale-leaseback transactions. Proceeds from sale-leaseback transactions totaled $600 million in 2013, $529 million in 2012 and $592 million in 2011.

8 Medicare Part D

The Company offers Medicare Part D benefits through SilverScript, which has contracted with CMS to be a PDP and, pursuant to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA"), must be a risk-bearing entity regulated under state insurance laws or similar statutes.

SilverScript is a licensed domestic insurance company under the applicable laws and regulations. Pursuant to these laws and regulations, SilverScript must file quarterly and annual reports with the National Association of Insurance Commissioners ("NAIC") and certain state regulators, must maintain certain minimum amounts of capital and surplus under a formula established by the NAIC and must, in certain circumstances, request and receive the approval of certain state regulators before making dividend payments or other capital distributions to the Company. The Company does not believe these limitations on dividends and distributions materially impact its financial position.

The Company has recorded estimates of various assets and liabilities arising from its participation in the Medicare Part D program based on information in its claims management and enrollment systems. Significant estimates arising from its participation in this program include: (i) estimates of low-income cost subsidy, reinsurance amounts, and coverage gap discount amounts ultimately payable to or receivable from CMS based on a detailed claims reconciliation that will occur in the following year; (ii) an estimate of amounts receivable from or payable to CMS under a risk-sharing feature of the Medicare Part D program design, referred to as the risk corridor and (iii) estimates for claims that have been reported and are in the process of being paid or contested and for our estimate of claims that have been incurred but have not yet been reported.

As of December 31, 2013 and 2012, amounts due from CMS included in accounts receivable were $2.4 billion and $0.7 billion, respectively.

9 Pension Plans and Other Postretirement Benefits

Defined Contribution Plans

The Company sponsors voluntary 401(k) savings plans that cover substantially all employees who meet plan eligibility requirements. The Company makes matching contributions consistent with the provisions of the plans.

At the participant's option, account balances, including the Company's matching contribution, can be moved without restriction among various investment options, including the Company's common stock fund under one of the defined contribution plans. The Company also maintains a nonqualified, unfunded Deferred Compensation Plan for certain key employees. This plan provides participants the opportunity to defer portions of their eligible compensation and receive matching contributions equivalent to what they could have received under the CVS Caremark 401(k) Plan absent certain restrictions and limitations under the Internal Revenue Code. The Company's contributions under the above defined contribution plans were $235 million, $199 million and $187 million in 2013, 2012 and 2011, respectively.

Other Postretirement Benefits

The Company provides postretirement health care and life insurance benefits to certain retirees who meet eligibility requirements. The Company's funding policy is generally to pay covered expenses as they are incurred. For retiree medical plan accounting, the Company reviews external data and its own historical trends for health care costs to determine the health care cost trend rates. As of December 31, 2013 and 2012, the Company's other postretirement benefits have an accumulated postretirement benefit obligation of $27 million and $16 million, respectively. Net periodic benefit costs related to these other postretirement benefits were approximately $11 million in 2013 and $1 million in 2012 and 2011. The net periodic benefit costs for 2013 include a settlement loss of $8 million.

Pursuant to various labor agreements, the Company also contributes to multiemployer health and welfare plans that cover certain union-represented employees. The plans provide postretirement health care and life insurance benefits to certain employees who meet eligibility requirements. Total Company contributions to multiemployer health and welfare plans were $55 million, $50 million and $47 million in 2013, 2012 and 2011, respectively.

Pension Plans

During the year ended December 31, 2013, the Company sponsored ten defined benefit pension plans. Four of the plans are tax-qualified plans that are funded based on actuarial calculations and applicable federal laws and regulations. The other six plans are unfunded nonqualified supplemental retirement plans. Most of the plans were frozen in prior periods. During the years ended December 31, 2012 and 2011, the Company had a total of nine defined benefit pension plans.

As of December 31, 2013, the Company's pension plans had a projected benefit obligation of $694 million and plan assets of $568 million. As of December 31, 2012, the Company's pension plans had a projected benefit obligation of $758 million and plan assets of $527 million. Actual return on plan assets was $49 million and $62 million in 2013 and 2012, respectively. Net periodic pension costs related to these pension plans were $19 million, $31 million and $49 million in 2013, 2012 and 2011, respectively. The net periodic pension costs for 2012 include a curtailment loss of $2 million. The net periodic pension costs for 2011 include a settlement loss of $25 million due to the impact of lump sum payouts.

The discount rate is determined by examining the current yields observed on the measurement date of fixed-interest, high quality investments expected to be available during the period to maturity of the related benefits on a plan by plan basis. The discount rate for the plans was 4.75% in 2013 and 4.0% in 2012. The expected long-term rate of return on plan assets is determined by using the plan's target allocation and historical returns for each asset class on a plan by plan basis. The expected long-term rate of return for all plans was 7.25% in 2013, 2012 and 2011.

Historically, the Company used an investment strategy which emphasized equities in order to produce higher expected returns, and in the long run, lower expected expense and cash contribution requirements. The qualified pension plan asset allocation targets were 50% equity and 50% fixed income for 2012 and 2011. Beginning in 2013, the Company changed its investment strategy to be liability management driven. The qualified pension plan asset allocation targets in 2013 were revised to hold more fixed income investments based on the change in the investment strategy. Investment allocations for the four qualified defined benefit plans range from 60% to 85% in fixed income and 15% to 40% in equities as of December 31, 2013.

As of December 31, 2013, the Company's qualified defined benefit pension plan assets consisted of 23% equity, 76% fixed income and 1% money market securities of which 17% were classified as Level 1 and 83% as Level 2 in the fair value hierarchy. The Company's qualified defined benefit pension plan assets as of December 31, 2012 consisted of 50% equity, 48% fixed income and 2% money market securities of which 84% were classified as Level 1 and 16% as Level 2 in the fair value hierarchy.

The Company contributed $33 million, $36 million and $92 million to the pension plans during 2013, 2012 and 2011, respectively. The Company plans to make approximately $41 million in contributions to the pension plans during 2014.

The Company also contributes to a number of multiemployer pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer pension plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and (iii) if the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

None of the multiemployer pension plans in which the Company participates are individually significant to the Company. Total Company contributions to multiemployer pension plans were $13 million, $12 million and $11 million in 2013, 2012 and 2011, respectively.

10 Stock Incentive Plans

Stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense over the applicable requisite service period of the stock award (generally three to five years) using the straight-line method. Stock-based compensation costs are included in selling, general and administrative expenses.

Compensation expense related to stock options, which includes the 2007 Employee Stock Purchase Plan (the "2007 ESPP") totaled $100 million, $102 million and $112 million for 2013, 2012 and 2011, respectively. The recognized tax benefit was $32 million, $33 million and $38 million for 2013, 2012 and 2011, respectively Compensation expense related to restricted stock awards totaled $41 million, $30 million and $21 million for 2013, 2012 and 2011, respectively.

The 2007 ESPP provides for the purchase of up to 15 million shares of common stock. In March 2013, the Board of Directors approved an amendment to the 2007 ESPP to provide an additional 15 million shares of common stock for issuance. Under the 2007 ESPP, eligible employees may purchase common stock at the end of each six month offering period at a purchase price equal to 85% of the lower of the fair market value on the first day or the last day of the offering period. During 2013, approximately 2 million shares of common stock were purchased under the provisions of the 2007 ESPP at an average price of $41.44 per share. As of December 31, 2013, approximately 17 million shares of common stock were available for issuance under the 2007 ESPP.

The fair value of stock-based compensation associated with the 2007 ESPP is estimated on the date of grant (the first day of the six month offering period) using the Black-Scholes Option Pricing Model.

The following table is a summary of the assumptions used to value the ESPP awards for each of the respective periods:

	2013	2012	2011
Dividend yield[1]	0.86%	0.73%	0.69%
Expected volatility[2]	16.94%	22.88%	20.42%
Risk-free interest rate[3]	0.10%	0.10%	0.15%
Expected life *(in years)*[4]	0.5	0.5	0.5
Weighted-average grant date fair value	$ 10.08	$ 9.22	$ 7.21

(1) The dividend yield is calculated based on semi-annual dividends paid and the fair market value of the Company's stock at the grant date.
(2) The expected volatility is based on the historical volatility of the Company's daily stock market prices over the previous six month period.
(3) The risk-free interest rate is based on the Treasury constant maturity interest rate whose term is consistent with the expected term of ESPP options (i.e., 6 months).(4) The expected life is based on the semi-annual purchase period

In May 2010, the Company's Board of Directors adopted and the shareholders approved the 2010 Incentive Compensation Plan (the "2010 ICP"). The terms of the 2010 ICP provide for grants of annual incentive and long-term performance awards to executive officers and other officers and employees of the Company or any subsidiary of the Company. Payment of such annual incentive and long-term performance awards will be in cash, stock, other awards or other property, at the discretion of the Management Planning and Development Committee of the Company's Board of Directors. The 2010 ICP allows for a maximum of 74 million shares to be reserved and available for grants. The 2010 ICP is the only compensation plan under which the Company grants stock options, restricted stock and other stock-based awards to its employees, with the exception of the Company's 2007 ESPP. In November 2012, the Company's Board of Director's approved an amendment to the 2010 ICP to

eliminate the share recycling provision of the 2010 ICP. As of December 31, 2013, there were approximately 38 million shares available for future grants under the 2010 ICP.

The Company's restricted awards are considered non-vested share awards and require no payment from the employee. Compensation cost is recorded based on the market price on the grant date and is recognized on a straight-line basis over the requisite service period. The Company granted 1,715,000, 1,811,000 and 1,121,000 restricted stock units with a weighted average fair value of $54.30, $44.80 and $34.84 in 2013, 2012 and 2011, respectively. As of December 31, 2013, there was $89 million of total unrecognized compensation cost related to the restricted stock units that are expected to vest. These costs are expected to be recognized over a weighted-average period of 2.1 years. The total fair value of restricted shares vested during 2013, 2012 and 2011 was $41 million, $81 million and $33 million, respectively.

The following table is a summary of the restricted stock unit and restricted share award activity for the year ended December 31, 2013.

Units in thousands	Units	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	2,350	$ 33.32
Granted	1,715	54.30
Vested	(802)	54.58
Forfeited	(242)	46.17
Nonvested at end of year	3,021	$ 38.56

All grants under the 2010 ICP are awarded at fair market value on the date of grant. The fair value of stock options is estimated using the Black-Scholes Option Pricing Model and stock-based compensation is recognized on a straight-line basis over the requisite service period. Options granted through 2010 generally become exercisable over a three-year period from the grant date. Beginning in 2011, options granted generally become exercisable over a four-year period from the grant date. Options generally expire seven years after the grant date.

Excess tax benefits of $62 million, $28 million and $21 million were included in financing activities in the accompanying consolidated statements of cash flow during 2013, 2012 and 2011, respectively. Cash received from stock options exercised, which includes the 2007 ESPP, totaled $500 million, $836 million and $431 million during 2013, 2012 and 2011, respectively. The total intrinsic value of options exercised was $282 million, $321 million and $161 million in 2013, 2012 and 2011, respectively. The total fair value of options vested during 2013, 2012 and 2011 was $329 million, $386 million and $452 million, respectively.

The fair value of each stock option is estimated using the Black-Scholes option pricing model based on the following assumptions at the time of grant:

	2013	2012	2011
Dividend yield[1]	1.65%	1.44%	1.43%
Expected volatility[2]	30.96%	32.49%	32.62%
Risk-free interest rate[3]	0.73%	0.84%	1.81%
Expected life *(in years)*[4]	4.7	4.7	4.7
Weighted-average grant date fair value	$ 12.50	$ 11.12	$ 9.19

(1) The dividend yield is based on annual dividends paid and the fair market value of the Company's stock at the grant date
(2) The expected volatility is estimated using the Company's historical volatility over a period equal to the expected life of each option grant after adjustments for infrequent events such as stock splits.
(3) The risk-free interest rate is selected based on yields from U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of the options being valued.
(4) The expected life represents the number of years the options are expected to be outstanding from grant date based on historical option holder exercise experience.

As of December 31, 2013, unrecognized compensation expense related to unvested options totaled $170 million, which the Company expects to be recognized over a weighted-average period of 2.1 years. After considering anticipated forfeitures, the Company expects approximately 19 million of the unvested options to vest over the requisite service period.

The following table is a summary of the Company's stock option activity for the year ended December 31, 2013:

Shares in thousands	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2012	40,929	$ 36.57	4.34	$ 482,249,000
Granted	8,556	$ 54.60	—	—
Exercised	(12,568)	$ 35.04	—	—
Forfeited	(1,619)	$ 41.87	—	—
Expired	(560)	$ 31.18	—	—
Outstanding at December 31, 2013	34,738	$ 41.40	4.39	$ 1,047,976,191
Exercisable at December 31, 2013	14,573	$ 35.21	2.95	$ 529,832,395
Vested and expected to vest at December 31, 2013	33,601	$ 41.17	4.34	$ 1,021,486,782

11 Income Taxes

The income tax provision for continuing operations consisted of the following for the respective years:

In millions	2013	2012	2011
Current:			
Federal	$ 2,623	$ 2,226	$ 1,807
State	437	410	338
	3,060	2,636	2,145
Deferred:			
Federal	(115)	(182)	101
State	(17)	(18)	12
	(132)	(200)	113
Total	$ 2,928	$ 2,436	$ 2,258

The following table is a reconciliation of the statutory income tax rate to the Company's effective income tax rate for continuing operations for the respective years:

	2013	2012	2011
Statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	4.0	3.9	3.9
Other	(0.1)	(0.3)	0.4
Effective income tax rate	38.9%	38.6%	39.3%

The following table is a summary of the significant components of the Company's deferred tax assets and liabilities as of December 31:

In millions	2013	2012
Deferred tax assets:		
Lease and rents	$ 344	$ 336
Inventories	—	141
Employee benefits	213	202
Allowance for doubtful accounts	79	137
Retirement benefits	172	115
Net operating losses	10	5
Depreciation	192	—
Other	598	430
Valuation allowance	(3)	—
Total deferred tax assets	1,605	1,366
Deferred tax liabilities:		
Inventories	(69)	—
Depreciation and amortization	(4,512)	(4,457)
Total deferred tax liabilities	(4,581)	(4,457)
Net deferred tax liabilities	$ (2,976)	$ (3,091)

Net deferred tax assets (liabilities) are presented on the consolidated balance sheets as follows:

In millions	2013	2012
Deferred tax assets—current	$ 902	$ 693
Deferred tax assets—noncurrent (included in other assets)	23	—
Deferred tax liabilities—noncurrent	(3,901)	(3,784)
Net deferred tax liabilities	$ (2,976)	$ (3,091)

The Company believes it is more likely than not the deferred tax assets will be realized during future periods.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

In millions	2013	2012	2011
Beginning balance	$ 80	$ 38	$ 35
Additions based on tax positions related to the current year	19	15	3
Additions based on tax positions related to prior years	37	42	13
Reductions for tax positions of prior years	(1)	(2)	—
Expiration of statutes of limitation	(17)	(12)	(7)
Settlements	(1)	(1)	(6)
Ending balance	$ 117	$ 80	$ 38

The Company and most of its subsidiaries are subject to U.S. federal income tax as well as income tax of numerous state and local jurisdictions. The Internal Revenue Service ("IRS") is currently examining the Company's 2012 and 2013 consolidated U.S. federal income tax returns under its Compliance Assurance Process ("CAP") program. The CAP program is a voluntary program under which participating taxpayers work collaboratively with the IRS to identify and resolve potential tax issues through open, cooperative and transparent interaction prior to the filing of their federal income tax return.

The Company and its subsidiaries are also currently under income tax examinations by a number of state and local tax authorities. As of December 31, 2013, no examination has resulted in any proposed adjustments that would result in a material change to the Company's results of operations, financial condition or liquidity.

Substantially all material state and local income tax matters have been concluded for fiscal years through 2008. The Company and its subsidiaries anticipate that a number of state and local income tax examinations will be concluded and statutes of limitation for open years will expire over the next twelve months, which may result in the utilization or reduction of the Company's reserve for uncertain tax positions of up to approximately $13 million.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties in income tax expense. During the years ended December 31, 2013, 2012 and 2011, the Company recognized interest of approximately $4 million, $4 million and $2 million, respectively. The Company had approximately $10 million accrued for interest and penalties as of December 31, 2013 and 2012.

There are no material uncertain tax positions as of December 31, 2013 the ultimate deductibility of which is highly certain but for which there is uncertainty about the timing of such deductibility. If present, such items would impact deferred tax accounting, not the annual effective income tax rate, and would accelerate the payment of cash to the taxing authority to a period earlier than expected.

The total amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate is approximately $95 million, after considering the federal benefit of state income taxes.

12 Commitments and Contingencies

Lease Guarantees

Between 1991 and 1997, the Company sold or spun off a number of subsidiaries, including Bob's Stores, Linens 'n Things, Marshalls, Kay-Bee Toys, Wilsons, This End Up and Footstar. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the store's lease obligations. When the subsidiaries were disposed of, the Company's guarantees remained in place, although each initial purchaser has agreed to indemnify the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries were to become insolvent and failed to make the required payments under a store lease, the Company could be required to satisfy these obligations.

As of December 31, 2013, the Company guaranteed approximately 73 such store leases (excluding the lease guarantees related to Linens 'n Things, which are discussed in Note 3), with the maximum remaining lease term extending through 2026. Management believes the ultimate disposition of any of the remaining guarantees will not have a material adverse effect on the Company's consolidated financial condition, results of operations or future cash flows.

Legal Matters

The Company is a party to legal proceedings, investigations and claims in the ordinary course of its business, including the matters described below. The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Company does not establish an accrued liability. None of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's financial position.

The Company's contingencies are subject to significant uncertainties, including, among other factors: (i) the procedural status of pending matters; (ii) whether class action status is sought and certified; (iii) whether asserted claims or allegations will survive dispositive motion practice; (iv) the extent of potential damages, fines or penalties, which are often unspecified or indeterminate; (v) the impact of discovery on the legal process; (vi) whether novel or unsettled legal theories are at issue; (vii) the settlement posture of the parties, and/or (viii) in the case of certain government agency investigations, whether a sealed *qui tam* lawsuit ("whistleblower" action) has been filed and whether the government agency makes a decision to intervene in the lawsuit following investigation.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters.

- Caremark (the term "Caremark" being used herein to generally refer to any one or more pharmacy benefit management subsidiaries of the Company, as applicable) was a defendant in a *qui tam* lawsuit initially filed by a

relator on behalf of various state and federal government agencies in Texas federal court in 1999. The case was unsealed in May 2005. The case sought monetary damages and alleged that Caremark's processing of Medicaid and certain other government claims on behalf of its clients (which allegedly resulted in underpayments from our clients to the applicable government agencies) on one of Caremark's adjudication platforms violated applicable federal or state false claims acts and fraud statutes. The United States and the States of Texas, Tennessee, Florida, Arkansas, Louisiana and California intervened in the lawsuit, but Tennessee and Florida withdrew from the lawsuit in August 2006 and May 2007, respectively. Thereafter, in 2008, the Company prevailed on several motions for partial summary judgment and, following an appellate ruling from the Fifth Circuit Court of Appeals in 2011 which affirmed in part and reversed in part these prior rulings, the claims asserted in the case against Caremark were substantially narrowed. In December 2013, this case was dismissed following a settlement between the Company and the plaintiffs.

In a related matter, in December 2007, the Company received a document subpoena from the Office of Inspector General ("OIG") within the U.S. Department of Health and Human Services ("HHS"), requesting information relating to the processing of Medicaid and other government agency claims on a different adjudication platform of Caremark. The Company has provided documents and other information in response to this request for information. The Company has been conducting discussions with the United States Department of Justice ("DOJ") and the OIG regarding a possible settlement of this matter

- Caremark was named in a putative class action lawsuit filed in October 2003 in Alabama state court by John Lauriello, purportedly on behalf of participants in the 1999 settlement of various securities class action and derivative lawsuits against Caremark and others. Other defendants include insurance companies that provided coverage to Caremark with respect to the settled lawsuits. The Lauriello lawsuit seeks approximately $3.2 billion in compensatory damages plus other non-specified damages based on allegations that the amount of insurance coverage available for the settled lawsuits was misrepresented and suppressed. A similar lawsuit was filed in November 2003 by Frank McArthur, also in Alabama state court, naming as defendants Caremark, several insurance companies, attorneys and law firms involved in the 1999 settlement. This lawsuit was stayed as a later-filed class action, but McArthur was subsequently allowed to intervene in the Lauriello action. Following the close of class discovery, the trial court entered an Order on August 15, 2012 that granted the plaintiffs' motion to certify a class pursuant to Alabama Rule of civil Procedures 23(b)(3) but denied their request that the class also be certified pursuant to Rule 23(b)(1). In addition, the August 15, 2012 Order appointed class representatives and class counsel. The defendants' appeal and plaintiffs' cross-appeal are pending before the Alabama Supreme Court. The proceedings in the trial court are stayed by statute pending a decision on the appeal and cross-appeal by the Alabama Supreme Court.
- Various lawsuits have been filed alleging that Caremark has violated applicable antitrust laws in establishing and maintaining retail pharmacy networks for client health plans. In August 2003, Bellevue Drug Co., Robert Schreiber, Inc. d/b/a Burns Pharmacy and Rehn-Huerbinger Drug Co. d/b/a Parkway Drugs #4, together with Pharmacy Freedom Fund and the National Community Pharmacists Association filed a putative class action against Caremark in Pennsylvania federal court, seeking treble damages and injunctive relief. This case was initially sent to arbitration based on the contract terms between the pharmacies and Caremark. In October 2003, two independent pharmacies, North Jackson Pharmacy, Inc. and C&C, Inc. d/b/a Big C Discount Drugs, Inc., filed a putative class action complaint in Alabama federal court against Caremark and two PBM competitors, seeking treble damages and injunctive relief. The North Jackson Pharmacy case against two of the Caremark entities named as defendants was transferred to Illinois federal court, and the case against a separate Caremark entity was sent to arbitration based on contract terms between the pharmacies and Caremark. The Bellevue arbitration was then stayed by the parties pending developments in the North Jackson Pharmacy court case.
  In August 2006, the Bellevue case and the North Jackson Pharmacy case were both transferred to Pennsylvania federal court by the Judicial Panel on Multidistrict Litigation for coordinated and consolidated proceedings with other cases before the panel, including cases against other PBMs. Caremark appealed the decision which vacated an order compelling arbitration and staying the proceedings in the Bellevue case and, following the appeal, the Court of Appeals reinstated the order compelling arbitration of the Bellevue case. Following remand, plaintiffs in the Bellevue case sought dismissal of their complaint to permit an immediate appeal of the reinstated order compelling arbitration and pursued an appeal to the Third Circuit Court of Appeals. In November 2012, the Third Circuit Court reversed the district court ruling and directed the parties to proceed in federal court. Motions for class certification in the coordinated cases within the multidistrict litigation, including the North Jackson Pharmacy case, remain pending, and the court has permitted certain additional class discovery and briefing. The consolidated action is now known as the In Re Pharmacy Benefit Managers Antitrust Litigation.

- In November 2009, a securities class action lawsuit was filed in the United States District Court for the District of Rhode Island purportedly on behalf of purchasers of CVS Caremark Corporation stock between May 5, 2009 and November 4, 2009. Plaintiffs subsequently amended the lawsuit to allege a class period beginning October 30, 2008. The lawsuit names the Company and certain officers as defendants and includes allegations of securities fraud relating to public disclosures made by the Company concerning the PBM business and allegations of insider trading. In addition, a shareholder derivative lawsuit was filed in December 2009 in the same court against the directors and certain officers of the Company. This lawsuit, which was stayed pending developments in the related securities class action, includes allegations of, among other things, securities fraud, insider trading and breach of fiduciary duties and further alleges that the Company was damaged by the purchase of stock at allegedly inflated prices under its share repurchase program. In January 2011, both lawsuits were transferred to the United States District Court for the District of New Hampshire. In June 2012, the court granted the Company's motion to dismiss the securities class action. The plaintiffs subsequently appealed the court's ruling on the motion to dismiss. In May 2013, the First Circuit Court of Appeals vacated the prior ruling and remanded the case to the district court for further proceedings. In December 2013, the district court denied the Company's renewed motion to dismiss the lawsuit. The derivative lawsuit will remain stayed until the Company answers the securities class action complaint.
- In March 2010, the Company learned that various State Attorneys General offices and certain other government agencies were conducting a multi-state investigation of certain of the Company's business practices similar to those being investigated at that time by the U.S. Federal Trade Commission ("FTC"). Twenty-eight states, the District of Columbia and the County of Los Angeles are known to be participating in this investigation. The prior FTC investigation, which commenced in August 2009, was officially concluded in May 2012 when the consent order entered into between the FTC and the Company became final. The Company has cooperated in the multi-state investigation.

- In March 2010, the Company received a subpoena from the OIG requesting information about programs under which the Company has offered customers remuneration conditioned upon the transfer of prescriptions for drugs or medications to the Company's pharmacies in the form of gift cards, cash, non-prescription merchandise or discounts or coupons for non-prescription merchandise. The subpoena relates to an investigation of possible false or otherwise improper claims for payment under the Medicare and Medicaid programs. The Company has provided documents and other information in response to this request for information.

- The Company received a subpoena from the U.S. Securities and Exchange Commission ("SEC") in February 2011 and subsequently received additional subpoenas and other requests for information. The SEC's requests related to, among other things, public disclosures made by the Company during 2009, transactions in the Company's securities by certain officers and employees of the Company during 2009 and the purchase accounting for the Longs Drug Stores acquisition. The Company has provided the documents and other information requested by the SEC and has been cooperating with the SEC in this investigation. The Company has reached an agreement in principle with the staff of the Boston Regional Office of the SEC to settle certain allegations that, during the third and fourth quarters of 2009, the Company violated certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, including certain anti-fraud provisions of those statutes. The agreement in principle will be entered into by the Company on a "no admit or deny" basis, and the Company will not be restating its financial statements for any reporting period. The Company has agreed to pay a $20 million civil penalty when the settlement is finalized, and this amount has been fully reserved in the Company's financial statements. The Company will continue to cooperate with the SEC to document the settlement terms, and the settlement remains subject to approval by the Commission and federal court as required.
- In January 2012, the United States District Court for the Eastern District of Pennsylvania unsealed a first amended *qui tam* complaint filed in August 2011 by an individual relator, who is described in the complaint as having once been employed by a firm providing pharmacy prescription benefit audit and recovery services. The complaint seeks monetary damages and alleges that Caremark's processing of Medicare claims on behalf of one of its clients violated the federal false claims act. The United States, acting through the U.S. Attorney's Office in Philadelphia, Pennsylvania, declined to intervene in the lawsuit. Caremark filed a motion to dismiss the amended complaint and the DOJ filed a Statement of Interest with regard to Caremark's motion to dismiss. In December 2012, the court denied Caremark's motion to dismiss the amended complaint.
- In January 2012, the Company received a subpoena from the OIG requesting information about its Health Savings Pass program, a prescription drug discount program for uninsured or underinsured individuals, in connection with an investigation of possible false or otherwise improper claims for payment involving HHS programs. In February 2012, the Company also received a civil investigative demand from the Office of the Attorney General of the State of Texas

requesting a copy of information produced under this OIG subpoena and other information related to prescription drug claims submitted by the Company's pharmacies to Texas Medicaid for reimbursement. The Company is providing documents and other information in response to these requests for information.

- A purported shareholder derivative action was filed on behalf of nominal defendant CVS Caremark Corporation against certain of the Company's officers and members of its Board of Directors. The action, which alleged a single claim for breach of fiduciary duty relating to the Company's alleged failure to properly implement internal regulatory controls to comply with the Controlled Substances Act and the Combat Methamphetamine Epidemic Act, was originally filed in June 2012. In addition, an amended complaint was filed in November 2012 and a Supplemental Complaint was filed in April 2013. In October 2013, the court granted the Company's motion to dismiss and entered judgment dismissing the action, without prejudice. Following dismissal of the action, the same purported shareholder sent a letter to the Company's Board of Directors demanding that the Board investigate her allegations and pursue legal action against certain directors and officers of the Company. A committee of the Board of Directors is conducting a review and intends to respond to the letter as appropriate.
- In November 2012, the Company received a subpoena from the OIG requesting information concerning automatic refill programs used by pharmacies to refill prescriptions for customers. The Company has been cooperating and providing documents and other information in response to this request for information.

The Company is also a party to other legal proceedings, inquiries and audits arising in the normal course of its business, none of which is expected to be material to the Company. The Company can give no assurance, however, that its business, financial condition and results of operations will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to the Company's business, the pharmacy services, retail pharmacy or retail clinic industries or to the health care industry generally; (iii) pending or future federal or state governmental investigations of the Company's business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) institution of government enforcement actions against the Company; (v) adverse developments in any pending *qui tam* lawsuit against the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the Company; or (vi) adverse developments in other pending or future legal proceedings against the Company or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

13 Segment Reporting

The Company currently has three reportable segments: Pharmacy Services, Retail Pharmacy and Corporate.

The Company evaluates its Pharmacy Services and Retail Pharmacy segment performance based on net revenue, gross profit and operating profit before the effect of certain intersegment activities and charges. The Company evaluates the performance of its Corporate Segment based on operating expenses before the effect of discontinued operations and certain intersegment activities and charges. See Note 1 for a description of the Pharmacy Services, Retail Pharmacy and Corporate segments and related significant accounting policies.

The following table is a reconciliation of the Company's business segments to the consolidated financial statements:

In millions	Pharmacy Services Segment[1][2]	Retail Pharmacy Segment[1]	Corporate Segment	Intersegment Eliminations[2]	Consolidated Totals
2013:					
Net revenues	$ 76,208	$ 65,618	$ —	$ (15,065)	$ 126,761
Gross profit	4,237	20,112	—	(566)	23,783
Operating profit	3,086	6,268	(751)	(566)	8,037
Depreciation and amortization	560	1,217	93	—	1,870
Total assets	38,343	30,191	4,420	(1,428)	71,526
Goodwill	19,658	6,884	—	—	26,542
Additions to property and equipment	313	1,610	61	—	1,984
2012:					
Net revenues	$ 73,444	$ 63,641	$ —	$ (13,965)	$ 123,120
Gross profit	3,808	19,091	—	(411)	22,488
Operating profit	2,679	5,636	(694)	(411)	7,210
Depreciation and amortization	517	1,153	83	—	1,753
Total assets	36,057	29,492	1,408	(736)	66,221
Goodwill	19,646	6,749	—	—	26,395
Additions to property and equipment	422	1,555	53	—	2,030
2011:					
Net revenues	$ 58,874	$ 59,579	$ —	$ (11,373)	$ 107,080
Gross profit	3,279	17,469	—	(186)	20,562
Operating profit	2,220	4,913	(616)	(186)	6,331
Depreciation and amortization	433	1,060	75	—	1,568
Total assets	35,704	28,632	1,121	(605)	64,852
Goodwill	19,657	6,801	—	—	26,458
Additions to property and equipment	461	1,353	58	—	1,872

(1) Net revenues of the Pharmacy Services Segment include approximately $7.9 billion, $8.4 billion and $7.9 billion of Retail co-payments for the years ended December 31, 2013, 2012 and 2011, respectively.
(2) Intersegment eliminations relate to two types of transactions: (i) Intersegment revenues that occur when Pharmacy Services Segment clients use Retail Pharmacy Segment stores to purchase covered products. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue on a standalone basis and (ii) Intersegment revenues, gross profit and operating profit that occur when Pharmacy Services Segment clients, through the Company's intersegment activities such as the Maintenance Choice program, elect to pick up their maintenance prescriptions at Retail Pharmacy Segment stores instead of receiving them through the mail. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue, gross profit and operating profit on a standalone basis. Beginning in the fourth quarter of 2011, the Maintenance Choice eliminations reflect all discounts available for the purchase of mail order prescription drugs. The following amounts are eliminated in consolidation in connection with the item (ii) intersegment activity: net revenues of $4.3 billion, $3.4 billion and $2.6 billion for the years ended December 31, 2013, 2012 and 2011, respectively, gross profit and operating profit of $566 million, $411 million and $186 million for the years ended December 31, 2013, 2012 and 2011, respectively.

14 Earnings Per Common Share

The following is a reconciliation of basic and diluted earnings per common share for the respective years:

In millions, except per share amounts	2013	2012	2011
Numerator for earnings per common share calculation:			
Income from continuing operations	$ 4,600	$ 3,869	$ 3,489
Net loss attributable to noncontrolling interest	—	2	4
Income from continuing operations attributable to CVS Caremark, basic	4,600	3,871	3,493
Loss from discontinued operations, net of tax	(8)	(7)	(31)
Net income attributable to CVS Caremark, basic and diluted	$ 4,592	$ 3,864	$ 3,462
Denominator for earnings per common share calculation:			
Weighted average common shares, basic	1,217	1,271	1,338
Stock options	8	8	8
Restricted stock units	1	1	1
Weighted average common shares, diluted	1,226	1,280	1,347
Basic earnings per common share:			
Income from continuing operations attributable to CVS Caremark	$ 3.78	$ 3.05	$ 2.61
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)
Net income attributable to CVS Caremark	$ 3.77	$ 3.04	$ 2.59
Diluted earnings per common share:			
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57

15 Subsequent Event

On January 16, 2014, the Company acquired Coram LLC ("Coram"), the specialty infusion services and enteral nutrition business unit of Apria Healthcare Group Inc. for approximately $2.1 billion. Coram is one of the nation's largest providers of comprehensive infusion services, caring for approximately 165,000 patients annually. Coram has approximately 4,600 employees, including approximately 600 nurses and 250 dietitians, operating primarily through 85 branch locations and six centers of excellence for patient intake. Coram's results of operations will be included in the Company's Pharmacy Services Segment beginning January 16, 2014.

16 Quarterly Financial Information (Unaudited)

In millions, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2013:					
Net revenues	$ 30,751	$ 31,248	$ 31,932	$ 32,830	$ 126,761
Gross profit	5,577	5,841	6,027	6,338	23,783
Operating profit	1,694	1,972	2,154	2,217	8,037
Income from continuing operations	954	1,125	1,255	1,266	4,600
Loss from discontinued operations, net of tax	—	(1)	(6)	(1)	(8)
Net income	954	1,124	1,249	1,265	4,592
Net loss attributable to noncontrolling interest	—	—	—	—	—
Net income attributable to CVS Caremark	$ 954	$ 1,124	$ 1,249	$ 1,265	$ 4,592
Basic earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 0.77	$ 0.92	$ 1.03	$ 1.06	$ 3.78
Loss from discontinued operations attributable to CVS Caremark	$ —	$ —	$ —	$ —	$ (0.01)
Net income attributable to CVS Caremark	$ 0.77	$ 0.92	$ 1.03	$ 1.06	$ 3.77
Diluted Earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 0.77	$ 0.91	$ 1.02	$ 1.05	$ 3.75
Loss from discontinued operations attributable to CVS Caremark	$ —	$ —	$ —	$ —	$ (0.01)
Net income attributable to CVS Caremark	$ 0.77	$ 0.91	$ 1.02	$ 1.05	$ 3.74
Dividends per common share	$ 0.2250	$ 0.2250	$ 0.2250	$ 0.2250	$ 0.9000
Stock price: (New York Stock Exchange)					
High	$ 56.07	$ 60.70	$ 62.36	$ 71.99	$ 71.99
Low	$ 49.00	$ 53.94	$ 56.68	$ 56.32	$ 49.00

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In millions, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2012:					
Net revenues	$ 30,792	$ 30,694	$ 30,237	$ 31,397	$ 123,120
Gross profit	5,106	5,443	5,645	6,294	22,488
Operating profit	1,397	1,702	1,812	2,299	7,210
Income from continuing operations	772	962	1,010	1,125	3,869
Income (loss) from discontinued operations, net of tax	(1)	(1)	(5)	—	(7)
Net income	771	961	1,005	1,125	3,862
Net loss attributable to noncontrolling interest	1	1	—	—	2
Net income attributable to CVS Caremark	$ 772	$ 962	$ 1,005	$ 1,125	$ 3,864
Basic earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 0.60	$ 0.75	$ 0.80	$ 0.91	$ 3.05
Income (loss) from discontinued operations attributable to CVS Caremark	$ —	$ —	$ —	$ —	$ (0.01)
Net income attributable to CVS Caremark	$ 0.59	$ 0.75	$ 0.79	$ 0.91	$ 3.04
Diluted Earnings per common share					
Income from continuing operations attributable to CVS Caremark	$ 0.59	$ 0.75	$ 0.79	$ 0.90	$ 3.02
Income (loss) from discontinued operations attributable to CVS Caremark	$ —	$ —	$ —	$ —	$ (0.01)
Net income attributable to CVS Caremark	$ 0.59	$ 0.75	$ 0.79	$ 0.90	$ 3.02
Dividends per common share	$ 0.1625	$ 0.1625	$ 0.1625	$ 0.1625	$ 0.650
Stock price: (New York Stock Exchange)					
High	$ 45.88	$ 46.93	$ 48.69	$ 49.80	$ 49.80
Low	$ 41.01	$ 43.08	$ 43.65	$ 44.33	$ 41.01

See Note 1 - Significant Accounting Policies (Revenue Recognition - Retail Pharmacy Segment).

Five-Year Financial Summary

In millions, except per share amounts	2013	2012[a]	2011	2010	2009
Statement of operations data:					
Net revenues	$ 126,761	$ 123,120	$ 107,080	$ 95,766	$ 98,144
Gross profit	23,783	22,488	20,562	20,215	20,348
Operating expenses	15,746	15,278	14,231	14,082	13,933
Operating profit	8,037	7,210	6,331	6,133	6,415

Interest expense, net	509	557	584	536	525
Loss on early extinguishment of debt	—	348	—	—	—
Income tax provision[1]	2,928	2,436	2,258	2,178	2,196
Income from continuing operations	4,600	3,869	3,489	3,419	3,694
Income (loss) from discontinued operations, net of tax benefit[2]	(8)	(7)	(31)	2	(4)
Net income	4,592	3,862	3,458	3,421	3,690
Net loss attributable to noncontrolling interest[3]	—	2	4	3	—
Net income attributable to CVS Caremark	$ 4,592	$ 3,864	$ 3,462	$ 3,424	$ 3,690
Per common share data:					
Basic earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.78	$ 3.05	$ 2.61	$ 2.50	$ 2.58
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —
Net income attributable to CVS Caremark	$ 3.77	$ 3.04	$ 2.59	$ 2.50	$ 2.57
Diluted earnings per common share:					
Income from continuing operations attributable to CVS Caremark	$ 3.75	$ 3.02	$ 2.59	$ 2.49	$ 2.55
Loss from discontinued operations attributable to CVS Caremark	$ (0.01)	$ (0.01)	$ (0.02)	$ —	$ —
Net income attributable to CVS Caremark	$ 3.74	$ 3.02	$ 2.57	$ 2.49	$ 2.55
Cash dividends per common share	$ 0.900	$ 0.650	$ 0.500	$ 0.350	$ 0.305
Balance sheet and other data:					
Total assets	$ 71,526	$ 66,221	$ 64,852	$ 62,457	$ 61,919
Long-term debt	$ 12,841	$ 9,133	$ 9,208	$ 8,652	$ 8,755
Total shareholders' equity	$ 37,938	$ 37,653	$ 38,014	$ 37,662	$ 35,732
Number of stores (at end of year)	7,702	7,508	7,388	7,248	7,095

See Note 1 to the consolidated financial statements - Significant Accounting Policies (Revenue Recognition - Retail Pharmacy Segment) to the consolidated financial statements.

(1) Income tax provision includes the effect of the following: (i) in 2010, the recognition of $17 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities and (ii) in 2009, the recognition of $167 million of previously unrecognized tax benefits, including interest, relating to the expiration of various statutes of limitation and settlements with tax authorities.

(2) As discussed in Note 3 to the consolidated financial statements, the results of the TheraCom business are presented as discontinued operations and have been excluded from continuing operations for all periods presented. In connection with certain business dispositions completed between 1991 and 1997, the Company retained guarantees on store lease obligations for a number of former subsidiaries, including Linens 'n Things which filed for bankruptcy in 2008. The Company's income (loss) from discontinued operations includes lease-related costs which the Company believes it will likely be required to satisfy pursuant to its Linens 'n Things lease guarantees.

Below is a summary of the results of discontinued operations:

	Year Ended December 31,				
In millions	2013	2012	2011	2010	2009
Income from operations of TheraCom	$ —	$ —	$ 18	$ 28	$ 13
Gain on disposal of TheraCom	—	—	53	—	—
Loss on disposal of Linens 'n Things	(12)	(12)	(7)	(24)	(19)
Income tax benefit (provision)	4	5	(95)	(2)	2
Income (loss) from discontinued operations, net of tax	$ (8)	$ (7)	$ (31)	$ 2	$ (4)

(3) Represents the minority shareholders' portion of the net loss from our majority owned subsidiary, Generation Health, Inc., acquired in the fourth quarter of 2009. In June 2012, the Company acquired the remaining 40% interest in Generation Health, Inc. from minority shareholders and employee option holders for $26 million and $5 million, respectively, for a total of $31 million.

(4) Effective January 1, 2012, the Company changed its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment. Additional details of the accounting change are discussed in Note 2 to the consolidated financial statements.

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Report of

Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CVS Caremark Corporation

We have audited the accompanying consolidated balance sheets of CVS Caremark Corporation as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CVS Caremark Corporation at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company has elected changes in its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment effective January 1, 2012.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CVS Caremark Corporation's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 10, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

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Boston, Massachusetts
February 10, 2014

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

As of December 31, 2013, CVS Caremark Corporation had the following significant subsidiaries:

Caremark, L.L.C. (a California limited liability company)
CaremarkPCS Health, L.L.C. (a Delaware limited liability company)
Caremark PhC, L.L.C. (a Delaware limited liability company)
Caremark Rx, L.L.C. (a Delaware limited liability company)[1]
CVS Albany, L.L.C. (a New York limited liability company)
CVS Caremark Part D Services, L.L.C. (a Delaware limited liability company)
CVS Pharmacy, Inc. (a Rhode Island corporation)[2]
Drogaria Onofre Ltda. (a Brazil limited liability company)
Garfield Beach CVS, L.L.C. (a California limited liability company)
Holiday CVS, L.L.C. (a Florida limited liability company)
Longs Drug Stores California, L.L.C. (a California limited liability company)
MemberHealth LLC (a Delaware limited liability company)
Pennsylvania CVS Pharmacy, L.L.C. (a Pennsylvania limited liability company)
RxAmerica, LLC (a Delaware limited liability company)
SilverScript Insurance Company (a Tennessee corporation)

(1) Caremark Rx, L.L.C., the parent of the Registrant's pharmacy services subsidiaries, is the immediate or indirect parent of several mail order, specialty mail and retail specialty pharmacy subsidiaries, all of which operate in the United States and its territories.
(2) CVS Pharmacy, Inc. is the immediate or indirect parent of approximately 45 entities that operate drugstores, all of which drugstores are in the United States and its territories

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-165672) of CVS Caremark Corporation, and
(2) Registration Statements (Form S-8 Nos. 333-49407, 333-34927, 333-28043, 333-91253, 333-63664, 333-139470, 333-141481 and 333-167746) of CVS Caremark Corporation;of our reports dated February 10, 2014, with respect to the consolidated financial statements of CVS Caremark Corporation and the effectiveness of internal control over financial reporting of CVS Caremark Corporation, incorporated by reference in this Annual Report (Form 10-K) of CVS Caremark Corporation for the year ended December 31, 2013, and to the reference to our firm under the heading "Selected Financial Data", included therein.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 10, 2014

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Larry J. Merlo, President and Chief Executive Officer of CVS Caremark Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of CVS Caremark Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Exhibit 31.2

Date: February 10, 2014

By: /s/ LARRY J. MERLO
Larry J. Merlo
President and
Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David M. Denton, Executive Vice President and Chief Financial Officer of CVS Caremark Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of CVS Caremark Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report of CVS Caremark Corporation (the "Company") on Form 10-K for the period ended December 31, 2013 (the "Report"), for the purpose of complying with Rule 13(a)-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Larry J. Merlo, President and Chief Executive Officer of the Company, certify that, to the best of my knowledge:

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report of CVS Caremark Corporation (the "Company") on Form 10-K for the period ended December 31, 2013 (the "Report"), for the purpose of complying with Rule 13(a)-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, David M. Denton, Executive Vice President and Chief Financial Officer of the Company, certify that, to the best of my knowledge:

Date: February 10, 2014

By: /s/ DAVID M. DENTON

David M. Denton
Executive Vice President and Chief Financial Officer

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and2107100 - Disclosure - Borrowing and Credit Agreements link:presentationLink link:calculationLink link:definitionLink 2407402 -

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

February 10, 2014

/s/ LARRY J. MERLO

Larry J. Merlo
President and
Chief Executive Officer

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; andDisclosure - Borrowing and Credit Agreements (Details) link:presentationLink link:calculationLink link:definitionLink 2307301 -

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

February 10, 2014

/s/ DAVID M. DENTON

David M. Denton
Executive Vice President and Chief Financial Officer

Disclosure - Borrowing and Credit Agreements (Tables) link:presentationLink link:calculationLink link:definitionLink 2102100 - Disclosure - Changes in Accounting Principle link:presentationLink link:calculationLink link:definitionLink 2402401 - Disclosure - Changes in Accounting Principle (Details) link:presentationLink link:calculationLink link:definitionLink 2113100 - Disclosure - Commitments and Contingencies link:presentationLink link:calculationLink link:definitionLink 2413401 - Disclosure - Commitments and Contingencies (Details) link:presentationLink link:calculationLink link:definitionLink 1003000 - Statement - Consolidated Balance Sheets link:presentationLink link:calculationLink link:definitionLink 1003501 - Statement - Consolidated Balance Sheets (Parenthetical) link:presentationLink link:calculationLink link:definitionLink 1004000 - Statement - Consolidated Statements of Cash Flows link:presentationLink link:calculationLink link:definitionLink 1002000 - Statement - Consolidated Statements of Comprehensive Income link:presentationLink link:calculationLink link:definitionLink 1001000 - Statement - Consolidated Statements of Income link:presentationLink link:calculationLink link:definitionLink 1005000 - Statement - Consolidated Statements of Shareholders' Equity link:presentationLink link:calculationLink link:definitionLink 2104100 - Disclosure - Discontinued Operations link:presentationLink link:calculationLink link:definitionLink 2404402 - Disclosure - Discontinued Operations (Details) link:presentationLink link:calculationLink link:definitionLink 2304301 - Disclosure - Discontinued Operations (Tables) link:presentationLink link:calculationLink link:definitionLink 0001000 - Document - Document and Entity Information link:presentationLink link:calculationLink link:definitionLink 2115100 - Disclosure - Earnings Per Common Share link:presentationLink link:calculationLink link:definitionLink 2415402 - Disclosure - Earnings Per Common Share (Details) link:presentationLink link:calculationLink link:definitionLink 2315301 - Disclosure - Earnings Per Common Share (Tables) link:presentationLink link:calculationLink link:definitionLink 2105100 - Disclosure - Goodwill and Other Intangibles link:presentationLink link:calculationLink link:definitionLink 2405402 - Disclosure - Goodwill and Other Intangibles (Details) link:presentationLink link:calculationLink link:definitionLink 2305301 - Disclosure - Goodwill and Other Intangibles (Tables) link:presentationLink link:calculationLink link:definitionLink 2112100 - Disclosure - Income Taxes link:presentationLink link:calculationLink link:definitionLink 2412402 - Disclosure - Income Taxes (Details) link:presentationLink link:calculationLink link:definitionLink 2312301 - Disclosure - Income Taxes (Tables) link:presentationLink link:calculationLink link:definitionLink 2108100 - Disclosure - Leases link:presentationLink link:calculationLink link:definitionLink 2408402 - Disclosure - Leases (Details) link:presentationLink link:calculationLink link:definitionLink 2308301 - Disclosure - Leases (Tables) link:presentationLink link:calculationLink link:definitionLink 2109100 - Disclosure - Medicare Part D link:presentationLink link:calculationLink link:definitionLink 2409401 - Disclosure - Medicare Part D Medicare Part D (Details) link:presentationLink link:calculationLink link:definitionLink 2110100 - Disclosure - Pension Plans and Other Postretirement Benefits link:presentationLink link:calculationLink link:definitionLink 2410401 - Disclosure - Pension Plans and Other Postretirement Benefits (Details) link:presentationLink link:calculationLink link:definitionLink 2117100 - Disclosure - Quarterly Financial Information (Unaudited) link:presentationLink link:calculationLink link:definitionLink 2417402 - Disclosure - Quarterly Financial Information (Unaudited) (Details) link:presentationLink link:calculationLink link:definitionLink 2317301 - Disclosure - Quarterly Financial Information (Unaudited) (Tables) link:presentationLink link:calculationLink link:definitionLink 2114100 - Disclosure - Segment Reporting link:presentationLink link:calculationLink link:definitionLink 2414402 - Disclosure - Segment Reporting (Details) link:presentationLink link:calculationLink link:definitionLink 2314301 - Disclosure - Segment Reporting (Tables) link:presentationLink link:calculationLink link:definitionLink 2106100 - Disclosure - Share Repurchase Programs link:presentationLink link:calculationLink link:definitionLink 2406401 - Disclosure - Share Repurchase Programs (Details) link:presentationLink link:calculationLink link:definitionLink 2101100 - Disclosure - Significant Accounting Policies link:presentationLink link:calculationLink link:definitionLink 2401403 - Disclosure - Significant Accounting Policies (Details) link:presentationLink link:calculationLink link:definitionLink 2401404 - Disclosure - Significant Accounting Policies (Details 2) link:presentationLink link:calculationLink link:definitionLink 2401405 - Disclosure - Significant Accounting Policies (Details 3) link:presentationLink link:calculationLink link:definitionLink 2401406 - Disclosure - Significant Accounting Policies (Details 4) link:presentationLink link:calculationLink link:definitionLink 2401407 - Disclosure - Significant Accounting Policies (Details 5) link:presentationLink link:calculationLink link:definitionLink 2401408 - Disclosure - Significant Accounting Policies (Details 6) link:presentationLink link:calculationLink link:definitionLink 2201201 - Disclosure - Significant Accounting Policies (Policies) link:presentationLink link:calculationLink link:definitionLink 2301302 - Disclosure - Significant Accounting Policies (Tables) link:presentationLink link:calculationLink link:definitionLink 2111100 - Disclosure - Stock Incentive Plans link:presentationLink link:calculationLink link:definitionLink 2411402 - Disclosure - Stock Incentive Plans (Details) link:presentationLink link:calculationLink link:definitionLink 2411403 - Disclosure - Stock Incentive Plans (Details 2) link:presentationLink link:calculationLink link:definitionLink 2411404 - Disclosure - Stock Incentive Plans (Details 3) link:presentationLink link:calculationLink link:definitionLink

ATTACHMENT, SECTION A, ITEM 4.3

CORAM ALTERNATE SITE SERVICES, INC.

HOME HEALTH AGENCY LICENSE
MIDDLE TENNESSEE

Board for Licensing Health Care Facilities

State of Tennessee

License No. 0000000624

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

CORAM ALTERNATE SITE SERVICES,INC. to conduct and maintain a

Home Care Organization CORAM SPECIALTY INFUSION SERVICES

Located at 2970 SIDCO DRIVE, NASHVILLE

County of DAVIDSON, *Tennessee.*

This license shall expire JANUARY 30, 2014, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 30TH *day of* JANUARY, 2013.

In the Distinct Category(ies) of: SKILLED NURSING

JUN 6 '14 PM2:14

By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Dreyzehner, MD
COMMISSIONER

DCF012

ATTACHMENT, SECTION A, ITEM 4.4

CORAM ALTERNATE SITE SERVICES, INC.

CORAM LOCAL BRANCH
FINANCIAL STATEMENTS

Summary P&L
Base and AIS
East TN Market

Coram Inc.
Actual/Budget

	2011	2012	2013
Net Revenue			
TPN	716,011	307,257	260,673
Antibiotic	997,873	833,483	993,562
Cardiovascular	148,655	199,444	52,376
Pain Management	70,453	22,892	17,031
Core Branch	**1,932,992**	**1,363,077**	**1,323,642**
IVIG	464,250	554,234	668,897
SQIG	1,838,354	1,382,386	1,595,351
Alpha-1	188,424	41,354	269,845
Enzymes	0	0	472
Remicade/RA	0	0	0
Tysabri	0	0	0
Biotherapy	12,679	11,931	1,304
Other Specialty	0	5,870	416
Specialty Branch	**2,503,706**	**1,995,775**	**2,536,286**
Non-Core Therapy	**211,754**	**211,496**	**195,192**
All Other	7,908	(3,182)	(7,237)
Net Revenue	**4,656,360**	**3,567,165**	**4,047,883**
Patient Months			
TPN	110	61	58
Antibiotic	481	411	435
Cardiovascular	12	34	22
Pain Management	26	20	11
Core Branch	**629**	**526**	**526**
IVIG	114	105	132
Vivaglobin	385	331	398
Alpha-1	12	4	36
Enzymes	0	0	1
Remicade	0	0	0
Tysabri	0	0	0
Biotherapy	12	10	2
Other Specialty	49	6	3
Specialty Branch	**572**	**456**	**572**
Non-Core Therapy	**378**	**427**	**382**
All Other	0	0	0
Patient Months	**1,579**	**1,409**	**1,480**
Gross Prod Mgn	**2,716,017**	**1,733,301**	**1,717,734**
Gross Prod Mgn %	**58.3%**	**48.6%**	**42.4%**

Summary P&L
Base and AIS
East TN Market

Coram Inc.
Actual/Budget

	2011	2012	2013
Nursing Total			
Total Labor	112,973	127,519	122,097
General Expenses	2,077	1,726	2,820
Total Nursing	**115,050**	**129,244**	**124,917**
% of Net Revenue	2.5%	3.6%	3.1%
Pharmacy Total			
Total Labor	195,046	261,596	300,128
General Expenses	1,794	4,118	3,879
Total Pharmacy	**196,840**	**265,713**	**304,007**
% of Net Revenue	4.2%	7.4%	7.5%
Warehouse			
Total Labor	40,468	44,428	9,284
General Expenses	2,743	6,525	6,512
Total Warehouse	**43,211**	**50,953**	**15,796**
% of Net Revenue	0.9%	1.4%	0.4%
Delivery			
Total Labor	0	0	0
General Expenses	102,684	89,759	118,770
Total Delivery	**102,684**	**89,759**	**118,770**
% of Net Revenue	2.2%	2.5%	2.9%
Branch Administration			
Total Labor	141,324	203,954	149,788
General Expenses	87,812	34,621	10,467
Total Branch Admin	**229,135**	**238,574**	**160,255**
% of Net Revenue	4.9%	6.7%	4.0%
Facilties Branch			
Total Labor	0	0	0
General Expenses	126,434	178,240	223,803
Total Facilities Branch	**126,434**	**178,240**	**223,803**
% of Net Revenue	2.7%	5.0%	5.5%
HPRs			
Total Labor	0	55,914	92,241
General Expenses	0	214	182
Total HPRs	**0**	**56,129**	**92,423**
% of Net Revenue	0.0%	1.6%	2.3%
All Other (Dieticians)			
Total Labor	0	0	0
General Expenses	0	0	0
Total All Other	**0**	**0**	**0**
% of Net Revenue	0.0%	0.0%	0.0%
Clinical Services			
Total Labor	489,810	637,495	581,296
General Expenses	323,544	314,989	366,251
Total Clinical Services	**813,354**	**952,484**	**947,548**
% of Net Revenue	17.5%	26.7%	23.4%

Summary P&L
Base and AIS
East TN Market

Coram Inc.
Actual/Budget

	2011	2012	2013
Admissions			
Total Labor	116,043	84,912	46,146
General Expenses	349	371	0
Total Admissions	**116,392**	**85,282**	**46,146**
% of Net Revenue	2.5%	2.4%	1.1%
PFS			
Total Labor	0	174,586	185,234
General Expenses	0	12,070	32,102
Total PFS	**0**	**186,656**	**217,336**
% of Net Revenue	0.0%	5.2%	5.4%
Selling			
Total Labor	301,934	238,536	165,750
General Expenses	29,901	35,232	30,129
Total Selling	**331,835**	**273,768**	**195,879**
% of Net Revenue	7.1%	7.7%	4.8%
All Departments OpEx			
Wages Expense	750,699	887,092	830,127
Benefits Expense	126,483	125,990	98,119
Bonus/Commission	0	0	0
Contract Labor	30,606	110,947	67,331
Enteral Chargeback	0	0	(17,150)
Severance Expense	0	11,500	0
Total Labor	**907,787**	**1,135,529**	**978,426**
% of Net Revenue	19.5%	31.8%	24.2%
Marketing	7,445	4,107	625
Office Expenses	12,435	11,859	13,487
Rent and Cam	122,580	129,087	120,886
Utilities Total	62,211	58,962	58,635
Cleaning & Other Services	1,815	5,724	7,291
Shipping and Delivery	105,766	91,337	120,037
Equipment Expenses	11,985	14,785	10,396
Training/Education	0	443	317
Placement Fees/Recuiting	0	0	416
Travel and Entertainment	27,836	33,291	25,161
Professional Fees & Lic	535	375	0
Collection/Consulting Fees	0	0	24,294
Real Personal & Sales Tax	1,245	718	12,787
Insurance	(58)	(97)	(125)
Other General Expenses	(1)	12,070	34,275
General Expenses	**353,794**	**362,662**	**428,483**
% of Net Revenue	7.6%	10.2%	10.6%
Total All Depts OpEx	**1,261,581**	**1,498,190**	**1,406,909**
% of Net Revenue	27.1%	42.0%	34.8%
Bad Debt	**210,573**	**376,214**	**(157,571)**
% of Net Revenue	4.5%	10.5%	-3.9%
EBITDA	**1,243,862**	**(141,104)**	**468,396**
% of Net Revenue	26.7%	-4.0%	11.6%
Depreciation	**19,166**	**17,356**	**7,994**
Net Income	**1,224,696**	**(158,460)**	**460,401**

ATTACHMENT, SECTION A, ITEM 6.1

CORAM ALTERNATE SITE SERVICES, INC.

LEASE AGREEMENT

LEASE AGREEMENT

Ridenour Properties, LLC

As Landlord,

and

Coram Alternate Site Services, Inc.

As Tenant

November 15, 2013

10932 Murdock Dr. Suite 101A, Knoxville, TN 37932

Fundamental Lease Provisions Sheet

This Fundamental Lease Provisions Sheet is dated this 15th day of Nov., 2013 and concerns that certain Lease Agreement of even date between Ridenour Properties, LLC ("Landlord"), and Coram Alternate Site Services, Inc., a Delaware corporation ("Tenant").

This Fundamental Lease Provisions Sheet is intended to provide a summary of the parties' agreement.

Location:	10932 Murdock Dr. Suite 101A, Knoxville, TN 37932	
Size:	2,545 square feet	
Commencement Date:	Defined in Section 1(c) of Lease	
Rent Commencement Date:	Defined in Section 1(d) of the Lease	
Lease Termination Date:	Defined in Section 1(e) of the Lease	
Total Minimum Rental:	$28,579.00 Year 1	(Section 5 of Lease)
Initial Monthly Minimum Rental:	$2,381.58	(Section 5 of Lease)
Security Deposit:	$3,017.83	(Section 6 of Lease)
Operating Expenses:	$636.25/month, estimate	(Section 5 of Lease)
Tenant Improvements: (Exhibit "A")	$Tenant to perform all Tenant Improvements at its cost	
Tax Parcel I D Number:	131 02210	
Term:	(60) Months	(Section 1 of Lease)

This Fundamental Lease Provisions Sheet is for informational purposes only. As a result, if there is any conflict between pages one and two and any other provision of this Lease Agreement, the one with the greatest benefit to the Landlord shall control. Further, the listing of the monetary charges payable by Tenant on this Sheet shall not be construed to be an exhaustive list of all monetary amounts that may be payable under the provisions of the Lease Agreement.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into this 15th day of ~~August~~ November 2013 by and between Ridenour Properties, LLC (hereinafter "Landlord"), and Coram ~~Specialty Infusion Services~~ Alternate Site Services, Inc. with offices for the conduct of business located in Knox County, Tennessee (hereinafter "Tenant").

1. Definitions. The following terms shall have the following meanings when used in this Lease:

a. "Premises" shall mean approximately 2,545 square feet located at 10932 Murdock Dr., Suite 101A, Knox County, Knoxville, Tennessee 37932, and as more particularly shown on the drawing attached hereto as Exhibit "B."

b. "Building" means the building located at 10932 Murdock Dr., Knox County, Knoxville, Tennessee 37932.

c. "Commencement Date" shall mean and refer to the day of the execution of the lease.

d. "Rent Commencement Date" shall mean and refer to the date of the completion of the tenant improvement construction or February 1, 2014, whichever shall first occur.

e. "Termination Date" shall mean and refer to the end of the sixtieth (60th) calendar month following the Rent Commencement Date.

f. "Land" means the tract of real property upon which the Building is located.

g. "Project" means collectively the Building, the Land and the driveways, parking areas, amenities and similar improvements and easements associated with the foregoing or the operation thereof.

h. "Lease Term" means the period of time commencing on the Commencement Date and ending at 5:00 p.m. local time on the Termination Date, subject to adjustment and earlier termination as provided for in this Lease.

i. "Laws" shall mean all federal, state and local laws, ordinances, rules, and regulations, all court orders, governmental directives, and governmental orders and all interpretations of the foregoing, as well as all restrictive covenants affecting the Project.

j. Tenant's Proportionate Share: The percentage of the total rentable square footage in the Premises divided by the total rentable square footage in the Building. Said percentage is currently 16.90%.

2. Grant of Lease. Subject to the terms and provisions of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises for the Lease Term.

3. Tender and Acceptance of Possession. Landlord shall deliver possession of the Premises to Tenant on the Commencement Date, and by signing below, Tenant accepts possession of

the same in its "AS IS, WHERE IS" condition and without any express or implied warranties from Landlord whatsoever including but not limited to any warranty regarding the suitability of the Premises for Tenant's intended purpose.

Notwithstanding the foregoing provisions of this Section 3, Landlord has and shall have no obligation to make any installations, improvements, changes or modifications to the Premises other than those matters set forth in the Exhibit "A" attached hereto.

4. Quiet Enjoyment. Subject to the terms and provisions of this Lease and provided Tenant has performed all of its obligations under this Lease, Tenant shall peaceably and quietly hold and enjoy the Premises during the Lease Term, without hindrance from Landlord or any party claiming by, through or under Landlord, but not otherwise.

5. Rent.

a. Tenant hereby covenants and agrees to pay a total minimum ("Total Minimum Rent"). rental as follows:

		Month	Annual	Note
Commencement Date - day immediately preceding Rent Commencement Date: Month 1				Rent deferred Paid with signing of the Lease.
Months 2 – 12	$2,381.58	$28,578.96		
Months 13 – 24	$2,453.03	$29,436.36		
Months 25 – 36	$2,526.62	$30,319.44		
Months 37 – 48	$2,602.42	$31,229.04		
Months 49 – 60	$2,680.49	$32,165.88		

b. Said Total Minimum Rent shall be timely paid to Landlord (at Landlord's address set forth in section 25 of this Lease, and as the same may be amended from time to time), without notice, demand, deduction or set off (except as otherwise expressly provided in this Lease) in equal monthly installments as noted in 5.(a) Rent in U.S. currency (hereinafter "Monthly Minimum Rental"). Said installments of Monthly Minimum Rental shall be paid in advance on the first day of each calendar month during the Lease Term and any extensions or renewals thereof; provided that Tenant shall pay Landlord the installment for first month's rent (including Monthly Minimum Rent and Tenant's Proportionate Share of CAM for the first month following the Rent Commencement Date) of $3,017.83 at the time Tenant executes this Lease along with the Security Deposit of $3,017.83 for a total payment of $6,035.66 with the Lease execution and submittal.

c. In addition to the amounts set forth in subsection 5.a. above, Tenant also hereby covenants and agrees to pay to Landlord, in advance and concurrently with each installment of Monthly Minimum Rent, each of the following:

i. One-twelfth (1/12) of Tenant's Proportionate Share of all CAM expended on the Project for the calendar year, determined in accordance with sound accounting principles consistently applied; provided that if Landlord provides Tenant an estimate of the amount of CAM (as defined below) for the calendar year, Tenant shall pay one-twelfth (1/12) of the estimated amount, subject to adjustment as set forth in subsection iii. below. The term "CAM" shall mean all expenses and disbursements that Landlord incurs in connection with the ownership, operation and maintenance of the Project during the calendar year, including, but not limited to the following: all wages and salaries for all on-site employees engaged in the operation, maintenance, or security of the Project (together with an allocation of expenses for off-site employees who perform a portion of their services in connection with the operation, maintenance and security of the Project), including taxes, insurance and benefits related thereto; all supplies and materials used in the operation, maintenance, repair, replacement (to the extent not capital in nature) and security of the Project; costs for improvements made to the Project that, although capital in nature, are expected to reduce the normal operating costs (including all utility costs) of the Project, as amortized by Landlord in good faith to recover the costs thereof (collectively, "Allowable Capital Costs"); utilities; insurance expenses; repairs, replacements (to the extent not capital in nature) and general maintenance of the Project; assessments for common charges under any restrictive covenant or other private agreement affecting the Project; service or maintenance and management contracts with independent contractors for the operation, maintenance, management, repair, replacement, or security of the Project; fees for fire service and subscriptions; filter service to HVAC systems; snow removal; painting of the Building's exterior; roof repairs; and landscaping and grounds keeping; painting and striping of the Project's parking areas (all the foregoing hereafter collectively referred to as "CAM"). Notwithstanding the foregoing, CAM shall expressly exclude the items set forth on Exhibit D attached hereto and incorporated herein by this reference.

ii. One-twelfth (1/12) of Tenant's Proportionate Share of any Taxes associated with the Project for the calendar year; provided that if Landlord provides Tenant an estimate of the amount of Taxes for the calendar year, Tenant shall pay the estimated amount, subject to adjustment as set forth in subsection iii. below. For

the purposes of this Lease, the term "Taxes" shall mean all taxes, assessments and governmental charges or fees whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others subsequently created or otherwise, and any other taxes now or hereafter attributable to the Project (or its operation or the income therefrom), excluding, however, penalties and interest thereon and federal and state income taxes, excess profits, franchise taxes or other such taxes imposed on or measured by the income of Landlord from the operation of the Project and any estate or gift taxes or personal property taxes.

iii. (the items set forth in subsections i. and ii. of this subsection 5.b. are hereinafter collectively referred to as "Additional Rent.")

iv. Within one hundred twenty (120) days after the expiration of each calendar year during the Lease Term, Landlord shall reconcile CAM and Taxes for the Project. If Tenant's estimated payments of CAM or Taxes for the year being reconciled exceed Tenant's share of such items, then Landlord shall credit such excess toward the following year, without any interest thereon or, if no further Rent is due hereunder, Landlord shall refund the same to Tenant within thirty (30) days after such reconciliation. Likewise, if Tenant's estimated payments of CAM or Taxes for such year are less than Tenant's share of such items, then Tenant shall promptly pay Landlord, as Additional Rent, the deficiency within thirty (30) days after the date of Landlord's invoice.

d. In addition to any other fees, charges and rights granted to Landlord in this Lease, if Tenant fails to pay any installment of Monthly Minimum Rent and/or any monthly installment of Additional Rent on or before the fifth (5th) day of any month, Tenant shall pay Landlord the following additional sums:

i. A late fee of Ten Dollars ($10.00) U.S. for each day the installment of Monthly Minimum Rent and/or Additional Rent is late; and

ii. A late fee of Two Hundred Fifty Dollars ($250.00) U.S. for each time an installment of Monthly Minimum Rent and/or Additional Rent is late. Said late fee is not and shall not be construed as a penalty, but rather shall be used to help Landlord defray the extra expense incurred by it in handling Tenant's delinquency.

Tenant shall pay the amounts set forth in this subsection 5.c. to Landlord at the time it pays the overdue installment and without requiring Landlord to provide Tenant with

notice or to make demand for the same. Likewise, said amounts shall not be subject to deduction or offset.

Landlord's acceptance of any overdue payment from Tenant, which payment is not accompanied by the fees set forth in this subsection 5.c., shall not be deemed a waiver of Landlord's right to demand and receive the same. And nothing contained in this subsection 5.c. shall be construed as creating any grace period for payment of the amounts set out herein nor a waiver of Landlord's right to declare a default if any payment is not received when due.

6. Security Deposit.

a. Contemporaneously with the Tenant's execution of this Lease, Tenant shall tender the sum of two thousand eight hundred ninety-five and no/ 100 dollars ($2,895.00) U.S. to Landlord to secure Tenant's timely performance of its duties and obligations (including but not limited to Tenant's obligation to pay installments of Monthly Minimum Rent and Additional Rent) under this Lease. Tenant shall not be entitled to any interest on the Security Deposit; and Landlord shall be allowed, to the fullest extent permitted by law, to hold such funds in any manner it desires and co-mingle the same with any other amounts in its possession.

b. In the event Tenant shall fail to pay any sums required of it under this Lease (including but not limited to Monthly Minimum Rent and Additional Rent), or shall fail to perform any of its duties and obligations set forth in this Lease, in each instance beyond any applicable notice and cure periods provided in this Lease, then, Landlord may, without prior notice to Tenant and without prejudicing its rights hereunder, use all or any portion of the Security Deposit to pay for and/or perform the same, as well as to reimburse itself for any damages it has incurred. In such an event, Landlord shall also have the right to require Tenant to deposit additional monies with Landlord to replace the portion of the Security Deposit so used; provided, that nothing contained in this subsection 6.b. shall be construed as requiring Landlord to use the Security Deposit or perform any of Tenant's obligations or duties under this Lease.

c. Landlord shall tender the balance of the Security Deposit to Tenant at the end of the Lease Term, or any extension thereof, if:

   i. Tenant has paid Landlord all the amounts required to paid under this Lease; and

   ii. Tenant has performed all of its obligations under this Lease.

d. Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges that the amount of the Security Deposit is not an indication of the damages which

Landlord would incur in the event Tenant fails to pay the amounts required and/or perform its obligations under this Lease.

7. Use of Premises: Tenant shall be permitted to use the Premises for any of the following uses: (a) comprehensive infusion services or related protocols and services of infusion utilizing any medicine authorized or required by Tenant, including but not limited to, anti-infective services, TPN and tube feeding, cardiac/inotropic therapies, immunoglobulins (IVIg and SCIg), pre- and post-transplant therapies, alpha-1 therapies, hemophilia services, pain and palliative care services, ambulatory infusion suites, and CoramRx™ Specialty Pharmacy Services, including operation of a licensed pharmacy at the Premises; and (b) ancillary office, storage or other similar uses attendant to the use of the Premises as provided in subsection (a). Any additional services, now or in the future, will first require approval in writing from the Landlord in his sole and absolute discretion.

8. Responsibility for Utilities and Services. Tenant shall arrange for and timely pay when due all utilities to the Premises for the Lease Term and any extensions and renewals thereof, including but not limited to water, electricity, natural gas, telephone, pest control, janitorial service and garbage collection services. To this end, Tenant covenants that it shall, at a minimum and among other things, provide a sufficient level of heat and electricity to ensure that the pipes, equipment and systems located in the Premises are not damaged by freezing temperatures or otherwise.

9. Remodeling – Subject to the provisions of this Lease, Tenant may, at its option and with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, remodel the interior of the Premises to suit its own purposes and use; provided that any improvements, alterations, installations, additions and/or replacements constructed on the Premises by Tenant or others, other than Tenant's personal property and trade fixtures, shall become the sole and exclusive property of Landlord; provided further that Landlord shall have the right to require Tenant, at Tenant's sole cost and expense, to remove any improvement, alteration, installation, addition or replacement made or performed by Tenant or performed at Tenant's direction at the expiration or earlier termination of this Lease.

Notwithstanding the foregoing, Tenant shall have the right to perform alterations to the Premises without Landlord's consent upon the following conditions: (1) the Tenant provides notice to the Landlord, in writing, in advance of such alterations; (2) the Landlord has the opportunity to inspect said alterations for compliance with the Lease; (3) the alterations do not cost in excess of Five Thousand and No/100 Dollars ($5,000.00) per occurrence (an occurrence being defined as the cumulative total dollars of alterations taking place as provided in the notice to the Landlord); (4) the Tenant alterations do not violate building or life

safety codes or other governmental requirements; (5) the alterations do not cause an increase in insurance or building maintenance to the Landlord; (6) Landlord shall have the opportunity to inspect said alterations upon completion to ensure compliance with governmental regulations and building and fire safety codes; and (7) the alterations comply with all the terms of the Lease regarding alterations to the Premises.

10. Mechanic's and Materialmen Liens -- Notwithstanding anything contained or implied in this Lease to the contrary, Tenant has and shall have absolutely no power, right or authority to incur or create any liens, debts, charges or obligations with respect to Landlord or the Premises, the Building, the Project, or any improvements located in any of them. Notice is hereby given to all persons furnishing labor and material for any improvements to the Premises that any lien claimed by such persons shall only attach to the leasehold estate created under this Lease and shall in all respects be subject and subordinate to all the rights, title and interest of Landlord in and to the Premises, the Building, the Project, and any improvements therein.

If Tenant makes any alterations or improvements in the Premises, Tenant must pay for same when due. Nothing in the Lease shall be construed to authorize Tenant or any person dealing with or under Tenant, to charge the rents of the Leased Premises, or the property of which the Leased Premises form a part, or the interest of Landlord in the estate of the Premises, or any person under and through whom Landlord has acquired its interest in the estate of the Premises, with a mechanic's lien or encumbrance of any kind, and under no circumstances shall Tenant be construed to be the agent, employee, or representative of Landlord in the making of any such alterations or improvements to the Leased Premises, but, on the contrary, the right or power to charge any lien, claim, or encumbrance of any kind against Landlord's rents or the Leased Premises or the Premises is denied. In the event of the filing of a notice of any such lien, Tenant will promptly pay same or take steps to have the lien discharged of record, by bond, or otherwise. If same is not removed within ten (10) days from the date of written notice from Landlord, Landlord shall have the right at Landlord's option of paying the same or any portion thereof and the amounts so paid, including, but not limited to, attorneys' fees and expenses connected therewith and interest at the maximum rate permitted by law on any sums paid or advanced shall be deemed to be additional rent due from Tenant to Landlord immediately upon rendering to Tenant of a statement therefor. Tenant will indemnify and save harmless Landlord from and against all loss, claims, damages, costs, or expenses suffered by Landlord by reason of any repairs, installations, or improvements made by Tenant, including, but not limited to, reasonable attorneys' fees of Landlord.

11. Responsibility for Maintenance.

a. Landlord's Responsibilities. Landlord shall maintain the structural and exterior portion of the Building and the Project (including the roof thereof), all common areas of the Project, and all general Building systems (including Building electrical, plumbing, HVAC and life safety systems not serving the Premises exclusively) in reasonably good order and condition and perform those repairs in the Premises which are expressly Landlord's responsibility under subsection 11.b.ii. below.

b. Tenant's Responsibilities.

i. Tenant shall maintain the Premises in a clean, safe and operable condition and shall not permit or allow any waste or damage to occur to any portion of the Premises.

ii. Tenant, at its sole cost and expense, shall repair, replace and maintain in good condition, and in accordance with all Laws and the equipment manufacturer's suggested service programs, all portions of the Premises and all improvements and systems exclusively serving the Premises. Tenant shall also pay all the expenses associated with the maintenance of all plumbing, wiring and electrical systems, lighting, mechanical systems, heating ventilating and air conditioning, painting, janitorial services, plate glass and doors, signage serving the Premises, and generally maintain the Premises in such condition, order and repair as the same are in as of the Commencement Date, or as the Premises may be improved during the Lease Term or any renewal or extension thereof, reasonable wear and tear, and damage by fire, or other casualty as may be insured against in a standard fire policy with extended coverage excepted. Notwithstanding the foregoing, Landlord will be responsible for the servicing of the heating, ventilation and air conditioning (HVAC) units serving the Project, including the Premises, through common area maintenance. Notwithstanding anything else herein, Landlord agrees and warrants that the heating, ventilation and air conditioning (HVAC), plumbing, electrical and mechanical systems, apparatus and components shall be in good working order at the Commencement Date. Tenant shall be responsible for the first $500.00 per occurrence of any major HVAC equipment repair or failure and the Landlord shall pay the balance. If Tenant fails to maintain the Premises as required herein, and such failure continues for thirty (30) days after receipt of written notice from Landlord (which time period shall be extended if such repair cannot be fully effectuated within such thirty (30) day period but Tenant commences such repair within such time period and thereafter diligently prosecutes such repair to completion), Landlord shall have the right to

make such repair at Tenant's cost, and in such event. Tenant further covenants and agrees to pay Landlord within thirty (30) days after receipt of Landlord's invoice therefor for Landlord's out-of-pocket costs incurred in making any repairs and maintenance to the Premises during the Lease Term, and for any damage sustained to the heating, air conditioning, plumbing, electrical apparatus, windows, doors, hardware and frames, building fixtures or apparatus, which result from any cause other than the negligent or willful acts of Landlord, or its employees, representatives, agents, or invitees.

12. Assignment and Subletting. Neither this Lease nor any interest therein, whether legal or equitable, shall be mortgaged, pledged, hypothecated, assigned or transferred by Tenant, voluntarily or by operation of law, without the written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Any assignment, receivership, bankruptcy, or other proceedings by or against the Tenant, whether voluntary or involuntary, shall, at the option of the Landlord, constitute a forfeiture of this Lease, and no court or officers thereof shall have the right or power to transfer this Lease or exercise control of or use of possession of the Premises, without consent in writing from the Landlord. Notwithstanding the foregoing, Tenant may assign this Lease or sublet all or any portion of the Premises to any Affiliate (hereinafter defined) or to any successor by merger, consolidation or similar organization (a "Permitted Transfer") without Landlord's prior written consent upon the following conditions: (a) Tenant shall give Landlord written notice of any Permitted Transfer immediately after the Permitted Transfer has occurred; (b) Tenant has provided to Landlord, with such notice, all documents evidencing such assignment or sublet to the Permitted Transferee, including, but not limited to, all documents of assignment or sublet, contact information for the Permitted Transferee, information relevant to the financial and operational responsibility, stability and appropriateness of the Permitted Transferee; (c) together with a fee of One Thousand and No/100 Dollars ($1,000.00), as consideration for Landlord processing said assignment or sublet; and (d) and such other or additional information and/or documentation as may be reasonably requested by Landlord. The failure by Tenant to comply with the provisions hereof shall render null and void any assignment or sublet to a Permitted Transferee. Any assignment or subletting of the leasehold, whether to a Permitted Transfer or an assignment to which the consent of the Landlord is required or given, shall: (1) not be effective without express written assumption by such assignee or sublessee, Permitted Transferee of the obligations of Tenant under this Lease; and (2) not release Tenant of any obligations hereunder or alter the primary liability of Tenant for the payment of rent or for the performance of any other obligations to be performed by Tenant under this Lease. The acceptance of any rental payments by Landlord from any alleged assignee or sublease shall not constitute approval by the Landlord of the assignment of this Lease.

13. Furnishings - Tenant shall, at its own expense, furnish all necessary furniture, furnishings, removable fixtures and equipment and shall have the sole responsibility to keep and maintain the same as Tenant may deem necessary and proper for its business. All such removable items shall be and remain the property of Tenant, and may be removed by Tenant at any time; provided, that Tenant shall be solely responsible for any damage occasioned to the Project or the Premises from Tenant's moving of the same.

14. Laws and Regulations - Tenant covenants and agrees to comply with all Laws with respect to its use and operation of the Premises. To this end, Tenant shall indemnify and hold Landlord harmless from and against any and all penalties, fines, liability, costs and damages resulting from Tenant's failure, or the failure of Tenant's employees, officers, representatives, agents or invitees, to do the same. The provisions of this Section 14 shall survive the expiration or earlier termination of this Lease.

15. Liability and Insurance.

a. Indemnities.

i. Tenant shall forever indemnify and hold Landlord harmless for, from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon, incurred by, or asserted against Landlord by reason of any accident, injury, loss of life, or damage to any person or property arising out of Tenant's, or Tenant's employee's, representative's, agent's, contractor's, or invitee's use, occupancy or maintenance of the Premises or any part thereof, unless the same is the subject of Landlord's indemnity to Tenant as provided in subsection (ii) below. In the event any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon written notice from Landlord, shall at Tenant's sole cost and expense, defend such proceeding by counsel of Tenant's choosing.

ii. Landlord shall forever indemnify and hold Tenant harmless for, from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon, incurred by, or asserted against Tenant by reason of any accident, injury, loss of life, or damage to any person or property arising out of Landlord's, or Landlord's employee's, representative's, agent's, contractor's, or invitee's negligence or willful misconduct. In the event any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon written notice from Tenant, shall at Landlord's sole cost and expense, defend such proceeding by counsel of Landlord's choosing.

b. Tenant's Insurance. Effective as of the Commencement Date and continuing throughout the Lease Term, and any extensions thereof, Tenant shall maintain the following types of insurance on the Premises:

i. Commercial general liability insurance for personal injury (including wrongful death) and damage to property which coverage shall not be less than Two Million Dollars ($2,000,000.00) combined single limit, per occurrence and, in the event the use and occupancy of the Premises includes any activity or matter that is or may be excluded from coverage under a commercial general liability policy, such endorsements to said policy or additional policies of insurance in such amounts as Landlord may reasonably require to insure all liability arising from such activity or matter. Said policy or policies shall insure Tenant, Landlord, Landlord's members, Landlord's management company, if any, and such other individuals and entities as Landlord shall desire, against all liability for injury to or death of a person or persons or damage to property arising from the use and/or occupancy of the Premises.

ii. A policy of insurance covering the full value of all alterations and improvements and betterments in the Premises, naming Landlord and Landlord's Mortgagee (as defined below), if any, as additional loss payees and as their interests may appear.

iii. A policy of "All Risk" or "All Peril" insurance insuring Tenant's furniture, personal property, fixtures and equipment in the Premises, with coverage in an amount equal to the replacement cost thereof.

All policies acquired and maintained by Tenant pursuant to this subsection 15.b. shall also (i) be in such forms and with such companies as are reasonably acceptable to Landlord; (ii) shall require the insurance company to endeavor to provide Landlord written notice at least thirty (30) days before any cancellation or material change; and (iii) shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance, Landlord's policy will be excess over Tenant's policy. Tenant shall also, from time to time, provide Landlord with certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder.

Notwithstanding the foregoing, Tenant may elect to have a reasonable deductible in connection with any policies of insurance required under this Section 15.

In the event Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of the coverages required herein,

Landlord, in addition to any other remedy available to it under this Lease, shall have the right, subject to the notice and cure periods provided in Section 16(c) hereof, but not the obligation, to obtain such insurance on Tenant's behalf. In such an event, Tenant shall pay to Landlord the premium costs thereof plus an administrative fee of fifteen percent (15%) of such costs.

c. All insurance policies carried by Landlord shall be for the sole and exclusive benefit of Landlord and under Landlord's sole and absolute control. Tenant shall have no right or claim to any proceeds payable from any of Landlord's insurance policies or any other rights thereunder.

d. Anything in this Lease to the contrary notwithstanding, each of Landlord and Tenant hereby waives any and all rights of recovery, claim, action or cause of action against the other for any loss or damage that may occur to the Premises or any improvements thereto, the Building, the Project, or any personal property of the waiving party, arising from any cause that (i) would be insured against under the terms of any property insurance required to be carried hereunder; or (ii) is insured against under the terms of any property insurance actually carried, regardless of whether the same is required hereunder. The foregoing waiver shall apply regardless of the cause or origin of such claim, including, but not limited to, the negligence of a party, or such party's agents, officers, employees or contractors; foregoing waiver shall also apply to any deductible, as if the same were a part of the insurance recovery. Similarly, each of Landlord and Tenant shall require their respective insurance carriers to provide a waiver of subrogation for the foregoing.

16. Events of Default – Each of the following occurrences shall be an "Event of Default":

a. Tenant's failure to pay any one or more installments of Monthly Minimum Rent within five (5) days of when the same becomes due and such failure has not been corrected within ten (10) days after written notice of such failure is received by Tenant from Landlord.

b. Tenant fails to provide any estoppel certificate or subordination agreement within the time frames set forth in this Lease, and such failure has not been corrected within three (3) business days after written notice of such failure is received by Tenant from Landlord.

c. Tenant fails to procure, maintain and deliver evidence of the insurance coverages required under this Lease, and such failure has not been corrected within five (5) business days after written notice of such failure is received by Tenant from Landlord.

d. Tenant fails to pay and release of record or diligently contest and bond around any lien filed against the Premises or the Project for any work performed, materials furnished or obligation incurred by or at the request of Tenant, or Tenant's employees, representatives, agents, contractors, or invitees within sixty (60) days after the same is filed of record in the Register's Office for Knox County, Tennessee.

e. Tenant's failure to perform, comply with, or observe any other agreement, covenant, condition, term or obligation of Tenant under this Lease or violate any Rule and Regulation promulgated under this Lease, and such failure has not been corrected within fifteen (15) days after written notice of such failure is received by Tenant from Landlord (which time period shall be extended if such cure cannot be fully effectuated within such fifteen (15) day period but Tenant commences such cure within such time period and thereafter diligently prosecutes such cure to completion).

f. The filing of a petition by or against Tenant or any person guaranteeing Tenant's obligations under this Lease (i) in any bankruptcy or insolvency proceeding, (ii) seeking any relief under any state or federal debtor relief law, for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease, or (iv) for reorganization or modification of Tenant's capital structure; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition to be dismissed within thirty (30) days after the filing thereof.

g. Tenant makes or attempts to make an assignment for the benefit of creditors.

h. The insolvency of Tenant.

i. The leased Premises or Tenant's interest therein are levied upon or attached under process against Tenant and not satisfied or dissolved within thirty (30) days after notice from Landlord to Tenant to obtain satisfaction thereof.

j. The assignment, subletting of the leased Premises without the prior written consent of Landlord.

k. Any construction changes or alterations on the leased Premises without the prior written consent of Landlord.

l. The attachment of all or substantially all of the assets of Tenant.

17. Landlord's Remedies. In the event any Event of Default shall occur, Landlord shall have, in addition to any other rights provided in this Lease or by law, all the following rights:

a. Landlord may, at its option, declare all installments of annual rent at the time of default for the remainder of the Base Term to be immediately due and payable, whereupon the same shall become immediately due and payable subject to the offset or reduction for subsequent rents received. In the event Landlord exercises this option, Landlord shall be entitled to recover all amounts due upon default, plus annual rent for the balance of the term; reduced to present value (utilizing those factors generally accepted by actuarials for determining present value).

b. Landlord may re-enter and take possession of the Leased Premises without terminating this Lease, and sublease in their entirety the same for the account of Tenant, holding Tenant liable for the difference in the rent other amounts actually paid by such sublessee in such subletting and the rents and other amounts payable by Tenant hereunder.

c. Landlord may terminate the Lease, exclude Tenant from possession of the Leased Premises, and use reasonable efforts to lease the same for the account of Tenant, holding Tenant liable for all rent and other amounts payable by Tenant hereunder and all other damages, costs, and/or losses incurred by Landlord due to Tenant's default.

d. Landlord may take whatever action at law or in equity as may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement, or covenant of Tenant under this Lease and in connection with such actions to recover any or all damages to Landlord for Tenant's violation or breach of this Lease.

e. Alteration of Locks. To the fullest extent permitted by law, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant.

f. Amounts Due Upon Default. Upon default by Tenant, whether this Lease is terminated or not, all rents shall, at the option of Landlord, become due and payable. Further, all other expenses and charges shall immediately become due and payable, at the option of Landlord. In the event of default by Tenant, Landlord shall also be entitled to any other costs, expenses, or charges which may become due under this Lease and assess said costs, expenses, or charges immediately against Tenant, including, but not limited to, taxes, insurance, and maintenance.

g. Application of Funds. If any statute or rule of law shall validly limit the amount of any final damages described in these paragraphs to less than the amount determined herein, Landlord

shall be entitled to the maximum amount allowable under such statute or rule of law. In the event the Landlord elects to proceed under the authority of paragraphs b, c or d above, Landlord shall make reasonable efforts to collect rentals from subleases or new lessees of the leased Premises or portions thereof. All rents and all other income derived from operation of the leased Premises by Landlord, to the extent such are not paid and applied by any sublease or new lessee of the leased Premises, may be applied first, to the payment and accrual of taxes; second, to the reasonable costs of operating the leased Premises; third, to the cost of administration and collection of rents by Landlord; and fourth, to the payment of rent due and owing to Landlord hereunder. Tenant shall be liable to Landlord for the deficiency, if any, between Tenant's rent and all other charges hereunder and those applied by Landlord to said amounts in the manner hereby authorized. No action taken by Landlord under these paragraphs (including repossession of the leased Premises or termination of the Lease), shall relieve Tenant from Tenant's obligation for rent and all other charges hereunder, all of which shall survive any such action and Landlord may take whatever action at law or in equity as may appear necessary or desirable to collect the rent and other amounts then due and owing or thereafter to become due and/or to enforce the performance and observation of any obligation, agreement or covenant of Tenant hereunder.

h. No Remedy Exclusive. No remedy herein conferred upon or reserved to Landlord is intended to be excusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Landlord to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as is herein expressly required by this Lease.

18. Surrender of Premises; Holding Over.

a. Except as expressly provided in this Lease, no act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or earlier termination of this Lease, Tenant shall deliver the Premises to Landlord with all improvements located therein in good repair and condition, free of any Hazardous Materials (as defined below), broom clean, reasonable wear and tear and condemnation and casualty damage excepted), and shall deliver to Landlord all keys to the Premises. Tenant shall remove all alterations, additions and improvements made to the Premises by or for Tenant pursuant to this Lease. All items not removed shall, at Landlord's

option, be deemed abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items. The provisions of this section 18.a. shall survive the expiration or earlier termination of this Lease.

b. If Tenant fails to vacate the Premises at the end of the Lease Term, Tenant shall be a tenant at sufferance, and, in addition to all other damages and remedies to which Landlord may be entitled to for such holding over:

   i. Tenant shall pay as liquidated damages, a monthly sum equal to 1.50 multiplied by the monthly installment of Monthly Minimum Rent payable during the last full month of the Lease Term;

   ii. Tenant shall pay any Additional Rent payable for the Premises during said hold-over period;

   iii. Tenant shall pay all other charges and fees required under this Lease;

   iv. Tenant shall continue to be subject to all the other obligations set forth in this Lease; and

   v. Tenant shall protect, defend, indemnify and hold Landlord harmless from all losses, costs (including reasonable attorneys' fees) and liability resulting from such failure, including any claims made by a succeeding tenant founded upon failure to surrender, and any lost profits to Landlord resulting therefrom.

The foregoing provisions of this subsection 18.b. shall not be deemed to limit or constitute a waiver of any other rights or remedies which Landlord may have under this Lease or which are provided by law. Nor shall anything contained in this subsection 18.b. be interpreted as a grant of permission to Tenant to continue in possession of the Premises after the expiration or earlier termination of the Lease.

c. Expense - In addition to each of Tenant's and Landlord's obligation to provide the other party with legal representation pursuant to Section 15 above, in the event that either party determines it is necessary to employ an attorney due to any Event of Default, the non-prevailing party in such action shall pay all reasonable attorney's fees, costs and expenses incurred by the prevailing party in the same.

19. Returned Checks. If any check tendered by or on behalf of Tenant in payment of any sum due under this Lease is dishonored and returned to Landlord for any reason whatsoever, Tenant shall be charged, in addition to all other charges and fees applicable under this Lease, the sum of One Hundred Twenty Five Dollars ($125.00). Said sum shall be construed as Additional Rent and not as a penalty or as interest.

Within ten (10) days after Landlord provides Tenant written notice of the dishonored check, Tenant shall replace the same with a cashier's check; provided, that if Tenant fails to pay Landlord within said ten (10) day period, the One Hundred Twenty Five Dollar ($125.00) sum shall accrue interest at the rate of twelve percent (12%) per annum or the highest rate then allowed by law, whichever shall be less.

In the event, during any twelve (12) month period of the Lease Term or any extension thereof, Tenant shall tender two (2) or more checks which are dishonored or returned for any reason whatsoever, Tenant shall be required to remit all future payments to Landlord by cashier's check or wire transfer.

20. Subordination; Attornment; Notices to Landlord's Mortgagee.

a. This Lease shall be subordinate to any deed of trust, mortgage, or other security instrument (each a "Mortgage"), or any ground lease, master lease, or primary lease (each a "Primary Lease"), that now or hereafter covers all or any portion of the Premises (the mortgagee under any Mortgage, the beneficiary under any such deed of trust, or the lessor under any such Primary Lease is hereinafter referred to as a "Landlord's Mortgagee"). Any Landlord's Mortgagee may elect, at any time, unilaterally, to make this Lease superior to its Mortgage, Primary Lease, or other interest in the Premises by so notifying Tenant in writing. The provisions of this Section 20 shall be self-operative and no further instrument of subordination shall be required; however, in confirmation of such subordination, Tenant shall execute and return to Landlord (or such other party designated by Landlord) within ten (10) days after written request therefore such documentation, in recordable form if required, as a Landlord's Mortgagee may reasonably request to evidence the subordination of this Lease to such Landlord's Mortgagee's Mortgage or Primary Lease (including a subordination, non-disturbance and attornment agreement) or, if the Landlord's Mortgagee so elects, the subordination of such Landlord's Mortgagee's Mortgage or Primary Lease to this Lease.

b. Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such succeeding party's request, and shall execute such agreements confirming such attornment as such party may reasonably request.

c. Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice, by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee a reasonable opportunity to perform Landlord's obligations hereunder.

d. Landlord shall use commercially reasonable efforts to obtain from any Landlord's Mortgagee having an interest in the Project as of the Commencement Date a commercially reasonable non-disturbance agreement whereby such Mortgagee agrees not to terminate this Lease or otherwise disturb Tenant's occupancy in the event of a foreclosure event concerning such Mortgage or Primary Lease (a "Non-Disturbance Agreement"). In addition, Tenant's agreement to subordinate this Lease to any Landlord's Mortgagee not having an interest in the Project as of the Commencement Date, is conditioned on Tenant obtaining a Non-Disturbance Agreement from such Mortgagee.

21. Rules and Regulations. Tenant shall comply with all rules and regulations for the Premises, the Building and the Project which are prescribed by Landlord from time to time; provided, that such rules and regulations will not unreasonably interfere with Tenant's use of the Premises and are enforced by Landlord in a non-discriminatory manner and further provided that in the event that there is a conflict between such rules and regulations (or any modifications thereto) and this Lease, the terms of this Lease shall control. Tenant shall be responsible for enforcing said rules and regulations among its employees, representatives, agents, and invitees. A copy of the current Rules and Regulations is attached hereto as Exhibit E and incorporated herein by this reference.

22. Condemnation.

a. If the entire Building or Premises is taken by right of eminent domain or conveyed in lieu thereof (a "Taking"), this Lease shall terminate as of the date of the Taking.

b. If any part of the Building becomes subject to a Taking and such Taking will prevent Tenant from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking for a period of more than one hundred eighty (180) days, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within thirty (30) days after the Taking, and all future installments of Monthly Minimum Rent shall be apportioned as of the date of the Taking, and the amounts of Additional Rent payable to Landlord adjusted.

c. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the property so taken; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the party effectuating the Taking for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs, and loss of business.

d. If neither party terminates this Lease on account of a Taking, then this Lease will continue in full force and effect; provided, that if any portion of the Premises has been

taken, this Lease shall automatically be amended as appropriate and the Monthly Minimum Rent and any Additional Rent due from Tenant shall be abated on a reasonable basis as to that portion of the Premises rendered untenable by the Taking.

23. Fire or other Casualty. If the Premises and/or the Building is damaged by fire or other casualty (hereinafter "Casualty"), Tenant shall immediately notify Landlord of the same. Upon receipt of said notice, the parties shall have the following rights:

a. Landlord's Rights.

i. Within thirty (30) days following Tenant's notice, Landlord shall provide Tenant with a notice stating either:

1. That Landlord does not desire to rebuild or restore the Premises to its previous condition; or

2. A good faith estimate of the time Landlord needs to repair the damage caused by such Casualty.

ii. In the event Landlord notifies Tenant that it does not desire to rebuild or restore the Premises and/or Building to its previous condition, the Lease, except for those provisions which survive hereunder, shall immediately terminate, and:

1. All Monthly Minimum Rent and Additional Rent to be paid by Tenant pursuant to this Lease shall be apportioned as of the date of the Casualty;

2. Tenant shall pay all other costs, fees and charges which it owed to Landlord as of the date of the Casualty; and

3. Tenant shall perform such other duties and obligations as required of it in this Lease.

b. Tenant's Right to Terminate. If Landlord does not elect to terminate this Lease as provided for in subsection 23.a., but if a material portion of the Premises is damaged by a Casualty such that Tenant is prevented from conducting its business in the Premises in a manner reasonably comparable to that immediately before such Casualty, and Landlord estimates that the damage caused thereby cannot be repaired within ninety (90) days after commencement of the repairs, then Tenant may terminate this Lease; provided that Tenant shall have no right to terminate this Lease in the event the Casualty was caused by or as a result of the willful or negligent acts of Tenant, or Tenant's employees, representatives, agents, or invitees.

c. If neither Landlord nor Tenant shall desire to terminate this Lease following a Casualty, then Landlord shall begin the repair and/or restoration of the damaged areas of the Premises within a reasonable period of time, and Landlord shall proceed with reasonable diligence to complete the same; provided, Landlord shall not be required to repair or replace any alterations or betterments within the Premises that were installed by Tenant, or at Tenant's direction, other than the matters set forth in Exhibit "A" hereto, at Tenant's direction. Further, Landlord shall have no obligation to replace or restore any furniture, equipment, trade fixtures or personal property of Tenant or others in the Premises or the Building. Landlord's obligation shall also be limited by and conditioned upon the receipt of insurance proceeds by Landlord for the Casualty.

During Landlord's repair and restoration of the Premises and/or Building, all Monthly Minimum Rent and Additional Rent for the portions of the Premises damaged shall be abated on a reasonable basis from the date of damage until the date Landlord completes its work.

d. Notwithstanding anything contained in this Section 23 to the contrary, if a Casualty results from the willful or grossly negligent acts of Tenant, or Tenant's employees, representatives, agents, or invitees, Tenant shall not be entitled to any abatement or reduction in any Monthly Minimum Rent or Additional Rent due Landlord hereunder, except to the extent Landlord receives the proceeds of any insurance policy to compensate it for the same.

24. Non-waiver of Breach. The failure of either Landlord or Tenant to insist, in any one or more instances, upon strict performance of any of the covenants, agreements, or obligations of the other party hereunder, or to exercise any option herein contained, shall not be construed as a waiver, or a relinquishment of Landlord's or Tenant's (as applicable) future right to insist on strict compliance with any such covenant, agreement or obligation, or the exercise any such option. Instead, each of Landlord's and Tenant's rights in each instance shall continue and remain in full force and effect.

Likewise, the receipt by Landlord of any installments of Initial Monthly Minimum Rent, Additional Rent, or any other fees and charges owing to it under this Lease, with knowledge of the breach of any covenant, agreement or obligation of Tenant herein, shall not be deemed a waiver of such breach unless expressed in writing and signed by Landlord.

25. Notices. All notices, demands, elections, deliveries, and other communications between the parties and required or desired to be given in connection with this Lease, to be effective under this Lease, shall (except as allowed in Section 27 below) be in writing and shall be deemed to be given and received (i) on the date when delivered personally; (ii) on the date

when sent by facsimile; (iii) one business day after deposited with a national overnight courier service (e.g., Federal Express, UPS, DHL, or Airborne); or (iv) three business days after deposit with the United States Postal Service as certified mail, return receipt requested; in any event with all charges or postage prepaid and addressed as follows:

If to Landlord by U.S. Mail:
Attention: Bryan Cook
Ridenour Properties, LLC
7700 Conner Rd.
Powell, Tennessee 37849

If to Landlord by any other method:
Attention: Bryan Cook
Ridenour Properties, LLC
P.O. Box 12684
Knoxville, Tennessee 37912
Facsimile: 865.938.2030
E-Mail: Bcook@RidenourCompanies.com

If to Tenant:
555 17th Street, Suite 1500
Denver, CO 80202
Attn: Legal Department
Facsimile: 303.298.0047

Notwithstanding the foregoing, either party may change the designation above by providing the other with a notice that conforms to the requirements of this Section.

26. Personal Property Taxes. Tenant shall be solely responsible for all taxes levied or assessed against personal property, furniture or fixtures placed by Tenant, or at Tenant's direction, in the Premises, or in any portion of the Building or the Project. If any taxes for which Tenant is liable are levied or assessed against Landlord or any of Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by the inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, within thirty (30) days following written request therefore, the part of such taxes for which Tenant is primarily liable thereunder.

27. Additional Rights Reserved to Landlord. Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises, Landlord shall have the following rights:

a. The right to decorate and to make inspections, repairs, alterations, additions, changes or improvements, whether structural or otherwise, in and about the Project, or any part thereof; to enter upon the Premises (after giving Tenant reasonable notice thereof, which may be oral notice, except in cases of real or apparent emergency, in which case no notice shall be required), and during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Building; to interrupt or temporarily suspend Building services and facilities; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building; provided, however, that in effectuating any of the foregoing rights, Landlord shall use reasonable efforts to minimize disruption to Tenant's operations in the Premises and shall abide by Tenant's reasonable security procedures as may pertain to its patient and pharmaceutical operations;

b. Security. To take such measures as Landlord deems advisable for the security of the Building and its occupants; evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building; and closing the Building after normal business hours and on Sundays and holidays, subject, however, to Tenant's right to enter when the Building is closed after normal business hours under such reasonable regulations as Landlord may prescribe from time to time;

c. Prospective Purchasers and Lenders. Subject to the provisions of the last sentence of subsection (a) above, to enter the Premises at all reasonable hours and upon reasonable notice to Tenant (which may be oral notice) to show the Premises to prospective purchasers or lenders. Landlord shall also have the right to place a prominent sign on the Project advertising it, or any portion thereof, for sale; and

d. Prospective Tenants. Subject to the provisions of the last sentence of subsection (a) above, at any time during the last twelve (12) months of the Term (or earlier if Tenant has notified Landlord in writing that it does not desire to renew the Term) or at any time following the occurrence of an Event of Default, to enter the Premises at all reasonable hours and upon reasonable notice to Tenant (which may be oral notice) to show the Premises to prospective tenants. Landlord shall also have the right, during the last six (6) months of the Lease Term, or any extension thereof, to display a large prominent sign advertising the Premises for lease.

28. Estoppel Certificates. From time to time, and within ten (10) business days after Landlord's written request, Tenant shall execute, acknowledge, and deliver to Landlord, or to such other

party as may be designated by Landlord, a certificate stating that Tenant has made inquiry to those individuals of Tenant in a position to have such knowledge, and to Tenant's knowledge:

a. this Lease is in full force and effect and has not been modified, supplemented or amended in any way, except as indicated in such certificate;

b. all conditions and agreements to be performed by Landlord under this Lease have been satisfied or performed, except as set forth in said certificate;

c. Tenant is not in default in the payment of any Monthly Minimum Rent, Additional Rent, or any of the other obligations required of Tenant hereunder;

d. Tenant has not paid any installments of Monthly Minimum Rent or Additional Rent except for the month in which the certificate is executed; and

e. other facts as Landlord, or any prospective purchaser or lender of the Premises, may reasonably request regarding this Lease, can and will be furnished.

29. Time of Essence. TIME IS OF THE ESSENCE WITH RESPECT TO THE TIME PERIODS IN THIS LEASE.

30. Miscellaneous Provisions.

a. No Merger of Leasehold Estate. There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person or entity acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate or any interest in the fee estate.

b. No Offer. The submission of this Lease to Tenant shall not be construed as an offer, and Tenant shall not have any rights under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.

c. Entire Agreement. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings related thereto. Except for those set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto.

d. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee.

e. Recording. Tenant shall not record this Lease or any memorandum of this Lease without the prior written consent of Landlord, which consent may be withheld or denied in the sole and absolute discretion of Landlord, and any recordation by Tenant shall be a material breach of this Lease. To this end, Tenant hereby grants to Landlord a power of attorney to execute and record a release releasing any such recorded instrument of record that was recorded by Tenant without the prior written consent of Landlord, which power of attorney is coupled with an interest and is irrevocable until one year after this Lease expires or is terminated. The provisions of this subsection 29.e. shall survive the expiration or earlier termination of this Lease.

f. Confidentiality. Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for Landlord's benefit, and may not be disclosed by Tenant to anyone, by any manner or means, directly or indirectly, without Landlord's prior written consent, except that Tenant may provide copies of this Lease to its accountants, lawyers, real estate consultants or to comply with a subpoena or other court or governmental process compelling the production of same. The consent by Landlord to any disclosures shall not be deemed to be a waiver on the part of Landlord of any prohibition against any future disclosure.

g. Authority. Tenant hereby represents and warrants to Landlord that Tenant is a duly formed and existing entity in good standing with its state of incorporation and the state of Tennessee; Tenant is qualified to do business in the state of Tennessee; Tenant has full right and authority to execute and deliver this Lease; and that each person executing this Lease on behalf of Tenant is authorized to do so.

h. Option to Extend. Provided this Lease is still in effect and Tenant is not then in default, Landlord hereby grants to Tenant the option to renew this Lease for one (1) additional term of five (5) years beginning on the Termination Date. The Lease of the leased Premises during any option term shall be on the same terms and conditions in effect during the base term of the Lease. After the base term expires, annually during the renewal term, the rent will be increased by three percent (3%) annually over the prior year's rent. The first year of the renewal term shall reflect an increase in rent of three percent (3%) over the last year of the base term. Tenant must give Landlord written notice of its intention to exercise any option to renew at least 180 (one hundred eighty) days prior to the expiration of the base term. If such notice is not given, the option to renew shall terminate and be of no further force and effect. Anything herein to the contrary, notwithstanding, upon any default, not cured, by Tenant under the terms of the Lease or any termination of this Lease, the option to renew shall terminate and be of no further force or effect.

i. Brokerage. Tenant has worked through a broker, agent or intermediary in connection with the negotiation or execution of this Lease other than the representatives of Ridenour Realty, LLC. Landlord agrees that it shall be responsible for and pay the commissions of Lee & Associates – Orange Inc. located at 1004 West Taft Avenue, Suite 105, in Orange, California 92865 and Ridenour Realty, LLC in the amounts negotiated between them assuming and conditioned upon such payment being in compliance with the laws, rules and regulations of the state of Tennessee. Tenant and Landlord shall each indemnify the other from and against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any other broker, agent or intermediary other than the brokers identified above as set forth in this subsection 30.i., which is claiming the same by, through or under the indemnifying party.

j. Parking. So long as this Lease shall be in effect, Tenant and Tenant's employees, representatives, agents and invitees shall have a non-exclusive right to use the Building's parking areas; provided, the use of said parking areas shall be subject to all rules and regulations now or hereafter promulgated by Landlord regarding the use of the same.

k. Landlord's Liability. The liability of Landlord to Tenant (or any person or entity claiming by, through or under Tenant) for default by Landlord under the terms of this Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or other areas of the Project shall be limited to Tenant's actual direct, but not consequential, damages therefore. In no event shall either party be liable to the other for any consequential, punitive or other indirect damages.

l. Force Majeure. Other than Tenant's obligations under this Lease that can be performed by the payment of money (e.g. payment of Monthly Minimum Rent, Additional Rent, payment of insurance premiums, etc.), whenever a period of time is prescribed herein for action to be taken by either Landlord or Tenant, such party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations, or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party.

m. Severability. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

n. Amendments; Binding Effect. This Lease may not be amended except by a written instrument executed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise expressly provided herein. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.

o. Hazardous Materials. The term "Hazardous Materials" means any substance, material, or waste that is now or hereafter classified or considered to be hazardous, toxic, or dangerous under any Law relating to pollution or the protection or regulation of human health, natural resources or the environment, or poses or threatens to pose a hazard to the health or safety of persons on the Premises or in the Building. Tenant shall not use, generate, store, or dispose of, or permit the use, generation, storage or disposal of Hazardous Materials on or about the Premises, the Building, or the Project except in a manner and quantity necessary for the ordinary performance of Tenant's business, and then in compliance with all Laws. If Tenant breaches its obligations under this subsection 30.p., Landlord may immediately take any and all action reasonably appropriate to remedy the same, including taking all appropriate action to clean up or remediate any contamination resulting from Tenant's use, generation, storage or disposal of Hazardous Materials. Tenant shall defend, indemnify, and hold Landlord and its employees, members, representatives and agents harmless from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees and costs of clean up and remediation) arising from Tenant's failure to comply with the provisions of this subsection 30.p. This indemnity provision shall survive the termination or expiration of this Lease. If any Hazardous Materials are discovered within the Premises or Project and are not the subject of Tenant's obligations or indemnity hereunder, Landlord shall promptly remediate the same as may be required by Law, at Landlord's sole cost, and Landlord shall defend, indemnify, and hold Tenant and its employees, members, representatives and agents harmless from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees and costs of clean up and remediation) arising from such Hazardous Materials and/or Landlord's

failure to comply with the provisions of this subsection 30.p. This indemnity provision shall survive the termination or expiration of this Lease.

p. Title Covenants of Landlord. Landlord covenants that Landlord is seized of good and sufficient marketable fee simple title to the Premises and has full authority to enter into and execute this Lease.

q. Counterparts. This Lease may be executed in one or more counterparts and the combination of which shall be deemed to be an original document.

r. Captions. The captions used in this Lease are for the purpose of convenience only and shall not be construed to modify the contents of the sections and subsections of which they are a part.

s. Landlord's Exculpatory Clause. The term "Landlord" as used in this Lease means only the fee simple owner of the Premises, so that in the event of any sale or sales of such land, or assignment, transfer, or other conveyance of its rights under this Lease, Landlord shall be and hereby is entirely freed from and relieved of all covenants and obligations of Landlord hereunder effective as of the date of such sale, assignment, transfer, or other conveyance, and it shall be deemed and construed, without further agreement between the parties and the purchaser at any such sale, or the successor to Landlord by reason of any assignment, transfer, or other conveyance of its rights under this Lease, that such purchaser or successor has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder from and after the date of such sale, assignment, transfer, or other conveyance.

Notwithstanding the provisions of this paragraph, Tenant expressly agrees that Landlord's lender(s) shall not be held subject to any liability or obligation to Tenant under any lease or otherwise, unless and until such lender(s) obtains title to the Premises as a result of foreclosure or otherwise; and, in such event, Landlord's lender(s) shall be subject only to those liabilities or obligations arising subsequent to the date the lender obtains title to the Premises.

t. Negation of Personal Liability. Notwithstanding anything contained herein to the contrary, Tenant agrees that Landlord shall have no personal liability with respect to any of the provisions of this Lease and Tenant shall look solely to the estate and property of Landlord in the land and buildings comprising the Premises for the satisfaction of Tenant's remedies, including, without limitation, the collection of any judgment or the enforcement of any other judicial process requiring the payment or expenditure of money by Landlord or its partners in

the event of any default or breach by Landlord, subject, however, to the prior rights of any holder of any mortgage covering all or part of the Premises, and no other assets of Landlord or any principal or partner of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim and in the event Tenant obtains a judgment against Landlord, and/or its partners, the judgment docket shall be so noted. This provision shall inure to the benefit of Landlord's successors and assigns and their respective partners and/or principals.

u. Waiver of Jury Trial. The parties hereto waive trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matter whatsoever arising out of or in any way connected with (i) this Lease, (ii) the relationship of Landlord and Tenant created hereby; and (iii) Tenant's use or occupancy of the Leased Premises.

31. Guarantors. Intentionally omitted.

32. Signage. Tenant shall be entitled to place exterior signage on the Building in accordance with the signage requirements attached hereto as Exhibit C and incorporated herein by this reference.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;

SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the date first above written.

LANDLORD:

Ridenour Properties, LLC

By: _____
J. Stephen Ridenour, Chief Manager

TENANT:

Coram Alternate Site Services, Inc.,
a Delaware corporation

By: _____
Michael E. Dell

Its: Senior Vice President, General Counsel & Secretary

Q:\Tammy\Albert\Ridenour, Stephen\LeaseCoramFinal.doc

EXHIBIT "A"

Tenant Improvements

Tenant shall provide Landlord drawings to review and approve prior to commencing improvements.

Tenant will contract with J.S. Ridenour Construction, Inc. (the "Contractor") a Tennessee licensed general contractor located at 7700 Conner Road, in Powell, Tennessee 37849 and *prior* to commencing any work on the property, will provide Contractor proof of insurance naming Ridenour Properties, LLC as additional insured. Tenant shall also provide proof of Tenant's Insurance as defined in Paragraph 15 (b), prior to the commencement of tenant improvements.

Tenant shall have the Contractor display all required building permits in the storefront window.

Upon completion of Tenant's Improvements Tenant shall provide invoices submitted by the Contractor and approved by the Tenant to the Landlord to include a statement showing full payment received by Contractor and a Lien Waiver from the Contractor.

Tenant will schedule all construction to create little, to no, interruption or disturbance to neighboring occupants of the building during construction. Tenant will coordinate and schedule the work with the Landlord's representative.

Tenant will provide a copy of the Certificate of Occupancy to the Landlord upon final inspection of the premises by city/county building officials.

Landlord will cause the Contractor, at Tenant's sole cost, or Landlord will otherwise perform, at Tenant's sole cost, the following additional work prior to the Commencement Date:

(a) Install/re-stripe as necessary one (1) ADA-compliant "disabled parking" space near the entrance to the Premises, along with all required curb-cuts, signage and other items necessary for such parking space to comply with all laws, including ADA. If during the Tenant improvements, any fire marshal or building code official shall make a determination, which determination becomes final, that the existing facility upon which the Tenant's premises are located was not ADA compliant such that an ADA compliant disabled parking space near the entrance to Tenant's space is required in addition to the existing ADA compliant spaces, then such installation shall be at Landlord's cost.

EXHIBIT "B"

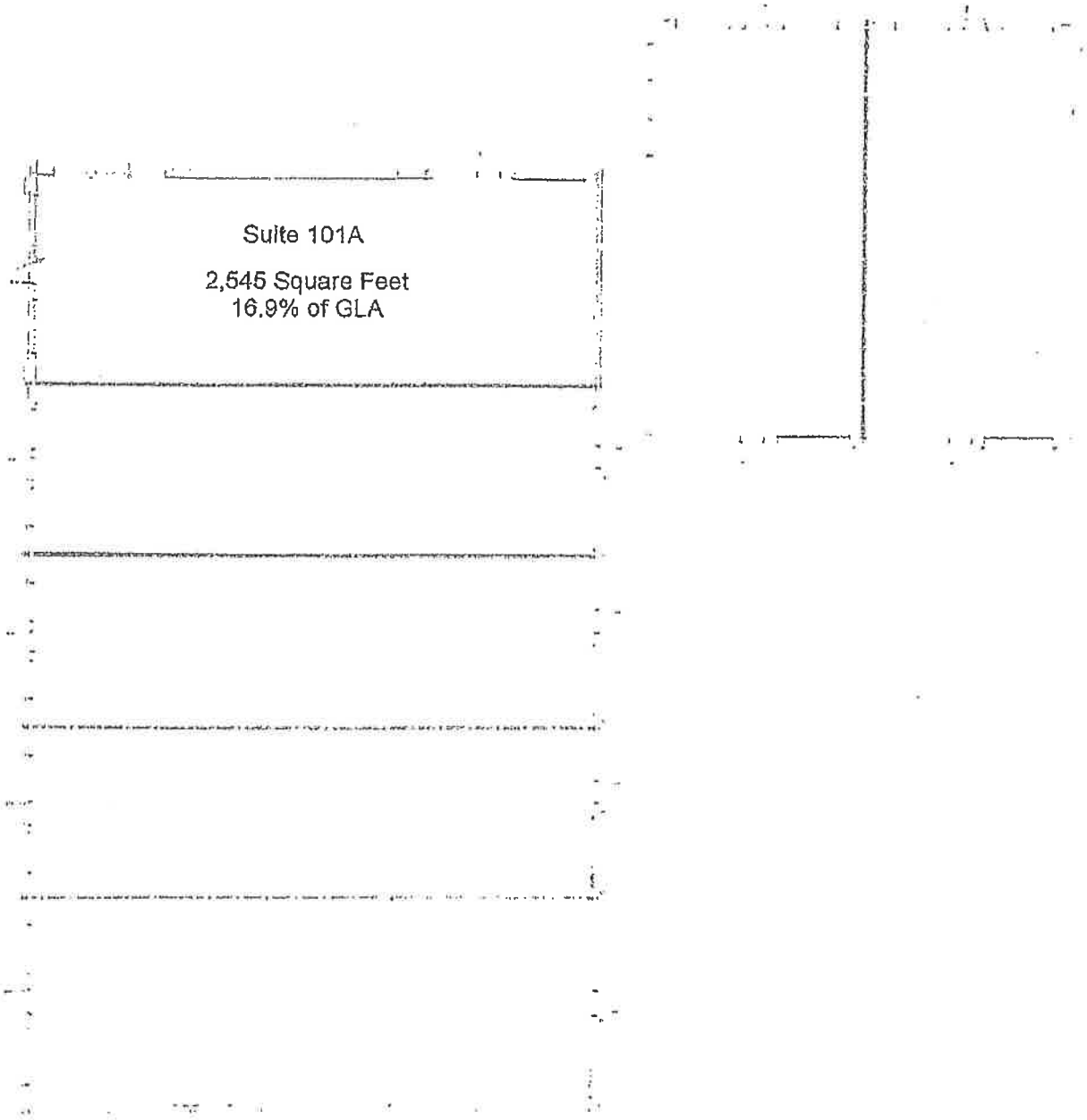

EXHIBIT "C"

Building Signage Requirements

These criteria are established for the purpose of maintaining a continuity of quality and aesthetics throughout the property for the mutual benefit of all Tenants. Conformance will be strictly enforced, and any non-compliant sign(s) installed by a Tenant shall be brought into conformance at the sole cost and expense of the Tenant.

1) GENERAL REQUIREMENTS

a) Tenant shall submit or cause to be submitted to Landlord, for approval, prior to fabrication, two copies of detailed drawings indicating the size, layout, design color, illumination materials and method of attachment.

b) Tenant or Tenant's representative shall obtain all permits for signs and their installation.

c) All signs shall be constructed and installed at Tenant's sole expense.

d) Tenant shall be responsible for the fulfillment of all requirements and specifications, including those of the local municipality.

e) All signs shall be reviewed for conformance with these criteria and overall design quality. Approval or disapproval of sign submittals based on aesthetics of design shall remain the sole right of Landlord or Landlord's authorized representative.

f) Tenant shall be responsible for the installation and maintenance of Tenant's sign. Should Tenant's sign require maintenance or repair, Landlord shall give Tenant thirty (30) days written notice to effect said maintenance or repair. Should Tenant fail to do the same, Landlord may undertake repairs and Tenant shall reimburse Landlord within ten (10) days from receipt of Landlord's invoice.

g) In addition to building signage Tenant shall be permitted to place customized vinyl lettering identifying their business on the storefront door. Design and size are subject to Landlords sole approval.

h) Advertising devices such as attraction boards, posters, banners, and flags shall not be permitted.

2) SPECIFICATIONS – TENANT SIGNS

a) General Specifications

i) No animated, flashing, or audible signs shall be permitted.

ii) All signs and their installation shall comply with all local building and electrical codes.

iii) No exposed raceways, crossovers, or conduit shall be permitted.

iv) All cabinets, conductors, transformers, and other equipment shall be concealed.

v) Painted lettering shall not be permitted except as approved by the Landlord.

vi) Any damage to the façade from Tenant's sign installation shall be repaired at Tenant's sole cost.

vii) Upon removal of any sign by Tenant, any damage to the façade shall be repaired by Tenant or by Landlord at Tenant's cost.

b) Location of Signs

i) All signs or devices advertising as individual use, business, or building shall be attached to the building at the location directed by Landlord.

3) **DESIGN REQUIREMENTS**

Individual illuminated letters and logos may include pan channel metal letters with acrylic sign faces, reverse pan channel "backlit" illuminated letters or any combination thereof.

a) Sign Area and size Restrictions.

i) Sign area and size restrictions shall be determined with each tenant based upon unit size and location.

b) Letter Style and Logo Restrictions

i) Copy and/or logos utilized shall be Tenant's choice, subject to approval of Landlord and/or Landlord's agents

c) Illumination

i) Tenant building signage may be internally illuminated face lit, Backlit to create a silhouette, and/or combination of lighting methods mentioned herein.

4) **GENERAL CONSTRUCTION REQUIREMENTS**

a) All exterior signs shall be secured by concealed fasteners, stainless steel, or nickel or cadmium plated.

EXHIBIT "D"

EXCLUSIONS FROM CAM

1. Costs of repairs, replacements or other work occasioned by fire, windstorm or other casualty, or the exercise by governmental authorities of the right of eminent domain, if covered fully by insurance.

2. Leasing commissions, attorney's fees, costs, disbursements and other expenses incurred by Landlord or its agents in connection with negotiations for leases with tenants, other occupants or prospective tenants or other occupants of the Project, and similar costs incurred in connection with disputes with and/or enforcement of any leases with tenants, other occupants, or prospective tenants or other occupants of the Project.

3. Depreciation, other "non-cash" expense items or amortization of capital improvements, except for Allowable Capital Costs.

4. Except for Allowable Capital Costs, costs of a capital nature, including, but not limited to, capital additions, capital improvements, capital alterations, capital replacements, capital equipment and capital tools, and/or capital redesign.

5. Services, items and benefits for which Tenant or any other tenant or occupant of the Building specifically reimburses Landlord.

6. Costs directly resulting from the willful misconduct of Landlord, its employees, agents and/or contractors.

7. Payments of principal, finance charges or interest on debt or amortization on any mortgage, deed of trust of other debt, and rental payments (or increases in same) under any ground or underlying lease or leases (except to the extent the same may be made to pay or reimburse, or may be measured by, real estate taxes).

8. "Tenant allowances," "tenant concessions," work letters, and other costs or expenses (including permit, license and inspection fees) incurred in completing, fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants or other occupants of the Building, or vacant, leasable space in the Building, including space planning/interior design fees for the same.

9. Costs or expenses (including fines, penalties and legal fees) incurred due to the violation by Landlord, its employees, agents and/or contractors, any tenant (other than Tenant) or other occupant of the Building, of any terms and conditions (other than by Tenant) of this Lease or

of the leases of the other tenants in the Building, and/or of any applicable laws that would not have incurred but for such violation by Landlord, its employees agents and/or contractors, it being intended that each party shall be responsible for the costs resulting from its own violation of such leases and laws as that same shall pertain to the Building.

10. Rentals and other related expenses, if any, incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature.

11. Advertising and promotional expenses.

12. Costs or expenses for sculpture, paintings or other works of art, including costs incurred with respect to the purchase, ownership, leasing, showing, promotion, repair and/or maintenance of the same.

13. Costs or expenses of investigating, testing, documenting, monitoring, responding to, abating or remediating Hazardous Materials, unless caused by Tenant.

14. Contribution to any CAM reserves.

15. Costs incurred in removing the property of former tenants or other occupants of the Building and/or Project.

16. Costs or fees relating to the defense of Landlord's title to or interest in the Building and/or the Project, or any part thereof.

17. Legal, auditing, consulting and professional fees paid or incurred in connection with negotiations for financings, refinancings or sales of the Project;

18. The cost (including legal fees) of any disputes, between Landlord or any employee or agent of Landlord, and any mortgagee(s) or ground lessor(s).

19. Costs incurred for use of any portion of the Project for special events or private events.

20. Costs of signage which is not intended to generally benefit all tenants of the Building.

21. Entertainment expenses of Landlord, its employees or agents.

22. "In-house" legal fees.

23. Any cost expressly excluded from CAM in an express provision contained in this Lease.

EXHIBIT "E"

RULES AND REGULATIONS

[SEPARATE EXHIBIT PREPARED BY LANDLORD TO BE ATTACHED]

RULES AND REGULATIONS

The following rules and regulations apply to the Premises, the Building and the Project, as said terms are defined in that Lease Agreement with an effective date of October 15, 2013 between Coram Specialty Infusion Services (the "Tenant"), as Tenant, and Ridenour Properties, LLC (the "Landlord"), as Landlord. Landlord reserves the right to amend and supplement these rules and regulations from time to time, and any such amendments and supplements shall go into effect at the time Landlord provides a copy of said amendment and/or supplement to Tenant.

1. No signs, placards, pictures, advertisements, names or notices shall be displayed on any part of the outside or inside of the Premises without the written consent of Landlord. See Exhibit "C" for Building Signage Requirements.

2. Window coverings other than those which may be provided by Landlord, either inside or outside may only be installed with Landlord's written consent.

3. The sidewalks and parking areas in the Project shall not be obstructed or used for storage or for any purpose other than ingress and egress.

4. Tenant shall be responsible for the acts and omissions of all its owners, employees, agents, representatives, permitted assigns, permitted subtenants or invitees (collectively, the "Tenant Parties") while they are present on the Project.

5. Tenant shall not create or maintain, or allow any Tenant Party to create or maintain any nuisance on or near the Project. Nor shall any activity be performed by Tenant or any Tenant Party which may disturb the other tenants or occupants of the Project or any invitees of said tenants or occupants.

6. Neither Tenant nor any Tenant Party shall solicit or canvass any occupant of the Building or the Project, or any employee or invitee of any tenant or occupant thereof.

7. Neither Tenant nor any Tenant Party shall perform any act or fail to perform any act which does or may injure the reputation of the Premises, the Building, the Project, or the Landlord.

8. Tenant agrees that all personal property brought into the Project shall be at the risk of the Tenant only, and Landlord shall not be liable for theft thereof or any other loss of or damages thereto occasioned from any act of any other tenants or other occupants of the Project or any other person, unless said theft, loss or damage is caused solely by Landlord.

9. All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances, designated for such purposes by Landlord.

10. The delivery or shipping of merchandise, supplies and fixtures to and from the Premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the Premises, the Building or the Project.

11. All garbage and refuse shall be kept in the secure container specified by Landlord, and shall be held inside of the Leased Premises prepared for removal to the waste container located beside or behind the building. Landlord shall pay the cost of providing the building garbage container. Tenant will be responsible for the transport of their refuse to the building waste container. Garbage is not to be stored outside of the Premises.

12. No radio or television or other similar device shall be installed without first obtaining, in each instance, Landlord's prior written consent. No aerial, satellite or other equipment shall be erected on the roof or exterior walls of the Premises, the Building or the Project, without, in each instance, the written consent of Landlord. Any aerial, satellite or other equipment so installed without such written consent shall be subject to removal without notice at any time.

13. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Premises without written consent of Landlord.

14. If the Premises is equipped with heating facilities separate from those in the remainder of the Building, Tenant shall keep the Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.

15. The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Tenant, if Tenant or any Tenant Party caused such violation.

16. Tenant shall use at Tenant's cost a qualified pest extermination contractor, whose services shall be scheduled so as not to reasonably interfere with the operation of the Building and the Project.

17. Tenant shall not burn any trash or garbage of any kind in or about the Premises, the Building, or the Project.

18. Tenant and all other Tenant Parties shall park their cars only in those parking areas designated for that purpose by Landlord. Tenant and its employees should park to the opposite side and far ends as much as possible to free up spaces in front of the building for customers, clients, visitors. If elected and upon Landlord's request, Tenant shall furnish Landlord with state automobile license numbers assigned to the cars of Tenants and its owners, employees, agents and representatives and shall thereafter notify Landlord of any changes within five (5) days after such changes occur. In the event that Tenant or its employees fail to park their cars in designated parking areas as aforesaid, then Landlord at its option shall charge Tenant a fee of $10.00 per day per car parked in any area other than those designated, as and for liquidated damage.

ATTACHMENT, SECTION B, PROJECT DESCRIPTION, ITEM I

CORAM ALTERNATE SITE SERVICES, INC.

EXISTING LICENSES AND THE JOINT COMMISSION ACCREDITATION

9075234

39819

State of Tennessee

TENNESSEE BOARD OF PHARMACY
PHARMACY
CORAM ALTERNATE SITE SERVICES, INC.
DBA CORAM CVS/SPECIALTY INFUSION SERVICE
1828 MID PARK DRIVE, SUITE D
KNOXVILLE TN 37921-5900

This is to certify that all requirements of the State of Tennessee have been met.

ID NUMBER: 0000003278
EXPIRATION DATE: 05/31/2016

CONTROLLED SUBSTANCE REGISTRATION

Rosemarie Otto
DIRECTOR, HEALTH RELATED BOARDS

DCF171

Apria Healthcare LLC
Lake Forest CA

Coram Alternate Site Services, Inc.
Coram Specialty Infusion Services
Knoxville TN

has been Accredited by

The Joint Commission

May 11, 2013

Accreditation is customarily valid for up to 36 months.

Rebecca J. Patchin, MD.
Chair, Board of Commissioners

Organization ID #:
439173
Print/Reprint Date:
09/12/13

Mark R. Chassin, MD, FACP, MPP, MPH
President

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ATTACHMENT, SECTION B, PROJECT DESCRIPTION, ITEM II (A)

CORAM ALTERNATE SITE SERVICES, INC.

SQUARE FOOTAGE AND COST CHART

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/SF		
					Renovated	New	Total	Renovated	New	Total
Entry	Rm 100	68			0	0	68			$ -
Office	Rm 101	131			0	0	131			$ -
Closet	Rm 102	69			0	0	69			$ -
MDF/IT	Rm 103	60			0	0	60			$ -
Office	Rm 104	122			0	0	122			$ -
Clean	Rm 105	153			0	0	153			$ -
Ante	Rm 106	58			0	0	58			$ -
Prep	Rm 107	213			0	0	213			$ -
Staging	Rm 108	632			0	0	632			$ -
Open Office	Rm 109	383			0	0	383			$ -
Toilet	Rm 110	46			0	0	46			$ -
Hall	Rm 111	99			0	0	99			$ -
Toilet	Rm 112	46			0	0	46			$ -
Break	Rm 113	128			0	0	128			$ -
Janitor	Rm 114	23			0	0	23			$ -
B. Unit/Depart. GSF Sub-Total		2,231			0	0	2,231			$ -
C. Mechanical/Electrical GSF		314					314			
D. Circulation/Structure GSF					0	0				$ -
E. Total GSF		2,545			0	0	2,545			$ -

ATTACHMENT, SECTION B, PROJECT DESCRIPTION, ITEM III (A),1

CORAM ALTERNATE SITE SERVICES, INC.

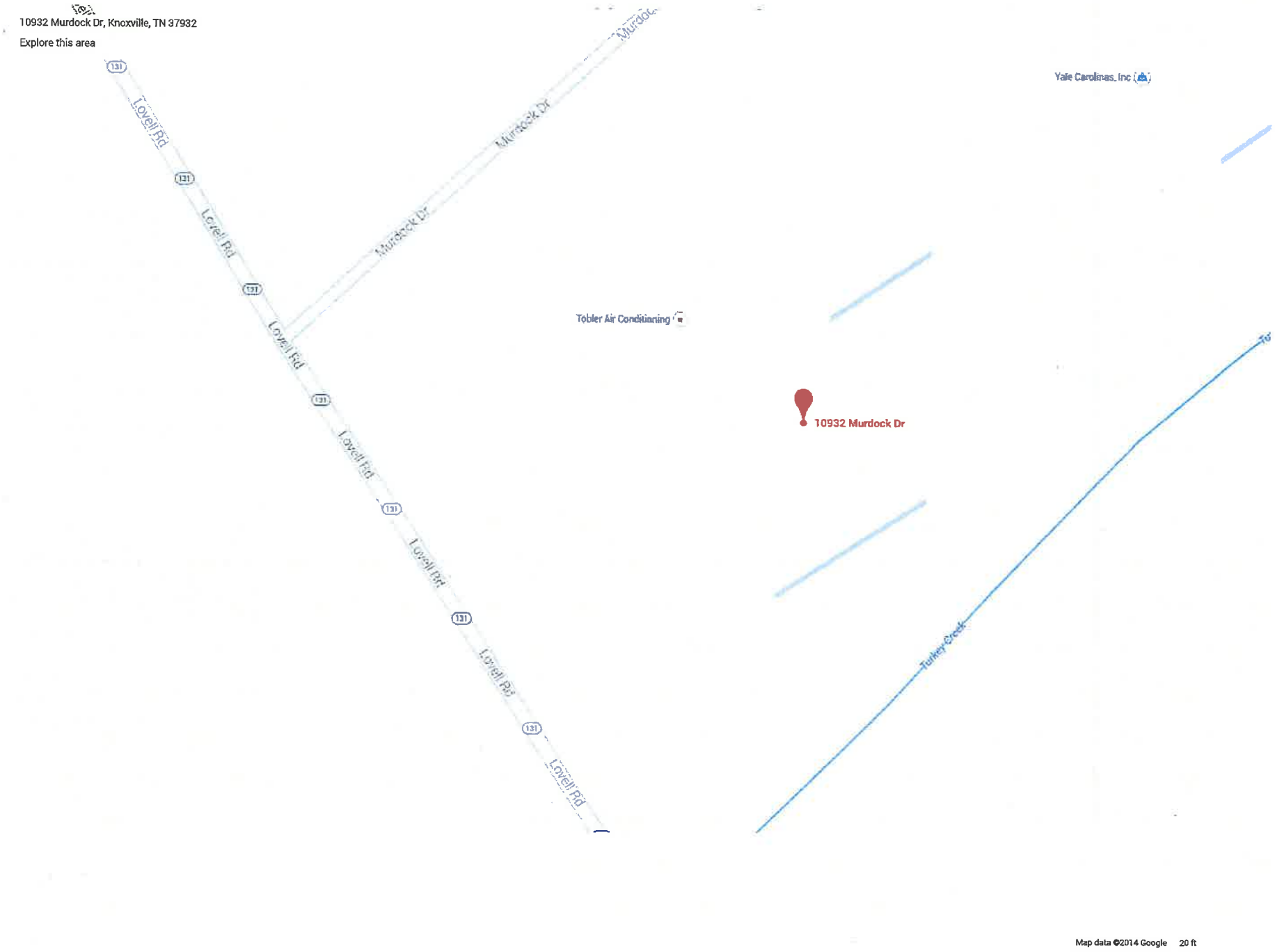
SITE PLAN AND VICINITY PLAN

10932 Murdock Dr
Knoxville, TN 37932

Directions Save

Street View

Explore this area
Search nearby · engineering


10932 Murdock Dr, Knoxville, TN 37932
Explore this area
Lovell Rd
131
Murdock Dr
Yale Carolinas, Inc
Tobler Air Conditioning
10932 Murdock Dr
Turkey Creek
Map data ©2014 Google
20 ft

Imagery ©2014 DigitalGlobe, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2014 Google 100 ft

10932 Murdock Dr, Knoxville, TN 37932
Street View
131
Murdock Dr
Lovell Rd
Tobler Air Conditioning
10932 Murdock Dr
Yale Carolinas, Inc
Turkey Creek
Map data ©2014 Google 20 ft

Image capture: May 2012 © 2014 Google

Welcome Property Lookup

LOGIN

YOU ARE HERE: Property Lookup Property Details

Go Back | Recent Sales | Property Report

GIS Maps | Map | Aerial | Topo | FEMA

GENERAL INFORMATION

RIDENOUR J S PROPERTIES LLC
7700 CONNER RD
POWELL TN 37849

Property ID	131 02210
Alternate ID	159657
Address	10932 MURDOCK DR
Property Class	363 BUSINESS
Neighborhood	2109 LOVELL COMM 09
Deed Acres	0.0000

VALUE HISTORY

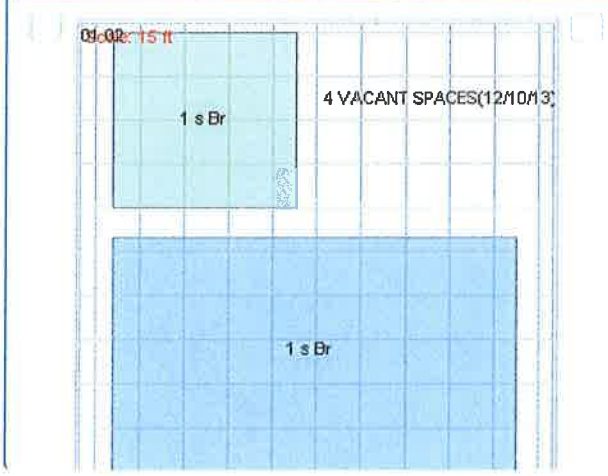
Year	2014	2013	2012	2011	2010
Reason	Reappraisal - Visual Insp Chg	Reappraisal - Informal Hearing	Conversion		
Land Val	$54,400	$54,400	$54,400	$54,360	$54,360
Imp Val	$493,200	$493,200	$505,400	$505,400	$505,400
Total Appr	$547,600	$547,600	$559,800	$559,760	$559,760
Land Use	$0	$0	$0	$54,360	$54,360
Imp Assd	$493,200	$493,200	$505,400	$505,394	$505,394

SALES HISTORY

Book	Page	Date	Owner	Grantee	Deed	Type	Vacant Land	Sale Price
20031114	0053444	11/12/2003 12:00:20 AM	RIDENOUR J S PROPERTIES LLC	RIDENOUR J S PROPERTIES LLC	QC	A - Ac	No	$0
00002035	0000452	4/3/1991 12:00:10 AM	RIDENOUR J S PROPERTIES LLC	RIDENOUR J S PROPERTIES LLC	WD	A - Ac	Yes	$0

EXTENSION DETAILS

C01



Attributes | Floor Areas

Story	Use	Attribute	Code	Detail
		Class	6	Concrete
		Roofing Cover	1	Built-up
		Stories	1	

Address	10932 MURDOCK DR
Grade	Fair
Year Built	1995
Value	$443,000

IMPROVEMENTS

Code	Description	Year	Building	Length	Width	Units	Unit Type	Value
OVHDDRRU	Overhead Door - Rollup	1995	C01	10	10	100	SF	$5,200
PAVING	Paving	1995	C01	1	8,400	8,400	SF	$17,500

LAND DETAILS

Primary Use	Land Type	Acres	Eff. Frontage	Eff. Depth	Appr. Value
	AC-PRIMARY	1.51	0	0	54,400

LEGAL DESCRIPTION

Line	Description
0	SubdivisionName SOUTHEASTERN IND PARK MapPlatB L 55 MapPlatP C

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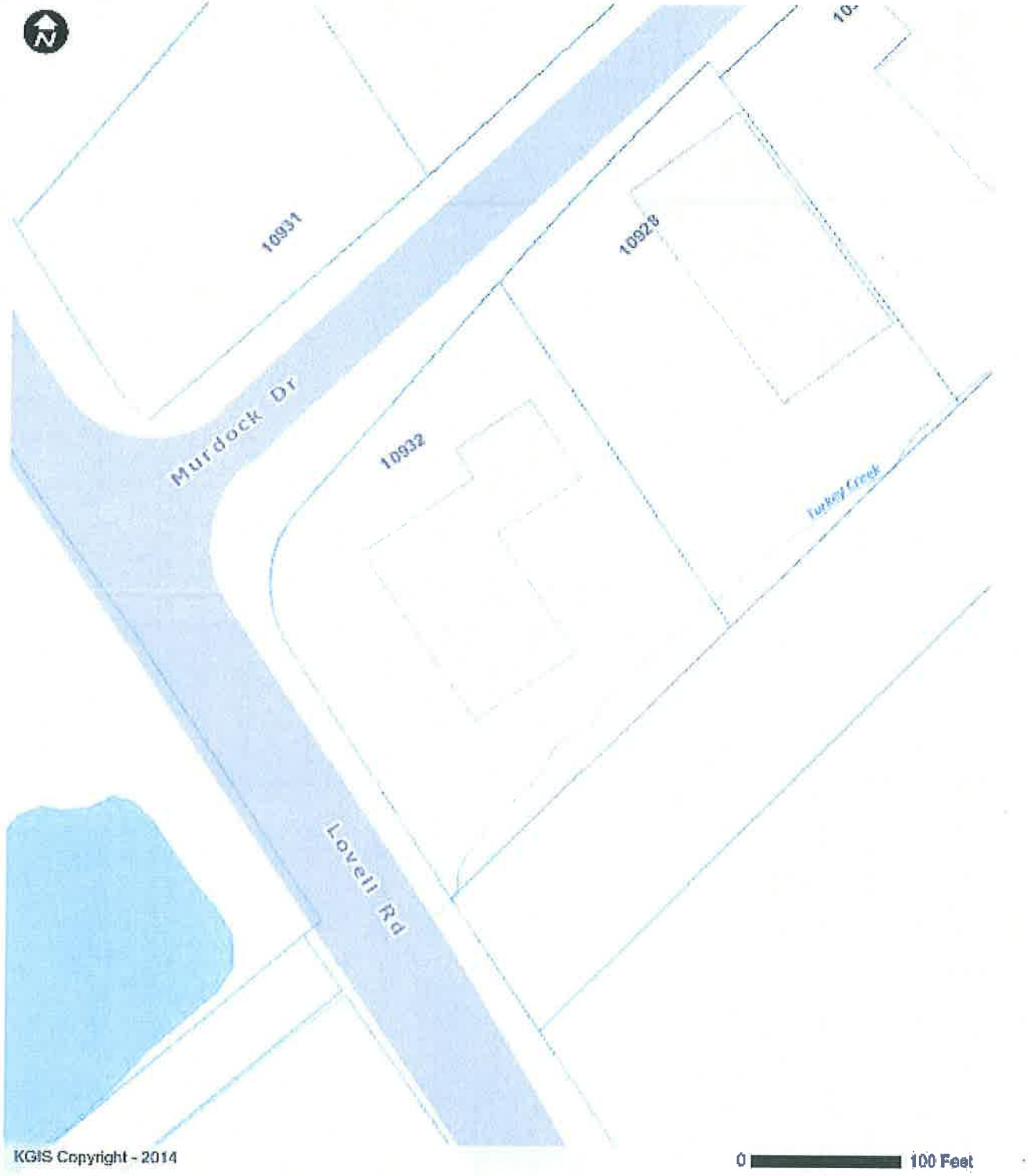
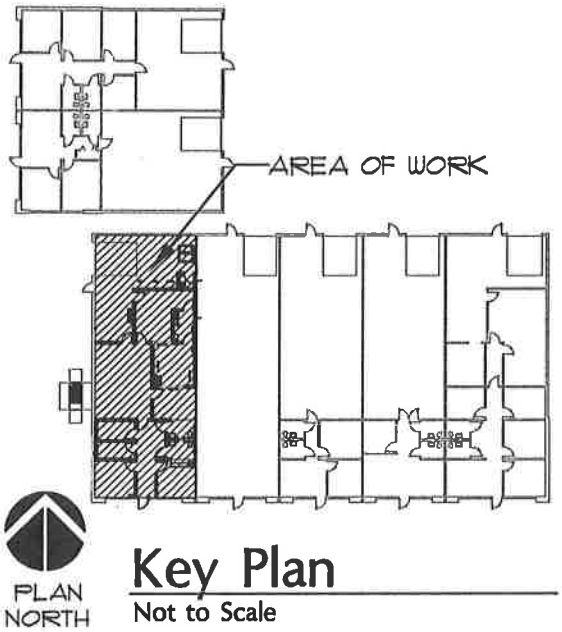

10931
10928
10932
Murdock Dr
Lovell Rd
Turkey Creek
KGIS Copyright - 2014
0
100 Feet

ATTACHMENT, SECTION B, PROJECT DESCRIPTION, ITEM IV

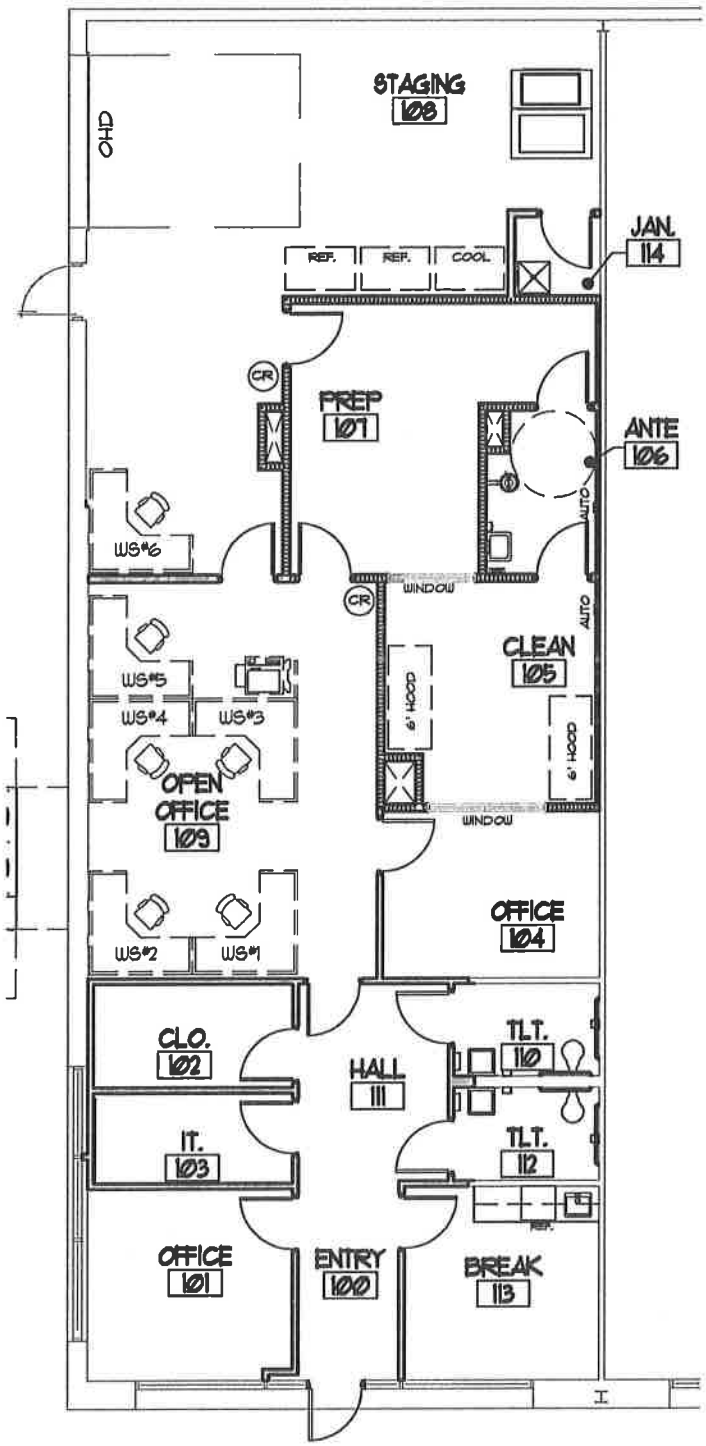
CORAM ALTERNATE SITE SERVICES, INC.

FLOOR PLAN



Key Plan

Not to Scale



Suite A101
Coram- Knoxville TN.

10932 Murdock Dr #A101 Knoxville, TN 37932

Area: 2,379 s.f.
March 11, 2014

Scale: 3/32" = 1'-0"

LKDG Prj. No. 13087

LK design group
architecture · planning · interiors
16010 Via Shavano 210.824.8825 - San Antonio, Texas 78249 fax 210.824.4150

ATTACHMENT, SECTION B, PROJECT DESCRIPTION, ITEM V

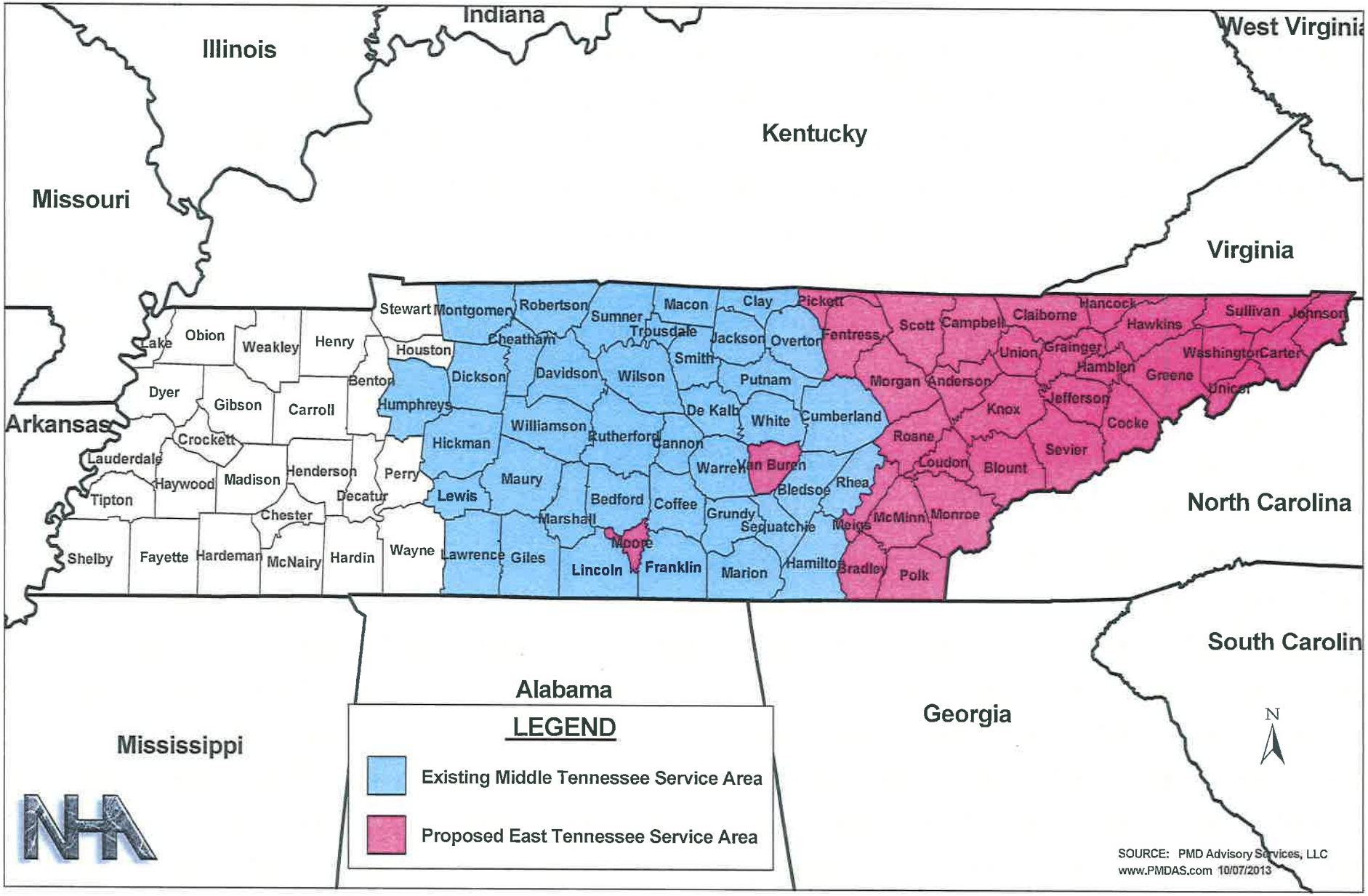
CORAM ALTERNATE SITE SERVICES, INC.

STATE OF TENNESSEE MAP WITH SERVICE AREA

Coram Alternate Site Services, Inc.

Existing and Proposed Restricted Service Home Health Service Areas

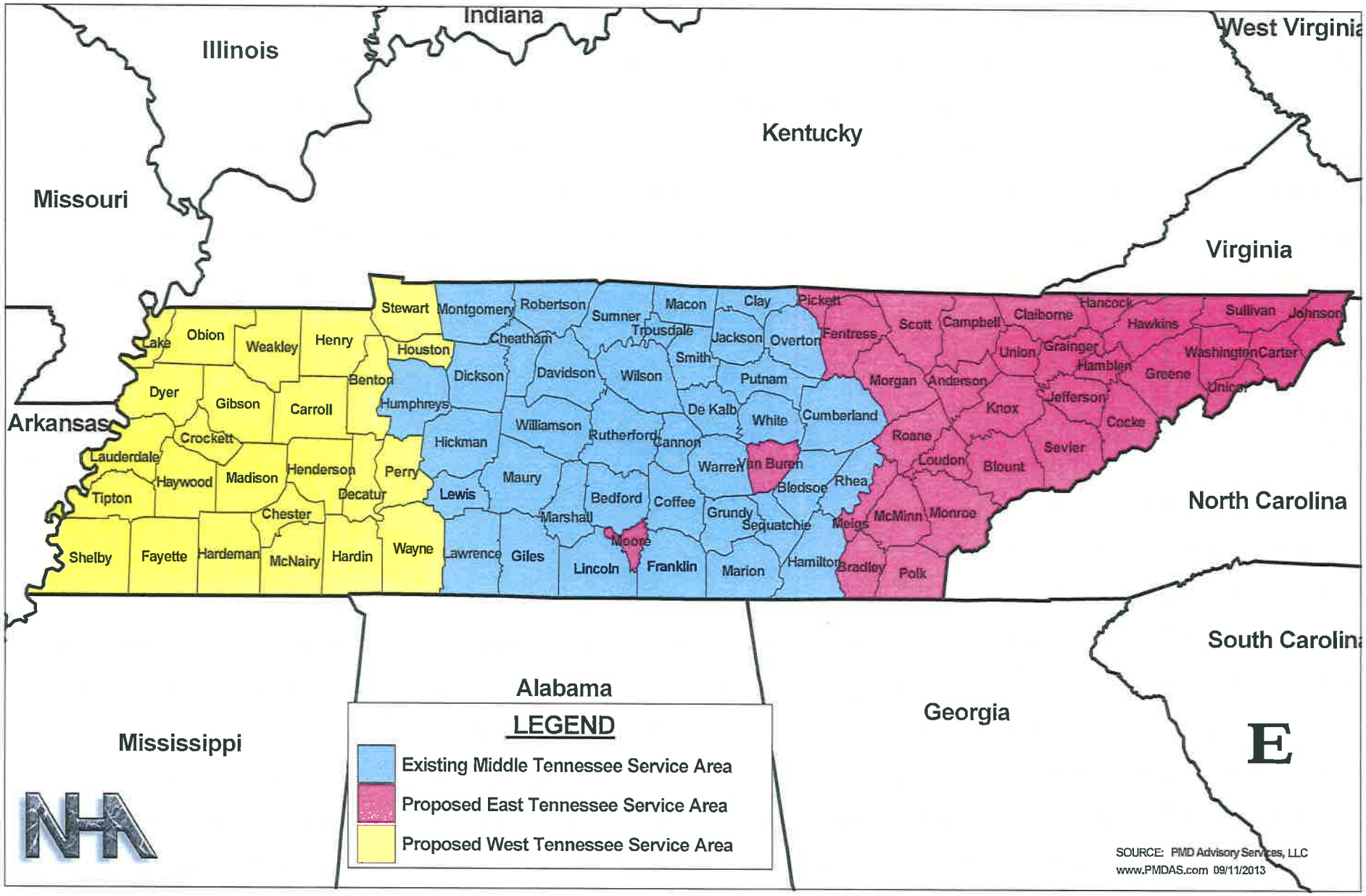
State of Tennessee



Coram Alternate Site Services, Inc.

Existing and Proposed Restricted Service Home Health Service Areas

State of Tennessee



ATTACHMENT, SECTION C,
HOME HEALTH SERVICES, ITEM 1

CORAM ALTERNATE SITE SERVICES, INC.

STATE OF TENNESSEE
HOME HEALTH NEED BY COUNTY

Joint Annual Report of Home Health Agencies - 2013 Final*
Comparison of Population Based Need Projection vs. Actual Utilization (2018 vs. 2013)**

Service Area	Agencies Licensed to Serve	Agencies Report Serving	Total Patients Served	Estimated 2013 Pop.	Use Rate	Projected 2018 Pop.	Projected Capacity	Projected Need (.015 x 2018 Pop.)	Need or (Surplus) for 2018
Tennessee	1,619	1,457	175,924	6,528,014	0.0269	6,833,509	184,157	102,503	(81,654)
Anderson	22	19	2,893	76,182	0.0380	77,851	2,956	1,168	(1,789)
Bedford	20	19	1,120	46,700	0.0240	50,566	1,213	758	(454)
Benton	11	10	667	16,315	0.0409	16,104	658	242	(417)
Bledsoe	10	8	462	12,698	0.0364	12,599	458	189	(269)
Blount	18	18	2,507	126,809	0.0198	135,171	2,672	2,028	(645)
Bradley	16	14	2,021	102,235	0.0198	107,481	2,125	1,612	(512)
Campbell	21	18	1,715	41,163	0.0417	42,566	1,773	638	(1,135)
Cannon	19	16	423	14,013	0.0302	14,540	439	218	(221)
Carroll	13	13	1,246	28,213	0.0442	27,831	1,229	417	(812)
Carter	12	11	2,072	57,228	0.0362	57,680	2,088	865	(1,223)
Cheatham	24	25	772	39,603	0.0195	40,765	795	611	(183)
Chester	14	13	563	17,355	0.0324	17,999	584	270	(314)
Claiborne	19	15	2,002	32,457	0.0617	33,280	2,053	499	(1,554)
Clay	8	6	250	7,719	0.0324	7,673	249	115	(133)
Cocke	16	14	1,467	36,330	0.0404	38,615	1,559	579	(980)
Coffee	20	16	1,874	53,784	0.0348	56,841	1,981	853	(1,128)
Crockett	13	12	537	14,568	0.0369	14,683	541	220	(321)
Cumberland	15	13	1,601	57,370	0.0279	60,292	1,683	904	(778)
Davidson	32	32	14,912	649,507	0.0230	682,330	15,666	10,235	(5,431)
Decatur	17	14	638	11,773	0.0542	12,080	655	181	(473)
DeKalb	21	16	469	18,918	0.0248	19,125	474	287	(187)
Dickson	25	24	1,617	50,596	0.0320	51,964	1,661	779	(881)
Dyer	11	10	1,671	38,205	0.0437	38,427	1,681	576	(1,104)
Fayette	26	23	713	40,081	0.0178	44,888	799	673	(125)
Fentress	10	7	1,015	18,290	0.0555	18,987	1,054	285	(769)
Franklin	17	12	1,424	41,099	0.0346	42,122	1,459	632	(828)
Gibson	15	14	1,924	50,748	0.0379	52,163	1,978	782	(1,195)
Giles	12	11	1,001	29,325	0.0341	29,285	1,000	439	(560)
Grainger	22	20	886	22,994	0.0385	23,675	912	355	(557)
Greene	20	17	2,454	69,888	0.0351	71,594	2,514	1,074	(1,440)
Grundy	18	16	529	13,396	0.0395	13,293	525	199	(326)
Hamblen	19	17	2,835	63,763	0.0445	65,570	2,915	984	(1,932)
Hamilton	16	16	8,038	345,447	0.0233	353,577	8,227	5,304	(2,924)
Hancock	14	11	682	6,652	0.1025	6,640	681	100	(581)
Hardeman	17	15	917	26,492	0.0346	26,067	902	391	(511)
Hardin	16	14	1,157	25,968	0.0446	26,244	1,169	394	(776)
Hawkins	21	18	2,148	57,273	0.0375	58,164	2,181	872	(1,309)
Haywood	15	13	612	18,199	0.0336	18,009	606	270	(335)
Henderson	14	13	1,015	28,080	0.0361	28,631	1,035	429	(605)
Henry	10	10	1,283	32,595	0.0394	32,956	1,297	494	(803)
Hickman	18	17	725	24,393	0.0297	24,698	734	370	(364)
Houston	12	11	281	8,358	0.0336	8,447	284	127	(157)
Humphreys	16	14	803	18,488	0.0434	18,561	806	278	(528)
Jackson	12	11	402	11,355	0.0354	11,495	407	172	(235)
Jefferson	20	19	1,749	53,006	0.0330	56,872	1,877	853	(1,023)
Johnson	5	5	907	18,126	0.0500	18,127	907	272	(635)
Knox	24	23	9,976	448,093	0.0223	475,569	10,588	7,134	(3,454)
Lake	6	5	325	9,795	0.0332	9,468	314	142	(172)

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics May 2014

Joint Annual Report of Home Health Agencies - 2013 Final*
Comparison of Population Based Need Projection vs. Actual Utilization (2018 vs. 2013)**

Service Area	Agencies Licensed to Serve	Agencies Report Serving	Total Patients Served	Estimated 2013 Pop.	Use Rate	Projected 2018 Pop.	Projected Capacity	Projected Need (.015 x 2018 Pop.)	Need or (Surplus) for 2018
Lauderdale	14	11	857	27,465	0.0312	27,125	846	407	(440)
Lawrence	15	12	1,667	42,280	0.0394	42,387	1,671	636	(1,035)
Lewis	12	10	402	12,111	0.0332	12,224	406	183	(222)
Lincoln	14	12	1,062	33,979	0.0313	35,697	1,116	535	(580)
Loudon	23	21	1,572	50,356	0.0312	53,192	1,661	798	(863)
McMinn	17	17	1,807	53,004	0.0341	54,203	1,848	813	(1,035)
McNairy	15	13	1,089	26,408	0.0412	27,299	1,126	409	(716)
Macon	17	15	849	22,957	0.0370	24,121	892	362	(530)
Madison	16	15	3,121	99,153	0.0315	101,001	3,179	1,515	(1,664)
Marion	16	15	729	28,448	0.0256	28,992	743	435	(308)
Marshall	21	17	816	31,159	0.0262	32,015	838	480	(358)
Maury	23	21	2,412	82,029	0.0294	83,256	2,448	1,249	(1,199)
Meigs	18	16	346	12,064	0.0287	12,643	363	190	(173)
Monroe	19	19	1,517	45,664	0.0332	48,088	1,598	721	(876)
Montgomery	19	20	2,903	184,087	0.0158	200,561	3,163	3,008	(154)
Moore	13	10	97	6,369	0.0152	6,401	97	96	(1)
Morgan	21	21	472	21,826	0.0216	22,004	476	330	(146)
Obion	12	12	1,280	31,536	0.0406	31,222	1,267	468	(799)
Overton	14	11	742	22,376	0.0332	22,967	762	345	(417)
Perry	11	6	258	7,971	0.0324	8,096	262	121	(141)
Pickett	8	6	271	5,045	0.0537	4,943	266	74	(191)
Polk	11	11	427	16,654	0.0256	16,588	425	249	(176)
Putnam	16	14	2,405	75,646	0.0318	82,623	2,627	1,239	(1,387)
Rhea	16	15	927	32,966	0.0281	34,790	978	522	(456)
Roane	24	22	2,354	53,918	0.0437	54,457	2,378	817	(1,561)
Robertson	26	26	1,739	69,336	0.0251	74,371	1,865	1,116	(750)
Rutherford	29	29	5,503	285,141	0.0193	329,446	6,358	4,942	(1,416)
Scott	18	15	835	21,986	0.0380	21,969	834	330	(505)
Sequatchie	14	11	413	14,756	0.0280	16,004	448	240	(208)
Sevier	19	18	2,452	93,637	0.0262	100,362	2,628	1,505	(1,123)
Shelby	27	27	18,064	940,972	0.0192	954,012	18,314	14,310	(4,004)
Smith	17	14	708	19,445	0.0364	20,281	738	304	(434)
Stewart	10	10	339	13,436	0.0252	13,941	352	209	(143)
Sullivan	14	13	5,259	158,451	0.0332	161,136	5,348	2,417	(2,931)
Sumner	26	27	4,160	169,409	0.0246	183,406	4,504	2,751	(1,753)
Tipton	26	22	1,298	63,001	0.0206	67,545	1,392	1,013	(378)
Trousdale	16	14	431	8,046	0.0536	8,582	460	129	(331)
Unicoi	13	11	659	18,334	0.0359	18,511	665	278	(388)
Union	21	18	371	19,231	0.0193	19,605	378	294	(84)
Van Buren	12	11	240	5,456	0.0440	5,474	241	82	(159)
Warren	20	15	2,266	40,299	0.0562	41,155	2,314	617	(1,697)
Washington	16	14	4,181	128,537	0.0325	138,370	4,501	2,076	(2,425)
Wayne	11	9	640	16,887	0.0379	16,724	634	251	(383)
Weakley	13	11	1,180	38,255	0.0308	39,491	1,218	592	(626)
White	14	9	962	26,612	0.0361	27,974	1,011	420	(592)
Williamson	32	32	2,815	198,045	0.0142	223,333	3,174	3,350	176
Wilson	28	31	3,727	121,626	0.0306	133,357	4,086	2,000	(2,086)

*Most recent year of Joint Annual Report data for Home Health Agencies

Data is projected four years from the year the Home Health data was **finalized, not the actual year of Home Health data.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics May 2014

ATTACHMENT, SECTION C, HOME HEALTH SERVICES, ITEM 3.1

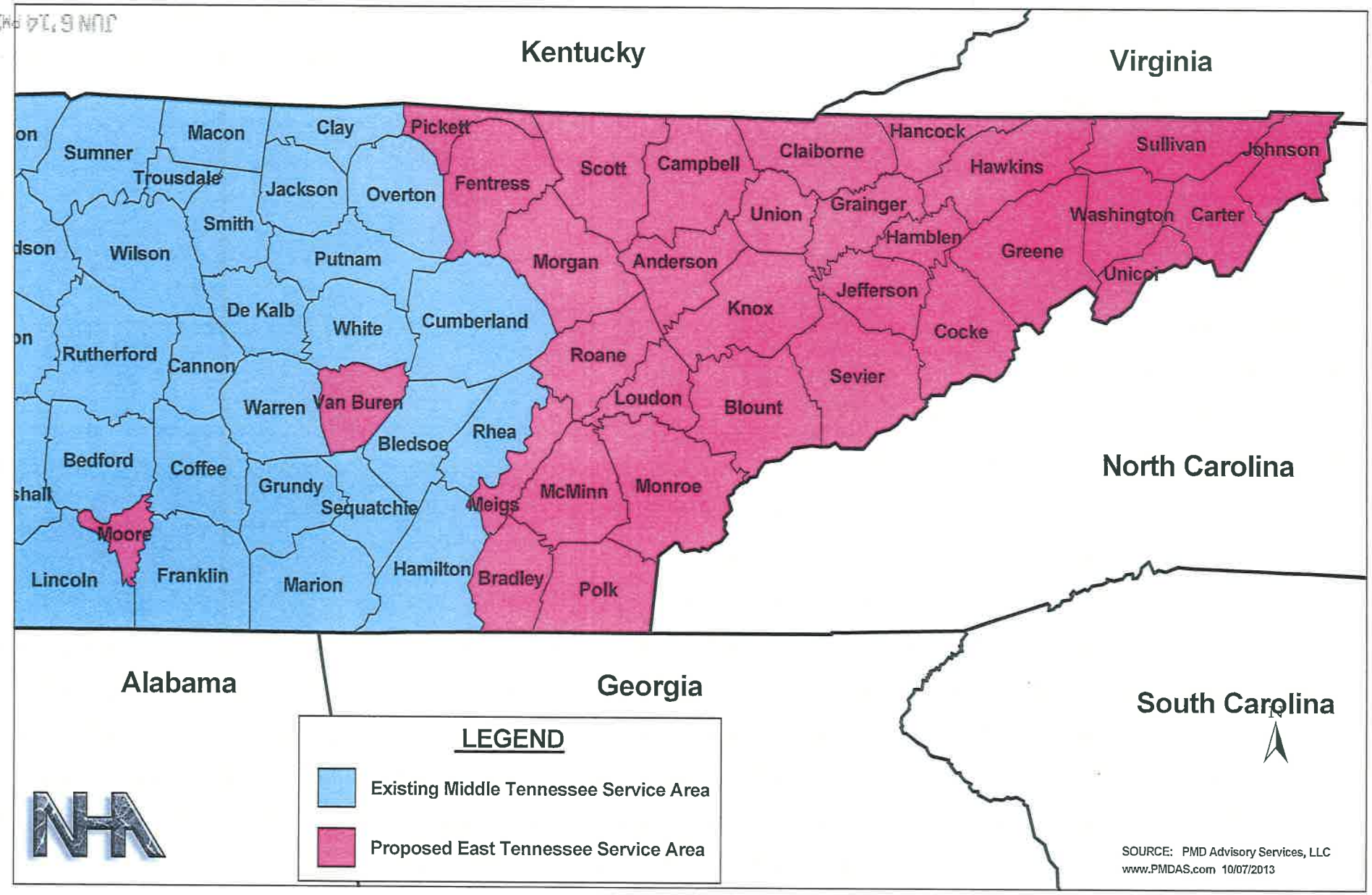
CORAM ALTERNATE SITE SERVICES, INC.

SERVICE AREA MAP: EAST TENNESSEE WITH SERVICE AREA

Coram Alternate Site Services, Inc.

Existing and Proposed Restricted Service Home Health Service Areas

East Tennessee Service Area



ATTACHMENT, SECTION C, HOME HEALTH SERVICES, ITEM 5

CORAM ALTERNATE SITE SERVICES, INC.

LETTERS OF SUPPORT CONSTITUENTS

Subject: FW: Home Health Agency Support

From: Kirby, Nicole
Sent: Monday, October 21, 2013 4:18 PM
To: 'Sally Aldrich'
Subject: RE: Home Health Agency Support

Hi Sally,

Thanks for your support. I understand your unique position. You all do an awesome job in helping us provide quality patient care. We look forward to maintaining and enhancing THIS relationship moving forward.

Nicole Kirby, RN, MBA | Regional Nurse Manager
1680 Century Center Parkway, Suite 12 | Memphis, TN 38134 | P 901.386.3738 | F 901.347.6004
www.coramhc.com *Find employment opportunities:*

From: Sally Aldrich [mailto:Sally.Aldrich@mlh.org]
Sent: Monday, October 21, 2013 4:04 PM
To: Kirby, Nicole; Donna Burnet
Cc: Jackie Lloyd; Sonya Glasgow
Subject: RE: Home Health Agency Support

Hi, Ms Kirby -
Please forgive me for taking so long to get back with you. Methodist HH has historically not taken part in providing care for first dose or biologic infusions, you are correct. I think Coram is the right place to maintain this as a specialty function for their nurses trained in this procedure. Methodist does not plan to move in the direction of staffing for first dose or biologics in the home.

Methodist Healthcare recently entered into a Joint Venture with Precision Infusion to provide home infusion services, along with their infusion center located on Park Ave. in east Memphis. While I am in favor of your nursing staff managing your first dose/biologic services, I am not sure my signing a letter of support for your HHA would be approved by Methodist - might be a bit of a conflict there. I would not actively oppose Coram seeking licensure, though, to serve this unique population. Would your CON be specific to first dose, biologics for Coram patients?

thank you for Coram's partnership to care for our patients in Memphis and your work with our agency
sally

Sally Aldrich, RN, MSN
Administrator, CNO, Affiliated Services Division
Home Care, Hospice & Palliative Services
ph: 901-516-1413
fax: 901-516-1401
sally.aldrich@mlh.org

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Methodist Le Bonheur Healthcare is proud to once again be named among the Top 100 Integrated Healthcare Networks in the country.

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www.methodisthealth.org
www.lebonheur.org

From: Kirby, Nicole [mailto:Nicole.Kirby@coramhc.com]
Sent: Wednesday, October 09, 2013 12:12 PM
To: Sally Aldrich; Donna Burnet
Subject: Home Health Agency Support

Hello Ms Aldrich,

My name is Nicole Kirby. I am Regional Nurse Manager with Coram Specialty Pharmacy. I recently spoke with Ms. Burnet and she suggested you might be able to help me.

As you may well know, Coram has been partnering with agencies like Methodist to meet the needs of patients in the community for many years.
You all do a wonderful job of providing nursing. What you may not know is the challenge we face in getting skilled nursing for some of
our patients receiving biologic products, or those needing first dose in the home, transplant and research protocols. Throughout the nation, Coram provides education to agencies so their nurses can be prepared to care for these patients. Many times however, due to the length of the visits, you all still must refuse the visit due to staffing. For this reason, Coram also has home health to bridge the gap. We typically only employ a few nurses because we are very specialized in our services and we continue to subcontract the majority of our referrals.

Finally, the Memphis branch of Coram would like to apply for licensure to be a HHA. We are asking if you would be willing to sign a letter of support for our endeavor. We look forward to continuing to work together on many referrals in the future.

Please give me a call if you have any questions.

Nicole Kirby, RN, MBA | Regional Nurse Manager
1680 Century Center Parkway, Suite 12 | Memphis, TN 38134 | P 901.386.3738 | F 901.347.6004
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Donald T. Ellenburg, M.D.
Timothy C. Frazier, D.Ph., M.D.
Andrew M. Singer, M.D.
W. Scout Robinson, M.D.

Pediatric, Adolescent & Adult Care

Regional / Children's
2121 Highland Ave.
Knoxville, TN 37916
t: (865) 525-2640
f: (865) 525-9536
info@allergyaa.com

West / Cedar Bluff
9017 Cross Park Drive
Suite 100
Knoxville, TN 37923
(865) 693-4556

Emory Road / Conner Pointe I
7714 Conner Road
Suite 108
Powell, TN 37849
(865) 938-7759

Maryville / Armory Place
123 Gill Street
Alcoa, TN 37701
(865) 977-8242

Sevierville / Bradford Square
632 Dolly Parton Pkwy.
Suite 5
Sevierville, TN 37862
(865) 429-9070

Morristown / Hamblen
500 McFarland Street
Suite E
Morristown, TN 37814
(423) 254-3590

Oak Ridge
1060 Oak Ridge Turnpike
Oak Ridge, TN 37830

North / Fountain City
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Knoxville, TN 37917
(865) 689-7363

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March 11, 2014

Ms. Melanie Hill
Certificate of Need Program
C/O Coram Alternate Site Services, Inc.

Dear Ms. Hill:

My name is Timothy Frazier, M.D.. I am board certified in allergy and immunology. My fellowship training was in both internal medicine and pediatrics. My practice consists of seeing both children and adults. My practice group currently has seven offices which are located in five different counties in the Greater Knoxville Area.

I have in the past referred many patients to Coram for specialty infusion services. Typically, the patients I am referring carry the diagnosis of primary immune deficiency. As you can understand, it is in general in the patient's best interest, with hypogammaglobulinemia, to avoid hospital settings and sick contacts. An ideal approach is for these patients to have treatments provided in the home when possible. Unfortunately, it is rare to find a home health agency willing to provide these services in the home, especially for pediatric patients. It is even a more difficult problem to find a home health agency willing to provide infusion nursing services for specialized infusion products such as IVIG, typically due to the lack of qualified nursing or inexperience in dealing with patients carrying diagnoses of primary immune deficiency.

I am well aware of the importance of Coram's role in the home health care of highly acute patients or patients at risk of contracting infection from sick contacts. It would be important to me, and more importantly my patients, that Coram's requested Certificate of Need be approved to established a limited home health agency in the East Tennessee Area specifically to provide services for patients such as these. These services would certainly improve my patients' quality of care and outcomes. As stated, I have dealt with Coram often in the past; and the need for skilled nursing services for this population of patients is a current great need that is inadequately met.

Due to the above, I am in support of seeing the Coram Company establish a home health agency here in the Knoxville area.

Sincerely,

Timothy C. Frazier, DPH, M.D.

TCF/dw

SUBROTO KUNDU, M.D.
East TN Neurology LLC

February 24, 2014

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

I am a neurologist in clinical practice, in East Tennessee, with offices in Cleveland and in Chattanooga. I am board certified by the Neurology division of the American Board of Psychiatry and Neurology (ABPN) (1990).

I am writing to you because my patients who require immunoglobulin therapy do not have adequate services available to them in East Tennessee, particularly in Cleveland. My experience is consistent. When my patients who require IVIG therapy, and the most appropriate quality of care site to administer is in the home, the availability of this service is virtually non-existent. The licensed home health agencies serving our area are not proficient in IVIG therapy, are not familiar with first dose protocols and are generally not available to provide a nursing visit that lasts five to six hours which my patients require.

For the good of my patients care, please approve Coram's requested home health agency certificate of need to provide skilled nursing related to infusion therapy in the home. I am confident that this will improve the quality of care delivery in our area and for my patients.

Thank you,

Subroto Kundu, MD

2253 Chambliss Avenue NW, Suite 405, Cleveland TN 37311 (423) 790 1529
1720 Gunbarrel Road, Suite 306, Chattanooga TN 37421 (423) 760 8989

Phyllis Gibb

905 29th Street SE

Cleveland, Tennessee 37323

December 4, 2013

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

I am a patient who has had a need for home infusion of intravenous immunoglobulininfusion (IVIG) therapy. Coram Specialty Infusion Services provides me with the products necessary for my treatment.

My treatment was five days per week, five to six hours per treatment for three weeks. No home health agency would provide the staffing support for me to have this treatment at home. Reasons they could not provide the staff was the duration and frequency of treatment.

I was forced to go to an infusion center which was time consuming, exposed me to germs and cost more for the care. In times when we should be concerned about cost effectiveness of care, quality of care and appropriateness of treatment by venue, my situation exemplifies what is wrong with the system.

Had Coram been able to provide the nursing staff support in my home and train me to self-administer, outcomes, cost effectiveness and quality would have been improved.

It is important to me and others like me that you approve the Coram request to establish a limited service home health agency to serve the specialized needs of patients like me. Thank you very much for your consideration.

Very truly yours,

Phyllis D. Gibb

Phyllis Gibb

Allergy & Asthma Affiliates

Donald T. Ellenburg, M.D.
Timothy C. Frazier, D.Ph., M.D.
Andrew M. Singer, M.D.
W. Scout Robinson, M.D.

Pediatric, Adolescent & Adult Care

Regional / Children's
2121 Highland Ave.
Knoxville, TN 37916
t: (865) 525-2640
f: (865) 525-9536
info@allergyaa.com

West / Cedar Bluff
9017 Cross Park Drive
Suite 100
Knoxville, TN 37923
(865) 603-4556

Emory Road / Conner Pointe I
7714 Conner Road
Suite 108
Powell, TN 37849
(865) 938-7759

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123 Gill Street
Alcoa, TN 37701
(865) 977-8242

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632 Dolly Parton Pkwy.
Suite 5
Sevierville, TN 37862
(865) 429-9070

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500 McFarland Street
Suite E
Morristown, TN 37814
(423) 254-1590

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February 27, 2014

To Whom It May Concern:

As an allergist and immunologist, I take care of several patients who have immune deficiency and need infusions. With recent changes in healthcare environment, insurance companies are pushing for infusions to be done at home; and we do have a shortage locally of trained nursing agencies which are able to infuse patients safely at home.

With this in mind, I please request Coram be approved for having a group of nurses who can do infusions at home to facilitate treatment of our patients.

Thank you for taking this into consideration.

Sincerely,

Andrew M. Singer, M.D.

AMS/dw

October 11, 2013

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

My name is Margarita LaMothe, MD. I am an infectious disease and internal medicine physician practicing medicine for more than 25 years. I am board certified by the American Board of Internal Medicine in the specialty of Infectious Disease. I practice in the Memphis area.

Given my specialty, I strongly understand the importance of Coram's role in the at home care of highly acute and/or infectious patients. It is important to me and my patients that Coram's requested certificate of need be approved to establish a limited home health agency in West Tennessee. This will improve my patient's quality of care and these patient outcomes. I speak from full experience of the patient situations and Coram's skill set to recommend this approval.

One example that I had with a patient earlier this year was that the assigned home health agency did not draw the correct labs that I needed to assess my patient's condition. Thinking it was correcting the situation, the home health agency then drew them in the middle of the day. This patient was on a 10AM and 10PM schedule. The typical home health agency nurse, not certified in Infusion Services, does not understand the importance of pharmacokinetics like the Coram nurses do. This situation impacted my patient. Having Coram licensed to provide nursing in conjunction with the infusion would have improved this patient's outcome. This example is not in insolation; I regularly have other such circumstances.

Again, please authorize Coram to provide skilled nursing services to meet the unique needs of infusion patients. Thank you.

Sincerely,

Margarita LaMothe, MD

1680 Century Center Parkway, Suite 12 • Memphis, Tennessee 38134 • **Tel** 901.386.3738 • **Toll-Free** 800.237.1668 • **Fax** 901.388.3992

Wanda Lambert
P.O. Box 56
Kodak, Tennessee 37764

December 5, 2013

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

This past summer, I was given a prescription for home infusion of an Alpha 1 therapy (Glassia). My regimen was for bi-weekly infusions with the therapy taking five to six hours each time. I am a Cigna patient. While Coram was identified to provide me with the therapy, Coram was unable to provide the nursing support to administer the Alpha 1 therapy or even attempt to teach me to self administer.

Unfortunately for me and the healthcare system, while Coram was available to provide the therapy, no home health agency was identified to provide the home nursing support. The only reason I did not have to go to a hospital or an infusion center for treatment is that Coram spent the time (hours and hours, days) contacting home health agencies to solicit such an entity to provide me with home health nursing. In fact, I am well aware that Coram spoke with eleven different agencies – all of whom denied me the needed training and treatment. This delay caused me much anxiety. I can't imagine that it didn't also increase my treatment costs to the healthcare system.

Having treatment needs is hardship enough on a patient. Not being able to reasonably access treatment in a timely manner is even worse.

It is for situations like mine, and for others like me, that I am writing this letter to request your Agency license Coram to provide these types of services. Please approve Coram's certificate of need application to provide limited scope home health services.

Thank you,

Wanda Lambert

Wanda Lambert

Michelle Barford
1655 Panoha Drive
Germantown, Tennessee 38138

October 7, 2013

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

I am a nurse who is also a long term Total Parenteral Nutrition (TPN) patient. My personal experiences and my clinical knowledge are presented here to share with you why it is so very important that your Agency approve Coram's request for a limited service home health agency.

By way of background, I travel extensively and am involved in a patient advocate program. Because of my personal history with access maintenance and having to have a line replaced while out of the country in the past, I requested a Hickman/ CV line repair kit from Coram. Coram provides my TPN products. Coram had the kit available and the requisite program and educational material. However, because the Memphis branch did not have a CON to provide skilled nursing services, the nurses at the branch could not 'touch' me nor provide me with the skilled nursing training. Therefore, I went without this valuable resource.

Sure enough, about two months later, I experienced a fracture on the pigtail portion of my line that resulted in what I consider an unnecessary procedure.

Had Coram had its limited home health agency license, the healthcare systems costs would have been less as (1) I would not have had to had an extra procedures; (2) I could have fixed the problem without outside intervention; (3) the quality of my treatment and experience would have been improved; and (4) outcomes would have been improved. From a personal standpoint, the additional costs I incurred and additional hardships and recovery from the procedure I had to endure would have been avoided. I would have also had better patient outcomes, improving the quality and cost effectiveness of my care and treatment.

For the reasons as stated above, and my knowledge of Coram's commitment to quality service, please approve Coram's CON request for a limited service home health agency. Please contact me if I can be of further assistance.

Cordially,

Michelle Barford

October 9, 2013

Ms. Melanie Hill
Certificate of Need Program
c/o Coram Alternate Site Services, Inc.

Dear Ms. Hill:

I am the Regional Nurse Manager with Coram Alternate Site Services, Inc. We recently had a patient Mrs. B. H. whose husband, Mr. H., was her primary caregiver. Mrs. B.H. was a terminal patient who has since expired. We met Mrs. B. H. while a patient in a local hospital. The hospital had arranged for Coram to provide Mrs. B. H. with the infusion products and a home health agency to provide the at home skilled infusion services. Upon accepting the patient, Coram nurses saw the patient in the hospital, doing the pump connection and line assessment as is the standard of care for this type of patient. Mrs. B. H. then went home.

One of Coram's standard protocols is conduct a 24 hour follow up by telephone with each patient. During this callback the day after doing the pump connection and line assessment, the family answered the telephone. They informed the Coram representative that the contracted home health agency was still there and having difficulty accessing the port. In fact, we were informed that two nurses had attempted with three different needles. Obviously, both Mrs. B. H. and Mr. H. were quite concerned and fearful of the circumstance.

In response, Coram nurses took additional supplies to the patient home and provided one on one education on the spot for the nursing agency nurse. Our Coram staff talked the nurse through the appropriate technique for successfully accessing the port. The situation was very unfortunate for Mr. and Mrs. H. Their encounter with the healthcare system was suboptimal and the level of care received was below acceptable quality.

Had Coram been licensed to provide this level of skilled care for this unique infusion patient type, there would have been many benefits to the patient and healthcare system in general. The patient would have had improved patient experience; the patient would not have had two nurses with three different needles; the patient's outcome would have been better; the patient would have received treatment consistent with the standard of care; the patient would have had less stressors in this circumstance although we do not know the ultimate impact of that improvement on the health and longevity of the patient.

From a general healthcare perspective, had Coram provided the service from the outset, it would have been more cost effective as Coram came to the patient home to educate the other home health agency on treatment methods – so now extra nurse skills were used to treat the patient; quality of care would have been improved as a result of eliminating the failed attempts to access the port; and patient experience with the healthcare system would have been improved.

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It is circumstances like this that necessitate the need for Coram to have its certificate of need application to provide limited scope home health services be approved. Please give our request favorable consideration.

Thank you,

Nicole H. Kirby, RN, MBA
Regional Nurse Manager

ATTACHMENT, SECTION C, ECONOMIC FEASIBILITY, ITEM 2

CORAM ALTERNATE SITE SERVICES, INC.

FUNDING LETTER

CORAM.
CVS/specialty infusion services

May 31, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application by Coram Alternate Site Services, Inc.
Establishment of a Limited Service Home Health Agency in East Tennessee (Knoxville)

Dear Ms. Hill:

Coram Alternate Site Services, Inc. is filing the Certificate of Need (CON) application described above to become approved in 32 counties throughout East Tennessee. Coram Alternate Site Services, Inc. is a wholly owned subsidiary of Coram Specialty Infusion Services, Inc. which owns 100 percent of the Applicant's issued shares. Coram LLC is a parent of Coram Specialty Infusion Services and its ultimate parent is CVS Caremark Corporation (CVS). I hereby make the following funding commitment to Coram Alternate Site Services, Inc. on behalf of CVS for the purpose of establishing, licensing and operating the proposed limited service home health agency in East Tennessee.

The project costs identified on the Project Cost Chart in the CON application are $98,000. CVS Caremark Corporation will fund these costs from its existing current assets (cash on hand). As the most recent 10Q of CVS indicates, CVS has in excess of $2.7 billion cash and cash equivalents on hand as of March 31, 2014.

In addition to the commitment for the above noted project costs, CVS is also committed to providing the necessary working capital for this proposed home health agency as well as funding any operating deficits and other pre-opening costs. CVS has sufficient resources to fully fund these expenditures in addition to its other ongoing obligations. This is evidenced by CVS' balance sheet which is included as an attachment within the CON application.

Please accept this letter as confirmation of CVS Caremark Corporation commitment to fund the proposed project including the total project costs, any necessary working capital, and any operating deficits incurred in the start up through its ongoing operation. We are fully committed to the funding of this project and look forward to the successful implementation of this program.

Thank you for your consideration.

Sincerely,

Michael E. Dell
Senior Vice President, General Counsel & Secretary
Coram Alternate Site Services, Inc.

555 17th Street, Suite 1500 • Denver, Colorado 80202-3950 • **Tel** 303.292.4973 • **Fax** 303.298.0043 • **Web** www.coramhc.com

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Form 10-Q

CVS CAREMARK CORP - CVS

Filed: May 02, 2014 (period: March 31, 2014)

Quarterly report with a continuing view of a company's financial position

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EX-15.1 (LETTER RE: UNAUDITED INTERIM FINANCIAL INFORMATION)

EX-31.1 (CERTIFICATION OF CEO PURSUANT TO SECTION 302 OF THE SARBANES -OXLEY ACT OF 2002)

EX-31.2 (CERTIFICATION OF CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

EX-32.1 (CERTIFICATION OF CEO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

EX-32.2 (CERTIFICATION OF CFO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2014

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number 001-01011

CVS CAREMARK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	05-0494040
(State of Incorporation)	*(I.R.S. Employer Identification Number)*

One CVS Drive, Woonsocket, Rhode Island 02895
(Address of principal executive offices)

Registrant's telephone number, including area code: (401) 765-1500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes[X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Common Stock, $0.01 par value, issued and outstanding at April 25, 2014:

1,169,230,063 shares

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CVS Caremark Corporation
Condensed Consolidated Statements of Income
(Unaudited)

In millions, except per share amounts	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net revenues	$ 32,689	$ 30,751
Cost of revenues	26,747	25,174
Gross profit	5,942	5,577
Operating expenses	3,918	3,883
Operating profit	2,024	1,694
Interest expense, net	158	126
Income before income tax provision	1,866	1,568
Income tax provision	737	614
Net income	$ 1,129	$ 954
Net income per share:		
Basic	$ 0.96	$ 0.77
Diluted	$ 0.95	$ 0.77
Weighted averages shares outstanding:		
Basic	1,180	1,232
Diluted	1,190	1,241
Dividends declared per share	$ 0.275	$ 0.225

See accompanying notes to condensed consolidated financial statements.

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CVS Caremark Corporation
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

In millions	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net income	$ 1,129	$ 954
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of tax	9	(2)
Cash flow hedges, net of tax	1	1
Total other comprehensive income (loss)	10	(1)
Comprehensive income	$ 1,139	$ 953

See accompanying notes to condensed consolidated financial statements.

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CVS Caremark Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

In millions, except per share amounts	March 31, 2014	December 31, 2013
Assets:		
Cash and cash equivalents	$ 2,766	$ 4,089
Short-term investments	82	88
Accounts receivable, net	9,086	8,729
Inventories	11,188	11,045
Deferred income taxes	929	902
Other current assets	409	472
Total current assets	24,460	25,325
Property and equipment, net	8,676	8,615
Goodwill	28,139	26,542
Intangible assets, net	9,986	9,529
Other assets	1,561	1,515
Total assets	$ 72,822	$ 71,526
Liabilities:		
Accounts payable	$ 5,638	$ 5,548
Claims and discounts payable	4,878	4,548
Accrued expenses	5,132	4,768
Current portion of long-term debt	565	561
Total current liabilities	16,213	15,425
Long-term debt	12,845	12,841
Deferred income taxes	4,053	3,901
Other long-term liabilities	1,499	1,421
Commitments and contingencies (Note 9)	—	—
Shareholders' equity:		
CVS Caremark shareholders' equity:		
Preferred stock, par value $0.01: 0.1 share authorized; none issued or outstanding	—	—
Common stock, par value $0.01: 3,200 shares authorized; 1,684 shares issued and 1,173		

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shares outstanding at March 31, 2014 and 1,680 shares issued and 1,180 shares outstanding at December 31, 2013	17	17
Treasury stock, at cost: 510 shares at March 31, 2014 and 500 shares at December 31, 2013	(20,919)	(20,169)
Shares held in trust: 1 share at March 31, 2014 and December 31, 2013	(31)	(31)
Capital surplus	29,985	29,777
Retained earnings	29,297	28,493
Accumulated other comprehensive loss	(139)	(149)
Total CVS Caremark shareholders' equity	38,210	37,938
Noncontrolling interest	2	—
Total shareholders' equity	38,212	37,938
Total liabilities and shareholders' equity	$ 72,822	$ 71,526

See accompanying notes to condensed consolidated financial statements.

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CVS Caremark Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

In millions	Three Months Ended March 31, 2014	2013
Cash flows from operating activities:		
Cash receipts from customers	$ 30,505	$ 28,018
Cash paid for inventory and prescriptions dispensed by retail network pharmacies	(23,966)	(22,270)
Cash paid to other suppliers and employees	(4,196)	(3,889)
Interest received	3	1
Interest paid	(104)	(104)
Income taxes paid	(70)	(116)
Net cash provided by operating activities	2,172	1,640
Cash flows from investing activities:		
Purchases of property and equipment	(388)	(318)
Proceeds from sale-leaseback transactions	5	—
Proceeds from sale of property and equipment	5	5
Acquisitions (net of cash acquired) and other investments	(2,194)	(254)
Purchase of available-for-sale investments	(43)	—
Sales/maturities of available-for-sale investments	55	—
Net cash used in investing activities	(2,560)	(567)
Cash flows from financing activities:		
Decrease in short-term debt	—	(390)
Dividends paid	(325)	(277)
Proceeds from exercise of stock options	154	150
Excess tax benefits from stock-based compensation	37	13
Repurchase of common stock	(801)	(393)
Net cash used in financing activities	(935)	(897)
Net increase (decrease) in cash and cash equivalents	(1,323)	176
Cash and cash equivalents at beginning of period	4,089	1,375
Cash and cash equivalents at end of period	$ 2,766	$ 1,551
Reconciliation of net income to net cash provided by operating activities:		
Net income	$ 1,129	$ 954
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	477	502
Stock-based compensation	35	34

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Deferred income taxes and other noncash items	16	66
Change in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, net	(139)	(113)
Inventories	(64)	186
Other current assets	70	238
Other assets	(39)	(135)
Accounts payable and claims and discounts payable	339	(230)
Accrued expenses	362	114
Other long-term liabilities	(14)	24
Net cash provided by operating activities	$ 2,172	$ 1,640

See accompanying notes to condensed consolidated financial statements.

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Note 1 – Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of CVS Caremark Corporation and its majority-owned subsidiaries ("CVS Caremark" or the "Company") have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. In accordance with such rules and regulations, certain information and accompanying note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted, although the Company believes the disclosures included herein are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, which are included in Exhibit 13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Form 10-K").

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. Because of the influence of various factors on the Company's operations, including business combinations, certain holidays and other seasonal influences, net income for any interim period may not be comparable to the same interim period in previous years or necessarily indicative of income for the full fiscal year.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Fair Value of Financial Instruments

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 – Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.

- Level 3 – Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions about risk.

As of March 31, 2014, the carrying value of cash and cash equivalents, short-term investments, accounts receivable and accounts payable approximated their fair value due to the short-term nature of these financial instruments. The Company invests in money market funds, commercial paper and time deposits that are classified as cash and cash equivalents within the accompanying condensed consolidated balance sheets, as these funds are highly liquid and readily convertible to known amounts of cash. These investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The Company's short-term investments consist of certificates of deposit with initial maturities of greater than three months when purchased. These investments, which are classified within Level 1 of the fair value hierarchy, are carried at fair value, which approximated historical cost at March 31, 2014. The carrying amount and estimated fair value of the Company's total long-term debt was $13.4 billion and $14.5 billion, respectively, as of March 31, 2014. The fair value of the Company's long-term debt was estimated based on quoted prices currently offered in active markets for the Company's debt, which is considered Level 1 of the fair value hierarchy.

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Related Party Transactions

The Company has an equity method investment in SureScripts, LLC ("SureScripts"), which operates a clinical health information network. The Pharmacy Services and Retail Pharmacy segments utilize this clinical health information network in providing services to client plan members and retail customers. The Company expensed fees of approximately $16 million and $14 million in the three months ended March 31, 2014 and 2013, respectively, for the use of this network.

The Company's investment in and equity in earnings in SureScripts for all periods presented is immaterial.

Note 2 – Acquisition

On January 16, 2014, the Company acquired 100 percent of the voting interests of Coram LLC ("Coram"), the specialty infusion services and enteral nutrition business unit of Apria Healthcare Group Inc. for cash consideration of approximately $2.1 billion, plus contingent consideration of approximately $0.1 billion. The purchase price is also subject to a working capital adjustment. Coram is one of the nation's largest providers of comprehensive infusion services, caring for approximately 165,000 patients annually. Coram has approximately 4,600 employees, including approximately 600 nurses and 250 dietitians, operating primarily through 84 branch locations and six centers of excellence for patient intake.

The contingent consideration is based on the Company's future realization of Coram's tax net operating loss carryforwards ("NOLs") as of the date of the acquisition. The Company will pay the seller the first $60 million in tax savings realized from the future utilization of the Coram NOLs, plus 50% of any additional future tax savings from the remaining NOLs. The estimated fair value of the approximately $0.1 billion contingent consideration liability associated with the future realization of the Coram NOLs was estimated by discounting, to present value, the contingent payments expected to be made based on the Company's estimate of the amount and timing of Coram NOLs that will ultimately be realized.

The fair value of assets acquired and liabilities assumed were approximately $2.5 billion and $0.3 billion, respectively, which included accounts receivable of approximately $0.2 billion, identifiable finite-lived intangible assets of approximately $0.5 billion and goodwill of approximately $1.6 billion which is nondeductible for income tax purposes. The goodwill represents future economic benefits expected to arise from the Company's expanded presence in the specialty pharmaceuticals market, the assembled workforce acquired, and the expected synergies from combining operations with Coram. The assessment of fair value is preliminary and is based on information that was available to management at the time the condensed consolidated financial statements were prepared. Accordingly, such amounts may change. The most significant open items include the working capital adjustment, the accounting for deferred income taxes including the acquired NOLs, and the accounting for the related contingent consideration liability. The Company has requested additional information from the seller with respect to certain acquired tax attributes and uncertain tax positions and is awaiting the completion of a third party study to quantify the Company's annual NOL usage limitation.

Coram's results of operations are included in the Company's Pharmacy Services Segment beginning on January 16, 2014. Pro forma information for this acquisition is not presented as Coram's results are immaterial to the Company's condensed consolidated financial statements. During the three months ended March 31, 2014, acquisition costs of $14 million were expensed as incurred within operating expenses.

Note 3 – Goodwill

Below is a summary of the changes in the carrying amount of goodwill by segment for the three months ended March 31, 2014:

In millions	Pharmacy Services	Retail Pharmacy	Total
Balance, December 31, 2013	$ 19,658	$ 6,884	$ 26,542
Acquisition	1,593	—	1,593
Foreign currency translation adjustments	—	5	5
Other[1]	(1)	—	(1)
Balance, March 31, 2014	$ 21,250	$ 6,889	$ 28,139

(1) "Other" represents immaterial purchase accounting adjustments for acquisitions.

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Note 4 – Share Repurchase Program

On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program"). The share repurchase authorizations, each of which was effective immediately, permitted the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The 2013 and 2012 Repurchase Programs may be modified or terminated by the Board of Directors at any time.

During the three months ended March 31, 2014, the Company repurchased an aggregate of approximately 11.0 million shares of common stock for approximately $0.8 billion pursuant to the 2013 and 2012 Repurchase Programs. As of March 31, 2014, approximately $5.9 billion remained available for future repurchases under the 2013 Repurchase Program and the 2012 Repurchase Program was complete.

Note 5 – Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, unrealized losses on derivatives from cash flow hedges executed in previous years associated with the issuance of long-term debt, and changes in the net actuarial gains and losses associated with pension and other postretirement benefit plans. The following table summarizes the activity within the components of accumulated other comprehensive income.

Changes in accumulated other comprehensive income (loss) by component are shown below[1]:

	Three Months Ended March 31, 2014			
In millions	Foreign Currency	Losses on Cash Flow Hedges	Pension and Other Postretirement Benefits	Total
Balance, December 31, 2013	$ (30)	$ (13)	$ (106)	$ (149)
Other comprehensive income before reclassifications	9	—	—	9
Amounts reclassified from accumulated other comprehensive income [2]	—	1	—	1
Other comprehensive income	9	1	—	10
Balance, March 31, 2014	$ (21)	$ (12)	$ (106)	$ (139)

	Three Months Ended March 31, 2013			
In millions	Foreign Currency	Losses on Cash Flow Hedges	Pension and Other Postretirement Benefits	Total
Balance, December 31, 2012	$ —	$ (16)	$ (165)	$ (181)
Other comprehensive income (loss) before reclassifications	(2)	—	—	(2)
Amounts reclassified from accumulated other comprehensive income [2]	—	1	—	1
Other comprehensive income (loss)	(2)	1	—	(1)
Balance, March 31, 2013	$ (2)	$ (15)	$ (165)	$ (182)

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(1) All amounts are net of tax.

(2) The amounts reclassified from accumulated other comprehensive income for cash flow hedges are recorded within interest expense, net on the condensed consolidated statement of income. The amounts reclassified from accumulated other comprehensive income for pension and other postretirement benefits are included in operating expenses on the condensed consolidated statement of income.

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Note 6 – Interest Expense

The following are the components of net interest expense:

In millions	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Interest expense	$ 161	$ 127
Interest income	(3)	(1)
Interest expense, net	$ 158	$ 126

Note 7 – Earnings Per Share

Basic earnings per share is computed by dividing: (i) net income by (ii) the weighted average number of shares outstanding in the period (the "Basic Shares").

Diluted earnings per share is computed by dividing: (i) net income by (ii) Basic Shares plus the additional shares that would be issued assuming that all dilutive stock awards are exercised. Options to purchase approximately 0.1 million and 8.1 million shares of common stock were outstanding, but were not included in the calculation of diluted earnings per share for the three months ended March 31, 2014 and 2013, respectively, because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The following is a reconciliation of basic and diluted earnings per share for the respective periods:

In millions, except per share amounts	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Numerator for earnings per share calculations:		
Net income	$ 1,129	$ 954
Denominators for earnings per share calculations:		
Weighted average shares, basic	1,180	1,232
Effect of dilutive securities:		
Stock options	8	7
Restricted stock units	2	2
Weighted average shares, diluted	1,190	1,241
Net income per share:		
Basic	$ 0.96	$ 0.77
Diluted	$ 0.95	$ 0.77

Note 8 – Segment Reporting

The Company has three reportable segments: Pharmacy Services, Retail Pharmacy and Corporate. The Company's segments maintain separate financial information for which operating results are evaluated on a regular basis by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company evaluates its Pharmacy Services and Retail Pharmacy segments' performance based on net revenue, gross profit and operating profit before the effect of nonrecurring charges and gains and certain intersegment activities. The Company evaluates the performance of its Corporate Segment based on operating expenses before the effect of nonrecurring charges and gains and certain intersegment activities.

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The Pharmacy Services Segment provides a full range of pharmacy benefit management ("PBM") services including mail service dispensing pharmacies, specialty pharmacy and infusion services, plan design and administration, formulary management, discounted drug purchase arrangements, Medicare Part D services, retail pharmacy network management

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services, prescription management systems, clinical services and disease management services. The Company's customers 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. In addition, through the Company's SilverScript® Insurance Company subsidiary, the Company is a national provider of drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program. The Pharmacy Services business operates under the CVS Caremark® Pharmacy Services, Caremark®, CVS Caremark®, CarePlus CVS/pharmacy®, RxAmerica®, Accordant®, SilverScript®, Novologix® and Coram® names. As of March 31, 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 40 states, Puerto Rico and the District of Columbia.

The 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 the Company's CVS/pharmacy®, CVS®, Longs Drugs® and Drogaria Onofre® retail stores and online through CVS.com® and Onofre.com.br. As of March 31, 2014, the Retail Pharmacy Segment included 7,675 retail drugstores (of which 7,615 operated a pharmacy), 17 onsite pharmacies, 828 retail health care clinics, and the online retail websites, CVS.com and Onofre.com.br. The retail drugstores are located in 43 states, the District of Columbia, Puerto Rico and Brazil. The retail health care clinics operate under the MinuteClinic® name, and 820 are located within CVS/pharmacy stores. MinuteClinics utilize nationally-recognized medical protocols to diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions and deliver vaccinations. The clinics are staffed by board-certified nurse practitioners and physician assistants who provide access to affordable care without appointment.

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

In millions	Pharmacy Services Segment(1)	Retail Pharmacy Segment	Corporate Segment	Intersegment Eliminations(2)	Consolidated Totals
Three Months Ended					
March 31, 2014:					
Net revenues	$ 20,195	$ 16,480	$ —	$ (3,986)	$ 32,689
Gross profit	934	5,184	—	(176)	5,942
Operating profit (loss)	640	1,750	(190)	(176)	2,024
March 31, 2013:					
Net revenues	18,311	16,039	—	(3,599)	30,751
Gross profit	768	4,947	—	(138)	5,577
Operating profit (loss)	499	1,532	(199)	(138)	1,694
Total assets:					
March 31, 2014	40,365	30,960	2,480	(983)	72,822
December 31, 2013	38,343	30,191	4,420	(1,428)	71,526
Goodwill:					
March 31, 2014	21,250	6,889	—	—	28,139
December 31, 2013	19,658	6,884	—	—	26,542

(1) Net revenues of the Pharmacy Services Segment include approximately $2.2 billion of retail co-payments for both of the three months ended March 31, 2014 and 2013.

(2) Intersegment eliminations relate to two types of transactions: (i) Intersegment revenues that occur when Pharmacy Services Segment customers use Retail Pharmacy Segment stores to purchase covered products. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue on a stand-alone basis, and (ii) Intersegment revenues, gross profit and operating profit that occur when Pharmacy Services Segment customers, through the Company's intersegment activities (such as the Maintenance Choice® program), elect to pick-up their maintenance prescriptions at Retail Pharmacy Segment stores instead of receiving them through the mail. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue, gross profit and operating profit on a standalone basis. The following amounts are eliminated in consolidation in connection with the item

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(ii) intersegment activity above: net revenues of $1.1 billion and $939 million for the three months ended March 31, 2014 and 2013, respectively; and gross profit and operating profit of $176 million and $138 million for the three months ended March 31, 2014 and 2013, respectively.

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Note 9 – Commitments and Contingencies

Lease Guarantees

Between 1991 and 1997, the Company sold or spun off a number of subsidiaries, including Bob's Stores, Linens 'n Things, Marshalls, Kay-Bee Toys, Wilsons, This End Up and Footstar. In many cases, when a former subsidiary leased a store, the Company provided a guarantee of the store's lease obligations. When the subsidiaries were disposed of, the Company's guarantees remained in place, although each initial purchaser has indemnified the Company for any lease obligations the Company was required to satisfy. If any of the purchasers or any of the former subsidiaries were to become insolvent and failed to make the required payments under a store lease, the Company could be required to satisfy these obligations.

As of March 31, 2014, the Company guaranteed approximately 72 such store leases (excluding the lease guarantees related to Linens 'n Things, which have been recorded as a liability on the condensed consolidated balance sheet), with the maximum remaining lease term extending through 2026. Management believes the ultimate disposition of any of the remaining guarantees will not have a material adverse effect on the Company's consolidated financial condition, results of operations or future cash flows.

Legal Matters

The Company is a party to legal proceedings, investigations and claims in the ordinary course of its business, including the matters described below. The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Company does not establish an accrued liability. None of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's financial position.

The Company's contingencies are subject to significant uncertainties, including, among other factors: (i) the procedural status of pending matters; (ii) whether class action status is sought and certified; (iii) whether asserted claims or allegations will survive dispositive motion practice; (iv) the extent of potential damages, fines or penalties, which are often unspecified or indeterminate; (v) the impact of discovery on the legal process; (vi) whether novel or unsettled legal theories are at issue; (vii) the settlement posture of the parties, and/or (viii) in the case of certain government agency investigations, whether a sealed *qui tam* lawsuit ("whistleblower" action) has been filed and whether the government agency makes a decision to intervene in the lawsuit following investigation.

Except as otherwise noted, the Company cannot predict with certainty the timing or outcome of the legal matters described below, and is unable to reasonably estimate a possible loss or range of possible loss in excess of amounts already accrued for these matters.

In December 2007, the Company received a document subpoena from the Office of Inspector General ("OIG") within the U.S. Department of Health and Human Services ("HHS"), requesting information relating to the processing of Medicaid and certain other government agency claims on behalf of its clients (which allegedly resulted in underpayments from our pharmacy benefit management clients to the applicable government agencies) on one of the Company's adjudication platforms. The Company has provided documents and other information in response to this request for information. The Company has been conducting discussions with the United States Department of Justice ("DOJ") and the OIG regarding a possible settlement of this matter.

Caremark (the term "Caremark" being used herein to generally refer to any one or more pharmacy benefit management subsidiaries of the Company, as applicable) was named in a putative class action lawsuit filed in October 2003 in Alabama state court by John Lauriello, purportedly on behalf of participants in the 1999 settlement of various securities class action and derivative lawsuits against Caremark and others. Other defendants include insurance companies that provided coverage to Caremark with respect to the settled lawsuits. The Lauriello lawsuit seeks approximately $3.2 billion in compensatory damages plus other non-specified damages based on allegations that the amount of insurance coverage available for the settled lawsuits was misrepresented and suppressed. A similar lawsuit was filed in November 2003 by Frank McArthur, also in Alabama state court, naming as defendants Caremark, several insurance companies, attorneys and law firms involved in the 1999 settlement. This lawsuit was stayed as a later-filed class action, but McArthur was subsequently allowed to intervene in the Lauriello action. Following the close of class discovery, the trial court entered an Order on August 15, 2012 that granted the plaintiffs' motion to certify a class

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pursuant to Alabama Rules of Civil Procedure 23(b)(3) but denied their request that the class also be certified pursuant to Rule 23(b)(1). In addition, the August 15, 2012 Order appointed class representatives and class counsel. The defendants' appeal and plaintiffs' cross-appeal are pending before the Alabama Supreme Court. The proceedings in the trial court are stayed by statute pending a decision on the appeal and cross-appeal by the Alabama Supreme Court.

Various lawsuits have been filed alleging that Caremark has violated applicable antitrust laws in establishing and maintaining retail pharmacy networks for client health plans. In August 2003, Bellevue Drug Co., Robert Schreiber, Inc. d/b/a Burns Pharmacy and Rehn-Huerbinger Drug Co. d/b/a Parkway Drugs #4, together with Pharmacy Freedom Fund and the National Community Pharmacists Association filed a putative class action against Caremark in Pennsylvania federal court, seeking treble damages and injunctive relief. This case was initially sent to arbitration based on the contract terms between the pharmacies and Caremark. In October 2003, two independent pharmacies, North Jackson Pharmacy, Inc. and C&C, Inc. d/b/a Big C Discount Drugs, Inc., filed a putative class action complaint in Alabama federal court against Caremark and two PBM competitors, seeking treble damages and injunctive relief. The North Jackson Pharmacy case against two of the Caremark entities named as defendants was transferred to Illinois federal court, and the case against a separate Caremark entity was sent to arbitration based on contract terms between the pharmacies and Caremark. The Bellevue arbitration was then stayed by the parties pending developments in the North Jackson Pharmacy court case.

In August 2006, the Bellevue case and the North Jackson Pharmacy case were both transferred to Pennsylvania federal court by the Judicial Panel on Multidistrict Litigation for coordinated and consolidated proceedings with other cases before the panel, including cases against other PBMs. Caremark appealed the decision which vacated an order compelling arbitration and staying the proceedings in the Bellevue case and, following the appeal, the Court of Appeals reinstated the order compelling arbitration of the Bellevue case. Following remand, plaintiffs in the Bellevue case sought dismissal of their complaint to permit an immediate appeal of the reinstated order compelling arbitration and pursued an appeal to the Third Circuit Court of Appeals. In November 2012, the Third Circuit Court reversed the district court ruling and directed the parties to proceed in federal court. Motions for class certification in the coordinated cases within the multidistrict litigation, including the North Jackson Pharmacy case, remain pending, and the court has permitted certain additional class discovery and briefing. The consolidated action is now known as the In Re Pharmacy Benefit Managers Antitrust Litigation.

In November 2009, a securities class action lawsuit was filed in the United States District Court for the District of Rhode Island purportedly on behalf of purchasers of CVS Caremark Corporation stock between May 5, 2009 and November 4, 2009. Plaintiffs subsequently amended the lawsuit to allege a class period beginning October 30, 2008. The lawsuit names the Company and certain officers as defendants and includes allegations of securities fraud relating to public disclosures made by the Company concerning the PBM business and allegations of insider trading. In addition, a shareholder derivative lawsuit was filed in December 2009 in the same court against the directors and certain officers of the Company. This lawsuit, which was stayed pending developments in the related securities class action, includes allegations of, among other things, securities fraud, insider trading and breach of fiduciary duties and further alleges that the Company was damaged by the purchase of stock at allegedly inflated prices under its share repurchase program. In January 2011, both lawsuits were transferred to the United States District Court for the District of New Hampshire. In June 2012, the court granted the Company's motion to dismiss the securities class action. The plaintiffs subsequently appealed the court's ruling on the motion to dismiss. In May 2013, the First Circuit Court of Appeals vacated the prior ruling and remanded the case to the district court for further proceedings. In December 2013, the district court denied the Company's renewed motion to dismiss the lawsuit. The derivative lawsuit is presently stayed pending further developments in the class action.

In March 2010, the Company learned that various State Attorneys General offices and certain other government agencies were conducting a multi-state investigation of certain of the Company's business practices similar to those being investigated at that time by the U.S. Federal Trade Commission ("FTC"). Twenty-eight states, the District of Columbia and the County of Los Angeles are known to be participating in this investigation. The prior FTC investigation, which commenced in August 2009, was officially concluded in May 2012 when the consent order entered into between the FTC and the Company became final. The Company has cooperated in the multi-state investigation.

In March 2010, the Company received a subpoena from the OIG requesting information about programs under which the Company has offered customers remuneration conditioned upon the transfer of prescriptions for drugs or medications to the Company's pharmacies in the form of gift cards, cash, non-prescription merchandise or discounts or coupons for non-prescription merchandise. The subpoena relates to an investigation of possible false or otherwise

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improper claims for payment under the Medicare and Medicaid programs. The Company has provided documents and other information in response to this request for information.

The Company received a subpoena from the U.S. Securities and Exchange Commission ("SEC") in February 2011 and subsequently received additional subpoenas and other requests for information. The SEC's requests related to, among other things, public disclosures made by the Company during 2009, transactions in the Company's securities by certain officers and employees of the Company during 2009 and the purchase accounting for the Longs Drug Stores acquisition. The Company has cooperated with the SEC and in April 2014 reached a final agreement with the SEC to settle certain allegations that, during the third and fourth quarters of 2009, the Company violated certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, including certain anti-fraud provisions of those statutes. The agreement has been entered into by the Company on a "no admit or deny" basis, and the Company is not required to restate its financial statements for any reporting period. The settlement has been approved and entered by the federal court and the matter is now fully concluded. The Company paid a $20 million civil penalty in April 2014, which was fully reserved in the Company's condensed consolidated financial statements as of March 31, 2014.

In January 2012, the United States District Court for the Eastern District of Pennsylvania unsealed a first amended *qui tam* complaint filed in August 2011 by an individual relator, who is described in the complaint as having once been employed by a firm providing pharmacy prescription benefit audit and recovery services. The complaint seeks monetary damages and alleges that Caremark's processing of Medicare claims on behalf of one of its clients violated the federal false claims act. The United States, acting through the U.S. Attorney's Office in Philadelphia, Pennsylvania, declined to intervene in the lawsuit. Caremark filed a motion to dismiss the amended complaint and the DOJ filed a Statement of Interest with regard to Caremark's motion to dismiss. In December 2012, the court denied Caremark's motion to dismiss the amended complaint.

In January 2012, the Company received a subpoena from the OIG requesting information about its Health Savings Pass program, a prescription drug discount program for uninsured or underinsured individuals, in connection with an investigation of possible false or otherwise improper claims for payment involving HHS programs. In February 2012, the Company also received a civil investigative demand from the Office of the Attorney General of the State of Texas requesting a copy of information produced under this OIG subpoena and other information related to prescription drug claims submitted by the Company's pharmacies to Texas Medicaid for reimbursement. The Company is providing documents and other information in response to these requests for information.

A purported shareholder derivative action was filed on behalf of nominal defendant CVS Caremark Corporation against certain of the Company's officers and members of its Board of Directors. The action, which alleged a single claim for breach of fiduciary duty relating to the Company's alleged failure to properly implement internal regulatory controls to comply with the Controlled Substances Act and the Combat Methamphetamine Epidemic Act, was originally filed in June 2012. In addition, an amended complaint was filed in November 2012 and a Supplemental Complaint was filed in April 2013. In October 2013, the court granted the Company's motion to dismiss and entered judgment dismissing the action, without prejudice. Following dismissal of the action, the same purported shareholder sent a letter to the Company's Board of Directors demanding that the Board investigate her allegations and pursue legal action against certain directors and officers of the Company. A committee of the Board of Directors is conducting a review and intends to respond to the letter as appropriate.

In November 2012, the Company received a subpoena from the OIG requesting information concerning automatic refill programs used by pharmacies to refill prescriptions for customers. The Company has been cooperating and providing documents and other information in response to this request for information.

In March 2014, the Company received a subpoena from the United States Attorney's Office for the District of Rhode Island, requesting documents and information concerning bona fide service fees and rebates received from certain pharmaceutical manufacturers in connection with certain drugs utilized under Part D of the Medicare Program. The Company has been cooperating with the government and collecting documents in response to the subpoena.

On October 12, 2012, the Drug Enforcement Agency ("DEA") Administrator published its Final Decision and Order revoking the DEA license registrations for dispensing controlled substances at two of our retail pharmacy stores in Sanford, Florida. The license revocations for the two stores formally became effective on November 13, 2012. The pharmacies had voluntarily suspended dispensing controlled substances since April 2012, and have continued operating in that manner in compliance with the DEA Order. The Company has entered into discussions with the U.S. Attorney's Office for the Middle District of Florida concerning civil penalties for violations of the Controlled

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Substances Act arising from the circumstances underlying the action taken against the two Sanford, Florida stores. The Company is also undergoing several audits by the DEA and is in discussions with the DEA and the U.S. Attorney's Office in several locations. Whether agreements can be reached and on what terms is uncertain.

The Company is also a party to other legal proceedings, government investigations, inquiries and audits arising in the normal course of its business, none of which is expected to be material to the Company. The Company can give no assurance, however, that its business, financial condition and results of operations will not be materially adversely affected, or that the Company will not be required to materially change its business practices, based on: (i) future enactment of new health care or other laws or regulations; (ii) the interpretation or application of existing laws or regulations as they may relate to the Company's business, the pharmacy services, retail pharmacy or retail clinic industries or to the health care industry generally; (iii) pending or future federal or state governmental investigations of the Company's business or the pharmacy services, retail pharmacy or retail clinic industry or of the health care industry generally; (iv) pending or future government enforcement actions against the Company; (v) adverse developments in any pending *qui tam* lawsuit against the Company, whether sealed or unsealed, or in any future *qui tam* lawsuit that may be filed against the Company; or (vi) adverse developments in pending or future legal proceedings against the Company or affecting the pharmacy services, retail pharmacy or retail clinic industry or the health care industry generally.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
CVS Caremark Corporation

We have reviewed the condensed consolidated balance sheet of CVS Caremark Corporation (the Company) as of March 31, 2014, and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month periods ended March 31, 2014 and 2013. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CVS Caremark Corporation as of December 31, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended not presented herein and we expressed an unqualified audit opinion on those consolidated financial statements and included an explanatory paragraph for the Company's election to change its methods of accounting for prescription drug inventories in the Retail Pharmacy Segment effective January 1, 2012 in our report dated February 10, 2014. In our opinion, the accompanying condensed consolidated balance sheet of CVS Caremark Corporation as of December 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

May 2, 2014
Boston, Massachusetts

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Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview of Our Business

CVS Caremark Corporation ("CVS Caremark", the "Company", "we", "our" or "us"), 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 ("Caremark"); our more than 7,600 CVS/pharmacy® and Drogaria Onofre® retail stores; our retail-based health clinic subsidiary, 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 and disease 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®, RxAmerica®, Accordant®, SilverScript®, Novologix® and Coram® names. As of March 31, 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 40 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 Drugs®, and Drogaria 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 23,500 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 March 31, 2014, our Retail Pharmacy Segment included 7,675 retail drugstores (of which 7,615 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 Drogaria Onofre® names, 17 onsite pharmacies, 828 retail health care clinics operating under the MinuteClinic® name (of which 820 were located in CVS/pharmacy stores), and our online retail websites, CVS.com and Onofre.com.br.

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Corporate Segment

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

Generic Sourcing Venture

In December 2013, we announced the signing of an agreement with Cardinal Health, Inc. ("Cardinal Health") to form a generic pharmaceutical sourcing entity. This entity is expected to be operational as soon as July 1, 2014, and will have an initial term of ten years. Under this arrangement, both companies are contributing their sourcing and supply chain expertise to this entity and are committing to source and negotiate generic pharmaceutical supply contracts for both CVS Caremark and Cardinal Health through the entity.

Results of Operations

The following discussion explains the material changes in our results of operations for the three months ended March 31, 2014 and 2013, and the significant developments affecting our financial condition since December 31, 2013. We strongly recommend that you read our audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included as Exhibit 13 to our Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Form 10-K") along with this report.

Summary of the Condensed Consolidated Financial Results:

In millions	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net revenues	$ 32,689	$ 30,751
Cost of revenues	26,747	25,174
Gross profit	5,942	5,577
Operating expenses	3,918	3,883
Operating profit	2,024	1,694
Interest expense, net	158	126
Income before income tax provision	1,866	1,568
Income tax provision	737	614
Net income	$ 1,129	$ 954

Net Revenues

Net revenues increased approximately $1.9 billion, or 6.3%, in the three months ended March 31, 2014, as compared to the prior year. The increase in the Pharmacy Services Segment was primarily driven by growth in our specialty pharmacy business, including the acquisition of Coram, as well as drug cost inflation, new clients and new products. The increase in the Retail Pharmacy Segment was primarily due to an increase in pharmacy same store sales and revenue from new stores. Net revenues in both periods were negatively impacted by increased generic sales and generic dispensing rates for both the Pharmacy Services and Retail Pharmacy segments. However, the impact in the three months ended March 31, 2014 was lower than in prior year due to a slow down in significant generic drug introductions. Generic prescription drugs typically have a lower selling price than brand name prescription drugs.

Please see the section entitled "Segment Analysis" below for additional information regarding net revenues.

Gross Profit

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Gross profit dollars increased $365 million in the three months ended March 31, 2014, as compared to the prior year. Gross profit as a percentage of net revenues increased approximately 5 basis points to 18.2% in the three months ended March 31,

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2014, as compared to the prior year. Both segments benefited from increased pharmacy margins due to the positive impact of increased generic dispensing rates.

Please see the section entitled "Segment Analysis" below for additional information regarding gross profit.

Operating Expenses

Operating expenses increased $35 million, or 0.9%, in the three months ended March 31, 2014, as compared to the prior year. Operating expenses as a percentage of net revenues decreased approximately 65 basis points to 12.0% in the three months ended March 31, 2014, as compared to 12.6% in the prior year. Operating expenses as a percentage of net revenues decreased for the three months ended March 31, 2014 due to expense leverage from sales growth in both operating segments and slower growth in expenses. The increase in operating expense dollars in the three months ended March 31, 2014, was primarily due to transaction costs associated with the Coram acquisition and incremental weather-related costs and store operating costs associated with operating more stores in our Retail Pharmacy Segment.

Please see the section entitled "Segment Analysis" below for additional information regarding operating expenses.

Interest Expense, net

Interest expense, net, increased $32 million in the three months ended March 31, 2014, as compared to the prior year. This increase is due to the increase in long-term debt outstanding as a result of the $4 billion debt issuance that occurred in December 2013.

For additional information on our financing activities, please see the "Liquidity and Capital Resources" section later in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Income Tax Provision

Our effective income tax rate was 39.5% for the three months ended March 31, 2014, compared to 39.1% for the three months ended March 31, 2013. The increase in the effective income tax rate for the three months ended March 31, 2014, was primarily due to certain permanent items.

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Segment Analysis

We evaluate the performance of our Pharmacy Services and Retail Pharmacy segments based on net revenue, gross profit and operating profit before the effect of nonrecurring charges and gains and certain intersegment activities. We evaluate the performance of our Corporate Segment based on operating expenses before the effect of nonrecurring charges and gains and certain intersegment activities. The following is a reconciliation of our segments to the condensed consolidated financial statements:

In millions	Pharmacy Services Segment(1)	Retail Pharmacy Segment	Corporate Segment	Intersegment Eliminations (2)	Consolidated Totals
Three Months Ended					
March 31, 2014:					
Net revenues	$ 20,195	$ 16,480	$ —	$ (3,986)	$ 32,689
Gross profit	934	5,184	—	(176)	5,942
Operating profit (loss)	640	1,750	(190)	(176)	2,024
March 31, 2013:					
Net revenues	18,311	16,039	—	(3,599)	30,751
Gross profit	768	4,947	—	(138)	5,577
Operating profit (loss)	499	1,532	(199)	(138)	1,694

(1) Net revenues of the Pharmacy Services Segment includes approximately $2.2 billion of retail co-payments for both of the three months ended March 31, 2014 and 2013.

(2) Intersegment eliminations relate to two types of transaction: (i) Intersegment revenues that occur when Pharmacy Services Segment customers use Retail Pharmacy Segment stores to purchase covered products. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue on a stand-alone basis, and (ii) Intersegment revenues, gross profit and operating profit that occur when Pharmacy Services Segment customers, through the Company's intersegment activities (such as the Maintenance Choice® program), elect to pick-up their maintenance prescriptions at Retail Pharmacy Segment stores instead of receiving them through the mail. When this occurs, both the Pharmacy Services and Retail Pharmacy segments record the revenue, gross profit and operating profit on a standalone basis. The following amounts are eliminated in consolidation in connection with the item (ii) intersegment activity above: net revenues of $1.1 billion and $939 million for the three months ended March 31, 2014 and 2013, respectively; and gross profit and operating profit of $176 million and $138 million for the three months ended March 31, 2014 and 2013, respectively.

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Pharmacy Services Segment

The following table summarizes our Pharmacy Services Segment's performance for the respective periods:

In millions	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net revenues	$ 20,195	$ 18,311
Gross profit	934	768
Gross profit % of net revenues	4.6%	4.2%
Operating expenses	294	269
Operating expense % of net revenues	1.5%	1.5%
Operating profit	640	499
Operating profit % of net revenues	3.2%	2.7%
Net revenues[1]:		
Mail choice[2]	$ 6,834	$ 5,869
Pharmacy network[3]	13,302	12,392
Other	59	50
Pharmacy claims processed[1]:		
Total	227.8	227.6
Mail choice[2]	19.8	20.5
Pharmacy network[3]	208.0	207.1
Generic dispensing rate[1]:		
Total	82.4%	80.5%
Mail choice[2]	78.0%	75.4%
Pharmacy network[3]	82.8%	81.0%
Mail choice penetration rate	21.2%	22.1%

(1) Pharmacy network net revenues, claims processed and generic dispensing rates do not include Maintenance Choice, which are included within the mail choice category.
(2) Mail choice is defined as claims filled at a Pharmacy Services mail facility, which includes specialty claims, as well as 90-day claims filled at retail pharmacies under the Maintenance Choice program.
(3) Pharmacy network is defined as claims filled at retail pharmacies, including our retail drugstores, but excluding Maintenance Choice activity.

Medicare Part D Update

The Company participates in the Medicare Part D program by (1) providing Medicare Part D-related PBM services to our health plan and other clients that have qualified as Medicare Part D plans, and (2) offering Medicare Part D pharmacy benefits through the Company's own SilverScript prescription drug plan ("PDP"), which offers benefits to individual members and through employer group waiver plans. At the beginning of the 2013 Medicare Part D plan year, the Company implemented an enrollment systems conversion process and other actions to consolidate its Medicare Part D PDPs into the Company's SilverScript PDP. These consolidation efforts impacted certain enrollment and coverage determination services the Company provided to SilverScript enrollees following commencement of the 2013 plan year. Effective January 15, 2013, Centers for Medicare and Medicaid Services ("CMS") imposed intermediate sanctions on the SilverScript PDP, consisting of immediate suspension of further plan enrollment and marketing activities. On December 20, 2013, the Company announced that CMS completed its review of the corrective actions taken to address the enrollment processing and related issues resulting from the Company's plan consolidation efforts and the sanctions were removed. SilverScript began to enroll new choosers with effective dates starting in February as they aged into Medicare. The low income subsidy ("LIS") auto-enrollment and annual reassignment exclusion was lifted on February 21, 2014 and SilverScript began receiving LIS enrollees again with effective dates May 1, 2014 and forward.

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Net Revenues

Net revenues increased $1.9 billion, or 10.3%, to $20.2 billion in the three months ended March 31, 2014, as compared to the prior year. As you review our Pharmacy Services Segment's performance in this area, we believe you should consider the following important information that impacted the three months ended March 31, 2014:

- Our mail choice claims processed decreased 3.6% to 19.8 million claims in the three months ended March 31, 2014, compared to 20.5 million claims in the prior year. The decrease in the mail choice claims was driven by a decline in traditional mail volumes, which was partially offset by growth in our Maintenance Choice program.

- Our average revenue per mail choice claim increased by 20.8%, compared to the prior year. This increase was primarily due to growth in our specialty pharmacy business and drug cost inflation, partially offset by increases in the percentage of generic prescription drugs dispensed.

- Our mail choice generic dispensing rate increased to 78.0% in the three months ended March 31, 2014, compared to 75.4% in the prior year. This increase was primarily due to our continual effort to encourage plan members to use clinically appropriate generic prescription drugs when they are available and new generic launches.

- Our pharmacy network claims processed increased 0.4% to 208.0 million claims in the three months ended March 31, 2014, compared to 207.1 million claims in the prior year. The increase in the pharmacy network claim volume was primarily due to net new business and growth in Managed Medicaid, partially offset by a decrease in Medicare Part D claims. Medicare Part D claims were negatively impacted by the CMS sanctions in place during 2013 discussed previously in this section.

- Our average revenue per pharmacy network claim processed increased 6.9%, as compared to the prior year. This increase was primarily due to drug cost inflation partially offset by increases in the generic dispensing rate.

- Our pharmacy network generic dispensing rate increased to 82.8% in the three months ended March 31, 2014, compared to 81.0% in the prior year. This increase was primarily due to our continual effort to encourage plan members to use clinically appropriate generic prescription drugs when they are available and new generic launches.

Gross Profit

Gross profit in our Pharmacy Services Segment includes net revenues less cost of revenues. Cost of revenues includes (i) the cost of pharmaceuticals dispensed, either directly through our mail service and specialty retail pharmacies or indirectly through our retail pharmacy networks, (ii) shipping and handling costs and (iii) the operating costs of our mail service dispensing pharmacies, customer service operations and related information technology support.

Gross profit increased $166 million, or 21.8%, to approximately $0.9 billion in the three months ended March 31, 2014, as compared to the prior year. Gross profit as a percentage of net revenues increased to 4.6% in the three months ended March 31, 2014, compared to 4.2% in the prior year. The increase in gross profit dollars and the increase in gross profit as a percentage of net revenues were primarily due to an increase in generic dispensing, rebate improvement, as well as the acquisition of Coram in January 2014.

As you review our Pharmacy Services Segment's performance in this area, we believe you should consider the following important information that impacted the three months ended March 31, 2014:

- Our gross profit dollars and gross profit as a percentage of net revenues continued to be impacted by our efforts to (i) retain existing clients, (ii) obtain new business and (iii) maintain or improve the rebates and/or discounts we received from manufacturers, wholesalers and retail pharmacies. In particular, competitive pressures in the PBM industry have caused us and other PBMs to continue to share a larger portion of rebates and/or discounts received from pharmaceutical manufacturers with clients. In addition, market dynamics and regulatory changes have impacted our ability to offer plan sponsors pricing that includes retail network "differential" or "spread." We expect these trends to continue. The "differential" or "spread" is any difference between the drug price charged to plan sponsors, including Medicare Part D plan sponsors, by a PBM and the price paid for the drug by the PBM to the dispensing provider. The increased use of generic drugs has positively impacted our

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gross profit margins but has resulted in third party payors augmenting their efforts to reduce reimbursement payments for prescriptions. This trend, which we expect to continue, reduces the benefit we realize from brand to generic product conversions.

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- Our gross profit as a percentage of revenues benefited from the increase in our total generic dispensing rate, which increased to 82.4% in the three months ended March 31, 2014 compared to our generic dispensing rate of 80.5% in the prior year. This increase was primarily due to new generic drug introductions and our continual efforts to encourage plan members to use clinically appropriate generic drugs when they are available. We expect the trend in generic introductions to continue, albeit at a slower pace.

Operating Expenses

Operating expenses in our Pharmacy Services Segment include selling, general and administrative expenses; depreciation and amortization related to selling, general and administrative activities; and expenses related to specialty apothecary pharmacies, which includes store and administrative payroll, employee benefits and occupancy costs.

Operating expenses increased $25 million to $294 million, or 1.5% as a percentage of net revenues, in the three months ended March 31, 2014, compared to $269 million, or 1.5% as a percentage of net revenues, in the prior year. The increase in operating expense dollars is primarily related to the acquisition of Coram in January 2014. Operating expenses as a percentage of net revenues remained flat.

Retail Pharmacy Segment

The following table summarizes our Retail Pharmacy Segment's performance for the respective periods:

In millions	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net revenues	$ 16,480	$ 16,039
Gross profit	5,184	4,947
Gross profit % of net revenues	31.5 %	30.8 %
Operating expenses	3,434	3,415
Operating expense % of net revenues	20.8 %	21.3 %
Operating profit	1,750	1,532
Operating profit % of net revenues	10.6 %	9.6 %
Retail prescriptions filled (90 Day = 3 Rx)(1)	227.1	221.1
Net revenue increase:		
Total	2.7 %	0.1 %
Pharmacy	5.1 %	(1.1)%
Front store	(2.4)%	3.1 %
Total prescription volume (90 Day = 3 Rx)(1)	2.7 %	5.5 %
Same store increase (decrease):		
Total sales	1.4 %	(1.2)%
Pharmacy sales	3.8 %	(2.3)%
Front store sales	(3.8)%	1.4 %
Prescription volume (90 Day = 3 Rx)(1)	2.1 %	4.6 %
Generic dispensing rate	82.9 %	81.2 %
Pharmacy % of total revenues	70.5 %	69.0 %
Third party % of pharmacy revenue	98.3 %	97.8 %

(1) Includes the adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.

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As of March 31, 2014, we operated 7,675 retail drugstores, compared to 7,531 retail drugstores as of March 31, 2013.

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Net Revenues

Net revenues increased $441 million, or 2.7%, to $16.5 billion in the three months ended March 31, 2014, as compared to the prior year. As you review our Retail Pharmacy Segment's performance in this area, we believe you should consider the following important information that impacted the three months ended March 31, 2014:

- Net revenues from new stores accounted for approximately 100 basis points of the increase in our total net revenues for the three months ended March 31, 2014.

- Front store same store sales decreased by 3.8% for the three months ended March 31, 2014, compared to the prior year. The decrease in front store same store sales is primarily due to a decrease in customer traffic during the quarter related to a less severe flu season than the prior year, extreme weather conditions across much of the United States, and the shift of the Easter holiday from March in 2013 to April in 2014. The shift of the Easter holiday negatively impacted front store same store sales by approximately 80 basis points for the three month ended March 31, 2014.

- Pharmacy same store sales increased 3.8% for the three months ended March 31, 2014, as compared to the prior year. The increase in pharmacy same store sales was primarily due to the increase in same store script growth of 2.1% and brand name drug cost inflation. In addition, pharmacy same store sales were negatively impacted by a lower incidence of flu compared to last year's strong flu season and extreme weather conditions across much of the United States, which led to fewer physician visits and prescriptions written.

- Pharmacy revenues continue to be negatively impacted by the conversion of brand name drugs to equivalent generic drugs, which typically have a lower selling price. Pharmacy same store sales were negatively impacted by approximately 120 basis points for the three months ended March 31, 2014 due to recent generic introductions. The generic dispensing rate grew to 82.9% for the three months ended March 31, 2014, compared to 81.2% in the prior year. In addition, our pharmacy revenue growth has also been affected by the lack of significant new brand name drug introductions and higher consumer co-payments and co-insurance arrangements, as well as, an increase in the number of over-the-counter remedies that were historically only available by prescription.

- Pharmacy revenue growth continued to benefit from the increased utilization by Medicare Part D beneficiaries, our ability to attract and retain managed care customers and favorable industry trends. These trends include an aging American population; many "baby boomers" are now in their fifties and sixties and are consuming a greater number of prescription drugs. In addition, the increased use of pharmaceuticals as the first line of defense for individual health care also contributed to the growing demand for pharmacy services. We believe these favorable industry trends will continue.

Gross Profit

Gross profit in our Retail Pharmacy Segment includes net revenues less the cost of merchandise sold in the period and the related purchasing costs, warehousing costs, delivery costs and actual and estimated inventory losses.

Gross profit increased $237 million, or 4.8%, to $5.2 billion in the three months ended March 31, 2014, as compared to the prior year. Gross profit as a percentage of net revenues increased to 31.5% in the three months ended March 31, 2014, compared to 30.8% in the prior year.

The increase in gross profit dollars was primarily driven by increases in generic dispensing rate, same store sales and new store sales. The increase in gross profit as a percentage of net revenues was primarily driven by increased pharmacy margins due to the positive impact of increased generic dispensing rates and increased front store margins, partially offset by continued reimbursement pressure. We expect the trend of new generic introductions to continue, albeit at a slower pace.

As you review our Retail Pharmacy Segment's performance in this area, we believe you should consider the following important

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information that impacted the three months ended March 31, 2014:

- During the three months ended March 31, 2014, our front store gross profit as a percentage of net revenues increased compared to the same period in the prior year. The increase for the three months ended March 31, 2014, is primarily related to changes in the mix of products sold and promotional performance.

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- Front store revenues as a percentage of total revenues for the three months ended March 31, 2014 was 29.5%, compared to 31.0% in the prior year. On average, our gross profit on front store revenues is higher than our average gross profit on pharmacy revenues. Pharmacy revenues as a percentage of total revenues increased approximately 150 basis points in the three months ended March 31, 2014, compared to the prior year. The negative effect of the sales shift was offset by an increase in the generic drug dispensing rate.

- Sales to customers covered by third party insurance programs are a significant component of our retail pharmacy business. On average, our gross profit rate on third party pharmacy revenues is lower than our gross profit on cash pharmacy revenues. Third party revenues were 98.3% in the three months ended March 31, 2014, compared to 97.8% in the three months ended March 31, 2013.

- Our pharmacy gross profit rates have been adversely affected by the efforts of managed care organizations, pharmacy benefit managers and governmental and other third-party payors to reduce their prescription drug costs. In the event this trend continues, we may not be able to sustain our current rate of revenue growth and gross profit dollars could be adversely impacted.

- The increased use of generic drugs has positively impacted our gross profit but in recent years has resulted in third party payors augmenting their efforts to reduce reimbursement payments to retail pharmacies for prescriptions. This trend, which we expect to continue, reduces the benefit we realize from brand to generic product conversions.

Operating Expenses

Operating expenses in our Retail Pharmacy Segment include store payroll, store employee benefits, occupancy costs, selling expenses, advertising expenses, depreciation and amortization expense and certain administrative expenses.

Operating expenses increased $19 million to $3.4 billion, or 20.8% as a percentage of net revenues, in the three months ended March 31, 2014, as compared to $3.4 billion, or 21.3% as a percentage of net revenues, in the prior year. The increase in operating expenses dollars for the three months ended March 31, 2014, was primarily due to incremental weather-related costs and store operating costs associated with operating more stores. The decrease in operating expenses as a percentage of net revenues for the three months ended March 31, 2014 was primarily driven by continued expense leverage from our same store sales growth.

Corporate Segment

Operating Expenses

Operating expenses in our Corporate Segment include expenses from the Company's executive management, corporate relations, legal, compliance, human resources, corporate information technology and finance related costs. Operating expenses decreased $9 million, or 4.3%, to $190 million in the three months ended March 31, 2014, as compared to the prior year. The decrease in operating expenses was primarily related to improvement in expense management.

Liquidity and Capital Resources

We maintain a level of liquidity sufficient to allow us to cover our cash needs in the short-term. Over the long-term, we manage our cash and capital structure to maximize shareholder return, strengthen our financial position and maintain flexibility for future strategic initiatives. We continuously assess our working capital needs, debt and leverage levels, capital expenditure requirements, dividend payouts, potential share repurchases and future investments or acquisitions. We believe our operating cash flows, commercial paper program, sale-leaseback program, as well as any potential future borrowings, will be sufficient to fund these future payments and long-term initiatives.

Net cash provided by operating activities was $2.2 billion in the three months ended March 31, 2014, compared to $1.6 billion in the three months ended March 31, 2013. The $0.6 billion increase in cash provided by operating activities is primarily due to the increase in net income and the timing of payments.

Net cash used in investing activities was approximately $2.6 billion in the three months ended March 31, 2014, compared to $0.6 billion in the three months ended March 31, 2013. The increase in cash used in investing activities is primarily due to the $2.1 billion in cash consideration paid for the acquisition of Coram in January 2014.

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Net cash used in financing activities was $935 million in the three months ended March 31, 2014, compared to net cash used in financing activities of $897 million in the three months ended March 31, 2013. The $38 million increase in cash used in financing activities was primarily due to an increase in share repurchases and dividends paid, partially offset by a lack of short-term debt repayment activity in the three months ended March 31, 2014.

On December 17, 2013, the Company's Board of Directors authorized a new share repurchase program for up to $6.0 billion of outstanding common stock (the "2013 Repurchase Program"). On September 19, 2012, the Company's Board of Directors authorized a share repurchase program for up to $6.0 billion of outstanding common stock (the "2012 Repurchase Program"). The share repurchase authorizations, each of which was effective immediately, permitted the Company to effect repurchases from time to time through a combination of open market repurchases, privately negotiated transactions, accelerated share repurchase transactions, and/or other derivative transactions. The 2013 and 2012 Repurchase Programs may be modified or terminated by the Board of Directors at any time. During the three months ended March 31, 2014, the Company repurchased an aggregate of 11.0 million shares of common stock for approximately $0.8 billion pursuant to the 2013 and 2012 Repurchase Programs. As of March 31, 2014, approximately $5.9 billion remained available for future repurchases under the 2013 Repurchase Program and the 2012 Repurchase Program was complete.

We did not have any outstanding commercial paper as of March 31, 2014. In connection with our commercial paper program, we maintain a $1.25 billion, four-year unsecured back-up credit facility, which expires on May 23, 2016, a $1.25 billion, five-year unsecured back-up credit facility, which expires on February 17, 2017, and a $1.0 billion, five-year unsecured back-up credit facility, which expires on May 23, 2018. The credit facilities allow for borrowings at various rates that are dependent, in part, on the Company's public debt ratings and require the Company to pay a weighted average quarterly facility fee of approximately 0.03%, regardless of usage. As of March 31, 2014, there were no borrowings outstanding under the back-up credit facilities.

Our back-up credit facilities, unsecured senior notes and enhanced capital advantaged preferred securities contain customary restrictive financial and operating covenants. These covenants do not include a requirement for the acceleration of our debt maturities in the event of a downgrade in our credit rating. We do not believe the restrictions contained in these covenants materially affect our financial or operating flexibility.

As of March 31, 2014, our long-term debt was rated "Baa1" by Moody's with a stable outlook and "BBB+" by Standard & Poor's with a stable outlook, and our commercial paper program was rated "P-2" by Moody's and "A-2" by Standard & Poor's. In assessing our credit strength, we believe that both Moody's and Standard & Poor's considered, among other things, our capital structure and financial policies as well as our consolidated balance sheet, our historical acquisition activity and other financial information. Although we currently believe our long-term debt ratings will remain investment grade, we cannot guarantee the future actions of Moody's and/or Standard & Poor's. Our debt ratings have a direct impact on our future borrowing costs, access to capital markets and new store operating lease costs.

Off-Balance Sheet Arrangements

In connection with executing operating leases, we provide a guarantee of the lease payments. We also finance a portion of our new store development through sale-leaseback transactions, which involve selling stores to unrelated parties and then leasing the stores back under leases that generally qualify and are accounted for as operating leases. We do not have any retained or contingent interests in the stores, and we do not provide any guarantees, other than a guarantee of the lease payments, in connection with the transactions. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), such operating leases are not reflected in our condensed consolidated balance sheet. See Note 9 to our condensed consolidated financial statements for a detailed discussion of these guarantees.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with GAAP, which requires management to make certain estimates and apply judgment. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the condensed consolidated financial statements are prepared. On a regular basis, we review our accounting policies and how they are applied and disclosed in our condensed consolidated financial statements.

While we believe that the historical experience, current trends and other factors considered support the preparation of our condensed consolidated financial statements in conformity with GAAP, actual results could differ from our estimates and such differences could be material.

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For a full description of our other critical accounting policies, please refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2013 Annual Report on Form 10-K.

Proposed Accounting Standard Update

In May 2013, the Financial Accounting Standards Board issued a revised proposed accounting standard update on lease accounting that will require entities to recognize assets and liabilities arising from lease contracts on the balance sheet. The proposed accounting standard update states that lessees and lessors should apply a "right-of-use model" in accounting for all leases. Under the proposed model, lessees would recognize an asset for the right to use the leased asset, and a liability for the obligation to make rental payments over the lease term. The lease term is defined as the noncancelable term that takes into account renewal options and termination options if it is reasonably certain an entity will exercise or not exercise the option. The accounting by a lessor would reflect its retained exposure to the risks or benefits of the underlying leased asset. A lessor would recognize an asset representing its right to receive lease payments based on the expected term of the lease. The Company cannot presently determine the potential impact the proposed standard would have on its results of operations. While the Company believes that the proposed standard, as currently drafted, will likely have a material impact on its financial position, it will not have a material impact on its liquidity; however, until the proposed standard is finalized, such evaluation cannot be completed.

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Cautionary Statement Concerning Forward-Looking Statements

This quarterly report contains forward-looking statements within the meaning of the 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 in 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; 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 we serve, which could impact consumer purchasing power, preferences and/or spending patterns, drug utilization trends, the financial health of our 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 service levels and market dynamics and regulatory changes that impact our 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 CVS Caremark'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,*

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suspension or other changes affecting federal or state government funding or operations.

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- *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 our retail pharmacy business to secure and maintain contractual relationships with PBMs and other payors on acceptable terms, uncertainty concerning the ability of our 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 our ability to secure timely and sufficient access to the products we sell from our 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 our failure to properly maintain our information technology systems, our information security systems and our infrastructure to support our 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 our business.*

- *Risks related to litigation, government investigations and other legal proceedings as they relate to our 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 our filings with the SEC.*

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2014, the Company did not have any interest rate, foreign currency exchange rate or commodity derivative instruments in place and believes that as of March 31, 2014 its exposure to interest rate risk (inherent in the Company's debt portfolio), foreign currency exchange rate risk and commodity price risk is not material.

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Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15 (f) and 15d-15(f)) as of March 31, 2014, have concluded that as of such date the Company's disclosure controls and procedures were adequate and effective and designed to provide reasonable assurance that material information relating to the Company and its subsidiaries would be made known to such officers on a timely basis.

Changes in internal control over financial reporting: There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act Rule 13a-15 or Rule 15d-15 that occurred in the three months ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II

Item 1. Legal Proceedings

Certain legal proceedings in which we are involved are discussed in Part I, Item 3 of our 2013 Annual Report on Form 10-K. The following discussion is limited to certain recent developments concerning our legal proceedings and should be read in conjunction with those earlier reports.

1. The Company received a subpoena from the U.S. Securities and Exchange Commission ("SEC") in February 2011 and subsequently received additional subpoenas and other requests for information. The SEC's requests related to, among other things, public disclosures made by the Company during 2009, transactions in the Company's securities by certain officers and employees of the Company during 2009 and the purchase accounting for the Longs Drug Stores acquisition. The Company has cooperated with the SEC and in April 2014 reached a final agreement with the SEC to settle certain allegations that, during the third and fourth quarters of 2009, the Company violated certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, including certain anti-fraud provisions of those statutes. The agreement has been entered into by the Company on a "no admit or deny" basis, and the Company is not required to restate its financial statements for any reporting period. The settlement has been approved and entered by the federal court and the matter is now fully concluded. The Company paid a $20 million civil penalty in April 2014, which was fully reserved in the Company's condensed consolidated financial statements as of March 31, 2014.

   In March 2014, the Company received a subpoena from the United States Attorney's Office for the District of Rhode Island, requesting documents and information concerning bona fide service fees and rebates received from certain pharmaceutical manufacturers in connection with certain drugs utilized under Part D of the Medicare Program. The Company has been cooperating with the government and collecting documents in response to the subpoena.

   On October 12, 2012, the Drug Enforcement Agency ("DEA") Administrator published its Final Decision and Order revoking the DEA license registrations for dispensing controlled substances at two of our retail pharmacy stores in Sanford, Florida. The license revocations for the two stores formally became effective on November 13, 2012. The pharmacies had voluntarily suspended dispensing controlled substances since April 2012, and have continued operating in that manner in compliance with the DEA Order. The Company has entered into discussions with the U.S. Attorney's Office for the Middle District of Florida concerning civil penalties for violations of the Controlled Substances Act arising from the circumstances underlying the action taken against the two Sanford, Florida stores. The Company is also undergoing several audits by the DEA and is in discussions with the DEA and the U.S. Attorney's Office in several locations. Whether agreements can be reached and on what terms is uncertain.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

The following table presents the total number of shares purchased in the three months ended March 31, 2014, the average price paid per share and the approximate dollar value of shares that still could have been purchased at the end of the applicable fiscal period, pursuant to the 2013 and 2012 Repurchase Programs. See Note 4 to the condensed consolidated financial statements.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2014 through January 31, 2014	—	$ —	—	$ 6,692,873,727
February 1, 2014 through February 28, 2014	2,761,700	$ 70.31	2,761,700	$ 6,498,698,698
March 1, 2014 through March 31, 2014	8,254,000	$ 73.49	8,254,000	$ 5,892,096,107
Totals	11,015,700		11,015,700	

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Item 6. Exhibits

Exhibits:

Exhibits marked with an asterisk (*) are hereby incorporated by reference to exhibits or appendices previously filed by the Registrant as indicated in brackets following the description of the exhibit.

3.1* Amended and Restated Certificate of Incorporation of the Registrant [incorporated by reference to Exhibit 3.1 of CVS Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 (Commission File No. 001-01011)].

3.1A* Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective May 13, 1998 [incorporated by reference to Exhibit 4.1A to Registrant's Registration Statement No. 333-52055 on Form S-3/A dated May 18, 1998 (Commission File No. 001-01001)].

3.1B* Certificate of Amendment to the Amended and Restated Certificate of Incorporation [incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated March 22, 2007 (Commission File No. 001-01011)].

3.1C* Certificate of Merger dated May 9, 2007 [incorporated by reference to Exhibit 3.1C to Registrant's Quarterly Report on Form 10-Q dated November 1, 2007 (Commission File No. 001-01011)].

3.1D* Certificate of Amendment to the Amended and Restated Certificate of Incorporation [incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 13, 2010 (Commission File No. 001-01011)].

3.1E* Certificate of Amendment to the Amended and Restated Certificate of Incorporation [incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 10, 2012 (Commission File No. 001-01011)].

1F* Certificate of Amendment to the Amended and Restated Certificate of Incorporation [incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 13, 2013 (Commission File No. 001-01011)].

3.2* By-laws of the Registrant, as amended and restated [incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated January 9, 2014 (Commission File No. 001-01011)].

.1 Letter re: Unaudited Interim Financial Information.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from the CVS Caremark Corporation Quarterly Report on Form 10-Q for the three months ended March 31, 2014 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows and (v) related Footnotes to the Condensed Consolidated Financial Statements.

Source: CVS CAREMARK CORP, 10-Q, May 02, 2014 Powered by Morningstar Document Research.
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Signatures:

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

CVS Caremark Corporation
(Registrant)

/s/ David M. Denton

David M. Denton
Executive Vice President and
Chief Financial Officer
May 2, 2014

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Letter re: Unaudited Interim Financial Information

May 2, 2014

The Board of Directors and Shareholders:
CVS Caremark Corporation

We are aware of the incorporation by reference in the Registration Statements (Nos. 333-49407, 333-34927, 333-28043, 333-91253, 333-63664, 333-139470, 333-141481 and 333-167746 on Form S-8 and 333-165672 on Form S-3) of CVS Caremark Corporation of our report dated May 2, 2014 relating to the unaudited condensed consolidated interim financial statements of CVS Caremark Corporation that are included in its Form 10-Q for the quarter ended March 31, 2014.

/s/ Ernst & Young LLP

Boston, Massachusetts

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Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Larry J. Merlo, President and Chief Executive Officer of CVS Caremark Corporation, certify that:

1 I have reviewed this quarterly report on Form 10-Q of CVS Caremark
. Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2014

By: /s/ Larry J. Merlo
Larry J. Merlo
President and Chief Executive Officer

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Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David M. Denton, Executive Vice President and Chief Financial Officer of CVS Caremark Corporation, certify that:

1 I have reviewed this quarterly report on Form 10-Q of CVS Caremark
. Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2014

By: /s/ David M. Denton
David M. Denton
Executive Vice President and
Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Quarterly Report of CVS Caremark Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 (the "Report"), for the purpose of complying with Rule 13(a)-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Larry J. Merlo, President and Chief Executive Officer of the Company, certify that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 2, 2014

/s/ Larry J. Merlo
Larry J. Merlo
President and Chief Executive Officer

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Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Quarterly Report of CVS Caremark Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 (the "Report"), for the purpose of complying with Rule 13(a)-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, David M. Denton, Executive Vice President and Chief Financial Officer of the Company, certify that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 2, 2014

/s/ David M. Denton
David M. Denton
Executive Vice President and
Chief Financial Officer

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ATTACHMENT, SECTION C, ECONOMIC FEASIBILITY, ITEM 4

CORAM ALTERNATE SITE SERVICES, INC.

FORECASTED UTILIZATION AND FINANCIAL PERFORMANCE – EXISTING LICENSED PHARMACY

PROJECTED DATA CHART -- EXISTING KNOXVILLE OPERATIONS

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins in: January (month)

BUDGET BEFORE PROJECT

Year			Year One	Year Two
A Utilization Data	Patients	Infusion Patients	865	952
	Patient Months	Infusion Pt Months	1,613	1,774
	Patients	Home Health Patients	0	0
	Nursing Visits	Home Health RN Visits	0	0
B Revenue from Services to Patients				
1 Inpatient Services			$0	$0
2 Outpatient Services			$4,337,407	$4,771,148
3 Emergency Services			$0	$0
4 Other Operating Revenue			$0	$0
Gross Operating Revenue			$4,337,407	$4,771,148
C Deductions from Gross Operating Revenue				
1 Contractual Adjustments				
2 Provsion for Charity Care			$42,945	$47,240
3 Provisions for Bad Debt			$129,090	$141,999
Total Deductions			$172,035	$189,239
NET OPERATING REVENUE			$4,165,372	$4,581,909
D Operating Expenses				
1 Salaries and Wages			$860,563	$929,408
Benefits			$98,506	$106,386
2 Physician Salaries and Wages			$0	$0
3 Supplies			$14,291	$15,434
4 Taxes			$9,187	$9,922
5 Depreciation			$8,226	$8,884
6 Rent			$131,722	$136,991
7 Interest, Other than Capital			$0	$0
8 Management Fees:				
a. Fees to Affiliates			$0	$0
b. Fees to Non-Affiliates			$0	$0
P Other Expenses Specify in chart			$2,868,727	$3,152,354
Total Operating Expenses			$3,991,222	$4,359,380
E Other Revenue (Expenses - Net (Specify)				
NET OPERATING INCOME (LOSS)			$174,150	$222,530
F Capital Expenditures				
1 Retirement of Principal				
2 Interest				
Total Capital Expenditures			$0	$0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$174,150	$222,530

Attachment

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSE CATEGORIES			
1	Drugs/Materials	$2,577,923	$2,835,715
2	Shipping/Delivery	$128,510	$141,361
3	Travel/Lodging	$27,444	$29,640
4	Operational Costs: Utilities, Telephone, Professional Fees, and Other Adminstrative Costs	$134,850	$145,638
	Total Other Expenses	$2,868,727	$3,152,354

Attachment

PROJECTED DATA CHART --EXISTING BUSINESS PLUS NEW BUSINESS
EAST TENNESSEE (KNOXVILLE BRANCH)

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins in: January (month)

Year			Year One	Yeart Two
A Utilization Data	Patients	Infusion Patients	865	952
	Patient Months	Infusion Pt Months	1,613	1,774
	Patients	Home Health Patients	162	178
	Nursing Visits	Home Health RN Visits	1,194	1,313
B Revenue from Services to Patients				
1 Inpatient Services			$0	$0
2 Outpatient Services			$4,527,838	$4,991,095
3 Emergency Services			$0	$0
4 Other Operating Revenue			$0	$0
Gross Operating Revenue			$4,527,838	$4,991,095
C Deductions from Gross Operating Revenue				
1 Contractual Adjustments			$7,617	$8,798
2 Provsion for Charity Care			$52,467	$58,237
3 Provisions for Bad Debt			$132,899	$146,398
Total Deductions			$185,365	$213,433
NET OPERATING REVENUE			$4,342,472	$4,777,662
D Operating Expenses				
1 Salaries and Wages			$970,385	$1,053,434
Benefits			$120,470	$131,192
2 Physician Salaries and Wages			$0	$0
3 Supplies			$19,065	$20,686
4 Taxes			$9,187	$9,922
5 Depreciation			$8,226	$8,884
6 Rent			$131,722	$136,991
7 Interest, Other than Capital			$0	$0
8 Management Fees:				
a. Fees to Affiliates			$0	$0
b. Fees to Non-Affiliates			$0	$0
P Other Expenses Specify in chart			$2,899,185	$3,185,858
Total Operating Expenses			$4,158,241	$4,546,966
E Other Revenue (Expenses - Net (Specify)				
NET OPERATING INCOME (LOSS)			$184,232	$230,696
F Capital Expenditures				
1 Retirement of Principal				
2 Interest				
Total Capital Expenditures			$0	$0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$184,232	$230,696

Attachment

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSE CATEGORIES			
1	Drugs/Materials	$2,577,923	$2,835,715
2	Shipping/Delivery	$128,510	$141,361
3	Travel/Lodging	$27,444	$29,640
4	Operational Costs: Utilities, Telephone, Professional Fees, and	$134,850	$145,638
5	Mileage	$30,458	$33,504
6			
7			
	Total Other Expenses	$2,899,185	$3,185,858

Attachment

ATTACHMENT, SECTION C, CONTRIBUTION TO ORDERLY DEVELOPMENT, ITEM 7(b)

CORAM ALTERNATE SITE SERVICES, INC.

JOINT COMMISSION LETTER

The Joint Commission

August 5, 2013

Ruth Ann Ellison
Vice President Clinical Regulatory Compliance
Apria Healthcare, Inc
26220 Enterprise Court
Lake Forest, California 92630

HCO ID: #439173

Dear Ms. Ellison:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual noted below:

- Comprehensive Accreditation Manual for Home Care

This accreditation cycle is effective beginning May 11, 2013. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Services provided by your organization: Home Health, Ambulatory Infusion, Pharmacy Dispensing, and/or Clinical Consultant Pharmacist Services.
Sites accredited:

Coram Healthcare Corporation of Alabama, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 300 Riverhills Business Park Suite 390, Birmingham, AL 35242
Coram Alternate Site Services, Inc., 1519 S Bowman Road Suite C, Little Rock, AR 72211
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4310 East Cotton Center Blvd Suite 110, Phoenix, AZ 85040
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 6375 East Tanque Verde Road Suite 50, Tucson, AZ 85715
Kern Home Health Resources dba Coram Healthcare, 3101 Sillect Avenue Suite 109, Bakersfield, CA 93308
Coram Healthcare Corporation of Southern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 5571 Ekwill Street Suite A- B, Goleta, CA 93111
Coram Healthcare Corporation of Northern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 3160 Corporate Place, Hayward, CA 94545
Coram Healthcare Corporation of Southern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2710 Media Center Drive Bldg #6 Ste 150, Los Angeles, CA 90065
Coram Healthcare Corporation of Southern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4355 East Lowell Street Suite C, Ontario, CA 91761

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

The Joint Commission

Coram Healthcare Corporation of Northern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 9332 Tech Center Drive Suite 100, Sacramento, CA 95826
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 12310 World Trade Drive Suite 100, San Diego, CA 92128
Coram Healthcare Corporation of Northern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company 1635 Divisadero Suite 135 San Francisco, CA 94115
Coram Healthcare Corporation of Southern California, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 3002 Dow Avenue Suite 104, Tustin, CA 92780
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 12450 East Arapahoe Road Suite A1, Centennial, CO 80112
Coram Clinical Trials, Inc., 555 17th Street Suite 1500, Denver, CO 80202
Coram LLC 555 17th Street Suite 1500, Denver, CO 80202
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2 Barnes Industrial Park Road South Suite A, Wallingford, CT 06492
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 9143 Philips Highway Suite 300, Jacksonville, FL 32256
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 555 Winderley Place Suite 300, Maitland, FL 32751
Coram Healthcare Corporation of Southern Florida, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 11948-50 Miramar Parkway, Miramar, FL 33025
Coram Healthcare Corporation of Florida, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 8508 Benjamin Road Suite C Tampa, FL 33634
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 3416 Jenks Avenue Suite A, Panama City, FL 32405
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 3439 North 12th Avenue Suite A & B, Pensacola, FL 32503
Coram Alternate Site Services, Inc. dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1 NE 1st Avenue Suite 202, Ocala, FL 34470
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2140 New Market Parkway Suite 106, Marietta, GA 30067
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 3513 Vine Court, Davenport, IA 52806
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 11660 West Executive Drive, Boise, ID 83713
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2022 Glen Park Drive, Champaign, IL 61821
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1471 Business Center Drive Suite 500, Mount Prospect, IL 60056
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 11711 North College Avenue Suite 125, Carmel, IN 46032-5601
Coram Healthcare Corporation of Indiana, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1290 Arrowhead Court Suite A, Crown Point, IN 46307
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 431 Fernhill Avenue, Fort Wayne, IN 46805
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 8013 Flint Street, Lenexa, KS 66214
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 8201 East 34th Street Circle North Suite 905, Wichita, KS 67226
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 115 James Drive West Suite 100, St. Rose, LA 70087
Coram Healthcare Corporation of Massachusetts, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 575 University Avenue Suite 2, Norwood, MA 02062
Coram Healthcare Corporation of Greater D.C., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 7150 Columbia Gateway Drive Suite E, Columbia, MD 21046

The Joint Commission

Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 12 Northbrook Drive, Building B, Suite #1, Falmouth, ME 04105
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4334 Brockton Drive SE Suite D, Kentwood, MI 49512
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 28550 Cabot Drive Suite 200, Novi, MI 48377
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2345 Waters Drive, Mendota Heights, MN 55120
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services an Apria Healthcare Company, 2901 Frontage Road South 10 Highway East Suite 7, Moorhead, MN 56560
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2900 Falling Leaf Lane Suite 101, Columbia, MO 65201
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 8248 Lackland Road Suite 101, St Louis, MO 63114
Coram Healthcare Corporation of Mississippi, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2929 Layfair Drive Suite 100, Flowood, MS 39232
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 30 Garfield Street Suite B, Asheville, NC 28803
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 9401-J Southern Pine Blvd, Charlotte, NC 28273
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 507 Airport Blvd Suite 100, Morrisville, NC 27560
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 11111 Mill Valley Road, Omaha, NE 68154
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 11 H Commerce Way, Totowa, NJ 07512
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 7400 Washington Street NE, Albuquerque, NM 87109
Coram Healthcare Corporation of Nevada, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1951 Ramrod Avenue Suite 110, Henderson, NV 89014
Coram Healthcare Corporation of Nevada, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 101 North Pecos Road Suite 106, Las Vegas, NV 89101
Coram Healthcare Corporation of Nevada, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 6490 South McCarran Blvd Suite 29, Reno, NV 89509
Coram Healthcare Corporation of Greater New York, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 12 Jupiter Lane, Albany, NY 12205
Coram Healthcare Corporation of Greater New York, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 375 North French Road Suite 108, Amherst, NY 14228
Coram Healthcare Corporation of Greater New York, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 744 Ulster Avenue Suite #1, Kingston, NY 12401
Coram Healthcare Corporation of Greater New York, 45 South Service Road, Plainview, NY 11803
Coram Healthcare Corporation of Greater New York, 97 -77 Queens Blvd Suite 1100, Rego Park, NY 11374
Coram Healthcare Corporation of Greater New York, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2949 Erie Blvd East Suite 103, Syracuse, NY 13224
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4060 Business Park Drive Suite 101, Columbus, OH 43204-5023
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4305 Mulhauser Road Suite 1, Fairfield, OH 45014
Coram Alternate Site Services, Inc., dba Toledo IV Care, 4060 Technology Drive, Maumee, OH 43537
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 6565 Davis Industrial Parkway Suite AA, Solon, OH 44139
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 235 North MacArthur Boulevard Suite 100, Oklahoma City, OK 73127

The Joint Commission

Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 7358 SW Durham Road, Portland, OR 97224
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 220 Executive Drive Suite 500, Cranberry Township, PA 16066
CoramRX, LLC, 4 Spring Mill Drive, Malvern, PA 19355
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 6 Spring Mill Drive, Malvern, PA 19355
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 155 N Donnerville Rd Ste 1, Mountville, PA 17554
Coram Healthcare Corporation of Massachusetts, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1240 Pawtucket Avenue, East Providence, RI 02916
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 5955 Core Ave Suite 512, North Charleston, SC 29406
Coram Healthcare/Carolina Home Therapeutics, 720 Gracern Road Suite 123, Columbia, SC 29210
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1828 Midpark Rd Ste D, Knoxville, TN 37921
Coram Alternate Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1680 Century Center Parkway Suite 12, Memphis, TN 38134
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 2970 Sidco Drive, Nashville, TN 37204
Coram Alternate Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 1905-A Kramer Lane Suite 500, Austin, TX 78758
Coram Healthcare Corporation of North Texas, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 10105 Technology Blvd West Suite 102, Dallas, TX 75220
Coram Alternate Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 7365 Remcon Circle Suite A-102, El Paso, TX 79912
Coram Alternate Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 10611 South Sam Houston Parkway West Suite 200, Houston, TX 77071
Coram Alternate Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 10118 Huebner Road, San Antonio, TX 78240
Coram Healthcare Corporation of Utah, dba Coram Specialty Infusion Services, an Apria Healthcare Company, 120 West Vine Street Suite 140, Murray, UT 84107
Coram Healthcare Corporation of Greater D.C., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 4115 Pleasant Valley Road Suite 200, Chantilly, VA 20151
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 14935 NE 87th Street Suite 101, Redmond, WA 98052
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 720 Olive Way Suite 815, Seattle, WA 98101-1836
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 520 E. North Foothills Drive Suite 400, Spokane, WA 99207
Coram Alternate Site Services, Inc., dba Coram Specialty Infusion Services, an Apria Healthcare Company, 5345 South Moorland Road Suite 101, New Berlin, WI 53151

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision. Please visit Quality Check® on the Joint Commission web site for updated information related to your accreditation decision.

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

The Joint Commission

If I can be of further assistance I can be reached at (630) 792-5732.

Sincerely,

Kenneth M. Gauss

Kenneth M. Gauss
Senior Account Executive, Team 3
Accreditation and Certification Operations

cc: Correspondence File

ATTACHMENT, SECTION C, CONTRIBUTION TO ORDERLY DEVELOPMENT, ITEM 7(d)

CORAM ALTERNATE SITE SERVICES, INC.

MOST RECENT INSPECTION OF THE KNOXVILLE BRANCH

AGENCY INSPECTION DAILY SUMMARY WORKSHEET

Must be completed for each inspection day

INSTRUCTIONS:

UPON INSPECTOR'S ARRIVAL, TAKE THE FOLLOWING ACTIONS:

1. Receptionist Responsibilities
   - 1.1. Request the inspector to sign the visitor log. Contact the branch manager or designee.
   - 1.2. Once the receptionist has escorted the inspector away from the reception area, alert branch team leaders/supervisors that an inspector is on-site.
2. Branch Manager or Assigned Inspection Liaison Responsibilities
   - 2.1. Greet the inspector and request inspector's identification or credentials
   - 2.2. Seat the inspector in a private area. Remain with the inspector at all times and coordinate requests for information. Do not leave the inspector alone until they leave the property after conclusion of the inspection. Do not allow the inspector to tour the building or interview staff without the branch manager or assigned inspection liaison.
   - 2.3. Advise the inspector that you need to contact corporate management of the inspection prior to beginning the inspection. **Contact the following prior to proceeding with the inspection:**
     - 2.3.1. Agency Inspection Management (AIM) HOT LINE: **949-587-1648** or notify via E-MAIL to **DL-Agency Inspection Management.** Provide (1) location name, (2) Branch Manager name or designated caller, and (3) phone number, (4) reason for the inspection (routine, complaint, new site)
     - 2.3.2. Division/area management
3. **ACTIONS TO TAKE DURING INSPECTION:**
4. **Contact the AIM representative**:
   - 4.1. For assistance with ANY question during the course of the inspection
   - 4.2. Anytime there is concern that the inspector is going to issue observational findings
   - 4.3. To notify them of the exit conference. The AIM representative will participate in the exit conference whenever possible.
5. **Monitor activities of inspector at all times** including staff interviews, tours and patient visits if scheduled. Provide only records that are requested. For example, if the inspector requests medical gas records, ask what dates the inspector would like to review.
6. **Inspection of documents** - See item 6.3 below for instructions on preparation of copies that may be requested by the inspector
   - 6.1. **Infusion** - Locations should contact the AIM representative or corporate designee when the investigator requests documents.
   - 6.2. **HME and Infusion** - Locations should contact the AIM representative or corporate designee if the inspector request samples.
   - 6.3. **HME and Infusion** - Prior to release of documents to the inspector, the following must be completed:
     - 6.3.1. Mark all documents "Confidential
     - 6.3.2. Make 3 copies of each document provided to the inspector. Submit one copy along with the summary section of this form to the AIM representative. The second copy will be retained by the branch with the on-site inspection records.
7. **Requests for photos/video or samples** - The company discourages inspectors' requests to obtaining photos/video or samples. The branch manager must contact the AIM representative or corporate contact assigned to your inspection prior to proceeding with these requests.

7.1. If the inspector takes any photos, use a digital or vehicle accident kit camera (if available) to take the same view and angle of photo as taken by the inspector.

7.2. Complete GEN-035 A4 for sample requests.

AGENCY INSPECTION MANAGEMENT
Daily Summary Worksheet

Please complete all applicable section s of this worksheet which addresses the types of inspection information and documentation that was collected during the inspection.

COMPLETE DAILY SUMMARRY AND FAX TO: **#949-238-3900 OR ALTERNATE FAX NUMBER PROVIDED BY DESIGNATED AIM REPRESENTATIVE AT THE END OF EACH DAY OF THE INSPECTION.**

Branch location: Knoxville **Cost center #:** 4721 **Inspection date(s):** 2/28/2013
Branch manager: Wade Register, PharmD**Managers designee:**
Inspection agency: TN BOP **Inspector(s) name:** REBECCA MOAK
Inspector(s) badge number: **Inspection reason:** Routine annual inspection

Facility Inspection Observations/Comments

LIST DOCUMENTS REVIEWED - LIST ALL DOCUMENTS REVIEWED INCLUDING P&P, LICENSES AND RECORDS

DOCUMENT	NOTES/COMMENTS
1. Pharmacists TN license	
2. Technicians TN license	
3. Pharmacy TN license	
4. DEA Form 222 (used) and invoices	
5. QI Binder-aseptic validation,media fills,ENV inspect, etc	Most emphasis from visit was on sterile compounding testing, compliance and certification.
6.	

WAREHOUSE/EQUIPMENT PM REVIEW:

EQUIPMENT TYPE / SERIAL #	NOTES / COMMENTS
1. n/a	
2.	
3.	
4.	
5.	
6.	

PHARMACY REVIEW:

ENTER NOTES OF LICENSED PHARMACY AREA / INTERVIEW WITH PHARMACY STAFF

n/a

STAFF MEMBERS INTERVIEWS: (Enter the name and job title of all staff members who participated in the interview process.)

STAFF NAME / POSITION	
1. Wade Register / BIM	4.
2.	5.
3.	6.

CHARTS/RECORDS REVIEWED: (Enter the pt ID# of all charts reviewed). Retain a copy of any materials the inspector copies.

PATIENT ID#	PATIENT ID#	PATIENT ID#	PATIENT ID#
1. n/a	3.	5.	7.
2.	4.	6.	8.

HR FILE REVIEW (ENTER THE INITIAL OF EACH EMPLOYEE FILE REVIEWED):

EMPLOYEE INITIAL / JOB TITLE	EMPLOYEE INITIAL / JOB TITLE
1. n/a	4.
2.	5.
3.	6.

PATIENT HOME VISITS: THE MANAGER OR SUPERVISOR MUST ACCOMPANY THE INSPECTOR AND CLINICIAN/STAFF ON ALL HOME VISITS. THERE SHOULD BE NO EXCEPTIONS. INSPECTOR TO DRIVE OWN VEHICLE AND NEVER RIDE WITH STAFF.

PATIENT ID	STAFF OBSERVED (INITIALS)	Vehicle Inspected Y or N	COMMENTS
1. n/a			
2.			
3.			
4.			

Questions Asked by the Inspector: Routine regulatory questions with emphasis on sterile compounding.

Comments Made by the Inspector: "This is the most organized and well tested compounding pharmacy I have seen yet"

Inspector Allegations of Non-Compliance: n/a

Outstanding Issues to be Resolved: n/a

SITE INSPECTION FINAL EXIT / Daily Briefing CONFERENCE

FAX THIS PAGE AT THE CONCLUSION OF THE INSPECTION to: the AIMS representative, Clinical Regulatory Compliance Department, Apria Healthcare 949.238.3900 or to the fax number provided by the designated AIMS representative.

Conference Type - Check one ☐Daily Briefing ☒Final Exit

1. **Notify Corporate AIM Manager to attend conference by phone**
2. **Do not sign any inspection report, affidavit, receipt for product samples, or devices taken by inspector WITHOUT approval from the AIM representative.**
3. **Ensure copies of all documents have been marked with confidential marking**

In the event of a multiple day inspection, complete this document if a daily briefing is held: Note any compliance issues that appear to be trending. Identify any outstanding issues or documents that are pending (i.e., clinical charts, equipment PM records, HR training, or other records or faxes from another office)

LIST OF ATTENDEES:

NAME	POSITION / TITLE / COMPANY
1.	
2.	
3.	

EXIT CONFERENCE FINDINGS, COMMENTS & ISSUES ONLY

Questions Asked by the Inspector:

Comments Made by the Inspector:

Inspector Allegations of Non-Compliance:

Other Comments/Information:

POST Inspection Actions:

1. Send the AIMs representative copies of all documents provided by the inspector (i.e. business card, notice of inspection, inspection report) AND copies of any documents/photos taken by inspector.
2. Report any post inspection contacts made by the inspector or agency to the AIM representative
3. **ALL** written communications and/or responses to inspections agencies will be prepared and approved by the AIMs representative.

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
BUREAU OF HEALTH LICENSURE AND REGULATION
Division of Health Related Boards

REBECCA MOAK, R.Ph.
Pharmacy Investigator

227 French Landing Drive
Suite 300
Nashville, TN 37243

Office: 615-253-1309
Fax: 615-741-2722
E-Mail: rebecca.moak@tn.gov

DEPARTMENT OF HEALTH
TENNESSEE BOARD OF PHARMACY
INSTITUTIONAL
COMPLIANCE INSPECTION

PHARMACY: Coram Alternate Site Services, Inc. DBA Coram Specialty Infusion Services	
STREET: 1828 Mid Park Drive suite D	
CITY: Knoxville	ZIP: 37921
LICENSE NO.: 3278	EXPIRY DATE: 4/30/14
DEA NO.: BA 8782775	EXPIRY DATE: 8/31/14
PHONE NUMBER: (865) 450-2380	

INVESTIGATOR	DATE
Rebecca Moak	2/28/13

☐ Opening ☐ Relocation ☐ New Ownership
☐ Follow-up ☑ Periodic ☐ Remodeling

DIRECTOR	LIC. NO.	EXPIRY DATE
Martin Wade Register, dr	10799	6/30/13
ASST. DIRECTOR	LIC. NO	EXPIRY DATE

NO. of PHARMACISTS ON STAFF: 2

NO of TECHNICIANS ON STAFF

MAXIMUM BED CAPACITY

Compliance Yes	Compliance No	PHARMACY AREA
✓		1. License certificates of the pharmacy/pharmacists displayed
✓		2. Personnel and their apparel clean/sanitary.
✓		3. Pharmacist to tech ratio (max. 2:1)____:____
✓		4. Tech registry & Affidavit
✓		5. Adequate space: Counter_____sq.ft Pharmacy_____sq ft
✓		6. Hot and cold running water in pharmacy.
✓		7. Immediate area refrigeration provided
✓		8. Required reference books, periodicals.
✓		9. Compounding areas, shelves & drug stock clean
✓		10. All drugs in-date and properly labeled
✓		11 Drugs stored under proper environment, segregation and security.
✓		12 Schedule II drugs securely stored up to under second lock
✓		13 Access to drug storage areas limited to authorized personnel

Compliance Yes	Compliance No	PARENTERAL MEDICATIONS
✓		14. References, periodicals
✓		15. Vials and closures (child-proof)
✓		16. Shelves and drug stock clean
✓		17. Drugs in-date

Compliance Yes	Compliance No	REPACKAGING
N/A		18. Labeling:____ Drug name, strength and quantity. ____ Manufacturer's name and lot number. ____ Expiration date. ____ Advisory statements.
		19. Record of manufacturer and lot number by batch number if used.
		20. Adequate procedures, supplies and equipment.

Compliance Yes	Compliance No	WRITTEN POLICIES & PROCEDURES
✓		21. Pharmaceutical services committee meets frequently.
✓		22. Detailed policy and procedures.

Compliance Yes	Compliance No	EMERGENCY ACCESS TO PHARMACY
✓		23. Access limited to authorized personnel
N/A		24. Record of drugs removed:____ Date and time of removal of removal of drugs. ____ Patient's name and location. ____ Name, strength, dosage form, and quantity of drug removed. ____ Signatures of nurse and accompanying Individual. ____ Direct copy of physician's order left with the record. ____ Record maintained for at least 2 years.

Compliance Yes	Compliance No	PHYSICIANS' ORDERS
✓		25. Direct copy initialed and kept at pharmacy for patient stay, then original maintained in institution patient records for legal time.

Compliance Yes	Compliance No	INPATIENT DISPENSING
		26. Medication labeled with drug name and strength, and patient's name and location unless unit-dose.
		27. Dispensing recorded on patient medication profiles
		28. Unit-doses dispensed in individual patient tray, drawers, etc. bearing the patient's name and location.
N/A		29. Drug delivery system secure
		30. Record of drugs dispensed.____ Name and dosage form of the drug ____ Date of dispensing. ____ Quantity dispensed. ____ Identity of the dispensing pharmacist documented. ____ Patient's name. ____ Record uniformly maintained by the institution for at least two years.
		31. Control sheets: ____ Controlled drug name, strength, dosage form. ____ Date and time of administration. ____ Quantity administered. ____ Patient's name. Prescriber's name. ____ Signature of the administering nurse.____ Sheets verified upon return to the pharmacy, and compared to pharmacy's record of distribution. ____ Sheets maintained at the pharmacy for at least 2 years

Compliance Yes	Compliance No	CONTROLLED SUBSTANCE RECORDS
✓		32. Readily retrievable, with Schedule II records filed separately
✓		33. DEA Form 222 Copy 3's on hand and completed.
✓		34. Drug receipt date recorded on invoices
✓		35. Record of drugs transferred to other pharmacies/practitioners
✓		36. Last DEA inventory. (Inventory date 1/2/13 Signed ✓)
N/A		37. Theft/loss reports. (Date of last theft or loss): ____

Pharmacy	Date
Rebecca Moore / PBA Coram Specialty Infusion Services	2/28/13

Compliance Yes	Compliance No	OUTPATIENT DISPENSING
✓		38. Prescriptions filed correctly, with proper use of red "C"
✓		39. Prescription data: _____ Serial number. _____ Date issued. _____ Name of patient, prescriber and drug. _____ Quantity prescribed. _____ Directions for use. _____ Refill instructions. _____ Verbal prescriptions initialed by the receiving pharmacist.
✓		40. Original dispensing data: _____ Date. _____ Quantity. _____ Initials of the dispensing pharmacist.
✓		41. Refill histories uniformly maintained on _____ back of prescriptions, or on _____ patient profiles, or by _____ computer.
✓		42. Refill data: _____ Date. _____ Quantity. _____ Initials of pharmacist.
✓		43. Refills conform to instructions and dosage directions.

Compliance Yes	Compliance No	UNUSED DRUGS
✓		44. Destroyed unless unit-dose or unopened commercial container
✓		45. Record of destruction of controlled substances: _____ Patient's name. _____ Drug name, strength, dosage form and quantity. _____ Date, reason and method of destruction. _____ Pharmacist's signature. _____ Signature of nurse, pharmacist, or physician witnessing the destruction and its record. _____ Record maintained for 2 years.

Compliance Yes	Compliance No	MONTHLY INSPECTIONS
N/A		46. Record: _____ Dated. _____ Signed. _____ Maintained for at least 2 years.
		47. Drugs inspected at all areas of the institution.
		48. Inspection includes all regulations.

Compliance Yes	Compliance No	MEDICINE CARTS & CABINETS
N/A		49. Access limited to authorized personnel.
		50. Drugs stored under proper environment, segregation and security.
		51. Schedule II drugs under second lock.
		52. All drugs in-date and properly labeled.

Compliance Yes	Compliance No	EMERGENCY KITS/CARTS
N/A		53. Kits sealed and stored under proper security.
		54. Exterior listing showing drug name, strength, quantity and expiration date.
		55. Contents: All drugs, in-date and properly labeled.

Compliance Yes	Compliance No	NIGHT CABINETS
N/A		56. Substantially constructed and located outside the pharmacy
		57. Access limited to authorized personnel.
		58. Drugs stored under proper environment, segregation and security.
		59. All drugs in-date and properly labeled.
		60. Each drug container limited to 24-hour supply.
		61. Record of use: _____ Date and time of removal of drug. _____ Patient's name and location. _____ Name strength, dosage form, and quantity of drug removed. _____ Signature of nurse supervisor removing the drug. _____ Direct copy of physician's order left with the record. Record kept for at least 2 years.

Compliance Yes	Compliance No	MECHANICAL DEVICES
N/A		62. Drugs stored under proper environment and security.
		63. All drugs in-date and properly labeled.
		64. Access to drug storage section limited to pharmacist.
		65. Record of use: _____ Date of removal of drug. _____ Name, strength, dosage form, and quantity of drug removed. _____ Name of patient. _____ Identification of nurse removing drug. Record retained at the pharmacy for at least 2 years.

Compliance Yes	Compliance No	EMERGENCY ROOMS
N/A		66. Drugs stored under proper environment, segregation and security.
		67. Access to drugs restricted to authorized personnel.
		68. All drugs in-date and properly labeled.
		69. Controlled drugs limited to 100 dosage units each.
		70. Controlled substance administration record kept for 2 years.
		71. Outpatient containers limited to 12-hour supply of medication

RESPONSE REQUIRED YES ☐ NO ☐

ITEMS TO BE CORRECTED:

Immediately _____
Needs Improvement _____
Within 30 Days _____

Remarks or Recommendations: Hood Certification 2/13/13 797 compliant. All standards for sterile compding met.

I hereby acknowledge and understand all notations made on this report: and confirm that I will notify the Board of Pharmacy within 30 days in writing, of the corrections of all deficiencies.

Administrator _____ Date _____ Pharmacist _____ Date 2/28/13

(Return copy to Pharmacy Board Office, 227 French Landing, Suite 300, Nashville, TN 37243 within ten (10) working days.)

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the see ATTACHMENT A (Name of Newspaper) which is a newspaper of general circulation in see ATTACHMENT B (County), Tennessee, on or before June 3,4,5 (Month / day), 20 14 (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services (Name of Applicant) Home health (Facility Type-Existing) agency owned by: CVS Caremark Corporation with an ownership type of for profit and to be managed by: self-managed intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: see ATTACHMENT C

The anticipated date of filing the application is: June 6 , 20 14

The contact person for this project is Alix Coulter Cross (Contact Name) Attorney (Title)

who may be reached at: Harwell Howard Hyne Gabbert & Manner, PC (Company Name) 333 Commerce Street, Suite 1500 (Address)

Nashville (City) TN (State) 37201 (Zip Code) 615 / 256-0500 (Area Code / Phone Number)

Alix Cut Cross (Signature) 6/3/14 (Date) alix.cross@h3gm.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ATTACHMENT A

Newspaper of General Circulation	Date of Publication
Citizen Tribune	4th
Claiborne Progress	4th
Cleveland Daily Banner	4th
Elizabethton Star	4th
Grainger Today	4th
Independent Herald	5th
Johnson City Press	4th
Kingsport Times-News	4th
Knoxville News-Sentinel	4th
LaFollette Press	5th
Moore County News	5th
Morgan County News	4th
News-Herald	5th
Pickett County Press	4th
Polk County News	4th
Roane County News	4th
Rogersville Review	4th
Southern Standard	4th
The Advocate & Democrat	4th
The Daily Post - Athenian	4th
The Daily Times	4th
The Erwin Record	4th
The Fentress Courier	4th
The Greeneville Sun	4th
The Mountain Press	4th
The Newport Plain Talk	3rd
The Oak Ridger	5th
The Standard Banner	3rd
The Tomahawk	4th
Union New Leader	3rd

ATTACHMENT B

County
Anderson
Blount
Bradley
Campbell
Carter
Claiborne
Cocke
Fentress
Grainger
Greene
Hamblen
Hancock
Hawkins
Jefferson
Johnson
Knox
Loudon
McMinn
Meigs
Monroe
Moore
Morgan
Pickett
Polk
Roane
Scott
Sevier
Sullivan
Unicoi
Union
Van Buren
Washington

ATTACHMENT C

To provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

PUBLICATION OF INTENT

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services (Name of Applicant), Home health agency (Facility Type-Existing)

owned by: CVS Caremark Corporation with an ownership type of for profit

and to be managed by: self-managed intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: see attached

The anticipated date of filing the application is: June 6, 20 14

The contact person for this project is Alix Coulter Cross (Contact Name) Attorney (Title)

who may be reached at: Harwell Howard Hyne Gabbert & Manner, PC (Company Name) 333 Commerce Street, Suite 1500 (Address)

Nashville (City) TN (State) 37201 (Zip Code) 615 / 256-0500 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 *et seq.*, and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.
The anticipated filing date of the application is June 6, 2014.
The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.
Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

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SUPPLEMENTAL-#3
-Copy-

CORAM Infusion Services K

CN1406-017

SUPPLEMENTAL #3
June 30, 2014
12 :54 pm

h3gm
HARWELL HOWARD HYNE GABBERT & MANNER, P.C.

333 commerce street, suite 1500
nashville, tennessee 37201
phone: 615.256.0500 *fax:* 615.251.1059

h3gm.com

June 30, 2014

VIA HAND DELIVERY
Phillip M. Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need Application CN1406-017
Supplemental Information

Dear Mr. Earhart:

Enclosed are the original affidavits of publication from Independent Herald, Kingsport Times-News and Southern Standard to be filed with the above mentioned Certificate of Need application. Thank you.

Sincerely,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.

Michelle R Anderson

Michelle R. Anderson
Paralegal

mra

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.
The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

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Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

[6-5-2014]

Independent Herald

STATE OF TENNESSEE
COUNTY OF SCOTT

Notification of Intent to Apply For a Certificate of Need

Ben Garrett, having first been duly sworn, makes oath that he is Editor of the Independent Herald, a weekly newspaper published in Scott County and of general circulation thereof, and that the attached is a true copy of the legal notice which has been published 1 times in said newspaper.

Oath is further made that the said notice was published on the following dates, to wit:

June 5, 2014

Ben Garrett, Editor

Sworn to and subscribed before me this 19th day of June, 2014.

Cora H. Queener, Notary at Large
State of Tennessee

Commission Expires June 21, 2017

CORA H. QUEENER
STATE OF TENNESSEE NOTARY PUBLIC
SCOTT COUNTY

June 30, 2014
12 :54 pm

SUPPLEMENTAL #3

SUPPLEMENTAL #3

June 30, 2014

12 :54 pm

KINGSPORT TIMES-NEWS

PUBLICATION CERTIFICATE

Kingsport, TN 6/20/14

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of June 4, 2014, and appearing _____ consecutive weeks/times, as per order of Harwell Howard Hyne Gabber

Signed Sheryl Edwards

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB 1T: June 4, 2014

STATE OF TENNESSEE, SULLIVAN COUNTY, TO WIT:

Personally appeared before me this 20th day of June, 2014, Sheryl Edwards of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.

JANICE L. REESER
NOTARY PUBLIC AT LARGE
WASHINGTON COUNTY, TN

Janice L. Reeser
Notary Public

My commission expires 3-2-2016

SUPPLEMENTAL #3

June 30, 2014
12 :54 pm

COST OF PUBLICATION

First Insertion	$ 100.75
Second Insertion	
Third Insertion	
Fourth Insertion	
Fifth Insertion	
Total	$ 100.75

PROOF OF PUBLICATION

STATE OF TENNESSEE
COUNTY OF WARREN

PERSONALLY appeared before me SHARON PATRICK of Warren County, Tennessee, PHYLLIS VANATTA, who being first sworn, made oath that he/she is an authorized representative of the Southern Standard/Warren County Pennysaver, a newspaper of general circulation, published in the City of McMinnville, County of Warren and State of Tennessee, and that the hereto achec d in the same on the follow dates:

June 4 20 14
20____
20____
20____
20____
20____

Phyllis Vanatta
Authorized Representative

ubscribed and sworn to before me on this 26th day of June 20 14.

Sharon Patrick
Notary

SHARON PATRICK STATE OF TENNESSEE NOTARY PUBLIC WARREN COUNTY

My commission expires 10-15-16

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 *et seq.*, and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

7138 W16-4

615-251-1059

SUPPLEMENTAL #3
June 30, 2014
12 :54 pm

h3gm
HARWELL HOWARD HYNE GABBERT & MANNER, P.C.

333 commerce street, suite 1500
nashville, tennessee 37201
phone: 615.256.0500 *fax:* 615.251.1059

h3gm.com

June 30, 2014

VIA HAND DELIVERY
Phillip M. Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need Application CN1406-017
Applicant's Response to Third Request for Supplemental Information

Dear Mr. Earhart:

We are in receipt of the Agency's Third Request for Supplemental Information. Please accept this as the Applicant's response to the same. Mr. Dell's Affidavit is attached hereto as Exhibit A.

1. Proof of Publication

The applicant provided additional copies of the publication of intent required of newspapers of general circulation in the proposed service area. However, please submit the following missing proof of publication:

Newspaper	Missing Documentation - Response
Pickett County Press	Affidavit – Attached

With best regards,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.

Alix Cross NRA

Alix Coulter Cross

SUPPLEMENTAL #3
June 30, 2014
12 :54 pm

AFFIDAVIT

STATE OF COLORADO

COUNTY OF DENVER

NAME OF FACILITY: CORAM ALTERNATE SITE SERVICES, INC.

I, MICHAEL E. DELL, after first being duly sworn, state under oath that I am the Senior Vice President, General Counsel & Secretary of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that to the best of my knowledge, it is true, accurate, and complete.

Michael E. Dell
SVP, General Counsel & Secretary

Sworn to and subscribed before me, a Notary Public, this the 30th day of June, 2014, witness my hand at office in the County of Denver, State of Colorado.

PATRICIA V IVANCICH
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 20034019486
MY COMMISSION EXPIRES JUNE 12, 2015

PATRICIA V. IVANCICH
NOTARY PUBLIC

My commission expires June 12, 2015.

HF-0043

Revised 7/02

EXHIBIT A

615-251-1059

STATE OF TENNESSEE
COUNTY OF PICKETT

AFFIDAVIT OF PUBLICATION

Amanda Hill Bond, Publisher of the **Pickett County Press**, hereby certifies that the attached notice (or notices) were published for one week (June 5, 2014 in the **Pickett County Press.**

Amanda Hill Bond, Publisher
Pickett County Press
Byrdstown, Tennessee 38549

Sworn and subscribed before me this 16th day of June 2014

Lora Presley
Notary Public
My Commission Expires 10-26-16

LORA LYNN PRESLEY
STATE OF TENNESSEE NOTARY PUBLIC
PICKETT COUNTY

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

June 16, 2014

Alix Coulter Cross
Attorney
Harwell, Howard, Hyne, Gabbert, and Manner
333 Commerce Street, Suite 1500
Nashville, TN 37201

RE: Certificate of Need Application CN1406-017
Coram Alternative Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services

Dear Ms. Cross,

This will acknowledge our June 6, 2014 receipt of your application for a Certificate of Need for the establishment of a home care organization and the initiation of home health services limited to provision and administration of home infusion products and related infusion nursing services ancillary to its pharmacy services patients residing in 32 Tennessee counties from its parent office located at 10932 Murdock Drive, Suite 101A, Knoxville (Knox County), TN 37932.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 p.m., Friday, June 20, 2014. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section A, Applicant Profile, Item 4**

   The license provided for Coram Specialty Infusion Services in Attachment, Section A, Item 4.3 is noted. However, the license is out of date (expires January 30, 2014). Please provide a copy of an updated license.

2. **Section A, Applicant Profile, Item 6**

   It appears the proposed home health office lease is for 5 years (60 months). If so, please indicate the number of years in the block in question 6.C. and submit a replacement page.

3. **Section A, Applicant Profile, Item 12 and 13**

The applicant indicates in item 12 certification will not be sought for Medicare and/or Medicaid. However, in item 13 the applicant indicates this project involves the treatment the TennCare participants. Please clarify.

Why has the applicant decided not to provide in-home infusion services to TennCare/Medicare enrollees?

Please clarify if TennCare and/or Medicare enrollees will be provided infusion services as out-of-network or under some other arrangement.

If the applicant does not plan not to provide home health infusion nursing services to TennCare/Medicare enrollees, where would enrollees be referred for those services? If a home health provider is not located, would an enrollee be required to travel on-site for infusion services? Please be specific.

On page 29 the applicant has documented difficulties in meeting the infusion nursing needs of its infusion therapy patients. Do these difficulties only apply to non-TennCare and Medicare patients? Please clarify how a non-homebound patient who needed infusion services would receive those services.

What is the current patient mix of the applicant's current Nashville home health organization located in Middle Tennessee?

What are the risks of a patient experiencing a reaction to a medication as a result of a first dose administered by a home health agency in the home?

If a patient is new, typically are the first infusion doses administered in a controlled setting such as a hospital, MD office, clinic, etc.?

4. **Section B, Project Description, Item I**

The applicant is proposing to add one full time RN to provide home health infusion services to 162 patients representing 1,194 RN visits in Year One. Please clarify how this is possible.

What is the typical length of an infusion home health infusion visit?

On page 95 of the application, the applicant projects 1.46 RN FTEs in Year One. If necessary, please revise.

Please provide an overview of how home health infusion staff will be distributed in the 32 proposed counties.

Please clarify the relationship between Coram and Apria Healthcare.

If approved, please clarify if the applicant will subcontract any home health services associated with this application

5. **Section B, Project Description, Item III (Plot Plan)**

   The plot plan is noted. Please provide a plot plan that indicates size of the site (in acres).

6. **Section B, Project Description, Item V (Home Health Agency)**

   Does the applicant propose any branch offices?

   The inclusion of the Middle Tennessee counties of Van Buren and Moore in this application due to a technicality related to the official newspaper publication requirements when CN1205-020A was filed is noted. However, please describe how these two counties will be logistically served out of the Knoxville office.

   Did the applicant consider filing a CON application to expand the service area of the Nashville agency by adding Moore and Van Buren counties?

   Please clarify the reason the applicant did not file a Certificate of Need to add Moore and Van Buren counties to the existing 40 county Middle Tennessee home infusion home health agency Coram Alternate Site Services, CN1205-050A, which would allow those counties to be served out of the closer Nashville office.

7. **Section C, Need, Item 1., 5 Principals for Achieving Better Health**

   The applicant states patients will be trained in self-care and administration. Please discuss what is included in self-care and administration of infusion products and services. Please describe the oversight that will be provided by the applicant in this arrangement.

8. **Section C, Need, Item 1.a. (Project Specific Criteria-Home Health Services) (1.-4.)**

   The applicant states no existing HHA will consider administering First Dose Therapies and will only treat established infusion therapy patients. Please discuss the reasons why this is so.

   The applicant provides a study of existing home health agencies in the proposed service area. Please provide the number of home health agencies polled, the response rate of those home health agencies contacted, the method (telephone, mail, etc.), and tool (interview, questionnaire, etc.) for each study area.

In conducting the studies on page 35 of the application, did Coram reveal to the Home Health Agencies polled the data would be used to file for a home health certificate of need for infusion services?

Please complete the following table:

Home Health Need Formula in the Applicant's 32-county additional Service Area

County (A)	**# Authorized Agencies* (B)**	**2014 Pop** (C)**	**Patients served (2013) (D)**	**Use Rate (Patient /1000 pop.) (E)**	**2018 Pop (F)**	**Projected Capacity (G)**	**Projected Need (H)**	**Additional Need (Surplus) for 2018 (G-H)**
				(Column D Divided by Column C)		Column E Times Column F	Column F Times 0.015	Column G Minus Column H
Anderson	24							
Blount`	19							
Bradley	20							
Campbell	24							
Carter	12							
Claiborne	23							
Cocke	19							
Fentress	15							
Grainger	22							
Greene	21							
Hamblen	21							
Hancock	20							
Hawkins	22							
Jefferson	19							
Johnson	11							
Knox	25							
Loudon	25							
McMinn	24							
Meigs	23							
Monroe	21							
Moore	14							
Morgan	25							
Pickett	13							
Polk	17							
Roane	26							
Scott	21							
Sevier	18							
Sullivan	15							
Unicoi	14							

Union	24							
Van Buren	18							
Washington	16							
Total								

* The official population source used by HSDA is the TN Dept. of Health, Division of Health Statistics' Population Projections, 2010-2020

Based on the data initially submitted in the application, the applicant has submitted information which shows a sizeable surplus of home health services to the projected need for CY 2018 in the each of the 32 counties and the service area as a whole. Please discuss why the applicant feels there is a need for an additional home health service agency at this time.

The chart of 2013 home health visits per 100 population by service area county on page 42 is noted. The chart reveals Hancock County has a rate of 10 visits per 100 population, almost tripling the visits of the other 31 counties in the proposed service area. What factors does the applicant see that attributes to Hancock County being an outlier in home health utilization?

9. Section C. Need, Item 1 (Specific Criteria: Home Health Services, Item 5 – Documentation of Referral Sources)

The applicant provided responses to the following standards but did not provide the required documentation. In addition, many of the letters provided appeared to be from the Memphis Area which is not part of the proposed service area. Please provide the documentation requested in the following standards:

A. *The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.*
B. *The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.*

The letters from the various physicians and potential referral sources indicate support, but do not indicate the "*projected number of cases by service category.*" Please provide the *projected number of cases by service category by referral source.*

The applicant has provided letters of support from two patients experiencing difficulty, delay or inability to obtain the applicant's proposed services. If possible, please provide any additional letters from patients or providers located in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

The number of licensed home health agencies in the proposed service area in the table on page 46 is noted. However, it appears not all home health agencies are listed. Please contact Alecia Craighead, HSDA Statistical Analyst at 615-253-2782 to request a comprehensive listing and update the table on page 46 and any other applicable tables.

Please indicate the types of **cases** physicians would refer to the proposed home health agency and the projected number of **cases** by service category to be provided in the initial year of operation.

10. Section C. Need, Item 1 (Specific Criteria: Home Health Services)- Item 6a and 6b

Your response is noted. Please clarify if the applicant intends to fully charge and file claims for HH infusion services.

11. Section C, Need, Item 3

Your response is noted. The application question asked the applicant to identify and justify the reasonableness of the proposed service area. Please provide the number of patients by patient county in the proposed 32 county service area of residence for the most recent year available at Coram Infusion.

County	No. of Coram Infusion patients in county	% of total patients
County #1		
County #2		
Etc.		
Total		100%

12. Section C, Need, Item 4.

Using current and projected population data from the Department of Health; and the most recent enrollee data from the Bureau of TennCare and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area:

Demographic Variable/Geographic Area	Total Population-Current Year	Total Population-Projected Year	Total Population-% change	*Target Population-Current Year	*Target Population-Projected Year	Target Population-% change	Target Population-Projected Year as % of Total	Median Age	Median Household Income	TennCare Enrollees	TennCare Enrollees as % of Total	Persons Below Poverty Level	Persons Below Poverty Level as % of Total
County A													
County B, etc.													
Service Area Total													
State of TN Total													

Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for the discontinuance of OB services would mainly affect Females Age 15-44; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2014, then default Projected Year is 2018

13. Section C, Need, Item 4.B

The applicant is forecasting 5% of its patients will be medically indigent. Please clarify if these patients would have TennCare, or qualify for TennCare benefits. Also, please clarify if the pharmacy component outside of the home health visits would also qualify as medically indigent for those proposed five percent.

In the previously approved similar application, CN1205-020, Coram Alternative Site Services, approved on September 26, 2012 forecasted 5% charity care. In the 2013 Coram Specialty Infusion Services Joint Annual Report for the period March 1, 2013 to June 30, 2013, the payment source reflected 100% commercial payment ($133,325) representing 11 patients served. Please clarify why 5% charity care was forecasted in the application CN1205-020 but was not provided by Coram.

14. Section C, Need, Item 6

The methodology of projecting 162 patients in Year One is unclear in the application. Please provide a brief simplified overview of the calculations, assumptions, referrals, etc. to project 162 patients in Year One.

15. Section C. Economic Feasibility Item 1 (Project Cost Chart)

Your response is noted. However, please clarify if the leased space allocated to the proposed home health project has been accounted for on the Project Costs Chart.

16. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

Please clarify why the provision of charity care is 1% in the Year 2013 in the Historical Data Chart for the pharmacy operation, but the applicant is projecting 5% charity care on the Projected Data Chart.

Why is there a loss of $158,459 in 2012 in the Historical Data Chart?

Why is the provision for bad debt -$157,571 in 2013 in the Historical Data Chart?

17. Section C. Economic Feasibility Item 5

Your response is noted. The applicant has labeled contractual adjustments in the amount of ($7,617) in Year One and ($8,798) in Year Two as deductions. Please revise and resubmit a replacement page.

18. Section C, Economic Feasibility, Item 9

Please complete the following chart for the proposed HHA.

Payor	Year One Gross Revenues	% of Total Revenues
Medicare		
Medicaid/TennCare		
Commercial insurance		
Self-Pay		
Charity		
Total		

19. Section C, Economic Feasibility, Item 10

The Financial Statements are noted. Please provide the calculations the applicant used to derive the current ratio of 1:1.64.

20. Section C, Contribution to Orderly Development, Item 1

The current pharmacy relationship with payers and health providers in the proposed 32-county service area is noted. However, Medicare and TennCare are listed as payers and the applicant has identified it does not plan to participate in either program. It is also noted that most of the hospital systems identified are significant TennCare providers. It appears the Coram Pharmacy will accept payment for the infusion products but the proposed Coram home health agency will not contract with either program to actually provide the skilled nursing care needed to administer it. Please explain how this will contribute to the orderly development of health care.

21. Section C, Contribution to Orderly Development, Item 3

Your response is noted. Please provide a comparison of the clinical staff salaries in the proposal to prevailing wage patterns in the service area either through comparison of the applicant's facility with similar previously approved projects within the primary service area, through the Tennessee Department of Labor & Workforce Development publications, or other published sources.

22. Section C, Contribution to Orderly Development, Item 4

The applicant envisions that a pool between 8 and 15 per diem/per visit Certified Infusion Registered Nurses (CIRN) will be recruited from around the proposed 32 county larger population centers. Please clarify if this pool of nurses is accounted for in the Projected Data Chart in anticipated staffing pattern.

23. Section C, Contribution to Orderly Development, Item 7d

If possible, please provide the latest copy of the latest Coram Alternate Site Services, Inc.'s Nashville home health licensure survey.

The applicant is accredited by The Joint Commission. If approved, will this accreditation also include home health services?

The letter from The Joint Commission dated August 5, 2013 states home health services are already provided by Coram Healthcare and references the Knoxville office. Please clarify.

24. Proof of Publication

The applicant provided copies of the publication of intent of four of the required 30 newspapers of general circulation in the proposed service area. Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent that covers the 32 county proposed service area. Please insure the correct complete copy is paired with each appropriate affidavit.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is August 12, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete

and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please contact this office.

Sincerely,

Phillip M. Earhart
HSD Examiner
Enclosure

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

June 25, 2014

Alix Coulter Cross
Attorney
Harwell, Howard, Hyne, Gabbert, and Manner
333 Commerce Street, Suite 1500
Nashville, TN 37201

RE: Certificate of Need Application CN1406-017
Coram Alternative Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services

Dear Ms. Cross,

This will acknowledge our June 20, 2014 receipt of your supplemental response for a Certificate of Need for the establishment of a home care organization and the initiation of home health services limited to provision and administration of home infusion products and related infusion nursing services ancillary to its pharmacy services patients residing in 32 Tennessee counties from its parent office located at 10932 Murdock Drive, Suite 101A, Knoxville (Knox County), TN 37932.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 p.m., Thursday, June 26, 2014. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section C, Need, Item 6**

   The methodology of projecting 162 patients in Year One is noted. However, it remains unclear of the number of patients by therapy the applicant used in Year One and Year Two projections. Please complete the following table for Year One and Year Two projections:

Type of Patients	Brief Description of Service	# Year One Patients	# Year Two Patients
Aralast			
Chelation Therapy			
Chemotherapy			
Fabrazyme patients			
IVIG			
IVIG subcutaneous			
Zemaira			
Non-specialty			
Total			

2. **Section C. Economic Feasibility Item 1 (Project Cost Chart)**

Your response is noted. However, the unused leased space allocated to the proposed home health project will need to be accounted for in the Project Costs Chart. Please revise.

3. **Proof of Publication**

The applicant provided additional copies of the publication of intent required of newspapers of general circulation in the proposed service area. However, please submit the following missing proofs of publication:

Newspaper	Missing Documentation
Citizen Tribune	Affavit and copy of publication
Claiborne Progress	Affavit and copy of publication
Kingsport Times-News	Affavit and copy of publication
Morgan County News	Affavit and copy of publication
News-Herald	Affavit and copy of publication
Roane County News	Affavit and copy of publication
Southern Standard	Affavit and copy of publication
The Mountain Press	Affavit and copy of publication
Grainger Today	Affadavit
Pickett County Press	Affadivit
The AdvoCate and Democrat	No copy of publication
Union New Leader	Affadavit

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is August 12,**

2014. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. ∋ 68-11-1607(d):

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(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please contact this office.

Sincerely,

Phillip M. Earhart
HSD Examiner
Enclosure

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

June 26, 2014

Alix Coulter Cross
Attorney
Harwell, Howard, Hyne, Gabbert, and Manner
333 Commerce Street, Suite 1500
Nashville, TN 37201

RE: Certificate of Need Application CN1406-017
Coram Alternative Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services

Dear Ms. Cross,

This will acknowledge our June 26, 2014 receipt of your supplemental response for a Certificate of Need for the establishment of a home care organization and the initiation of home health services limited to provision and administration of home infusion products and related infusion nursing services ancillary to its pharmacy services patients residing in 32 Tennessee counties from its parent office located at 10932 Murdock Drive, Suite 101A, Knoxville (Knox County), TN 37932.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 2:00 p.m., Monday, June 30, 2014. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. Proof of Publication

The applicant provided additional copies of the publication of intent required of newspapers of general circulation in the proposed service area. However, please submit the following missing proof of publication:

Newspaper	Missing Documentation
Pickett County Press	Affadivit

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is August 12, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

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Should you have any questions or require additional information, please contact this office.

Sincerely,

Phillip M. Earhart
HSD Examiner
Enclosure

SUPPLEMENTAL - #1

-Copy-

CORAM SPECIALTY INFUSION

CN1406-017

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

h3gm®
HARWELL HOWARD HYNE GABBERT & MANNER, P.C.

333 commerce street, suite 1500
nashville, tennessee 37201
phone: 615.256.0500 *fax:* 615.251.1059

h3gm.com

June 20, 2014

VIA HAND DELIVERY
Phillip M. Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need Application CN1406-017
Applicant's Response to Request for Supplemental Information

Dear Mr. Earhart:

We are in receipt of the Agency's Request for Supplemental Information. Please accept this as the Applicant's response to the same. Mr. Dell's Affidavit is attached hereto as Exhibit A.

1. Section A, Applicant Profile, Item 4

   The license provided for Coram Specialty Infusion Services in Attachment, Section A, Item 4.3 is noted. However, the license is out of date (expires January 30, 2014). Please provide a copy of an updated license.

   Attached are the updated licenses for the Knoxville pharmacy in Attachment to Question #1.

2. Section A, Applicant Profile, Item 6

   It appears the proposed home health office lease is for 5 years (60 months). If so, please indicate the number of years in the block in question 6.C. and submit a replacement page.

   Attached is a replacement page reflecting the five year lease in Attachment to Question #2.

3. Section A, Applicant Profile, Item 12 and 13

   The applicant indicates in item 12 certification will not be sought for Medicare and/or Medicaid. However, in item 13 the applicant indicates this project involves the treatment the TennCare participants. Please clarify.

Why has the applicant decided not to provide in-home infusion services to TennCare/Medicare enrollees?

Please clarify if TennCare and/or Medicare enrollees will be provided infusion services as out-of-network or under some other arrangement.

If the applicant does not plan not to provide home health infusion nursing services to TennCare/Medicare enrollees, where would enrollees be referred for those services? If a home health provider is not located, would an enrollee be required to travel on-site for infusion services? Please be specific.

On page 29 the applicant has documented difficulties in meeting the infusion nursing needs of its infusion therapy patients. Do these difficulties only apply to non-TennCare and Medicare patients? Please clarify how a non-homebound patient who needed infusion services would receive those services.

What is the current patient mix of the applicant's current Nashville home health organization located in Middle Tennessee?

Although the Applicant will not seek certification as a Medicare home health agency or enroll in TennCare it will on occasion treat Medicare-covered and TennCare covered infusion patients, and either bill the patient a self-pay rate private nursing visit, or, if the patients qualify (which most TennCare patients do) apply the visit to the Applicant's charity care pool and bad debt policy. The vast majority of the Medicare/TennCare infusion patients that the Applicant will treat are not considered "home bound," a finding necessary to support billing those programs for home health services. The patient's infusion drugs and therapies are, however, covered by Medicare/TennCare and the Applicant's pharmacy bills those programs for those medications and therapies. The difficulties its patients and their primary care providers encounter in securing nursing services to support delivery of the infusion therapies in the home is not necessarily unique to Medicare/TennCare, but those programs do require the patient be considered home-bound in order to bill those programs. As a result, existing agencies typically will not see those patients because they cannot get paid. If the Applicant's CON is approved, it will see these non-home bound patients, and bill them at our self-pay rates for the nursing service, or apply the visit to the Applicant's charity care or bad debt policy.

The Nashville home health patient mix for calendar year 2013 is as follows:

Nashville Limited Service Home Health Agency Patients by Payor	
Commercial	84.9%
Self-Pay (*)	11.1%
Government (VA/TriCare)	4.0%
Total	100.0%

(*) Some of these patients are Medicare but not homebound; they will become either self-pay/bad debt or charity care write off.

4. Section B, Project Description, Item I

The applicant is proposing to add one full time RN to provide home health infusion services to 162 patients representing 1,194 RN visits in Year One. Please clarify how this is possible.

What is the typical length of an infusion home health infusion visit?

On page 95 of the application, the applicant projects 1.46 RN FTEs in Year One. If necessary, please revise.

Please provide an overview of how home health infusion staff will be distributed in the 32 proposed counties.

Please clarify the relationship between Coram and Apria Healthcare.

If approved, please clarify if the applicant will subcontract any home health services associated with this application.

Based on the estimated number of nursing hours required for the 162 patients, there is budgeted 1.46 full-time equivalent RNs for Year One. These nurses will provide 2,901 hours of nursing care during that period. The nursing will be provided from a pool of 8 to 15 nurses located throughout the region. It is anticipated that one of these 8 to 15 nurses will be a full time nurse and will be supplemented by numerous hourly/pool staff located throughout East Tennessee. Staffing will be adjusted and needs met based on patient locations throughout the East Tennessee Service Area.

The typical length of a home health visit is 1 or so hours for non-specialty patients and 3 to 5 or 6 hours for specialty patients. Some of the specialty patients require visits for their entire lives, and are not short-term patients.

Coram was previously/formerly an indirect subsidiary of Apria Healthcare. On January 16, 2014, an affiliate of CVS Caremark Corporation acquired 100 percent of the voting interests of Coram LLC and its subsidiaries

(collectively, "Coram"), the specialty infusion services and enteral nutrition business unit of Apria Healthcare Group Inc. Thereby, as of January 16, 2014 Apria Healthcare Group, Inc, and its operating subsidiary, Apria Healthcare, LLC have no ownership rights or affiliation with Coram, neither operationally nor structurally. Please refer to the Organizational Chart in the CON Application. Any reference to Apria in CN1406-017 should be deleted.

The Project Chart identifies services provided by all nursing staff (pool and employees) based on hours of care and number of patients. If necessary, some of these services may be subcontracted but that is not the intent at this time as the limited service agency is designed to treat patients the other home health agencies will not accept.

5. Section B, Project Description, Item III (Plot Plan)

   The plot plan is noted. Please provide a plot plan that indicates size of the site (in acres).

   Attached is an updated plot plan indicating the number of acres at 1.51 acres (See Attachment to Question #5).

6. Section B, Project Description, Item V (Home Health Agency)

   Does the applicant propose any branch offices?

   The inclusion of the Middle Tennessee counties of Van Buren and Moore in this application due to a technicality related to the official newspaper publication requirements when CN1205-020A was filed is noted. However, please describe how these two counties will be logistically served out of the Knoxville office.

   Did the applicant consider filing a CON application to expand the service area of the Nashville agency by adding Moore and Van Buren counties?

   Please clarify the reason the applicant did not file a Certificate of Need to add Moore and Van Buren counties to the existing 40 county Middle Tennessee home infusion home health agency Coram Alternate Site Services, CN1205-050A, which would allow those counties to be served out of the closer Nashville office.

   While the applicant will have a physical agency adjacent to its existing infusion pharmacy, its employed and contracted nursing personnel will be dispatched to the patient from their home or contract agency. Infusion therapies will be dispatched via secure overnight courier to the patient's home, which the nurse will collect and administer. The physical agency in Knoxville itself will serve as the location for patients to place their inquiries

for service, and house the agency's medical records. The applicant believes patients in Van Buren and Moore counties can be equally served from the Knoxville office as the Nashville office because the Applicant's nurses are not generally dispatched from the agency office, but rather directly from home.

7. Section C, Need, Item 1., 5 Principals for Achieving Better Health

The applicant states patients will be trained in self-care and administration. Please discuss what is included in self-care and administration of infusion products and services. Please describe the oversight that will be provided by the applicant in this arrangement.

Self-care and administration indicates the patient (and/or caregiver) fully understands the patient plan of care and has mastered proficiency for performing and managing the prescribed therapy. When it becomes apparent that the patient or caregiver requires further education or when a new or existing caregiver requires further instruction, Coram is aware of this almost immediately due to its oversight of the patient and its clinical nursing team who work on the pharmacy (not home health) side of the business.

Coram adopts a specific policy to describe the patient education process to ensure that patients/caregivers receive training and education in a manner that meets their language, reading and comprehension needs. Patients admitted to service shall receive Coram educational materials pertinent to the therapy prescribed, administration procedures and self-care instructions. Patient education and teaching documentation is audited as part of the clinical chart audit on a routine basis. Patient education tools shall be reviewed at least annually and updated to maintain current standards.

Patients and/or their caregiver(s) are assessed prior to initiating the educational process for their ability to comprehend the teaching tools provided. This assessment includes the patient and/or caregiver's readiness to learn, barriers to learning, cultural and spiritual practices and language barriers that may require a revised approach to patient education. As part of this process age, culture, language, physical impairment, literacy, education method, cognitive alertness, emotional state, motivation and knowledge are considered.

The education of self-care and administration begins upon admission to service. Patient education and teaching is ongoing, based upon the patient assessment and compliance with the plan of care, response to therapy

and proficiency for performing and managing the prescribed therapy. Ongoing patient education is provided any time the therapy regimen or self-administration procedures change, when it becomes apparent that the patient or caregiver requires further education or when a new or existing caregiver requires further instruction. For those patients who do not receive home nursing care from Coram nurses, education will be provided by an admissions clinician. Patients who have received therapy and access management instructions from the hospital clinical staff or physician's office prior to admission to Coram services and/or patients who have received home infusion services previously, will have their competency verified. A Coram clinician will contact the patient or caregiver for a verbal review of the process to be performed.

8. Section C, Need, Item 1.a. (Project Specific Criteria-Home Health Services) (1.-4.)

   The applicant states no existing HHA will consider administering First Dose Therapies and will only treat established infusion therapy patients. Please discuss the reasons why this is so.

   The applicant provides a study of existing home health agencies in the proposed service area. Please provide the number of home health agencies polled, the response rate of those home health agencies contacted, the method (telephone, mail, etc.), and tool (interview, questionnaire, etc.) for each study area.

   In conducting the studies on page 35 of the application, did Coram reveal to the Home Health Agencies polled the data would be used to file for a home health certificate of need for infusion services?

   Based on the data initially submitted in the application, the applicant has submitted information which shows a sizeable surplus of home health services to the projected need for CY 2018 in the each of the 32 counties and the service area as a whole. Please discuss why the applicant feels there is a need for an additional home health service agency at this time.

   The chart of 2013 home health visits per 100 population by service area county on page 42 is noted. The chart reveals Hancock County has a rate of 10 visits per 100 population, almost tripling the visits of the other 31 counties in the proposed service area. What factors does the applicant see that attributes to Hancock County being an outlier in home health utilization?

   Existing HHAs do not provide First Dose Therapies as a result of the fact they do not have policies in place to support safe administration of first

lifetime dose. In contrast, Coram has a first-dose policy that screens patients for safe administration of this first dose in the home.

Regarding the home health survey conducted, it was a telephonic poll of existing home health agencies. The caller identified herself as a Coram employee. Contact like this is not unusual, because Coram employees regularly contact area home health agencies to solicit home health agencies to support Coram pharmacy patients. The Coram representative did not mention the possibility that the Applicant would be filing a CON application.

There are 82 licensed agencies in East Tennessee, of which 81 admitted at least one patient during the past three years. However, some of these agencies have more than one branch office, resulting in more locations than the 82 licensed agencies. Attempts were made to contact all agencies including branch offices. Nineteen agencies provided no responses. The percentages reported in the CON Application are based on the remaining agencies who responded to the telephonic survey.

The table with population and computations at 1.5 per population requested in the Supplemental Letter is attached to this submittal as Attachment to Question #8. While this table uses the 1.5 factor, in reality this significantly understates the actual patient demand for home health services. As stated in the CON Application, actual historical utilization in the 32-county service area is 3.1 percent, which is more than 100 percent greater than the 1.5 percent guideline. Had the actual historical utilization been utilized to forecast the demand in 2018, the estimate of slightly more than 29,000 visits in 2018 would have increased to 60,172 – two times more than the computation utilized by the State to determine need presented in the attached table.

Actual utilization experience of all counties in the service area demonstrates the State's need formula of 1.5 percent of population is a dated formula not incorporating the healthcare system's focused initiative to provide healthcare services to patients in the least restrictive, least costly appropriate environment. Focus on community based programs and services, outpatient treatment and effectively treating patients in a less costly environment all contribute to the 1.5 guideline rate being an inappropriate measure of the need for home health services.

Coram's proposal involves providing services to approximately 178 patients per year which is a very small fraction of the anticipated home health population.

In evaluating Hancock County population and utilization, factors that could contribute to its high home health use rate include but are not limited to the following: highest poverty level in the service area (2x the average), highest percent of TennCare enrollees in the region (32.5%), TennCare enrollees account for half of the local home health agency (Hancock County Home Health Agency) revenues, median age is slightly higher, lower median household income, and percent 65 and older about 10 percent higher than overall service area.

9. Section C. Need, Item 1 (Specific Criteria: Home Health Services, Item 5 – Documentation of Referral Sources)

The applicant provided responses to the following standards but did not provide the required documentation. In addition, many of the letters provided appeared to be from the Memphis Area which is not part of the proposed service area. Please provide the documentation requested in the following standards:

A. *The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.*
B. *The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.*

The letters from the various physicians and potential referral sources indicate support, but do not indicate the "*projected number of cases by service category.*" Please provide the *projected number of cases by service category by referral source.*

The applicant has provided letters of support from two patients experiencing difficulty, delay or inability to obtain the applicant's proposed services. If possible, please provide any additional letters from patients or providers located in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

The number of licensed home health agencies in the proposed service area in the table on page 46 is noted. However, it appears not all home health agencies are listed. Please contact Alecia Craighead, HSDA Statistical Analyst at 615-253-2782 to request a comprehensive listing and update the table on page 46 and any other applicable tables.

Please indicate the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.

The Applicant seeks a CON limited to providing nursing services incident to the delivery of infusion therapies in the homes of its patients. All of the projected number of cases will be limited to nursing services incident to infusion therapies (i.e., preparation and cleaning of access site,

administration of the infusion therapy, monitoring of the patient's vital signs and reaction to the therapy). These patients will generally not be provided skilled nursing services unrelated to infusion therapies. The Applicant is seeking additional letters of support from patients and providers and will supplement the record up to the hearing date upon receipt of additional letters of support.

Alecia Craighead provided an updated list of all home health agencies licensed in any of the 32 counties. That list is provided in the Attachment to Question #9 and identifies 82 such agencies. The utilization data presented in the CON application that identified home health agencies, included any home health agencies with 1 or more patients on 1 or more of the 32 counties, accounted for 81 agencies. While the list provided by Ms. Craighead includes one more home health agencies than the utilization chart in the CON application, this is due to the fact this additional agency had zero (0) patients in any of the 32 counties in the service area.

As noted in the CON application, 100 percent of the home health visits will be skilled nursing; and 100 percent of the skilled nursing home health visits will be infusion related. These would all be provided under physician orders and therefore the type of cases referred by physician.

10. Section C. Need, Item 1 (Specific Criteria: Home Health Services)- Item 6a and 6b

Your response is noted. Please clarify if the applicant intends to fully charge and file claims for HH infusion services.

Although the Applicant will not seek certification as a Medicare home health agency or enroll in as a home health agency in TennCare, it will on occasion treat Medicare-covered and TennCare covered infusion patients. The Applicant will either bill these patients at the Applicant's self-pay rate for a private nursing visit, or, if the patient qualifies (which most TennCare patients do) apply the visit to the Applicant's charity care pool and bad debt policy. The vast majority of the Medicare/TennCare infusion patients that the Applicant will treat are not considered "home bound," a finding necessary to support billing those programs for home health services. The patient's infusion drugs and therapies are, however, covered by Medicare/TennCare and the Applicant's pharmacy bills those programs for those medications and therapies. The difficulties its patients and their primary care providers encounter in securing nursing services to support delivery of the infusion therapies in the home is not necessarily unique to Medicare/TennCare, but those programs do require the patient be considered home-bound in order to bill those programs. Thus, existing agencies typically will not see patients who are not home bound because

they cannot get paid. If the Applicant's CON is approved, it will see these non-home bound patients, and bill them at a self-pay rate for the nursing service, or apply the visit to the Applicant's charity care or bad debt policy.

11. Section C, Need, Item 3

Your response is noted. The application question asked the applicant to identify and justify the reasonableness of the proposed service area. Please provide the number of patients by patient county in the proposed 32 county service area of residence for the most recent year available at Coram Infusion.

The information requested is provided in the table in Attachment to Question #11. As noted in the table, approximately 92 percent of the Knoxville branch's Tennessee patients reside within the defined service area. Those Tennesseans outside the service area primarily reside in the east part of the Middle Tennessee service area (such as Hamilton County) and are transferred to the Nashville branch for necessary limited home health services and follow up.

In health planning, definition of a service area identifies those counties that will comprise the majority of the patient population. When services are provided to numerous counties within an area, occasionally counties are included in the definition that may have low population and therefore only sporadic patient needs but which are fully surrounded by the defined service area. As noted in the Attachment, a few low population counties in East Tennessee most recently had no patients but in years prior did, and at the same time are surrounded by counties with patients. Accordingly, it is reasonable to include all of those counties identified.

12. Section C, Need, Item 4.

Using current and projected population data from the Department of Health; and the most recent enrollee data from the Bureau of TennCare and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

The information requested is provided in the Attachment to Question #12 table. The target population are those under the age of 65.

13. Section C, Need, Item 4.B

The applicant is forecasting 5% of its patients will be medically indigent. Please clarify if these patients would have TennCare, or qualify for TennCare benefits. Also, please clarify if the pharmacy component outside of the home health visits would also qualify as medically indigent for those proposed five percent.

In the previously approved similar application, CN1205-020, Coram Alternative Site Services, approved on September 26, 2012 forecasted 5% charity care. In the 2013 Coram Specialty Infusion Services Joint Annual Report for the period March 1, 2013 to June 30, 2013, the payment source reflected 100% commercial payment ($133,325) representing 11 patients served. Please clarify why 5% charity care was forecasted in the application CN1205-020 but was not provided by Coram.

As noted above, with respect to indigent, Medicare or TennCare patients, the Applicant bills those patients at a self pay rate for the nursing visit, and typically apply those sums owing to its charity care or bad debt policies. The Applicant does not separately track or break out sums not typically collected from private pay patients. The reason why only 11 commercial health patients were reflected in the Applicant's 2013 JARS Report is because that reporting period only reflected approximately 60-days of operations, and given short duration of operations and the small sample size it is not unusual that most patients would be commercial health patients. Moreover, even though the patients are enrolled as commercial health, in reality charity care or self-pay is often not identified until the patient has been on service for some time. It is believed that at least one of those 11 patients actually became a self-pay or charity care case.

14. Section C, Need, Item 6

The methodology of projecting 162 patients in Year One is unclear in the application. Please provide a brief simplified overview of the calculations, assumptions, referrals, etc. to project 162 patients in Year One.

The 162 patients identified in year one were based on a detailed analysis of the Knoxville Branch patients by infusion therapy provided during calendar year 2013. First patients by quarter and year by therapy were identified. Next, the number of patients/therapies was estimated to increase by five percent per year to the limited home health agency's first year of operation. Then, by therapy, the following assumptions were applied:

- **Aralast patients were estimated to receive one visit per week for 1.5 hours.**
- **Chelation therapy patients were estimated to receive one visit at start of care for 2 hours.**
- **Chemotherapy patients were estimated to receive one visit per week for less than one hour.**
- **Fabrazyme patients were estimated to receive bi-weekly visits for 3 hours each.**
- **IVIG patients were estimated to receive an initial visit with then one visit per month for five hours per visit.**

- **IVIG subcutaneous patients were estimated to receive two to three visits at start of care, lasting 2 hours.**
- **Zemaira patients were estimated to receive one visit per week for 1.5 hours.**
- **Five percent of non-specialty patients (those not listed above) were estimated to have one visit per week for 2 hours.**

Volumes were increased by five percent between years one and two, resulting in 178 patients in year two.

15. Section C. Economic Feasibility Item 1 (Project Cost Chart)

Your response is noted. However, please clarify if the leased space allocated to the proposed home health project has been accounted for on the Project Costs Chart.

The leased space is not separately denoted in the Project Cost Chart because the space that will house the proposed agency is unused space in the Applicant pharmacy's leasehold and there is no additional incremental cost associated with housing the agency in this space.

16. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

Please clarify why the provision of charity care is 1% in the Year 2013 in the Historical Data Chart for the pharmacy operation, but the applicant is projecting 5% charity care on the Projected Data Chart.

Why is there a loss of $158,459 in 2012 in the Historical Data Chart?

Why is the provision for bad debt -$157,571 in 2013 in the Historical Data Chart?

The Historical Data Chart relates to the pharmacy operations; the Projected Data Chart is for the limited service home health agency. Because medically-necessary infusion services are typically covered by Medicare, TennCare and private health insurance the Applicant's pharmacy operations generally experience a low rate of charity care and bad debt. However, because the Applicant generally cannot bill Medicare, TennCare and some commercial health insurance for home health services incident to infusion therapy services because the patients are not "home bound," the Applicant will have to write-off more visits to its charity care and bad debt policies than it does with respect to the pharmacy. Hence the disparity between historical actual in the pharmacy and anticipated / projected in the home health agency.

Regarding the loss in 2012 Historical Data Chart for this branch and then the 'negative' bad debt in 2013, these two items are directly related. The

local branch's bad debt policy involves internal write off of bad debts in a fairly quick time frame. Accordingly, with time to collect in 2012 increased, there was a notable increase in bad debts for 2012 resulting in the $158,459 loss. In fact, this acceleration of bad debt on the 2012 books was reversed in 2013 when the amounts were collected. As a result, there was negative bad debt in 2013 reversing the overstatement from 2012.

17. Section C. Economic Feasibility Item 5

Your response is noted. The applicant has labeled contractual adjustments in the amount of ($7,617) in Year One and ($8,798) in Year Two as deductions. Please revise and resubmit a replacement page.

The replacement page is included as Attachment to Question #17.

18. Section C, Economic Feasibility, Item 9

Please complete the following chart for the proposed HHA.

Please see the following estimates for the supplemental requested information:

Payor	Year One Gross Revenues	% of Total Revenues
Medicare	$0	0%
Medicaid/TennCare	$0	0%
Commercial insurance	$169,484	89%
Self-Pay	$11,426	6%
Charity	$9,522	5%
Total	$190,431	100%

19. Section C, Economic Feasibility, Item 10

The provided Financial Statements are noted. Please provide the calculations the applicant used to derive the current ratio of 1:1.64.

The current ratio is derived by dividing current assets by current liabilities. The CVS 10K for calendar year 2013 current ratio of 1.64 is derived as follows: Current Assets of $25,325,000,000 divided by Current Liabilities of $15,425,000,000.

20. Section C, Contribution to Orderly Development, Item 1

The current pharmacy relationship with payers and health providers in the proposed 32-county service area is noted. However, Medicare and TennCare are listed as payers and the applicant has identified it does not plan to participate in either program. It is also noted that most of the hospital systems identified are significant TennCare providers. It appears the Coram Pharmacy will accept payment for the infusion products but the proposed Coram home health agency will not contract with either program to actually provide the skilled nursing care needed to administer it. Please explain how this will contribute to the orderly development of health care.

Even though the Applicant will not enroll in Medicare and TennCare for delivery of home health agency services, the Applicant will nonetheless still provide its patients with the infusion therapies and bill them a self pay rate for the nursing visit (a rate that simply covers the Applicant's costs for that nursing visit), in the case of indigent or medical hardship cases, the Applicant will write-off the cost of that visit in accord with its charity care and bad debt policies. The orderly development of health care is advanced because these patients who in any case would never been seen in the home by an incumbent agency, now will not have to travel several hours from their homes, sometimes several times a week, and be infused in a highly infectious environment, but rather will be seen a regular intervals in the safety and comfort of their home. Higher cost hospital-based services are avoided, and patient's wellness is served.

Coram's proposed CON also advances the orderly development of healthcare because incumbent HHA providers will not be impacted by Coram providing skilled nursing services incident to its infusion therapies. When a patient meets homebound status criteria, and thus qualifies for HHA nursing services, Coram first refers those cases to the incumbent, Medicare-certified agencies. Only when a certified agency cannot be located after contacting at least three area agencies, will Coram provide the nursing necessary to safely support medication administration to the patient. As noted elsewhere in this Application, the incumbent agencies do not accept non-homebound patients who do not qualify for HHA nursing services under Medicare or TennCare. Thus, none of the existing agencies reimbursable caseload is effected by Coram's proposed CON, yet patients who would otherwise be turned away by those agencies will be able to receive their infusion therapies in the safety and convenience of their home. Coram believes these factors, taken together, advance the orderly development of healthcare.

21. Section C, Contribution to Orderly Development, Item 3

Your response is noted. Please provide a comparison of the clinical staff salaries in the proposal to prevailing wage patterns in the service area either through comparison of the applicant's facility with similar previously approved projects within the primary service area, through the Tennessee Department of Labor & Workforce Development publications, or other published sources.

The only staff to be added for this proposed project are registered nurses. Comparison to actual salaries in the service area can be accomplished readily as Coram Knoxville Branch pharmacy already employs a clinical nurse to work with the pharmacy patients. As shown in the table in the response to this question within the CON application, the current average existing salary for this employee is $70,000. The Tennessee Department of Labor and Workforce Development publication for the Knoxville MSA indicates LPN salaries range between $31,270 and $38,230 (25 to 75 percentile) and Healthcare Technicians and Technologists, All Other $46,670 (25th percentile) and $69,000 (75th percentile). Because there is not a single category for registered nurses, we believe this latter category encompasses the RN position. Accordingly, given the existing pay rates at Coram Knoxville Branch of $70,000, and its proposed home health nursing salary of $75,000, the amount proposed is reasonable and achievable.

22. Section C, Contribution to Orderly Development, Item 4

The applicant envisions that a pool of between 8 and 15 per diem/per visit Certified Infusion Registered Nurses (CIRN) will be recruited from around the proposed 32 county larger population centers. Please clarify if this pool of nurses is accounted for in the Projected Data Chart in anticipated staffing pattern.

The pool of nurses is accounted for in the Projected Data Chart and the anticipated staffing patterns.

23. Section C, Contribution to Orderly Development, Item 7d

If possible, please provide the latest copy of the latest Coram Alternate Site Services, Inc.'s Nashville branch home health licensure survey.

The applicant is accredited to by The Joint Commission. If approved, will this accreditation also include home health services?

The letter from The Joint Commission dated August 5, 2013 states home health services are already provided by Coram Healthcare and references the Knoxville office. Please clarify.

Attachment to Question #23 is the latest licensure survey of the Nashville branch home health agency. If this CON application is approved, the accreditation by The Joint Commission will be extended to this limited service home health agency.

Reference in the accreditation document by The Joint Commission is the fact that the Knoxville operation is accredited for services for which it is licensed. It is not currently accredited for home health. However, the certificate will be updated for limited service home health once the CON is approved and the Knoxville branch is appropriately licensed.

24. Proof of Publication

The applicant provided copies of the publication of intent of four of the required 30 newspapers of general circulation in the proposed service area. Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent that covers the 32 county proposed service area. Please insure the correct complete copy is paired with each appropriate affidavit.

These are attached to this Supplemental submission.

With best regards,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.

Alix Coulter Cross

ACC/smb

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

AFFIDAVIT

STATE OF COLORADO

COUNTY OF DENVER

NAME OF FACILITY: CORAM ALTERNATE SITE SERVICES, INC.

I, MICHAEL E. DELL, after first being duly sworn, state under oath that I am the Senior Vice President, General Counsel & Secretary of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that to the best of my knowledge, it is true, accurate, and complete.

Michael E. Dell
SVP, General Counsel & Secretary

Sworn to and subscribed before me, a Notary Public, this the 19th day of June, 2014, witness my hand at office in the County of Denver, State of Colorado.

PATRICIA V IVANCICH
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 20034019466
MY COMMISSION EXPIRES JUNE 12, 2015

PATRICIA V. IVANCICH
NOTARY PUBLIC

My commission expires June 12, 2015.

HF-0043

Revised 7/02

EXHIBIT A

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #1
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

STATE OF TENNESSEE
HEALTH

ID NUMBER: 0000003278
EXPIRATION DATE: 05/31/2016

This is to certify that all requirements of the State of Tennessee have been met.

PHARMACY BOARD
PHARMACY
CORAM ALTERNATE SITE SERVICES, INC.

Rosemarie Otto
DIRECTOR, HEALTH RELATED BOARDS

CORAM ALTERNATE SITE SERVICES, INC.
ATTN: LICENSURE AND CERTIFICATION
555 17TH STREET, SUITE 1500
DENVER CO 80202-3900

90752 34
39819

State of Tennessee

TENNESSEE BOARD OF PHARMACY
PHARMACY
CORAM ALTERNATE SITE SERVICES, INC.
DBA CORAM CVS/SPECIALTY INFUSION SERVICE
1828 MID PARK DRIVE, SUITE D
KNOXVILLE TN 37921-5900

This is to certify that all requirements of the State of Tennessee have been met.

ID NUMBER: 0000003278
EXPIRATION DATE: 05/31/2016

CONTROLLED SUBSTANCE REGISTRATION

Rosemarie Otto
DIRECTOR, HEALTH RELATED BOARDS

DCF171

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
BA8782775	08-31-2014	$551

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,2N,3 3N,4,5	CHAIN PHARMACY	08-09-2011

CORAM ALTERNATE SITE SERVICES, INC.
DBA CORAM CVS/SPECIALTY INFUSION SERVICES
1828 MID PARK DRIVE
SUITE D
KNOXVILLE, TN 37921

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C. 20537

Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacturer, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IS NOT VALID AFTER THE EXPIRATION DATE.

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C. 20537

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
BA8782775	08-31-2014	$551

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,2N,3 3N,4,5	CHAIN PHARMACY	08-09-2011

CORAM ALTERNATE SITE SERVICES, INC.
DBA CORAM CVS/SPECIALTY INFUSION SERVICES
1828 MID PARK DRIVE
SUITE D
KNOXVILLE, TN 37921

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THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY, OR VALID AFTER THE EXPIRATION DATE.

Form DEA-223 (05/04)

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF HEALTH PROFESSIONS

David E. Brown, D.C., Director

Caroline D. Juran
Executive Director
(804) 367-4456

BOARD OF PHARMACY

9960 Mayland Drive, Suite 300
Richmond, VA 23233-1463
www.dhp.virginia.gov/pharmacy

Non-resident Pharmacy Registration

Coram Specialty Infusion Services, an Apria Healthcare Company

1828 Mid Park Drive, Suite D
Knoxville TN 37921

Expires
04/30/2015

Number
0214000962

For Information About This License, visit our website: www.dhp.virginia.gov
To File a Complaint About a Licensee, Call: 1-800-533-1560

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #2
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

5. ***Name of Management/Operating Entity (If Applicable)***

Not Applicable
Name

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution (Check One)***

A. Ownership ☐
B. Option to Purchase ☐
C. Lease of 5 Years ✓
D. Option to Lease ☐
E. Other (Specify) ☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. ***Type of Institution (Check as appropriate--more than one response may apply)***

A. Hospital (Specify) ☐
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty ☐
C. ASTC, Single Specialty ☐
D. Home Health Agency ☐
E. Hospice ☐
F. Mental Health Hospital ☐
G. Mental Health Residential Treatment Facility ☐
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) ☐
I. Nursing Home ☐
J. Outpatient Diagnostic Center ☐
K. Recuperation Center ☐
L. Rehabilitation Facility ☐
M. Residential Hospice ☐
N. Non-Residential Methadone Facility ☐
O. Birthing Center ☐
P. Other Outpatient Facility (Specify) ☐
Q. Other (Specify) Pharmacy ✓

8. **Purpose of Review *(Check) as appropriate--more than one response may apply)***

A. New Institution ☐
B. Replacement/Existing Facility ☐
C. Modification/Existing Facility ☐
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) Home Health-Limited Svc ✓
E. Discontinuance of OB Services ☐
F. Acquisition of Equipment ☐
G. Change in Bed Complement *[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]* ☐
H. Change of Location ☐
I. Other (Specify) ☐

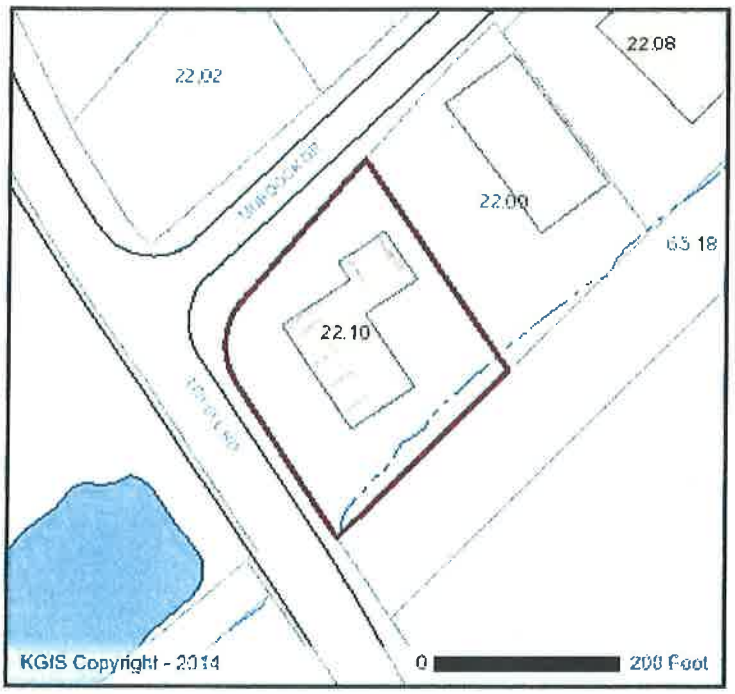
3R

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #5
SUPPLEMENTAL REQUEST #1

Parcel 131 02210 - Property Map and Details Report



Property Information

Location Address:	10932 MURDOCK DR
CLT Map:	131
Insert:	
Group:	
Condo Letter:	
Parcel:	22.1
Parcel ID:	131 02210
Parcel Type:	
District:	W6
Ward:	
City Block:	
Subdivision:	SOUTHEASTERN IND PARK
Rec. Acreage:	0
Calc. Acreage:	1.51
Recorded Plat:	L 55 - C
Recorded Deed:	20031114 - 0053444
Deed Type:	Legal Document:
Deed Date:	11/14/2003

Address Information

Site Address:	10932 MURDOCK DR KNOXVILLE - 37932
Address Type:	BUSINESS COMPLEX
Site Name:	

Owner Information

RIDENOUR J S PROPERTIES LLC
7700 CONNER RD
POWELL, TN 37849

The owner information shown in this section does **not** necessarily reflect the person(s) responsible for Last Year's property taxes. Report any errors to the Knox County Property Assessor's office at (865) 215-2365.

Jurisdiction Information

County:	KNOX COUNTY
City / Township:	

MPC Information

Census Tract:	59.04
Planning Sector:	Northwest County
2000 Traffic Zone:	219

Please contact Knox County Metropolitan Planning Commission (MPC) at (865) 215-2500 if you have questions.

Political Districts

Voting Precinct:	70	
Voting Location:		Ball Camp Elementary School 9801 MIDDLEBROOK PIKE
TN State House:	89	Roger Kane
TN State Senate:	7	Stacey Campfield
County Commission:	6	Brad Anders Ed Shouse Mike Hammond
City Council:		
School Board:	6	Thomas Deakins

Please contact Knox County Election Commission at (865) 215-2480 if you have questions.

School Zones

Elementary:	FARRAGUT PRIMARY
Intermediate:	FARRAGUT INTERMEDIATE
Middle:	FARRAGUT MIDDLE
High:	HARDIN VALLEY ACADEMY

Please contact Knox County Schools Transportation and Zoning Department at (865) 594-1550 if you have questions.

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SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #8
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

County (A)	# Authorized Agencies* (B)	2014 Pop** (C)	Patients served 2013 (D)	Use Rate (Patient/1,000 pop) (E)	2018 Pop (F)	Projected Capacity (G)	Projected Need (H)	Additional Need (Surplus) for 2018 (G-H)
Anderson	24	76,579	2,893	37.8	77,851	2,941	1,168	1,773
Blount	19	128,368	2,507	19.5	135,171	2,640	2,028	612
Bradley	20	103,308	2,021	19.6	107,481	2,103	1,612	490
Campbell	24	41,474	1,715	41.4	42,566	1,760	638	1,122
Carter	12	57,284	2,072	36.2	57,680	2,086	865	1,221
Claiborne	23	32,604	2,002	61.4	33,288	2,044	499	1,545
Cocke	19	36,762	1,467	39.9	38,615	1,541	579	962
Fentress	15	18,404	1,015	55.2	18,987	1,047	285	762
Grainger	22	23,111	886	38.3	23,675	908	355	552
Greene	21	70,187	2,454	35.0	71,594	2,503	1,074	1,429
Hamblen	21	64,108	2,835	44.2	65,570	2,900	984	1,916
Hancock	20	6,652	682	102.5	6,640	681	100	581
Hawkins	22	57,509	2,148	37.4	58,164	2,172	872	1,300
Jefferson	19	53,729	1,749	32.6	56,872	1,851	853	998
Johnson	11	18,094	907	50.1	18,127	909	272	637
Knox	25	453,629	9,976	22.0	475,569	10,458	7,134	3,325
Loudon	25	50,926	1,572	30.9	53,192	1,642	798	844
McMinn	24	53,233	1,807	33.9	54,203	1,840	813	1,027
Meigs	23	12,205	346	28.3	12,643	358	190	169
Monroe	21	46,092	1,517	32.9	48,088	1,583	721	861
Moore	14	6,350	97	15.3	6,401	98	96	2
Morgan	25	21,848	472	21.6	22,004	475	330	145
Pickett	13	5,019	271	54.0	4,943	267	74	193
Polk	17	16,604	427	25.7	16,588	427	249	178
Roane	26	54,006	2,354	43.6	54,457	2,374	817	1,557
Scott	21	21,944	835	38.1	21,969	836	330	506
Sevier	18	94,833	2,452	25.9	100,362	2,595	1,505	1,090
Sullivan	15	158,975	5,259	33.1	161,136	5,330	2,417	2,913
Unicoi	14	18,376	659	35.9	18,511	664	278	386
Union	24	19,301	371	19.2	19,605	377	294	83
Van Buren	18	5,450	240	44.0	5,474	241	82	159
Washington	16	130,586	4,181	32.0	138,370	4,430	2,076	2,355
Total	--	1,957,550	60,189	30.7	2,025,796	62,081	30,387	31,694

* The official population source used by HSDA is the TN Dept. of Health, Division of Health Statistics' Population Projections, 2010-2020

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #9
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type
Anderson	Clinch River Home Health	Home
Anderson	Home Option by Harden Health Care, The	Home
Anderson	Professional Case Management of Tennessee	Home
Bedford	Heritage Home Health	Home
Blount	Blount Memorial Hospital Home Health Services	Home
Bradley	Family Home Care - Cleveland	Home
Bradley	Home Health Care of East Tennessee, Inc	Both
Campbell	Sunbelt Homecare	Home
Carter	Amedisys Home Health Care	Home
Claiborne	Amedisys Home Health of Tennessee	Home
Claiborne	Suncrest Home Health & Hospice	Both
Clay	Cumberland River Homecare	Home
Cocke	Smoky Mountain Home Health & Hospice	Both
Coffee	Gentiva Health Services	Home
Coffee	Suncrest Home Health	Home
Davidson	Angel Private Duty and Home Health, Inc.	Home
Davidson	Brookdale Home Health Nashville	Home
Davidson	Careall	Home
Davidson	Elk Valley Health Services Inc	Home
Davidson	Home Care Solutions, Inc	Home
Davidson	Willowbrook Home Health Care Agency	Home
Fentress	Quality Home Health	Home
Fentress	Quality Private Duty Care	Home
Franklin	Amedisys Home Care	Home
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home
Greene	Advanced Home Care, Inc.	Home
Greene	Laughlin Home Health Agency	Home
Greene	Procare Home Health Services	Home
Hamblen	Amedisys Home Health Care	Home
Hamblen	Premier Support Services, Inc	Home
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both
Hamilton	Alere Women's and Children's Health LLC	Home
Hamilton	Amedisys Home Health	Home
Hamilton	Continucare Healthservices, Inc I	Home
Hamilton	Continucare Healthservices, Inc II	Home
Hamilton	Gentiva Health Services	Home
Hamilton	Guardian Home Care, LLC	Home
Hamilton	Home Care Solutions	Home
Hamilton	Life Care At Home Of Tennessee	Home
Hamilton	Maxim Healthcare Services	Home
Hamilton	Memorial Hospital Home Health	Home
Hamilton	NHC Homecare	Home
Hancock	Hancock County Home Health & Hospice Agency	Both
Hawkins	Hometown Home Health Care, Inc	Home
Johnson	Johnson County Home Health	Home
Knox	Amedisys Home Health Care	Home
Knox	Camellia Home Health of East Tennessee	Home
Knox	Careall Home Care Services	Home
Knox	Covenant Homecare	Both
Knox	East Tennessee Children's Hospital Home Health	Home
Knox	Gentiva Health Services	Home
Knox	Gentiva Health Services 2 (Girling Health Care)	Home
Knox	Maxim Healthcare Services, Inc	Home
Knox	NHC Homecare	Home
Knox	Tennova Home Health	Home

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both
Lincoln	Deaconess Homecare	Home
Lincoln	Lincoln Medical Home Health & Hospice	Both
Maury	NHC Homecare	Home
McMinn	Home Care Solutions - Etowah	Home
McMinn	NHC Homecare	Home
Monroe	Intrepid USA Healthcare Services	Home
Monroe	Sweetwater Hospital Home Health	Home
Other	Professional Home Health Care Agency	Home
Overton	Amedisys Home Health	Home
Putnam	Highland Rim Home Health Agency	Home
Putnam	Intrepid USA Healthcare Services	Home
Rutherford	Amedisys Home Health Care	Home
Rutherford	NHC Homecare	Home
Scott	Deaconess Homecare	Home
Shelby	Meritan, Inc.	Home
Sullivan	Advanced Home Care	Home
Sullivan	Gentiva Health Services	Home
Unicoi	Unicoi County Home Health	Home
Warren	Careall Home Care Services	Home
Warren	Friendship Home Health, Inc.	Home
Warren	Intrepid USA Healthcare Services	Home
Washington	Amedisys Home Health	Home
Washington	Medical Center Homecare - Kingsport	Home
Washington	Medical Center Homecare Services	Home
Washington	NHC Homecare	Home
Williamson	Vanderbilt HC Affiliated w/Walgreens IV & RT Svcs	Home
	Total Agencies Licensed to Serve	**82**

SUPPLEMENTAL #1

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Anderson	Clinch River Home Health	Home	Anderson	Yes	No
Anderson	Home Option by Harden Health Care, The	Home	Anderson	Yes	No
Anderson	Professional Case Management of Tennessee	Home	Anderson	Yes	No
Blount	Blount Memorial Hospital Home Health Services	Home	Anderson	No	No
Campbell	Sunbelt Homecare	Home	Anderson	No	No
Davidson	Elk Valley Health Services Inc	Home	Anderson	No	No
Davidson	Home Care Solutions, Inc	Home	Anderson	No	No
Fentress	Quality Home Health	Home	Anderson	No	No
Hamblen	Amedisys Home Health Care	Home	Anderson	No	No
Hamblen	Premier Support Services, Inc	Home	Anderson	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Anderson	No	No
Hamilton	Amedisys Home Health	Home	Anderson	No	No
Knox	Amedisys Home Health Care	Home	Anderson	No	Yes
Knox	Camellia Home Health of East Tennessee	Home	Anderson	No	No
Knox	Covenant Homecare	Both	Anderson	No	Yes
Knox	East Tennessee Children's Hospital Home Health	Home	Anderson	No	No
Knox	Gentiva Health Services	Home	Anderson	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Anderson	No	No
Knox	Maxim Healthcare Services, Inc	Home	Anderson	No	No
Knox	NHC Homecare	Home	Anderson	No	No
Knox	Tennova Home Health	Home	Anderson	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Anderson	No	No
Monroe	Intrepid USA Healthcare Services	Home	Anderson	No	No
Other	Professional Home Health Care Agency	Home	Anderson	No	No
	Number of Agencies Licensed to Serve Anderson County		**24**		
Blount	Blount Memorial Hospital Home Health Services	Home	Blount	Yes	No
Davidson	Elk Valley Health Services Inc	Home	Blount	No	No
Davidson	Home Care Solutions, Inc	Home	Blount	No	No
Fentress	Quality Home Health	Home	Blount	No	No
Hamblen	Premier Support Services, Inc	Home	Blount	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Blount	No	No
Hamilton	Amedisys Home Health	Home	Blount	No	No
Knox	Amedisys Home Health Care	Home	Blount	No	No
Knox	Camellia Home Health of East Tennessee	Home	Blount	No	No
Knox	Careall Home Care Services	Home	Blount	No	No
Knox	Covenant Homecare	Both	Blount	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Blount	No	No
Knox	Gentiva Health Services	Home	Blount	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Blount	No	No
Knox	Maxim Healthcare Services, Inc	Home	Blount	No	No
Knox	NHC Homecare	Home	Blount	No	No
Knox	Tennova Home Health	Home	Blount	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Blount	No	Yes
Monroe	Intrepid USA Healthcare Services	Home	Blount	No	No
	Number of Agencies Licensed to Serve Blount County		**19**		
Bradley	Family Home Care - Cleveland	Home	Bradley	Yes	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Bradley	Yes	No
Davidson	Elk Valley Health Services Inc	Home	Bradley	No	No
Davidson	Home Care Solutions, Inc	Home	Bradley	No	No
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home	Bradley	No	Yes

SUPPLEMENTAL #1

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Hamblen	Premier Support Services, Inc	Home	Bradley	No	No
Hamilton	Alere Women's and Children's Health LLC	Home	Bradley	No	No
Hamilton	Amedisys Home Health	Home	Bradley	No	No
Hamilton	Continucare Healthservices, Inc I	Home	Bradley	No	No
Hamilton	Continucare Healthservices, Inc II	Home	Bradley	No	No
Hamilton	Gentiva Health Services	Home	Bradley	No	No
Hamilton	Guardian Home Care, LLC	Home	Bradley	No	Yes
Hamilton	Home Care Solutions	Home	Bradley	No	No
Hamilton	Life Care At Home Of Tennessee	Home	Bradley	No	Yes
Hamilton	Maxim Healthcare Services	Home	Bradley	No	No
Hamilton	Memorial Hospital Home Health	Home	Bradley	No	No
Hamilton	NHC Homecare	Home	Bradley	No	No
Knox	Camellia Home Health of East Tennessee	Home	Bradley	No	No
McMinn	NHC Homecare	Home	Bradley	No	No
Monroe	Intrepid USA Healthcare Services	Home	Bradley	No	No
	Number of Agencies Licensed to Serve Bradley County		**20**		
Anderson	Clinch River Home Health	Home	Campbell	No	No
Anderson	Professional Case Management of Tennessee	Home	Campbell	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Campbell	No	No
Campbell	Sunbelt Homecare	Home	Campbell	Yes	No
Claiborne	Amedisys Home Health of Tennessee	Home	Campbell	No	Yes
Claiborne	Suncrest Home Health & Hospice	Both	Campbell	No	No
Davidson	Elk Valley Health Services Inc	Home	Campbell	No	No
Davidson	Home Care Solutions, Inc	Home	Campbell	No	No
Hamblen	Amedisys Home Health Care	Home	Campbell	No	No
Hamblen	Premier Support Services, Inc	Home	Campbell	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Campbell	No	No
Knox	Amedisys Home Health Care	Home	Campbell	No	No
Knox	Camellia Home Health of East Tennessee	Home	Campbell	No	Yes
Knox	Covenant Homecare	Both	Campbell	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Campbell	No	No
Knox	Gentiva Health Services	Home	Campbell	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Campbell	No	No
Knox	Maxim Healthcare Services, Inc	Home	Campbell	No	Yes
Knox	NHC Homecare	Home	Campbell	No	No
Knox	Tennova Home Health	Home	Campbell	No	Yes
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Campbell	No	Yes
Monroe	Intrepid USA Healthcare Services	Home	Campbell	No	No
Other	Professional Home Health Care Agency	Home	Campbell	No	Yes
Scott	Deaconess Homecare	Home	Campbell	No	No
	Number of Agencies Licensed to Serve Campbell County		**24**		
Carter	Amedisys Home Health Care	Home	Carter	Yes	No
Davidson	Elk Valley Health Services Inc	Home	Carter	No	No
Davidson	Home Care Solutions, Inc	Home	Carter	No	No
Greene	Procare Home Health Services	Home	Carter	No	No
Hamblen	Premier Support Services, Inc	Home	Carter	No	No
Johnson	Johnson County Home Health	Home	Carter	No	No
Knox	Amedisys Home Health Care	Home	Carter	No	No
Sullivan	Gentiva Health Services	Home	Carter	No	No
Washington	Amedisys Home Health	Home	Carter	No	No

SUPPLEMENTAL #1

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Washington	Medical Center Homecare - Kingsport	Home	Carter	No	No
Washington	Medical Center Homecare Services	Home	Carter	No	Yes
Washington	NHC Homecare	Home	Carter	No	No
	Number of Agencies Licensed to Serve Carter County		**12**		
Blount	Blount Memorial Hospital Home Health Services	Home	Claiborne	No	No
Campbell	Sunbelt Homecare	Home	Claiborne	No	No
Claiborne	Amedisys Home Health of Tennessee	Home	Claiborne	Yes	No
Claiborne	Suncrest Home Health & Hospice	Both	Claiborne	Yes	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Claiborne	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Claiborne	No	No
Davidson	Home Care Solutions, Inc	Home	Claiborne	No	No
Hamblen	Amedisys Home Health Care	Home	Claiborne	No	Yes
Hamblen	Premier Support Services, Inc	Home	Claiborne	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Claiborne	No	No
Hancock	Hancock County Home Health & Hospice Agency	Both	Claiborne	No	No
Knox	Amedisys Home Health Care	Home	Claiborne	No	No
Knox	Camellia Home Health of East Tennessee	Home	Claiborne	No	No
Knox	Covenant Homecare	Both	Claiborne	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Claiborne	No	No
Knox	Gentiva Health Services	Home	Claiborne	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Claiborne	No	No
Knox	Maxim Healthcare Services, Inc	Home	Claiborne	No	No
Knox	NHC Homecare	Home	Claiborne	No	No
Knox	Tennova Home Health	Home	Claiborne	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Claiborne	No	No
Monroe	Intrepid USA Healthcare Services	Home	Claiborne	No	No
Other	Professional Home Health Care Agency	Home	Claiborne	No	No
	Number of Agencies Licensed to Serve Claiborne County		**23**		
Blount	Blount Memorial Hospital Home Health Services	Home	Cocke	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Cocke	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Cocke	Yes	No
Davidson	Elk Valley Health Services Inc	Home	Cocke	No	No
Davidson	Home Care Solutions, Inc	Home	Cocke	No	No
Greene	Advanced Home Care, Inc.	Home	Cocke	No	No
Greene	Laughlin Home Health Agency	Home	Cocke	No	No
Hamblen	Amedisys Home Health Care	Home	Cocke	No	No
Hamblen	Premier Support Services, Inc	Home	Cocke	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Cocke	No	Yes
Knox	Amedisys Home Health Care	Home	Cocke	No	Yes
Knox	Camellia Home Health of East Tennessee	Home	Cocke	No	No
Knox	Covenant Homecare	Both	Cocke	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Cocke	No	No
Knox	Gentiva Health Services	Home	Cocke	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Cocke	No	No
Knox	Maxim Healthcare Services, Inc	Home	Cocke	No	No
Knox	NHC Homecare	Home	Cocke	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Cocke	No	No
	Number of Agencies Licensed to Serve Cocke County		**19**		
Clay	Cumberland River Homecare	Home	Fentress	No	No

SUPPLEMENTAL #1

June 20, 2014
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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Davidson	Elk Valley Health Services Inc	Home	Fentress	No	No
Davidson	Home Care Solutions, Inc	Home	Fentress	No	No
Fentress	Quality Home Health	Home	Fentress	Yes	No
Fentress	Quality Private Duty Care	Home	Fentress	Yes	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Fentress	No	No
Hamilton	Amedisys Home Health	Home	Fentress	No	No
Knox	Amedisys Home Health Care	Home	Fentress	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Fentress	No	No
Lincoln	Deaconess Homecare	Home	Fentress	No	No
Overton	Amedisys Home Health	Home	Fentress	No	Yes
Putnam	Highland Rim Home Health Agency	Home	Fentress	No	No
Putnam	Intrepid USA Healthcare Services	Home	Fentress	No	No
Rutherford	NHC Homecare	Home	Fentress	No	No
Scott	Deaconess Homecare	Home	Fentress	No	No
	Number of Agencies Licensed to Serve Fentress County		**15**		
Blount	Blount Memorial Hospital Home Health Services	Home	Grainger	No	No
Claiborne	Amedisys Home Health of Tennessee	Home	Grainger	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Grainger	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Grainger	No	No
Davidson	Elk Valley Health Services Inc	Home	Grainger	No	No
Davidson	Home Care Solutions, Inc	Home	Grainger	No	No
Hamblen	Amedisys Home Health Care	Home	Grainger	No	No
Hamblen	Premier Support Services, Inc	Home	Grainger	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Grainger	No	No
Hancock	Hancock County Home Health & Hospice Agency	Both	Grainger	No	No
Hawkins	Hometown Home Health Care, Inc	Home	Grainger	No	No
Knox	Amedisys Home Health Care	Home	Grainger	No	No
Knox	Camellia Home Health of East Tennessee	Home	Grainger	No	No
Knox	Covenant Homecare	Both	Grainger	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Grainger	No	No
Knox	Gentiva Health Services	Home	Grainger	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Grainger	No	No
Knox	Maxim Healthcare Services, Inc	Home	Grainger	No	No
Knox	NHC Homecare	Home	Grainger	No	No
Knox	Tennova Home Health	Home	Grainger	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Grainger	No	No
Monroe	Intrepid USA Healthcare Services	Home	Grainger	No	No
	Number of Agencies Licensed to Serve Grainger County		**22**		
Blount	Blount Memorial Hospital Home Health Services	Home	Greene	No	No
Carter	Amedisys Home Health Care	Home	Greene	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Greene	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Greene	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Greene	No	No
Davidson	Home Care Solutions, Inc	Home	Greene	No	No
Greene	Advanced Home Care, Inc.	Home	Greene	Yes	No
Greene	Laughlin Home Health Agency	Home	Greene	Yes	No
Greene	Procare Home Health Services	Home	Greene	Yes	No
Hamblen	Amedisys Home Health Care	Home	Greene	No	Yes
Hamblen	Premier Support Services, Inc	Home	Greene	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Greene	No	No

SUPPLEMENTAL #1

June 20, 2014
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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Knox	Amedisys Home Health Care	Home	Greene	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Greene	No	No
Knox	Maxim Healthcare Services, Inc	Home	Greene	No	Yes
Sullivan	Advanced Home Care	Home	Greene	No	No
Sullivan	Gentiva Health Services	Home	Greene	No	No
Washington	Amedisys Home Health	Home	Greene	No	No
Washington	Medical Center Homecare - Kingsport	Home	Greene	No	No
Washington	Medical Center Homecare Services	Home	Greene	No	No
Washington	NHC Homecare	Home	Greene	No	No
	Number of Agencies Licensed to Serve Greene County		**21**		
Blount	Blount Memorial Hospital Home Health Services	Home	Hamblen	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Hamblen	No	Yes
Cocke	Smoky Mountain Home Health & Hospice	Both	Hamblen	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Hamblen	No	No
Davidson	Home Care Solutions, Inc	Home	Hamblen	No	No
Greene	Advanced Home Care, Inc.	Home	Hamblen	No	No
Greene	Laughlin Home Health Agency	Home	Hamblen	No	No
Hamblen	Amedisys Home Health Care	Home	Hamblen	Yes	No
Hamblen	Premier Support Services, Inc	Home	Hamblen	Yes	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Hamblen	Yes	No
Knox	Amedisys Home Health Care	Home	Hamblen	No	No
Knox	Camellia Home Health of East Tennessee	Home	Hamblen	No	No
Knox	Covenant Homecare	Both	Hamblen	No	Yes
Knox	East Tennessee Children's Hospital Home Health	Home	Hamblen	No	No
Knox	Gentiva Health Services	Home	Hamblen	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Hamblen	No	No
Knox	Maxim Healthcare Services, Inc	Home	Hamblen	No	No
Knox	NHC Homecare	Home	Hamblen	No	No
Knox	Tennova Home Health	Home	Hamblen	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Hamblen	No	No
Sullivan	Gentiva Health Services	Home	Hamblen	No	No
	Number of Agencies Licensed to Serve Hamblen County		**21**		
Blount	Blount Memorial Hospital Home Health Services	Home	Hancock	No	No
Campbell	Sunbelt Homecare	Home	Hancock	No	No
Claiborne	Amedisys Home Health of Tennessee	Home	Hancock	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Hancock	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Hancock	No	No
Davidson	Elk Valley Health Services Inc	Home	Hancock	No	No
Davidson	Home Care Solutions, Inc	Home	Hancock	No	No
Greene	Advanced Home Care, Inc.	Home	Hancock	No	No
Hamblen	Amedisys Home Health Care	Home	Hancock	No	Yes
Hamblen	Premier Support Services, Inc	Home	Hancock	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Hancock	No	No
Hancock	Hancock County Home Health & Hospice Agency	Both	Hancock	Yes	No
Hawkins	Hometown Home Health Care, Inc	Home	Hancock	No	No
Knox	Amedisys Home Health Care	Home	Hancock	No	No
Knox	Camellia Home Health of East Tennessee	Home	Hancock	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Hancock	No	No
Knox	Maxim Healthcare Services, Inc	Home	Hancock	No	No
Knox	Tennova Home Health	Home	Hancock	No	No

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Sullivan	Advanced Home Care	Home	Hancock	No	No
Sullivan	Gentiva Health Services	Home	Hancock	No	No
	Number of Agencies Licensed to Serve Hancock County		**20**		
Blount	Blount Memorial Hospital Home Health Services	Home	Hawkins	No	No
Carter	Amedisys Home Health Care	Home	Hawkins	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Hawkins	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Hawkins	No	No
Davidson	Elk Valley Health Services Inc	Home	Hawkins	No	No
Davidson	Home Care Solutions, Inc	Home	Hawkins	No	No
Greene	Advanced Home Care, Inc.	Home	Hawkins	No	No
Greene	Laughlin Home Health Agency	Home	Hawkins	No	No
Hamblen	Amedisys Home Health Care	Home	Hawkins	No	Yes
Hamblen	Premier Support Services, Inc	Home	Hawkins	No	Yes
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Hawkins	No	Yes
Hancock	Hancock County Home Health & Hospice Agency	Both	Hawkins	No	No
Hawkins	Hometown Home Health Care, Inc	Home	Hawkins	Yes	No
Knox	Amedisys Home Health Care	Home	Hawkins	No	No
Knox	Camellia Home Health of East Tennessee	Home	Hawkins	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Hawkins	No	No
Knox	Maxim Healthcare Services, Inc	Home	Hawkins	No	No
Sullivan	Advanced Home Care	Home	Hawkins	No	No
Sullivan	Gentiva Health Services	Home	Hawkins	No	No
Washington	Amedisys Home Health	Home	Hawkins	No	No
Washington	Medical Center Homecare - Kingsport	Home	Hawkins	No	No
Washington	NHC Homecare	Home	Hawkins	No	No
	Number of Agencies Licensed to Serve Hawkins County		**22**		
Anderson	Home Option by Harden Health Care, The	Home	Jefferson	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Jefferson	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Jefferson	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Jefferson	No	No
Davidson	Elk Valley Health Services Inc	Home	Jefferson	No	No
Davidson	Home Care Solutions, Inc	Home	Jefferson	No	No
Hamblen	Amedisys Home Health Care	Home	Jefferson	No	No
Hamblen	Premier Support Services, Inc	Home	Jefferson	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Jefferson	No	Yes
Knox	Amedisys Home Health Care	Home	Jefferson	No	Yes
Knox	Camellia Home Health of East Tennessee	Home	Jefferson	No	Yes
Knox	Covenant Homecare	Both	Jefferson	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Jefferson	No	No
Knox	Gentiva Health Services	Home	Jefferson	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Jefferson	No	No
Knox	Maxim Healthcare Services, Inc	Home	Jefferson	No	No
Knox	NHC Homecare	Home	Jefferson	No	No
Knox	Tennova Home Health	Home	Jefferson	No	Yes
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Jefferson	No	No
	Number of Agencies Licensed to Serve Jefferson County		**19**		
Carter	Amedisys Home Health Care	Home	Johnson	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Johnson	No	No
Davidson	Home Care Solutions, Inc	Home	Johnson	No	No

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Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Greene	Procare Home Health Services	Home	Johnson	No	No
Hamblen	Premier Support Services, Inc	Home	Johnson	No	No
Johnson	Johnson County Home Health	Home	Johnson	Yes	No
Sullivan	Gentiva Health Services	Home	Johnson	No	No
Washington	Amedisys Home Health	Home	Johnson	No	No
Washington	Medical Center Homecare - Kingsport	Home	Johnson	No	No
Washington	Medical Center Homecare Services	Home	Johnson	No	No
Washington	NHC Homecare	Home	Johnson	No	No
	Number of Agencies Licensed to Serve Johnson County		**11**		
Anderson	Clinch River Home Health	Home	Knox	No	Yes
Anderson	Home Option by Harden Health Care, The	Home	Knox	No	No
Anderson	Professional Case Management of Tennessee	Home	Knox	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Knox	No	No
Campbell	Sunbelt Homecare	Home	Knox	No	No
Davidson	Elk Valley Health Services Inc	Home	Knox	No	No
Davidson	Home Care Solutions, Inc	Home	Knox	No	No
Fentress	Quality Home Health	Home	Knox	No	Yes
Hamblen	Amedisys Home Health Care	Home	Knox	No	No
Hamblen	Premier Support Services, Inc	Home	Knox	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Knox	No	No
Knox	Amedisys Home Health Care	Home	Knox	Yes	No
Knox	Camellia Home Health of East Tennessee	Home	Knox	Yes	No
Knox	Careall Home Care Services	Home	Knox	Yes	No
Knox	Covenant Homecare	Both	Knox	Yes	No
Knox	East Tennessee Children's Hospital Home Health	Home	Knox	Yes	No
Knox	Gentiva Health Services	Home	Knox	Yes	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Knox	Yes	No
Knox	Maxim Healthcare Services, Inc	Home	Knox	Yes	No
Knox	NHC Homecare	Home	Knox	Yes	No
Knox	Tennova Home Health	Home	Knox	Yes	Yes
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Knox	Yes	No
Monroe	Intrepid USA Healthcare Services	Home	Knox	No	Yes
Other	Professional Home Health Care Agency	Home	Knox	No	No
Shelby	Meritan, Inc.	Home	Knox	No	No
	Number of Agencies Licensed to Serve Knox County		**25**		
Anderson	Home Option by Harden Health Care, The	Home	Loudon	No	No
Anderson	Professional Case Management of Tennessee	Home	Loudon	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Loudon	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Loudon	No	Yes
Campbell	Sunbelt Homecare	Home	Loudon	No	No
Davidson	Elk Valley Health Services Inc	Home	Loudon	No	No
Davidson	Home Care Solutions, Inc	Home	Loudon	No	Yes
Fentress	Quality Home Health	Home	Loudon	No	No
Hamblen	Premier Support Services, Inc	Home	Loudon	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Loudon	No	No
Hamilton	Amedisys Home Health	Home	Loudon	No	Yes
Knox	Amedisys Home Health Care	Home	Loudon	No	No
Knox	Camellia Home Health of East Tennessee	Home	Loudon	No	No
Knox	Careall Home Care Services	Home	Loudon	No	No
Knox	Covenant Homecare	Both	Loudon	No	No

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Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Knox	East Tennessee Children's Hospital Home Health	Home	Loudon	No	No
Knox	Gentiva Health Services	Home	Loudon	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Loudon	No	No
Knox	Maxim Healthcare Services, Inc	Home	Loudon	No	No
Knox	NHC Homecare	Home	Loudon	No	No
Knox	Tennova Home Health	Home	Loudon	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Loudon	No	Yes
McMinn	NHC Homecare	Home	Loudon	No	No
Monroe	Intrepid USA Healthcare Services	Home	Loudon	No	No
Monroe	Sweetwater Hospital Home Health	Home	Loudon	No	No
	Number of Agencies Licensed to Serve Loudon County		**25**		
Bradley	Family Home Care - Cleveland	Home	McMinn	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	McMinn	No	No
Davidson	Elk Valley Health Services Inc	Home	McMinn	No	No
Davidson	Home Care Solutions, Inc	Home	McMinn	No	No
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home	McMinn	No	No
Hamblen	Premier Support Services, Inc	Home	McMinn	No	No
Hamilton	Alere Women's and Children's Health LLC	Home	McMinn	No	No
Hamilton	Amedisys Home Health	Home	McMinn	No	Yes
Hamilton	Continucare Healthservices, Inc I	Home	McMinn	No	No
Hamilton	Continucare Healthservices, Inc II	Home	McMinn	No	No
Hamilton	Gentiva Health Services	Home	McMinn	No	No
Hamilton	Guardian Home Care, LLC	Home	McMinn	No	Yes
Hamilton	Home Care Solutions	Home	McMinn	No	No
Hamilton	Life Care At Home Of Tennessee	Home	McMinn	No	No
Hamilton	Maxim Healthcare Services	Home	McMinn	No	No
Hamilton	Memorial Hospital Home Health	Home	McMinn	No	No
Hamilton	NHC Homecare	Home	McMinn	No	No
Knox	Camellia Home Health of East Tennessee	Home	McMinn	No	Yes
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	McMinn	No	No
Knox	NHC Homecare	Home	McMinn	No	No
McMinn	Home Care Solutions - Etowah	Home	McMinn	Yes	No
McMinn	NHC Homecare	Home	McMinn	Yes	No
Monroe	Intrepid USA Healthcare Services	Home	McMinn	No	No
Monroe	Sweetwater Hospital Home Health	Home	McMinn	No	No
	Number of Agencies Licensed to Serve McMinn County		**24**		
Bradley	Family Home Care - Cleveland	Home	Meigs	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Meigs	No	No
Davidson	Elk Valley Health Services Inc	Home	Meigs	No	No
Davidson	Home Care Solutions, Inc	Home	Meigs	No	No
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home	Meigs	No	No
Hamblen	Premier Support Services, Inc	Home	Meigs	No	No
Hamilton	Alere Women's and Children's Health LLC	Home	Meigs	No	No
Hamilton	Amedisys Home Health	Home	Meigs	No	No
Hamilton	Continucare Healthservices, Inc I	Home	Meigs	No	No
Hamilton	Continucare Healthservices, Inc II	Home	Meigs	No	No
Hamilton	Gentiva Health Services	Home	Meigs	No	No
Hamilton	Guardian Home Care, LLC	Home	Meigs	No	No
Hamilton	Home Care Solutions	Home	Meigs	No	No
Hamilton	Life Care At Home Of Tennessee	Home	Meigs	No	No

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Hamilton	Maxim Healthcare Services	Home	Meigs	No	No
Hamilton	Memorial Hospital Home Health	Home	Meigs	No	No
Hamilton	NHC Homecare	Home	Meigs	No	No
Knox	Camellia Home Health of East Tennessee	Home	Meigs	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Meigs	No	No
McMinn	Home Care Solutions - Etowah	Home	Meigs	No	No
McMinn	NHC Homecare	Home	Meigs	No	No
Monroe	Intrepid USA Healthcare Services	Home	Meigs	No	No
Monroe	Sweetwater Hospital Home Health	Home	Meigs	No	No
	Number of Agencies Licensed to Serve Meigs County		**23**		
Blount	Blount Memorial Hospital Home Health Services	Home	Monroe	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Monroe	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Monroe	No	No
Davidson	Home Care Solutions, Inc	Home	Monroe	No	No
Hamblen	Premier Support Services, Inc	Home	Monroe	No	No
Hamilton	Alere Women's and Children's Health LLC	Home	Monroe	No	No
Hamilton	Amedisys Home Health	Home	Monroe	No	No
Hamilton	Gentiva Health Services	Home	Monroe	No	No
Knox	Amedisys Home Health Care	Home	Monroe	No	No
Knox	Camellia Home Health of East Tennessee	Home	Monroe	No	No
Knox	Careall Home Care Services	Home	Monroe	No	No
Knox	Covenant Homecare	Both	Monroe	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Monroe	No	No
Knox	Gentiva Health Services	Home	Monroe	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Monroe	No	No
Knox	NHC Homecare	Home	Monroe	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Monroe	No	No
McMinn	Home Care Solutions - Etowah	Home	Monroe	No	No
McMinn	NHC Homecare	Home	Monroe	No	No
Monroe	Intrepid USA Healthcare Services	Home	Monroe	Yes	No
Monroe	Sweetwater Hospital Home Health	Home	Monroe	Yes	No
	Number of Agencies Licensed to Serve Monroe County		**21**		
Bedford	Heritage Home Health	Home	Moore	No	No
Coffee	Gentiva Health Services	Home	Moore	No	No
Coffee	Suncrest Home Health	Home	Moore	No	No
Davidson	Elk Valley Health Services Inc	Home	Moore	No	No
Davidson	Home Care Solutions, Inc	Home	Moore	No	No
Davidson	Willowbrook Home Health Care Agency	Home	Moore	No	No
Franklin	Amedisys Home Care	Home	Moore	No	No
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home	Moore	No	No
Lincoln	Deaconess Homecare	Home	Moore	No	No
Lincoln	Lincoln Medical Home Health & Hospice	Both	Moore	No	No
Maury	NHC Homecare	Home	Moore	No	No
Rutherford	Amedisys Home Health Care	Home	Moore	No	No
Warren	Intrepid USA Healthcare Services	Home	Moore	No	No
Williamson	Vanderbilt HC Affiliated w/Walgreens IV & RT Svcs	Home	Moore	No	No
	Number of Agencies Licensed to Serve Moore County		**14**		
Anderson	Clinch River Home Health	Home	Morgan	No	No
Anderson	Professional Case Management of Tennessee	Home	Morgan	No	No

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Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Bradley	Home Health Care of East Tennessee, Inc	Both	Morgan	No	No
Campbell	Sunbelt Homecare	Home	Morgan	No	No
Davidson	Elk Valley Health Services Inc	Home	Morgan	No	No
Davidson	Home Care Solutions, Inc	Home	Morgan	No	No
Fentress	Quality Home Health	Home	Morgan	No	Yes
Fentress	Quality Private Duty Care	Home	Morgan	No	No
Hamblen	Premier Support Services, Inc	Home	Morgan	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Morgan	No	No
Knox	Amedisys Home Health Care	Home	Morgan	No	No
Knox	Camellia Home Health of East Tennessee	Home	Morgan	No	No
Knox	Careall Home Care Services	Home	Morgan	No	No
Knox	Covenant Homecare	Both	Morgan	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Morgan	No	No
Knox	Gentiva Health Services	Home	Morgan	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Morgan	No	No
Knox	Maxim Healthcare Services, Inc	Home	Morgan	No	No
Knox	Tennova Home Health	Home	Morgan	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Morgan	No	No
Lincoln	Deaconess Homecare	Home	Morgan	No	No
Other	Professional Home Health Care Agency	Home	Morgan	No	No
Overton	Amedisys Home Health	Home	Morgan	No	No
Rutherford	NHC Homecare	Home	Morgan	No	No
Scott	Deaconess Homecare	Home	Morgan	No	No
	Number of Agencies Licensed to Serve Morgan County		**25**		
Clay	Cumberland River Homecare	Home	Pickett	No	No
Davidson	Elk Valley Health Services Inc	Home	Pickett	No	No
Davidson	Home Care Solutions, Inc	Home	Pickett	No	No
Fentress	Quality Home Health	Home	Pickett	No	Yes
Fentress	Quality Private Duty Care	Home	Pickett	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Pickett	No	No
Knox	Amedisys Home Health Care	Home	Pickett	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Pickett	No	No
Overton	Amedisys Home Health	Home	Pickett	No	No
Putnam	Highland Rim Home Health Agency	Home	Pickett	No	No
Putnam	Intrepid USA Healthcare Services	Home	Pickett	No	No
Rutherford	NHC Homecare	Home	Pickett	No	No
Scott	Deaconess Homecare	Home	Pickett	No	No
	Number of Agencies Licensed to Serve Pickett County		**13**		
Bradley	Family Home Care - Cleveland	Home	Polk	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Polk	No	No
Davidson	Elk Valley Health Services Inc	Home	Polk	No	No
Davidson	Home Care Solutions, Inc	Home	Polk	No	No
Hamblen	Premier Support Services, Inc	Home	Polk	No	No
Hamilton	Alere Women's and Children's Health LLC	Home	Polk	No	No
Hamilton	Amedisys Home Health	Home	Polk	No	No
Hamilton	Continucare Healthservices, Inc II	Home	Polk	No	No
Hamilton	Gentiva Health Services	Home	Polk	No	No
Hamilton	Guardian Home Care, LLC	Home	Polk	No	No
Hamilton	Home Care Solutions	Home	Polk	No	No
Hamilton	Life Care At Home Of Tennessee	Home	Polk	No	Yes

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Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Hamilton	Memorial Hospital Home Health	Home	Polk	No	No
Knox	Camellia Home Health of East Tennessee	Home	Polk	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Polk	No	No
McMinn	Home Care Solutions - Etowah	Home	Polk	No	No
McMinn	NHC Homecare	Home	Polk	No	No
	Number of Agencies Licensed to Serve Polk County		**17**		
Anderson	Clinch River Home Health	Home	Roane	No	Yes
Anderson	Professional Case Management of Tennessee	Home	Roane	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Roane	No	No
Bradley	Home Health Care of East Tennessee, Inc	Both	Roane	No	No
Campbell	Sunbelt Homecare	Home	Roane	No	No
Davidson	Elk Valley Health Services Inc	Home	Roane	No	No
Davidson	Home Care Solutions, Inc	Home	Roane	No	No
Fentress	Quality Home Health	Home	Roane	No	Yes
Hamblen	Premier Support Services, Inc	Home	Roane	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Roane	No	No
Knox	Amedisys Home Health Care	Home	Roane	No	Yes
Knox	Camellia Home Health of East Tennessee	Home	Roane	No	Yes
Knox	Careall Home Care Services	Home	Roane	No	Yes
Knox	Covenant Homecare	Both	Roane	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Roane	No	No
Knox	Gentiva Health Services	Home	Roane	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Roane	No	No
Knox	Maxim Healthcare Services, Inc	Home	Roane	No	No
Knox	NHC Homecare	Home	Roane	No	No
Knox	Tennova Home Health	Home	Roane	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Roane	No	No
Lincoln	Deaconess Homecare	Home	Roane	No	No
McMinn	NHC Homecare	Home	Roane	No	No
Monroe	Intrepid USA Healthcare Services	Home	Roane	No	No
Monroe	Sweetwater Hospital Home Health	Home	Roane	No	No
Overton	Amedisys Home Health	Home	Roane	No	No
	Number of Agencies Licensed to Serve Roane County		**26**		
Anderson	Clinch River Home Health	Home	Scott	No	No
Anderson	Professional Case Management of Tennessee	Home	Scott	No	No
Campbell	Sunbelt Homecare	Home	Scott	No	No
Davidson	Elk Valley Health Services Inc	Home	Scott	No	No
Davidson	Home Care Solutions, Inc	Home	Scott	No	No
Fentress	Quality Home Health	Home	Scott	No	Yes
Hamblen	Premier Support Services, Inc	Home	Scott	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Scott	No	No
Knox	Amedisys Home Health Care	Home	Scott	No	No
Knox	Camellia Home Health of East Tennessee	Home	Scott	No	No
Knox	Covenant Homecare	Both	Scott	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Scott	No	No
Knox	Gentiva Health Services	Home	Scott	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Scott	No	No
Knox	Maxim Healthcare Services, Inc	Home	Scott	No	No
Knox	Tennova Home Health	Home	Scott	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Scott	No	No

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Monroe	Intrepid USA Healthcare Services	Home	Scott	No	No
Other	Professional Home Health Care Agency	Home	Scott	No	No
Overton	Amedisys Home Health	Home	Scott	No	No
Scott	Deaconess Homecare	Home	Scott	Yes	No
	Number of Agencies Licensed to Serve Scott County		**21**		
Anderson	Home Option by Harden Health Care, The	Home	Sevier	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Sevier	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Sevier	No	No
Davidson	Elk Valley Health Services Inc	Home	Sevier	No	No
Davidson	Home Care Solutions, Inc	Home	Sevier	No	No
Hamblen	Amedisys Home Health Care	Home	Sevier	No	No
Hamblen	Premier Support Services, Inc	Home	Sevier	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Sevier	No	No
Knox	Amedisys Home Health Care	Home	Sevier	No	Yes
Knox	Camellia Home Health of East Tennessee	Home	Sevier	No	No
Knox	Covenant Homecare	Both	Sevier	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Sevier	No	No
Knox	Gentiva Health Services	Home	Sevier	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Sevier	No	Yes
Knox	Maxim Healthcare Services, Inc	Home	Sevier	No	No
Knox	NHC Homecare	Home	Sevier	No	No
Knox	Tennova Home Health	Home	Sevier	No	No
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Sevier	No	Yes
	Number of Agencies Licensed to Serve Sevier County		**18**		
Carter	Amedisys Home Health Care	Home	Sullivan	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Sullivan	No	Yes
Cocke	Smoky Mountain Home Health & Hospice	Both	Sullivan	No	Yes
Davidson	Elk Valley Health Services Inc	Home	Sullivan	No	No
Davidson	Home Care Solutions, Inc	Home	Sullivan	No	No
Greene	Advanced Home Care, Inc.	Home	Sullivan	No	No
Greene	Procare Home Health Services	Home	Sullivan	No	No
Hamblen	Premier Support Services, Inc	Home	Sullivan	No	No
Knox	Amedisys Home Health Care	Home	Sullivan	No	No
Sullivan	Advanced Home Care	Home	Sullivan	Yes	No
Sullivan	Gentiva Health Services	Home	Sullivan	No	No
Washington	Amedisys Home Health	Home	Sullivan	No	Yes
Washington	Medical Center Homecare - Kingsport	Home	Sullivan	No	Yes
Washington	Medical Center Homecare Services	Home	Sullivan	No	No
Washington	NHC Homecare	Home	Sullivan	No	No
	Number of Agencies Licensed to Serve Sullivan County		**15**		
Blount	Blount Memorial Hospital Home Health Services	Home	Unicoi	No	No
Carter	Amedisys Home Health Care	Home	Unicoi	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Unicoi	No	No
Davidson	Elk Valley Health Services Inc	Home	Unicoi	No	No
Davidson	Home Care Solutions, Inc	Home	Unicoi	No	No
Greene	Procare Home Health Services	Home	Unicoi	No	No
Hamblen	Premier Support Services, Inc	Home	Unicoi	No	No
Knox	Amedisys Home Health Care	Home	Unicoi	No	No
Sullivan	Gentiva Health Services	Home	Unicoi	No	No

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Unicoi	Unicoi County Home Health	Home	Unicoi	Yes	No
Washington	Amedisys Home Health	Home	Unicoi	No	No
Washington	Medical Center Homecare - Kingsport	Home	Unicoi	No	No
Washington	Medical Center Homecare Services	Home	Unicoi	No	No
Washington	NHC Homecare	Home	Unicoi	No	No
	Number of Agencies Licensed to Serve Unicoi County		**14**		
Anderson	Clinch River Home Health	Home	Union	No	No
Anderson	Home Option by Harden Health Care, The	Home	Union	No	No
Anderson	Professional Case Management of Tennessee	Home	Union	No	No
Blount	Blount Memorial Hospital Home Health Services	Home	Union	No	No
Campbell	Sunbelt Homecare	Home	Union	No	No
Claiborne	Amedisys Home Health of Tennessee	Home	Union	No	No
Claiborne	Suncrest Home Health & Hospice	Both	Union	No	No
Davidson	Elk Valley Health Services Inc	Home	Union	No	No
Davidson	Home Care Solutions, Inc	Home	Union	No	No
Hamblen	Amedisys Home Health Care	Home	Union	No	No
Hamblen	Premier Support Services, Inc	Home	Union	No	No
Hamblen	Univ. of TN Med. Ctr Home Health/Hospice Service	Both	Union	No	No
Knox	Amedisys Home Health Care	Home	Union	No	No
Knox	Camellia Home Health of East Tennessee	Home	Union	No	No
Knox	Covenant Homecare	Both	Union	No	No
Knox	East Tennessee Children's Hospital Home Health	Home	Union	No	No
Knox	Gentiva Health Services	Home	Union	No	No
Knox	Gentiva Health Services 2 (Girling Health Care)	Home	Union	No	No
Knox	Maxim Healthcare Services, Inc	Home	Union	No	No
Knox	NHC Homecare	Home	Union	No	No
Knox	Tennova Home Health	Home	Union	No	Yes
Knox	UTMCK-Home Care Services: Hospice & Home Care	Both	Union	No	No
Monroe	Intrepid USA Healthcare Services	Home	Union	No	No
Other	Professional Home Health Care Agency	Home	Union	No	No
	Number of Agencies Licensed to Serve Union County		**24**		
Bradley	Home Health Care of East Tennessee, Inc	Both	Van Buren	No	No
Coffee	Suncrest Home Health	Home	Van Buren	No	No
Davidson	Angel Private Duty and Home Health, Inc.	Home	Van Buren	No	No
Davidson	Brookdale Home Health Nashville	Home	Van Buren	No	No
Davidson	Careall	Home	Van Buren	No	No
Davidson	Elk Valley Health Services Inc	Home	Van Buren	No	No
Davidson	Home Care Solutions, Inc	Home	Van Buren	No	No
Fentress	Quality Home Health	Home	Van Buren	No	No
Franklin	Amedisys Home Care	Home	Van Buren	No	No
Franklin	Caresouth HHA Holdings of Winchester, LLC	Home	Van Buren	No	No
Hamilton	Amedisys Home Health	Home	Van Buren	No	No
Hamilton	Memorial Hospital Home Health	Home	Van Buren	No	No
Hamilton	NHC Homecare	Home	Van Buren	No	No
Lincoln	Deaconess Homecare	Home	Van Buren	No	No
Rutherford	NHC Homecare	Home	Van Buren	No	No
Warren	Careall Home Care Services	Home	Van Buren	No	No
Warren	Friendship Home Health, Inc.	Home	Van Buren	No	No
Warren	Intrepid USA Healthcare Services	Home	Van Buren	No	No
	Number of Agencies Licensed to Serve Van Buren County		**18**		

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Home Health Agencies that are Licensed to Serve Listed Counties

Agency County	Agency	Type	Patient County	County Contains Home Office	County Contains Branch Office
Blount	Blount Memorial Hospital Home Health Services	Home	Washington	No	No
Carter	Amedisys Home Health Care	Home	Washington	No	No
Cocke	Smoky Mountain Home Health & Hospice	Both	Washington	No	No
Davidson	Elk Valley Health Services Inc	Home	Washington	No	No
Davidson	Home Care Solutions, Inc	Home	Washington	No	No
Greene	Advanced Home Care, Inc.	Home	Washington	No	No
Greene	Laughlin Home Health Agency	Home	Washington	No	No
Greene	Procare Home Health Services	Home	Washington	No	Yes
Hamblen	Premier Support Services, Inc	Home	Washington	No	No
Knox	Amedisys Home Health Care	Home	Washington	No	No
Sullivan	Advanced Home Care	Home	Washington	No	No
Sullivan	Gentiva Health Services	Home	Washington	No	No
Washington	Amedisys Home Health	Home	Washington	Yes	No
Washington	Medical Center Homecare - Kingsport	Home	Washington	Yes	No
Washington	Medical Center Homecare Services	Home	Washington	Yes	No
Washington	NHC Homecare	Home	Washington	Yes	No
	Number of Agencies Licensed to Serve Washington County		**16**		

Source: Department of Health Licensure - 9/18/2013 (Updated as of 5/30/2014)

SUPPLEMENTAL #1

June 20, 2014
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ATTACHMENT TO QUESTION #11
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

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ATTACHMENT TO QUESTION #11, SUPPLEMENTAL REQUEST #1
Knoxville Pharmacy Branch Patients, Tennessee Residents by Patient County

Patient County	# of Patient Therapies	Percent of Total	Cumulative Percent
Anderson	242	6.0%	6.0%
Blount	436	10.8%	16.8%
Bradley	33	0.8%	17.6%
Campbell	153	3.8%	21.4%
Carter	137	3.4%	24.8%
Claiborne	29	0.7%	25.5%
Cocke	42	1.0%	26.5%
Fentress	11	0.3%	26.8%
Grainger	45	1.1%	27.9%
Greene	154	3.8%	31.7%
Hamblen	68	1.7%	33.4%
Hancock	197	4.9%	38.3%
Hawkins	164	4.1%	42.3%
Jefferson	123	3.0%	45.4%
Johnson	34	0.8%	46.2%
Knox	398	9.8%	56.0%
Loudon	83	2.1%	58.1%
McMinn	25	0.6%	58.7%
Meigs	17	0.4%	59.1%
Monroe	67	1.7%	60.8%
Moore	0	0.0%	60.8%
Morgan	28	0.7%	61.5%
Perry	0	0.0%	61.5%
Polk	0	0.0%	61.5%
Roane	73	1.8%	63.3%
Scott	30	0.7%	64.0%
Sevier	69	1.7%	65.7%
Sullivan	485	12.0%	77.7%
Unicoi	36	0.9%	78.6%
Union	7	0.2%	78.8%
Van Buren	0	0.0%	78.8%
Washington	531	13.1%	91.9%
All Other Tennessee	327	8.1%	100.0%
Total Tennessee Patients	4,044	100.0%	--

Source: Pharmacy Patient Analysis, Knoxville Branch.
Note: Excludes out of State Residents who are provided pharmacy products from the Knoxville Branch
Moore and Van Buren pharmacy patients are served from the Nashville Branch and therefore show no patients in the above table; given the low density of these two counties, patient therapies represent a fairly low count.

SUPPLEMENTAL #1

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ATTACHMENT TO QUESTION #12
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

June 20, 2014
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Demographic Variable/ Geographic Area	Total Population-Current Year	Total Population-Projected Year	Total Population-% change	*Target Population-Current Year (Under 65)	*Target Population-Projected Year	Target Population-% change	Target Population-Projected Year as % of Total	Median Age	Median Household Income	TennCare Enrollees	TennCare Enrollees as % of Total	Persons Below Poverty Level	Persons Below Poverty Level as % of Total
Anderson	76,579	77,851	1.7%	62,048	61,574	-0.8%	79%	43.4	$43,918	13,771	18.0%	12,789	16.7%
Blount	128,368	135,171	5.3%	105,248	109,342	3.9%	81%	42.5	$44,083	18,646	14.5%	16,303	12.7%
Bradley	103,308	107,481	4.0%	86,898	88,974	2.4%	83%	38.9	$38,828	18,036	17.5%	18,389	17.8%
Campbell	41,474	42,566	2.6%	33,860	34,444	1.7%	81%	42.8	$30,319	11,435	27.6%	9,829	23.7%
Carter	57,284	57,680	0.7%	46,235	45,653	-1.3%	79%	43.2	$32,945	11,194	19.5%	13,061	22.8%
Claiborne	32,604	33,288	2.1%	26,724	26,902	0.7%	81%	42.2	$34,902	7,809	24.0%	7,499	23.0%
Cocke	36,762	38,615	5.0%	30,093	31,744	5.5%	82%	44.2	$27,994	9,766	26.6%	9,558	26.0%
Fentress	18,404	18,987	3.2%	14,838	15,117	1.9%	80%	43.7	$30,549	5,287	28.7%	4,675	25.4%
Grainger	23,111	23,675	2.4%	18,907	19,118	1.1%	81%	43.2	$30,444	4,915	21.3%	4,668	20.2%
Greene	70,187	71,594	2.0%	56,371	56,705	0.6%	79%	43.6	$31,753	12,688	18.1%	15,792	22.5%
Hamblen	64,108	65,570	2.3%	52,839	53,503	1.3%	82%	40.2	$37,944	12,995	20.3%	11,924	18.6%
Hancock	6,652	6,640	-0.2%	5,352	5,209	-2.7%	78%	43.5	$22,983	2,162	32.5%	2,175	32.7%
Hawkins	57,509	58,164	1.1%	46,250	45,174	-2.3%	78%	43.4	$40,836	11,593	20.2%	9,431	16.4%
Jefferson	53,729	56,872	5.8%	43,757	45,581	4.2%	80%	41.7	$38,436	10,161	18.9%	10,316	19.2%
Johnson	18,094	18,127	0.2%	14,346	14,162	-1.3%	78%	44.2	$36,558	3,879	21.4%	4,596	25.4%
Knox	453,629	475,569	4.8%	387,237	397,215	2.6%	84%	37.8	$46,764	62,331	13.7%	64,415	14.2%
Loudon	50,926	53,192	4.4%	38,215	39,013	2.1%	73%	47	$51,749	7,026	13.8%	7,435	14.6%
McMinn	53,233	54,203	1.8%	43,321	43,547	0.5%	80%	42.5	$35,553	10,194	19.1%	9,848	18.5%
Meigs	12,205	12,643	3.6%	9,748	9,853	1.1%	78%	44.5	$38,555	2,543	20.8%	2,844	23.3%
Monroe	46,092	48,088	4.3%	37,154	37,748	1.6%	78%	42.4	$35,346	9,871	21.4%	8,896	19.3%
Moore	6,350	6,401	0.8%	5,080	5,155	1.5%	81%	44.5	$48,713	745	11.7%	933	14.7%
Morgan	21,848	22,004	0.7%	18,412	18,208	-1.1%	83%	40.6	$37,526	4,196	19.2%	4,173	19.1%
Pickett	5,019	4,943	-1.5%	3,727	3,574	-4.1%	72%	48.5	$32,841	993	19.8%	1,054	21.0%
Polk	16,604	16,588	-0.1%	13,360	13,048	-2.3%	79%	43.5	$37,308	3,352	20.2%	2,956	17.8%
Roane	54,006	54,457	0.8%	42,584	41,949	-1.5%	77%	46	$46,512	9,590	17.8%	7,777	14.4%
Scott	21,944	21,969	0.1%	18,403	18,112	-1.6%	82%	38.8	$29,535	6,963	31.7%	5,662	25.8%
Sevier	94,833	100,362	5.8%	78,065	81,110	3.9%	81%	41.9	$42,647	15,120	15.9%	12,708	13.4%
Sullivan	158,975	161,136	1.4%	125,650	123,771	-1.5%	77%	44.7	$40,844	27,472	17.3%	26,867	16.9%
Unicoi	18,376	18,511	0.7%	14,431	14,247	-1.3%	77%	45.7	$35,586	3,470	18.9%	4,061	22.1%
Union	19,301	19,605	1.6%	16,130	15,945	-1.1%	81%	40.7	$32,358	4,364	22.6%	4,362	22.6%
Van Buren	5,450	5,474	0.4%	4,332	4,215	-2.7%	77%	45.9	$32,091	1,165	21.4%	1,221	22.4%
Washington	130,586	138,370	6.0%	108,855	114,218	4.9%	83%	40.3	$41,444	19,219	14.7%	22,591	17.3%
Total	1,957,550	2,025,796	3.5%	1,608,470	1,634,130	1.6%	81%	41.5	$40,452	342,951	17.5%	338,807	17.3%

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #17
SUPPLEMENTAL REQUEST #1

Projected Data Chart, Underlying Assumptions

The underlying assumptions for the Projected Data Chart on the preceding page are summarized in the following paragraphs.

- Utilization: Line A is utilization information based on the analysis presented herein.
- Gross Revenues: Line B 2 is forecasted outpatient revenues as discussed in responses to the Economic Feasibility questions herein; these charges are based on Coram's self pay charge structure it has established nationally for home health skilled nursing visits and inflated by five percent to represent year two dollars.
- Contractual Adjustments: Line C 1 represents deductions from Gross Revenues based on the anticipated contractual rates for services with third party payors and private parties; because gross charges are established herein based on Coram's self pay charge structure inflated to year one, contractual adjustments reflect four percent of gross charges, not including charity care and bad debt.
- Provisions for Charity Care: Line C 2 represents anticipated charity care which equates to five percent of Gross Revenues.
- Provisions for Bad Debt: Line C 3 represents anticipated bad debt which equates to two percent of Gross Revenues.
- Operating Expense: Line D 1 represents salaries per the staffing schedule provided in response to Section C, Orderly Development of Health Care, Question 3. This is strictly registered nurse personnel for the new program as incremental staff. It is expected that there will be one full time employee and the balance of the nurse requirements will be provided by Coram's pool nurses on an hourly basis. Line D 2 represents the estimated benefits for the full time registered nurse at 20 percent of the respective salary. While the pool/per diem nurses do not receive benefits, the 20 percent factor is included in the salary line item to accommodate any potential increase for hourly services. Line D 3 is the supply line item, estimated at $4 per visit. Line D 9 represents mileage reimbursement assuming an average mileage reimbursement of 58 miles per visit at 44 cents reimbursement per mile. Regarding taxes, the Applicant's financial performance is rolled up into the company financials. At the branch level, it pays no federal taxes or excise taxes at this time. Regarding franchise taxes, those are included for the branch overall in the existing business chart. As a result of operating the home health agency in the existing pharmacy, the Applicant does not anticipate any material taxes payable yet proportionately has added taxes consistent with what it currently pays for the existing operation.
- Net Operating Income: Both years reflect a positive net operating income which demonstrates this project is financially feasible.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED:

ECONOMIC FEASIBILITY

5. ***Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.***

The following table provides the average gross charge derived from the Applicant's self pay charge structure it uses nationally for home health skilled nursing visits in 2013, inflated five percent to represent year one dollars, average deduction (contractual allowances) from third parties, charity deductions and bad debt deductions. The result is net revenue for each of the two forecasted years of operation. Also included is number of visits and resulting average net revenue per visit:

Projected Data Chart	Year One	Year Two
Gross Charges	$190,431	$219,947
Contractual Allowances	($7,617)	($8,798)
Charity	($9,522)	($10,997)
Bad Debt	($3,809)	($4,399)
Net Revenue	$169,483	$195,753
Patients	162	178
Visits	1,194	1,313
Average Gross Charge/Visit	$160	$168
Average Gross Charge/Patient	$1,176	$1,236
Contractual Allowance/Patient	$129	$136
Average Net Revenue / Patient	$1,046	$1,100
Average Net Revenue / Visit	$142	$149

These average net revenue amounts per visit represent a blend of the average type patient with up to two hours per visit and the specialty patients who have visits lasting up to six hours.

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #23
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE
KNOXVILLE, TENNESSEE 37919

February 4, 2013

Ms. Grace Chambliss, Administrator
Coram Alternate Site Services, Inc.
Attn: Licensure and Certification
555 17th Street, Suite 1500
Denver, CO 80202

Re: Coram Specialty Infusion Services, an Apria Healthcare Company
2970 Sidco Drive, Nashville, TN 37204-3715

Dear Ms. Chambliss:

The East Tennessee Regional Office conducted an initial licensure survey at your facility on January 30, 2013. As a result of the survey, no deficient practice was found.

If our office may be of assistance to you, please feel free to call (865) 588-5656.

Sincerely,

Karen B. Kirby

Karen B. Kirby, RN
Regional Administrator

KBK/dt

Enclosure

SUPPLEMENTAL #1

June 20, 2014
PRINTED: 01/31/2013
12:06 pm FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED
	TNHL225		01/30/2013

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CORAM SPECIALTY INFUSION SERVICES	2970 SIDCO DRIVE NASHVILLE, TN 37204

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 001	1200-8-26 Initial. During the Initial Licensure Survey conducted at Coram Alternate Site Services, on January 30, 2013, no deficiencies were cited under Chapter 1200-8-8 Standards for Home Health Care Organizations.	H 001		

vision of Health Care Facilities

TITLE

(X6) DATE

ABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

ATTACHMENT TO QUESTION #24
SUPPLEMENTAL REQUEST #1

SUPPLEMENTAL #1
June 2014
12:06 pm

To: HARWELL HOWARD HYNE GABBERT & MANNER

(Advertising) NOTIFICATIONOFINTENTTOAPP **(Ref No:** 416070)

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s
County of Knox }

Before me, the undersigned, a Notary Public in and for said county, this day personally first duly sworn, according to law, says that he/she is a duly authorized representative *News-Sentinel*, a daily newspaper published at Knoxville, in said county and state, and advertisement of :

(The Above-Referenced)

of which the annexed is a copy, was published in said paper on the following date(s):

June 4, 2014

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

and that the statement of account herewith is correct to the best of his/her knowledge, information, and belief.

Subscribed and sworn to before me this 4th day of June 20 14

Rebecca D Spann
Notary Public

My commission expires November 20 14

REBECCA D. SPANN
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

AFFIDAVIT OF PUBLICATION

STATE OF TENNESSEE

Robert Holman
Printed Name

Personally appeared before the undersigned authority and made oath thatRobert Holman is the Publisher of the The Moore County News and that the attached item was published in said newspaper on the following dates:

6/5/2014.

Signed Robert Holman

Name of Account: HARWELL, HOWARD, HYNE, GABERT & MANNE
Order Number: 13121792

Sworn to, and subscribed before me at Tullahoma, Tennessee, this 5 th day of June, 2014.

Deborah Wimsatt
Notary Public

Commission expires 4-11-18

DEBORAH WIMSATT
STATE OF TENNESSEE NOTARY PUBLIC
COFFEE COUNTY

SUPPLEMENTAL #1

June 20, 2014

12:06 pm

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson. The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Production Supervisor

VIAM Mfg., Inc. located in Manchester, TN is seeking candidates for the position of full-time Production Supervisor. The ideal candidate should have at least a 4-year Management Degree or equivalent experience in Supervisory Management with a familiarity to plan, assign and direct work of others. The candidate must also possess excellent communication skills with the ability to effectively present information to peers and management.

**** Signing Bonus Available****

VIAM offers a competitive salary and excellent benefits including medical, dental, vision, 401K and bonus programs. Please forward resume with salary requirements to:

VIAM MFG., INC.
Attn: Human Resource Manager
87 Park Tower Drive
Manchester, TN 37355
Fax: 931-461-2336
E-Mail: YLowe@Viammfg.com

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

AFFP
2x5.5 Notification

Affidavit of Publication

STATE OF TN }
COUNTY OF SEVIER } SS

Joi Whaley, being duly sworn, says:

That she is Joi Whaley of the The Mountain Press, a daily newspaper of general circulation, printed and published in Sevierville, Sevier County, TN; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

June 04, 2014

That said newspaper was regularly issued and circulated on those dates.
SIGNED:

Joi Whaley

Subscribed to and sworn to me this 4th day of June 2014

TAMMY RHOAD
STATE OF TENNESSEE NOTARY PUBLIC
SEVIER COUNTY

Tammy Rhoad, , Sevier County, TN

My commission expires: September 22, 2015

30125608 30502901

Michelle Anderson
Harwell Howard Hyne Gabbert & Manner, PC
333 Commerce Street Suite 1500
Nashville, TN 37201

NOTIFICATION OF INTENT TO APPLY FOR
A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.The anticipated filing date of the application is June 6, 2014. The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th
Nashville, Tennessee 37243
Floor 502 Deaderick Street

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

AFFIDAVIT OF PUBLICATION
IN
THE DAILY TIMES

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Moragan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

June 4, 2014

State of Tennessee, County of Blount,
ss: Carl Esposito being duly sworn, deposes and says that he is the Publisher of the Daily Times, a newspaper published in Maryville, Blount County, Tennessee and that the notice hereto attached was published 1 consecutive days/weeks in said newspaper, first publication date being June 4, 2014, the last publication date being _____, 2014.

Signed: [signature]

Subscribed and sworn to before me this 4 day of June, 2014.

Notary Public: W. LeAnn Webb
My commission expires: 5-31-15

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide website established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

W. LEANN WEBB
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF BLOUNT

The Daily Times
P.O. Box 9740
Maryville, TN 37802-9740
(865) 981-1100

SUPPLEMENTAL #1

PROOF OF PUBLICATION

June 10, 2014
12:06 pm

Acct. Name:

##HARWELL HOWARD HYN

Acct. # 84227

COST OF PUBLICATION

Total $160.00

STATE OF TENNESSEE

COUNTY OF LOUDON

PERSONALLY appeared before me Amber Graves of Loudon County, Tennessee.

who being duly sworn, made oath that he/she is a

f the Publisher of THE NEWS HERALD,

general circulation, published in the

on and State of Tennessee and that the hereto

tion appeared in the same on the following dates :

NOTIFICATION OF INTENT

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services, owned by CVS Caremark Corporation,with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.
The anticipated filing date of the application is June 6, 2014.
The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.
Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243
The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

The News Herald

O. BOX 310, LENOIR CITY, TN 37771

(865) 986-6581

sworn to before me on this 5th day

Newspaper Representative: Amber Graves

Notary Public: Debra A Cain

DEBRA A. CAIN
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF LOUDON

My Commission Expires: 11-15-15

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

State of Tennessee
Johnson County, as:

Personally appeared before me, a notary public in and for said county and state, BILL THOMAS, publisher and proprietor of THE TOMAHAWK, INC., a weekly newspaper of general circulation, printed and published in Mountain City, Johnson County, Tennessee, and who, being duly sworn, upon oath, says that the notice of which the attached is a true copy, was duly published in said newspaper for 1 successive times, the first publication being on the 4th day of June, 20 14
second on _____ day of _____, 20 _____
third on _____ day of _____, 20 _____
fourth on _____ day of _____, 20 _____

(Signed) Bill Thomas

Subscribed and sworn before me this 19th day of June, 20 14

"This legal notice was published online at www.thetomahawk.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-120."

PAULA NELIS WALTER
STATE OF TENNESSEE NOTARY PUBLIC
JOHNSON COUNTY

Paula Nelis Walter

Notary Public

SUPPLEMENTAL #1

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

June 20, 2014
12:06 pm

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

[6-5-2014]

Independent Herald

STATE OF TENNESSEE
COUNTY OF SCOTT

Notification of Intent to Apply For a Certificate of Need

Ben Garrett, having first been duly sworn, makes oath that he is Editor of the Independent Herald, a weekly newspaper published in Scott County and of general circulation thereof, and that the attached is a true copy of the legal notice which has been published 1 times in said newspaper.

Oath is further made that the said notice was published on the following dates, to wit:

June 5, 2014

Ben Garrett, Editor

Sworn to and subscribed before me this 19th day of June, 2014.

Cora H. Queener, Notary at Large
State of Tennessee

Commission Expires June 21, 2017

CORA H. QUEENER
STATE OF TENNESSEE NOTARY PUBLIC
SCOTT

June 20, 2014
12:06 pm

SUPPLEMENTAL #1

HARWELL HOWARD HYNE

SUPPLEMENTAL #1

June 20, 2014

12:06 pm

Acct. # 250490

COST OF PUBLICATION

First Insertion $_____

Second Insertion $_____

Third Insertion $_____

Fourth Insertion $_____

Fifth Insertion $_____

Total $98.40

STATE OF TENNESSEE

COUNTY OF MONROE

PERSONALLY appeared before me Lina Huckaby who being duly sworn, made oath that he/she is a representative of the Publisher of the MONROE COUNTY ADVOCATE/DEMOCRAT, a newspaper of general circulation, published in the City of Sweetwater, County of Monroe, State of Tennessee and that the hereto attached publication appeared in the same on the following dates :

NOTIFICATION OF INTENT

06/04/2014

The ADVOCATE & DEMOCRAT

P.O. BOX 389, SWEETWATER, TN 37874

(423) 337-7101

Subscribed and sworn to before me on this 19th day of June, 2014

Newspaper Representative: Lina Huckaby

Notary Public: Brittany Freeman

My Commission Expires: 8-22-17

BRITTANY FREEMAN STATE OF TENNESSEE NOTARY PUBLIC MCMINN COUNTY

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL #1

Habitat for Humanity Mud Run Aug. 30th

When: August 30, 2014...Time: 8am-1pm (approximately)
Where: Cane Creek Park 201 CC Camp Rd. Cookeville, TN
Price: $45 per person for Early Bird Registration or $55 per person, teams of five only. Contact Melissa at 528-1711 ext 7 for more info or at melissa@pchabitat.org.

Check out our website:
www.pickettcountypress.com
CLASSIFIED ADS
are now on
www.pickettcountypress.com
As well as:
•Top Stories •Sports •Community Calendar
•Obituaries •Church Notices •Archives

URGENT NEWS IF YOU USED
TESTOSTERONE
HEART ATTACK or STROKE?
Studies show that using Testosterone products may significantly increase your risk of a heart attack, stroke, blood clots and death. If you or a loved one has suffered any of these injuries, call 1-800-THE-EAGLE now about making a claim for substantial monetary compensation. No fees or costs until your case is settled or won. We practice law only in Arizona, but associate with lawyers throughout the U.S.
GOLDBERG & OSBORNE
1-800-THE-EAGLE
(1-800-843-3245)
www.1800theeagle.com
Open 7 Days a Week

LEGAL NOTICES

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated May 10, 2007, and the Deed of Trust of even date securing the same, recorded May 24, 2007, at Book TD 101, Page 45 in Office of the Register of Deeds for Pickett County, Tennessee, executed by Paula C. Gist and Daniel Kriech, conveying certain property therein described to Lenders First Choice as Trustee for Mortgage Electronic Registration Systems Inc., as nominee for Nationpoint, A Div. of FFFC, an OP. Sub. of MLB&T Co., FSB its sucessors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on June 12, 2014 on or about 2:00 P.M., at the Pickett County Courthouse, Byrdstown, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Pickett County, Tennessee, and being more particularly described as follows:

The following described tract or parcel of land, to-wit: Lying and being in the 4th Civil District of Pickett County, Tennessee, and more particularly described as follows:

Being Tract Number 16 of Oak Leaf Estates, a Development depicted on an unrecorded Survey Plat prepared by James E. Helton, Registered Land Surveyor Number 1749, and beginning at a 5/8 inch rebar set in the Northwest right of way of Eagle Crest Lane, said point being the Easternmost corner of Tract Number 17 of Oak Leaf Estates and the Southernmost corner of the property described herein; thence leaving said right of way and running with the Northeast line of Tract Number 17, North 33 degrees 38 minutes 47 seconds West 346.49 feet to a 5/8 inch rebar set in the Southeast right of way of Eagle Crest Lane, said point being the Northernmost corner of Tract Number 17 and the Westernmost corner of the property described herein; thence leaving Tract Number 17 and running with said right of way, North 53 degrees 27 minutes 21 seconds East 112.86 feet to a 1/2 inch rebar set in said right of way at the beginning of a curve (radius is 275.00 feet; delta is 32 degrees 53 minutes 02 seconds) to the right; thence with said right of way and said curve a chord bearing and distance of North 69 degrees 53 minutes 52 seconds East 155.67 feet to a 1/2 inch rebar set; thence continuing with said right of way North 86 degrees 20 minutes 23 seconds East 247.80 feet to a 1/2 inch rebar set at the beginning of a curve (radius is 30.00 feet; delta is 125 degrees 08 minutes 09 seconds) to the right; thence with said right of way and said curve chord bearing and distance of South 31 degrees 05 minutes 33 seconds East 53.25 feet to a 1/2 inch rebar set; thence continuing with said right of way South 31 degrees 28 minutes 32 seconds West 152.67 feet to a 1/2 inch rebar set at the beginning of a curve (radius is 675.00 feet; delta is 17 degrees 49 minutes 09 seconds) to the right; thence with the said right of way and said curve a chord bearing and distance of South 40 degrees 23 minutes 06 seconds West 209.08 feet to a 1/2 inch rebar set; thence continuing with said right of way South 49 degrees 17 minutes 41 seconds West 137.84 feet to the point of beginning and continuing 2.797 acres, by Survey.

ALSO KNOWN AS: 186 Eagle Crest Drive, Byrdstown, Tennessee 38549

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: Paula C. Gist; Daniel Kriech

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. W&A No. 931 245745

DATED May 13, 2014

WILSON & ASSOCIATES, P.L.L.C., Successor Trustee

DSaleNoticeTN-Shellie_gstephens_140513_1416

FOR SALE INFORMATION, VISIT WWW.MYFIR.COM and WWW.REALTYTRAC.COM

5-22,29,6-5-ltw

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion

12:06 pm

[...] replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $38,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson. The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Notice to Bid

Pickett County General Government is currently accepting sealed bids for the purpose of

PROVIDING MEALS

for the prisoners of the Pickett County Jail

Bid specifications may be picked up at the Pickett County Executive's Office. All bids must be received on or before June 13, 2014 by 12:00 noon.

Pickett County has the right to reject any or all bids.

MAIL SUBSCRIPTION PAYMENT
to Pickett County Press
PO Box 268,
Byrdstown, TN 38549

Pickett County $15 year
Inside Tennessee $25 year
Out of State $30.00 year

UPCHURCH CARPET
Hwy. 127S, Albany, Ky.
(606) 387-6522
We have the floor for you!
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•Quick Step Laminate USA Made •Ceramic Tile
•Mapic Thinset & Grout
•Somerset, Ky. Hardwood all pre-finished
Installation available for all floors!

Time for a Change?
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•Never Ran Out
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What are you waiting for?
PORCO PROPANE
1-606-387-6000

U.S. Cellular
AUTHORIZED AGENT
You'll get the Galaxy S 5 for $0 down. We'll pay off your old contract.
Hello Better.
U.S. Cellular will pay off your old contract so you can get the Galaxy S5 for $0 down. Best of all, it comes on a network with 4G LTE coverage for nearly 90% of our customers.

CoffeeTALK
Livingston
1539 W. Main St. (Across from the Co-Op), 931-823-8255
CALL FOR STORE HOURS.

TENNESSEE COLLEGE OF APPLIED TECHNOLOGY — LIVINGSTON

Now Hiring (3) Part-time Positions

Two (2) Part-time Health Science Instructor

Minimum Qualifications: Possess a Practical Nursing License or be a Registered Nurse. Minimum 12 months of nursing experience within the last 3 years. Preferably with long-term care experience. Evidence of potential ability to instruct, sincere interest in teaching and nursing, understanding and enthusiasm for the program, strong interpersonal skills, and high standards of personal and professional ethics.

Responsibilities: Classroom and lab instruction of high school students for 20-28 hours/week. Teach designated theory portion of the curriculum. Monitor, grade, and evaluate students' progress. Maintain appropriate records.

Successful candidate will be required to pass background check/drug screen.

No benefits accompany this position.

**The hiring of these positions is contingent upon the program securing adequate funding and sufficient class enrollment numbers. One Position will be for Jackson County and one position will be for Putnam County.

Part-time Custodian

Must be able to communicate effectively. Must be able to understand and follow instructions and directions. Must have a high school diploma or GED. Must be able to work 20-25 hours/week at $10.00 per hour. Monday - Friday. No benefits accompany this position. Must have a professional attitude and work well with others. Must know how to use chemicals safely and maintain a safe working environment. Be able to climb ladders, stairs, bend, stoop, twist, and knee lift up to 50 pounds. Do repetitive movements and tasks. Clean interior and exterior buildings, interior classrooms, halls, restrooms, waxing and stripping floors, empting trash, cleaning windows, etc. Must have a valid driver's license for the State of Tennessee. Must have an established work history (reference and criminal background check will be required).

Interested applicants must submit a resume, completed TCAT application, and official transcripts.

Applications can be picked up or printed on our website at www.tcatlivingston.edu. Deadline for applications and resumes is June 20, 2014, by 4:00 p.m.

Send completed applications to:
Ms. Suzanne Smith
Tennessee College of Applied Technology - Livingston
P.O. Box 219, 740 Hi Tech Drive
Livingston, TN 38570

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** Advertising Invoice **

2014-06-05 To 2014-06-18

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--- Advertising Invoice ---

Date	Description		Rep	Job No	Size	Total
2014-06-05	CORAM CERT OF NEED	RETAIL DISPLAY	262	000IGH9	16.00	136.80

COUNTY OF CAMPBELL
AFFIDAVIT OF PUBLICATION

The above personnally appeared before me the undersigend, Michell Daugherty with whome I am personally acquainted, and who makes oath in due form of law that she is the Circulation Manager of the LaFollette Press a newspaper published in LaFollette, Tennessee and that the Notice was published in said LaFollette Press on the dates as printed on above . This Notice also appeared on the LaFollette Press web site at www.lafollettepress.com and also on the State of Tennessee web site at www.tnpublicnotice.com for all runs as required by Tenn Cod Ann. 1-3-120 (2013). There will only be one tear sheet attached to cover all runs.

SIGNED: Michell Daugherty, Circulation Manager Michell Daugherty

Subscribed and sworn to before me this 18 day of June 2014

NOTARY PUBLIC: Karen L. Cumorich Karen L Cumorich

My commision expires October 20, 2014

NOTARY SEAL

KAREN L. CUMORICH
STATE OF TENNESSEE NOTARY PUBLIC
CAMPBELL COUNTY

Sales Tax	0.00
Sub Total	136.80
Invoice Total	136.80

SUPPLEMENTAL #1

June 20, 2014 12:06 pm

Continued from Page 9B

LEGAL NOTICES

and holder of the Note has demanded that the hereinafter described real property be advertised and sold in satisfaction of the indebtedness and costs of foreclosure in accordance with the terms and provisions of the Note and Deed of Trust. The notice requirements of T.C.A. §35-5-117 have been satisfied.

NOW, THEREFORE, notice is hereby given that an agent of Mantenn, LLC, Substitute Trustee, pursuant to the power, duty, and authority vested in and conferred by the Deed of Trust, will on Monday, June 16, 2014, at 12:00 p.m. EST at the front door of the Campbell County Courthouse in Jacksboro, Tennessee, will be sold to the highest call bidder for cash free from all legal, equitable and statutory rights of redemption, exemptions of homestead, rights by virtue of marriage, and all other exemptions of every kind, all of which have been waived in the Deed of Trust, certain real property located in Campbell County, Tennessee, described as follows:

Situate in District No. Three (3) of Campbell County, Tennessee and being more particularly described as follows:

Land in Campbell County, Tennessee, being Lot No. Eight (8) on the Plan of Indian Mound Subdivision, as of record in Plat Cabinet 1, Slide 579, and revised in Plat as set forth in Plat Cabinet 1, Slide 599, Register's Office for Campbell County, Tennessee, to which said plan reference is hereby made for a more complete and accurate legal description thereof.

The instrument constituting the source of the Borrower's interest in the foregoing described property was a Warranty Deed recorded at Book W464, Page 408 in the Register's Office of Campbell County, Tennessee.

A.P.N.: 103P-B.022.00

The street address of the above described property is believed to be 286 Indian Mound Circle, Jacksboro, TN 377572102, but if such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description herein shall control.

Owner of Property: Richard L. Dunigan and Tiara Dunigan

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

Publication Dates: May 22, 2014, May 29, 2014, and June 5, 2014.

Mantenn, LLC, Substitute Trustee

Richard B. Maner, P.C.
5775 Glenridge Dr., Bldg D, Ste 100
Atlanta, Georgia 30328
(404) 252-6385

THIS LAW FIRM IS ACTING AS A DEBT COLLECTOR ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

FC14-58

000IAOA

NOTICE

Jellico Water System's 16th Annual Drinking Water Report will be published In The LaFollette Press. The report will be in the Paper dated 6-12-14.

000IFN2

NOTICE

Jellico City Council Special Call Meeting, Thursday June 5, 2014 @ 4:30 p.m. in Council Chambers

1. Payroll approval for weeks ending 6/7/2014 & 6/14/2014
2. Approval to pay bills
3. Mark Bell-Fire Chief
4. Tourism

000IGBI

NOTICE

Jellico Housing Authority (JHA)

will accept sealed bids for Vacant Commercial Lot located at 304 S. Main Street. To be considered bidders must send name, address, and phone numbers along with bid in a sealed envelope marked 304 MAIN STREET LOT to Jellico Housing Authority P.O. Box 240 Jellico, TN 37762 or they may be dropped off at the office located at 120 Bacon Street Jellico, TN 37762. Bids will be accepted until June 16th at 10 AM. For more information you may contact the JHA office at (423) 784-8809. Jellico Housing Authority reserves the right to reject any and all bids.

Crystal Creekmore, Executive Director

000IE6P

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $97,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

000IJ119

SUBSTITUTE TRUSTEE'S SALE

Default having been made in the payment of the debts and obligations secured to be paid by a certain Deed of Trust executed February 26, 2013 by Ricky Allen Eastridge, married, and Karen Elaine Eastridge, married to Craig R. Allen, as Trustee, as same appears of record in the office of the Register of Campbell County, Tennessee, in Book T605, Page 142, and the undersigned having been appointed Substitute Trustee by instrument recorded in the said Register's Office, and the owner of the debt secured, Green Tree Servicing LLC, having requested the undersigned to advertise and sell the property described in and conveyed by said Deed of Trust, all of said indebtedness having matured by default in the payment of a part thereof, at the option of the owner, this is to give notice that the undersigned ... Thursday, June 19, 2014 commencing at 11:00 AM, at the Front Door of the ... Campbell County, Tennessee proceed to sell at public outcry to the highest and best bidder for cash, the following described property, to wit:

Situated in County of Campbell, State of Tennessee.

Situated in District No. One (1) of Campbell County, Tennessee, and being more fully described as follows to-wit: Being all of Lot Twenty-Four (24) of the Glade Springs Estates Subdivision according to the survey of C. Sterling Jones, Engineer, as appears of record in Plat Book 5, Page 20-A, in the Register's Office for Campbell County, Tennessee, for which reference is hereby made. This conveyance is subject to any and all restrictions, easements, setback lines, conditions, plat of record, and encumbrances of record in the Register's Office for aforesaid county, Tennessee.

Tax Parcel ID: 077-PC-096.00

Property Address: 527 Glade Springs Road, La Follette, TN.

Other Interested Party: Branch Banking and Trust Company

All right and equity of redemption, homestead and

0001G3Z

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FOR LEASE - 1950 sq. ft. office - Appalachian Hwy., Jacksboro

40,000 & UNDER

120 LONGMIRE LANE appx. 1222 sq. ft., 2 or 3 BR, 1 B. .... REDUCED $29,900
1820 JACKSBORO STATION Level 170'x180' yard, 2 BR, 1 B, one level (no steps), updated, 2 storage bldgs. .... WAS $64,900 REDUCED TO $49,900
208 E. ELM ST. 2 BR, 1 B, New: decks, doors, flooring, electrical, plumbing & fixtures $37,500
459 IVEY HOLLOW RD. single; 2 BR, 2 B, 2 plus ac. private $22,900
142 DAVIS ROAD singlewide, good condition, nice barn $21,900
423 OLD WOOLDRIDGE PIKE 3.36 Acres, cleared, garage. $49,900
125 LAKE HOLLOW LANE 1400 SF basement, 3 BR, 2 B. $40,000
513 E. ASH 1344 SF, 3 BR, 2 B, LR, FR, handy location. $29,000

50,000 - 99,900

NEW LISTING: 2793 CEDAR CREEK RD. Appx. 1100 SF, 2 BR, 1 B, 2 car det. garage, carport, barn, appx. 1.9 acres, 1 mile to lake and boat ramp $59,900
NEW LISTING: 232 MCKINNEY RD 1248 SF, 3 BR, 1 B, LR, FR, Oak cabinets, new: flooring, paint, siding & windows, .59 acre lot. Nice! $84,900
1258 HWY. 90 (WHITE OAK) better than new, spotless, 3 BR, 2 B doublewide on permanent foundation, open floor plan, nice $1500 Bonus to involved agents $69,900
352 POPLAR, JELLICO 1160 SF, 3 BR, 1 B, basement, new roof, near hospital $74,900
349 PILKEY LANE appx. 1000 sq. ft., 2 BR, 1 B, completely remodeled, move in condition $54,900
103 DEAN'S WAY Appx. 1368 SF, 2 BR, 1 B, wrap-around porch, corner lot. $41,900
124 DAUGHERTY LN, CARYVILLE Re-modeling in progress; 2360 SF, 3 BR, 3 B, new wiring, roof, H&A system, deck, ect. $2500 BONUS TO ENVOLVED AGENTS $54,900
115 TARA LANE brick, 3 BR, 1 B, basement, new paint & flooring, 3 car gar, 2.2 acres & detached workshop. $89,900
127 STEVENS ROAD 2 BR, 1 B, LR, DR, 1.8 acre, near lake & dock $70,000
126 SUNROSE LN: appx. 1419 sq. ft., 3 BR, 1.5 B, LR/DR combo, FR, full basement, large lot, low traffic, basement garage $99,900
642 CAMP RIDGE RD. foreclosure, 1344 SF, 3 BR, 2 B, .58 ac. lot $55,000
180 SCENIC DRIVE brick, 1332 SF, 3 BR, 2 B, bonus room, nice kit., unf. basement, screened porch, dimensional roof 137'x208' lot. $94,900

100,000 & OVER

NEW LISTING: 232 E. ROBBINS ST. (JELLICO) 1232 SF, 3 BR, 1 B, LR, FR, screened new porch, 90'x150' lot, good cond. $128,900
NEW LISTING: 118 CHAPMAN CREST LN. all brick, 1824 SF, 3 BR, 1.5 B, LR & FR, detached 20'x30' garage/shop, Level 1/2 acre lot-fenced, nice! $124,000
NEW LISTING: 227 GOLF HILL LN. Appx. 2700 sq. ft., 4 BR, 3 B, brick ext., dead-end street $169,900
368 ALDER SPRINGS RD. 4 BR, 2 B, LR & FR, 2 kitchens, barn, 4.2 acres, 1 mile to lake & golf course. $179,900
NEW LISTING: 341 SUNSET TRAIL, JELLICO built in '96, over 3000 SF, 3 BR, 2.5 B, brick ext., large deck, 4 car garage. $159,900
NEW LISTING: 200 AUSTIN LANE built in '06, over 3000 SF, 4 BR, 3 B, LR, FR, 104'x150' lot, nice! $249,900
NEW LISTING: 109 EASTWOOD DRIVE over 4200 SF, 4 BR, 3 B, DR, FR, 4 car att. gar., corner lot, nice! $249,900
4570 GEN. CARL STINER HWY Log home, appx. 2500 SF, 3 BR, bonus room, 2 B, 2 half baths, 2.5 level acres, barn, up-close mountain view. $199,900
312 S. TENN. AV. step back in time. Built in 1900. Charm & elegance. 5 BR, 3.5 B, LR, FR, parlor, DR, 1.5 acres $169,900
171 FOREST COVE built in '08, 1620 SF, 3 BR, 2 B, 2 car gar., no apologies $319,900
4617 HWY 297 doublewide, 3 BR, 2 B, workshop, 5 acres $119,900
117 FOREST COVE CIRCLE appx. 3000 SF, 3 large BRs, 2 B, 2 kits, in Paradise Cove, across street from lake, no one apology, must see! $349,900
387 RED HILL ROAD, ANDERSONVILLE The best! 5535 SF, 5 BR, 2 full baths, office, theatre room, 4 car gar., geo thermal H&A, 4 FPS, 5.83 ac $749,900
606 PINECREST ROAD over 2700 SF, 3 BR, 2 B, att. garage, det. workshop, 3.91 acres. $242,000
212 AUSTIN LANE show place! 1856 SF, 3 BR, 2 B, hardwood floors, 2 car gar., level lot, no steps, TAKE OVER PAYMENTS. $159,900
166 CRESCENT LANE Gentleman's farm, 4.8 level acres, 2240 SF 3 BR, 2.5 B, barn fenced, ideal for horses $179,900
187 MT. PARAN LOOP No apologies, 3 BR, 2 B, HW & tile floors, att. garage $114,900
328 FOOTHILLS LANE Over 2500 SF, 4 BR, 2 B, LR, DR, FR, 2 car gar., nice! $160,900
145 HILL ST. CARYVILLE new construction, builder's warranty, appx. 1500 sq. ft., 3 BR, 2 B, open floor plan, nice! $132,000
129 LAUER LANE AT TWIN COVE MARINA, appx. 2408 sq ft, 3 BR, 2 B, 2 level lots, large rear deck, by appointment $159,900
400 N. INDIANA AV. 2 homes on adjoining lots. Home No. 1 2800 sq ft, 3 BR, 2 B, renovated. NEW roof, flooring, kit., bath, paint, H&A. Home no. 2: All brick, 2800 sq ft, 2 BR, 2 B, 2 car garage, selling together. $219,900
308 CARR WYNN RD. All brick, basement rancher, 3 BR, 1.5 B, LR w/FP, half basement, efficient apartment, circle drive, 258'x296' .... REDUCED $130,500
250 PRESTON CIR. Upscale Chase Meadows Sub., full brick, 4 BR 3 B, formal DR, 2 car attached, garage, 1 mile to I-75. .... was $285,900 reduced $264,900
516 & 524 GRANTSBORO RD. home & store, 1400 sq. ft., 3 BR, 1 B, inground pool. Store is appx. 4100 sq. ft. 3.4 ac. Selling together. OWNER/AGENT $114,900
248 PINECREST ROAD all brick, appx. 2700 sq ft, 3 BR, 2.5 B, large LR, DR, basement, in ground pool, appx. 2 ac. $2500 bonus to selling agent $199,900
190 COOLIDGE RD 2362 sq. ft., 5 BR, 2.5 B, 2/3 unfinished basement, 2 car attached garage, 2.28 ac. $159,900
136 MOUNT PARAN LOOP 2 story, appx. 2065 sq. ft., 3 BR, 2 B, big BR's with walk-in closets, LR, formal DR, kit., 2 car garage, beautiful barn, 7 acres. $349,900
174 HILLTOP CIR., CARYVILLE showplace! 3900 sq. ft. custom home, LR w/28' ceiling & 4 season mural, 3 large BR'S, 2 full B, 2 half B, library, near I-75/ lake & marina, 1.24 ac., Seller will pay $5000 closing cost & $5000 bonus to selling agent. ...red. $329,900
106 STORE LANE HIGH CLIFF COMMUNITY all brick, appx. 1374 sq. ft., plus 1374 sq. ft. basement, 3 BR, 2 B, paved drive, 3.29 acres. $99,900
3485 GEN. CARL STINER HWY. 2798 sq. ft., 3 lg. BRS, 2.5 B, FR LR, DR, 2 storage bldgs, 3 car carport, lot 280'x182', Nice! $5000 bonus to selling agent. RED $169,900
151 DUNROVIN LN lake view. Appx. 1900 sq ft., 3 BR, 2 B, LR w/stone FP, 1 car garage. Near Mountain Lake Marina, situated on 4 lots $285,000

FARMS AND ACREAGE

NEW LISTING: 115 FLATVIEW LANE 1444 SF, 2 BR, 1 B, LR, DR, 9' ceilings, 17 acres, near lake, $3000 BONUS TO ENVOLVED AGENTS $104,900
BUFFALO MOUNTAIN 285 acres, most wooded, abundant wildlife, mountain streams, income from gas wells $227,900
BETHLEHEM ROAD APPX. 14.6 acres, all in grass, lots of road frontage, near lake, beautiful bldg. sites $99,900
BIG 4 ROAD 29.7 surveyed acres, huge field w/hunting tower, wildlife, creek . $54,900
WILDWOOD CIRCLE 10.18 acres, good bldg. sites. $60,000
591 PARKER RD near lake, 47 ac., 2 barns, 2 ponds, city water, great bldg. site! most in grass, excellent cattle or horse farm. $165,000
CROSS VALLEY ROAD 6.5 surveyed acres, city water and spring. $30,000
BETHLEHEM LN 20.47 surveyed acres, most in grass, nice bldg. sites, spring, barn, 6/10 mile from lake $92,500
SLED CREEK ROAD Own your own mtns! 50 surveyed ac. excellent access road, lge rock formations, unequaled 360° view, perfect spot for hunting lodge. $224,900
HWY 90 (EAGAN) 32.54 ac. wooded, perfect for hunting. $39,900
CROSS VALLEY ROAD the finest large acreage tract on the market appx. 344 ac., 45% in grass, 55% timber, 2 large spring fed ponds. .... $7500 per acre
LOT 14 CAMPBELL HIGHLANDS, Gated community, apx. 9 ac., 1 ac. cleared, eye-popping view, well, electricity and drive, in place. $39,900
COUNTRY OAKS LN GRANTSBORO COMMUNITY 45 ac. farm, most in grass, nice BLDG. sites, private, near lake. .... REDUCED $149,900
RACE TRACK HOLLOW 46.06 ac. near Norris Lake, 65% clear, nice bldg sites, lots of wildlife. .... was $225,000 Reduced to $199,900

COMMERCIAL/INDUSTRIAL

NEW LISTING: 703 W. BEECH ST. 3400 SF, 2 offices, 2 baths, gas H/cent. A, 10 parking spaces $169,900
130 BENTLEY LANE 4 unit apartment building each unit appx. 1100 SF, 2 BR, 1.5 B, Very good cond., excellent renters $169,900
1143 MAIN ST., JACKSBORO UPSTAIRS: 1289 SF commercial space w/2 baths. DOWNSTAIRS: 1288 SDF, 2 BR, 1 B apartment $109,900
MAIN ST., JACKSBORO 4 adjoining commercial lots, 148'x200', utilities in place. $109,900
1367 HWY 116 2 going businesses - Crabapples Lounge & Vasper Deli-both clean & modern - buying real property, inventory fixtures $224,900
723 FLAT HOLLOW RD appx. 3360 sq ft, Former Use: Grocery store. Situated on appx. 21 acres. $113,000
306 E. CENTRAL AVE. LaFollette, barber shop, basement $34,900
65 ACRE CORNER LOT, HWY 25W 183 ft. road frontage $29,900

RESIDENTIAL LOTS

NEW LISTING-MICHAEL LANE Excellent 100'x235' lot, utilities in place. $21,900
ALDER SPRINGS ROAD unrestricted, near lake & marina, const. ready $6,900
SHARP ACRES May be the best lot in Jacksboro, .46 ac. level, all utilities $29,900
DUFF ROAD 2 lot selling together, 70'x342', unrestricted $9,000
DUFF ROAD 120'x172', city water, unrestricted $6,500
WILDWOOD CIRCLE .79 ac, D/W approved, cleared $12,500
HICKORY HILLS CIR. 140'x217 const. ready, approved for D/W, septic $12,500
HIGHLAND DRIVE, JACKSBORO very nice for home or D/W, .35 ac, level $18,900
LYNCH HOLLOW RD. appx. 2 ac., near lake, city water $15,000
PERKINS SUBDIVISION Lot 27 Mt. Perkins LN, 100'x255,' corner lot, level . $35,000
LOT 14 PERKINS LN 100'x231', lays well $40,000
KAYS DRIVE (SUDENY) near lake & marinas, 181'x 420', wooded. $10,900
WOODSON LN 3 lots, 2.5 acres, $18,500 ea. .... $48,000 for all
APPX. 1 ACRE in prestigious Alpine Manor Subdivision "Clinton" $44,900
HILLTOP LN (JACKSBORO) 224'X234' Lot, level, great bldg lot, c $19,900
WHEELER LANDING lot 77, 101'x200', lays well, utilities in place $27,900
LOT 19 WEIR WOODS CHERRY LANE, practically level, 150'x150', improved by 28'x28' garage, utilities in place $38,900
528 SHAWNEE DR 2 adjoining lots, near Indian River Marina, total 1.54 ac. . $39,900
CAMPBELL ROAD, LaFollette lots 12 & 13, Powell Valley Acres, . . Both for $19,900
S. SUDENNIE LANE Lot 27, surveyed, .47 ac, septic tank, electricity, & water Level, near lake and boat launch. Mobile homes approved $13,000
FOREST COVE COURT Lot No. 35, Paradise Cove, 100'x160', lays good $29,900
PERKINS SUBDIVISION 4 lots to choose from: lots 44, 45, 46, 48. All utilities in place, ready for construction. Your choice $31,900
921 CHERRY STREET: 4 adjoining city lots, total area 100'x220', lays well, all city services, mobile home on property. $22,500
LOT 65 COVE NORRIS utilities in place, ready for construction, 102'x212' $29,000
MT. PARAN RD. 3/4 acre, surveyed, utilities available. $16,900
GLADE ESTATE home sites, 1/2 ac. to 1 1/2 ac. city water, restricted, new D/W on block foundation is allowed, owner/ agent. .... Starting at $8,000

LAKE PROPERTY

NEW LISTING: OAK RUN LANE lake front, over 300' on water, chain link fence, dockable $109,900
NEW LISTING: CARP LANE (SHANGHAI) TRACT 4: 5 acres, wooded, dockable, $39,900. TRACT 5: 5 acres, wooded, dockable $29,900
NEW LISTING-981 INDIANA RIVER BOAT DOCK RD. lake front, appx. 90' on water, dockable, 2 BR mobile home $74,900
LOT 11, "THE POINT AT SHANGHAI" Lake view, 121'x153', gated community. $17,500
283 CEDAR CIRCLE lake in rear, seasonal water, 2 lots, 3 BR, 2.5 B, 2 decks, 2 car det. garage, by appointment. $199,900
WINDING RIDGE LANE 3 lake view lots, awesome view. .... LOT 1: $10,900. LOT 4: $13,900. LOT 5: $13,900
814 INDIAN RIVER BOAT DOCK ROAD lake front, (2) dwellings on one lot, both have floating docks, good condition, rental income. $149,900
419 MARINER POINT RD. Spacious, 4 BR, 3.5 B, brick & stone ext., 2 car base. gar., 30'x50' metal bldg., 3 acres $329,900
PINE TREE DRIVE LAKE front lot, 92'x260', year round water. $39,900
947 N. SHOREWOOD LN 2618 SF, 2 BR, 2.5 B, large FR, office, 2 FPS, partial fin. basement, tons of extras, 100'x285' lot ... $246,900 with extra lot $258,900
MARINER POINT RD lake front, 4.4 surveyed acres. Water and electricity in place, 200' of water frontage, good across road. Private! $79,900
CAMERON LANE lake front, lot 31 hidden springs, dockable. $159,900
PARADISE COVE lake front; excellent bldg sites, near I-75 .... $79,900
LOT 5 HIDDEN SPRINGS lake community, boat launch, .82 acre, ... $44,900

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

The STANDARD BANNER

● P.O. Box 310 ● Jefferson City, Tennessee 37760 ● Phone (865) 475-2081

Affidavit of Publication

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that, Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports, within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy, which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932, with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Carroll, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. §68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

State of Tennessee
County of Jefferson

Dale C. Gentry, being duly sworn, deposes and says that he is the Publisher of the Standard Banner, a twice a week newspaper published at Jefferson City, Tennessee, and that the notice hereto attached was published for 010 consecutive issues in said paper, and on the web at www.standardbanner.com and www.publicnoticeads.com, and that the total cost is $ 104.63, as indicated on the attached invoice.

Dale C. Gentry
Publisher

Sworn and subscribed before me this 3 day of June, 2014.

Teresa W. Gentry
Notary Public
My commission expires April 17, 2017

TERESA W. GENTRY STATE OF TENNESSEE NOTARY PUBLIC JEFFERSON COUNTY

SUPPLEMENTAL #1
June 20, 2014
12:06 pm

STATE OF TENNESSEE
COUNTY OF CARTER

Melissa Thompson OF SAID COUNTY BEING DULY SWORN, DEPOSETH AND SAITH THAT SHE IS THE ASSISTANT TREASURER OF THE ELIZABETHTON STAR, A NEWSPAPER PUBLISHED AT ELIZABETHTON IN THE COUNTY OF CARTER, STATE OF TENNESSEE, AND THE ORDER AND NOTICE, OF WHICH IS ANNEXED IS A TRUE COPY, WHICH WAS PUBLISHED IN SAID PAPER FOR one ~~CONSECUTIVE WEEKS,~~ (DAY) INSERTION.

COMMENCING ON THE 4th DAY OF June, 2014
AND ENDING ON THE 4th DAY OF June, 2014

Melissa Thompson

Sworn to and subscribed before me this
the 4th day of June, 2014

Kristina Cruz

NOTARY PUBLIC

My commission expires *June 4, 2017*

KRISTINA D. CRUZ
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF CARTER

SUPPLEMENTAL #1

Elizabethton Star Classifieds

To place a Classified ad, call 542-1530

Phone: 542-1530 | Fax: 542-2004 | E-mail: classifieds@starhq.com | www.starhq.com

042 Houses For Sale

1100 LYNNDALE DRIVE
$103,500

This immaculately kept three bedroom home has been completely remodeled just three years ago. Updates to this home include: a new architectural shingled roof, a new heat pump, new windows, and new electrical service all done in 2011.

Remax Checkmate, Inc
282-0432
Jay Crockett
Cell-
(423)341-6884

139 Sunny Acres
Elizabethton
$129,900

4-bd., 2 baths, Beautifully remodeled! 3-bedroom home upstairs. Finished basement includes den with second fireplace and French doors to deck. 4th bedroom, 2nd full bath, 1 car garage and a shop/office with another set of French doors for separate entrance.

Shar Saidla
Realty Executives
Johnson City
423-895-0430
423-952-0226,
ext. 132

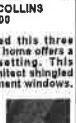
148 BERYL BLEVINS
$76,900
JUST REDUCED!

This well-maintained 2 bedroom, 1.5 bath townhouse is located in the heart of Lynn Valley. New windows, new paint, and new kitchen floor.

Remax Checkmate, Inc
282-0432
Jay Crockett
Cell-
(423)341-6884

208 OLLIE COLLINS
$69,900

Affordably priced this three bedroom 1.5 bath home offers a quiet country setting. This home has an architect shingled roof and replacement windows.



Remax Checkmate, Inc
282-0432
Jay Crockett
Cell-
(423)341-6884

042 Houses For Sale

257 Lakeview Drive - Bluff City
$164,900

Need to live close to family but not with them? Like new duplex. 1,720 square feet. Each unit is 2-bedroom 2-bath. All on one level. Wonderful central location between Bristol and Johnson City, across street from Boone Lake. Heat pump. Architectural shingles. Half-acre lot in beautiful setting.

Shar Saidla
Realty Executives
Johnson City
423-895-0430
423-952-0226,
ext. 132

269 Samps Hollow
Elizabethton
$285,000

You won't believe the gorgeous long-distance views! 3 bedroom, 2 bath, 2,120 sq. ft. Remodeled home on 5 acres. Spacious open floor plan. Fireplaces in both dining room and lodge style living room. 4 stall horse barn w/tack room. Full basement. 2-car garage.

Shar Saidla
Realty Executives
Johnson City
423-895-0430
423-952-0226,
ext. 132

700 Blue Springs Road
Elizabethton
REDUCED!
$110,900

Beautiful 3 bedroom, 2 bath ranch with modern updates. Vaulted ceilings and 2 gas-log stone fireplaces, one in living room and one in master bedroom, L-shaped property even includes creek at road.

Shar Saidla
Realty Executives
Johnson City
423-895-0430
423-952-0226,
ext. 132

Difficulty level ★★★

3	1	9	4	6	7	2	8	5
8	7	2	9	5	3	6	1	4
4	6	5	1	8	2	3	9	7
7	5	4	3	9	1	8	6	2
2	8	3	6	7	4	9	5	1
1	9	6	8	2	5	7	4	3
9	2	7	5	1	6	4	3	8
6	3	1	2	4	8	5	7	9
5	4	8	7	3	9	1	2	6

READ IT ONLINE
www.starhq.com

042 Houses For Sale

923 Deerfield
Hampton, Tenn MLS 345386
$264,900

This is a great family home within walking distance to the school. The home backs up to the national forest so you never have to worry about neighbors behind you. Dead end street so no traffic. Close to the lake and minutes to town. The home features Master on the main level and a another bedroom on main level. Large great room with fireplace. Large dining room and a kitchen that is a dream. Lots of cabinets, stainless steel appliances, large work space and its all granite. Large covered front porch and large deck on the back. Upstairs features 2 additional bedrooms and a huge bonus room. All baths are tile and granite. Lots of hardwood. Laundry room even has granite! 26 x 28 garage and 16 x 40 carport for your motor home or boat.

042 Houses For Sale

RANGER DRIVE
ELIZABETHTON
$360,000

Own a mountain with 2 cabins (one beside creek) and awesome mountain views. Adjoins national forest. 47+/- acres. Trails and logging roads all over for easier access. In Hunter community, only about 15 minutes to Bristol Motor Speedway. Unique property has potential for a multitude of uses - as single family estate, RV campground or hunting land. Breathtaking views from several areas. Level areas near top.

Shar Saidla
Realty Executives
Johnson City
423-895-0430
423-952-0226,
ext. 132

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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502 Deaderick Street
Nashville, Tennessee 37243

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The Flying McCoys

www.starhq.com

059 Autos For Sale

AUTOS & TRUCKS WANTED
Buying junk & running vehicles. Make this your first call. Paying up to $800. and maybe more. Call 423-297-2626

Up something 'NEWS' with the Elizabethton Star

To The 9s

Conceptis SudoKu By Dave Green

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Difficulty Level ★★★ 6/4/14

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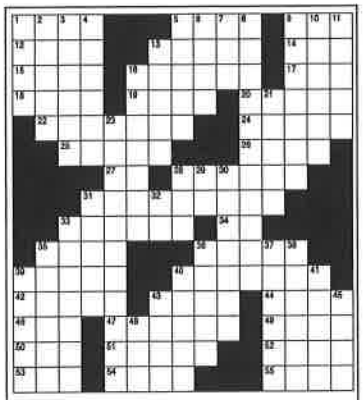
CROSSWORD FUN



CLUES ACROSS

1. Posttraumatic stress disorder
5. Brewed beverage
9. Where wine ferments, abbr.
12. "Rule, Britania" composer
13. Used to stop a vehicle
14. Macaws
15. Days (Spanish)
16. Liquid food dressings
17. A male ferret
18. Davenport
19. Hyperbolic cosecant
20. Accepted practice
22. A salt of sulphuric acid
24. Bombax ceiba
25. Rock
26. ____berry: bog fruit
27. Overdose
28. Madames
31. Marked by complexity of detail
33. Catbrier genus
34. 1/1000 of an ampere
35. A country in SE Asia
36. Satisfies fully
39. Dimension
40. Bet
42. NW German seaport
43. An academic gown
44. Sour to the taste
46. Monkey
47. Comes to the same value
49. Dry (esp. of vegetation)
50. Vietnam Veterans Memorial artist
51. Napped leather
52. Mild yellow Dutch cheese
53. Tooth caregiver
54. Impertinence
55. Art ____,1920's design

CLUES DOWN

1. A lily's floating leaves
2. Ills
3. Goofs
4. Remove salt
5. __ Lee, kung fu actor
6. Every one considered individually
7. Supplement with difficulty
8. A way to bring back
9. Nassau is the capital
10. Heavy work shoe
11. A descriptive marker
13. Sew temporarily
16. A disgraceful event
21. "Yes __ Bob" - absolutely
23. The trait of acting stupidly
28. Smoked salmon
29. Atomic #18
30. Restitution
31. Give expression on stage
32. College degree
33. Makes unhappy
35. Clear or transparent
36. Hair used for artist's brushes
37. Removed pencil marks
38. Withdraw from a union
39. Wooded district (Br.)
40. Isatis tinctorias
41. Physicist Paul Adrien Maurice
43. Feels regret
45. Exhibit usage
48. By virtue of being

PUZZLE SOLUTION

P	T	S	D				B	E	E	R		B	B	L
A	R	N	E			B	R	A	K	E		A	R	A
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E	M	D	E	N		R	O	B	E		A	C	I	D
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L	I	N		S	U	E	D	E			E	D	A	M
D	D	S		S	A	S	S				D	E	C	O

Garfield

Peanuts

PROOF OF PUBLICATION

Acct. Name:

HARWELL HOWARD HYNE

Acct. # 250552

COST OF PUBLICATION

Total $110.00

STATE OF TENNESSEE

COUNTY OF HAWKINS

PERSONALLY appeared before me Tommy Campbell

_____of Hawkins County, Tennessee.

who being duly sworn, made oath that he/she is a representative of the Publisher of THE ROGERSVILLE REVIEW, a newspaper of general circulation, published in the City of Rogersville, County of Hawkins and State of Tennessee and that the hereto attached publication appeared in the same on the following dates:

PUBLICATON OF INTENT

06/04/2014

The Rogersville Review

P.O. BOX 100, ROGERSVILLE, TN 37857

(423) 272-7422

Subscribed and sworn to before me on this 4th day of June, 2014

SHARON F. ROBERTS STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF HAWKINS

Newspaper Representative: [signature]

Notary Public: Sharon F Roberts

My Commission Expires: May 06, 2018

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

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Nashville, Tennessee 37243

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1x 06/04/2014

SUPPLEMENTAL #1

The Newspaper Publishing Company, LLC
June 20, 2014
12:06 pm

Polk County News

PO Box 129 • #3 Main Street • Benton TN 37307
423-338-2818 • 423-496-4066 • 423-338-4574 (FAX)
www.polknewsonline.com • polkpublisher@gmail.com

State of Tennessee
County of Polk
Benton, Tennessee

Certificate of Publication

I, Cheryl Buehler, Publisher of the Polk County News-Citizen Advance, a weekly newspaper published each Wednesday in Benton, Polk County, Tennessee, hereby certify the publication of:

Notice of Intent

placed by h3gm

333 Commerce St #1500, Nashville 37201

published 1 times on 6/4, 2014.

Cost of said publication is $ 123.50.

Cheryl Buehler

RICHMOND CLAYTON
STATE OF TENNESSEE NOTARY PUBLIC
POLK COUNTY

Appeared to me this day 6/12/14

Richmond Clayton

My commissioner expires June 18, 2017

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated January 23, 2004, and the Deed of Trust of even date securing the same, recorded January 29, 2004, at Book TD300, Page 547 in Office of the Register of Deeds for Polk County, Tennessee, executed by Claudette Taylor and Nathaniel Taylor, conveying certain property therein described to Laura M. Crawford as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for First American Equity Corp., its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on **June 30, 2014 on or about 1:00 P.M., at the Polk County Courthouse, Benton, Tennessee,** offer for sale certain property hereinafter described to the highest bidder FOR **certified funds** paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions which are expressly waived in the Deed of Trust, said property being real estate situated in Polk County, Tennessee, and being more particularly described as follows:

A certain tract of land situated in the Third Civil District, near Turtletown, Polk County, Tennessee, and more particularly described as follows:

Beginning at an iron peg and white oak tree on the Gaddis line and running approximately 400 feet in a Northwesterly direction to an iron peg and white oak tree in the cove; thence in a southwest direction approximately 380 feet to a white oak and iron peg [illegible] in a Southern direction with the Byrd line approximately 200 feet to the old county road thence in an easterly direction with the said county road to an iron peg at the Gaddis Line; thence in a Northerly direction with the Gaddis line approximately 280 feet to the point of beginning.

ALSO KNOWNAS: 4961 Highway 68, Turtletown, Tennessee 37391

This sale is subject to all matters shown on any applicable recorded plat, any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: **Claudette Taylor; Nathaniel Taylor; Estate of Nathaniel Taylor; Heir(s) if any, of Nathaniel Taylor**

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. **W&A No. 900-245746**

DATED May 22, 2014

INSERTION DATES:
WILSON & ASSOCIATES, P.L.L.C.,

Successor Trustee
June 4, 2014
June 11, 2014
June 18, 2014

FOR SALE INFORMATION, VISIT WWW.MYFIR.COM and WWW.REALTYTRAC.COM

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NOTICE OF SUCCESSOR TRUSTEE'S SALE

Default having been made in the terms, conditions, and payments provided for in that certain Deed of Trust dated December 3, 2002, of record in Book TD 281, Page 624, Register=s Office for Polk County, Tennessee, ("ROPC") from **Ricky Lee Waters and wife, Dawn Waters** ("Borrower") to David S. Humberd ("Trustee") securing the indebtedness therein described, which indebtedness is now due and unpaid, and has been declared in default by the lawful owner and holder thereof; and

WHEREAS, the undersigned, Douglas R. Johnson, Successor Trustee, having been appointed Successor Trustee of record in Book MS 150, Page 243, said Register=s Office, to serve in the place and stead of David S. Humberd, Trustee; and

NOW, THEREFORE, I, Douglas R. Johnson, Successor Trustee, pursuant to said Deed of Trust, having been requested by First Volunteer Bank, as successor in interest to Benton Banking Company, the owner and holder of said indebtedness so to do, and by virtue of the authority and power vested in me by said Deed of Trust will, on June 25, 2014 at 3:30 p.m., at the at the west door of the Polk County Courthouse in Benton, Polk County, Tennessee, sell at public outcry to the highest bidder for cash (or credit upon the indebtedness secured if the lawful owner and holder thereof is the successful purchaser), free from the equity of redemption, the statutory right of redemption, homestead, dower, elective share, and all other exemptions of Borrower of every kind, all of which have been expressly waived by Borrower, the following described property located in the First Civil District of Polk County, Tennessee:

BEING LOT NO. 2 in BLOCK "H" of the HIWASSEE RIVERIA ESTATES as shown on map or plat of record in Plat Book 2, Page 59 in the Register's Office of Polk County, Tennessee and being more particularly described as BEGINNING at a point in the East line of East Central Avenue, which point is the Southwest corner of the herein conveyed lot and the Northwest corner of Lot No. 1 of said Block and which is located Northeast along the East line of East Central Avenue, 100 feet from the extension of said Avenue at its intersection with the extension of the North line of Woodbine Drive; and thence running along and with the East line of said East Central Avenue, in a Northeasterly direction, 100 feet to the South line of Lot No. 3 of said Block; thence running along and with the South line of said Lot No. 3 in an Eastern direction 200 feet to the Northwest line of Lot No. 8 of said Block; and thence along and with the Northwest line of Lots Nos. 8 and 7 in a Southwestern direction, 80 feet to the North line of Lot No. 1 of said Block; thence along and with the North line of said Lot No. 1 in a Western direction, 190 feet to the point of beginning.

SUBJECT to Restrictions recorded in Misc. Book 27, Page 176, ROPCT.

This property is commonly known as: 114 Central Avenue, Benton, TN 37307

Map & Parcel 018C-C-016.00

Additionally, the property is encumbered by a prior lien to Glen J. Hertzler, Jr., Trustee for Farmers Home Administration, PO Box 790301, St. Louis, MO 63179, by Deed of Trust dated April 3, 1981, of record in Book TB 86, Page 76 ROPC and Modified at TB 110, Page 329 ROPC. Notice of the Trustee's foreclosure sale has been provided to all interested parties.

This sale is subject to liens, easements, encumbrances, property taxes, rights of redemption of taxing entities and other matters which are prior in right to the lien of the aforesaid Deed of Trust.

The right is reserved to adjourn the day of the sale to another day, time and place certain without further publication, upon announcement at the time and place for the sale set forth above. The Trustee /Successor Trustee reserves the right to rescind the sale.

In the event the highest bidder does not honor the highest bid within 24 hours, the next highest bidder at the next highest bid will be deemed the successful bidder.

Dated: June 2, 2014

Douglas R. Johnson, Successor Trustee
Post Office Box 2188
Chattanooga, TN 37409

THIS IS AN ATTEMPT TO COLLECT A DEBT. ANY INFORMATION GATHERED WILL BE USED FOR THAT PURPOSE

SUPPLEMENTAL #1

Classifieds TODAY

June 30, 2014

Serving Grainger, Hawkins, Hamblen, Jefferson and Surrounding East Tennessee Counties

Legals

SUBSTITUTE TRUSTEE'S NOTICE OF SALE

WHEREAS, on the 4th day of December, 2009, Randel Collins and wife, Brisha Collins, executed a deed of trust to Scott A. Hodge, Trustee, to secure a promissory note payable to the Consumer Credit Union as fully set forth in said deed of trust, which deed of trust is recorded in the Register's Office for Grainger County, Tennessee, in Book 1N312, page 1544, to which reference is hereby made;

WHEREAS, on February 10, 2014, the holder of the promissory note securing the indebtedness executed an Appointment of Substitute Trustee nominating and appointing Jerry W. Laughlin, Substitute Trustee, instead of the said Scott A. Hodge, Trustee, which Substitution of Trustee is recorded in Book 1N340, page 1992, in the Register's Office for Grainger County, Tennessee; and

WHEREAS, default has been made in the payment of said indebtedness as the same has become due and payable and the owner and holder of said indebtedness has declared the entire balance owing thereon due and payable, and has instructed the said Substitute Trustee to foreclose said trust deed and to advertise and sell the property therein and herein described, upon the terms and conditions set forth in said trust deed.

NOW, THEREFORE, notice is hereby given that I will on the 18th day of June, 2014, at 11:00 a.m. prevailing standard time in Grainger County, Tennessee, at the front door of the Grainger County Courthouse, 270 Justice Center Drive, in Rutledge, Tennessee, sell, as a whole, the following described real estate at public auction, for cash, to the highest bidder, and in bar of the equity of redemption, the statutory right of redemption, dower and homestead, but subject to all liens, encumbrances, easements, rights-of-way, set-back lines, restrictions, covenants, and unpaid taxes affecting the subject property having priority over the lien created by the subject deed of trust. The property to be sold is described as follows:

TRACT I: SITUATE in Fourth (4th) Civil District of Grainger County, Tennessee, and being more particularly described as follows, to wit:

BEGINNING on an iron pin in the Northern right of way line of U.S. Highway 131, corner to Stanley Dalton; thence with Dalton's line, North 260 feet to an iron pin, corner to Lonnie Collins; thence with Collins' line, East 422 feet to an iron pin, corner to Arch Bell, Sr.; thence with Bell's line, South 260 feet to an iron pin in the Northern right of way line of U.S. Highway 131; thence with said right of way line, West 422 feet to the point of BEGINNING. This description was taken from previous deed.

Being the property conveyed to Randel Collins, single, by deed from Lonnie Collins and wife, Thelma H. Collins, dated February 1, 1994 and recorded February 1, 1994 in Deed Book 184, Page 60, in the Register's Office for Grainger County, Tennessee.

Also being conveyed is a 1994 CLAY, EAS, mobile home, VIN CLMO6O493TN, which is permanently affixed to the above-described property and incorporated herein. Said mobile home is being sold AS IS WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED. THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND HABITABILITY ARE HEREBY DISCLAIMED.

EXCEPTED from the above parcel is a 0.17 acre tract as conveyed to Schoenfield as found in Deed Book 309, page 859, in said Register's Office.

TRACT II: SITUATE in Fourth (4th) Civil District of Grainger County, Tennessee, and being more particularly described as follows, to wit:

BEGINNING on an iron pin in the Southern right of way line of Puncheon Creek Road, corner to Bell (159/1056 & 188/1135); thence with the line of Bell, the following calls and distances: S 05.00.00 E 185.09 feet to a 8" cedar; S 70.06.15 E 92.82 feet to a 6" oak; S 36.59.27 E 40.92 feet to a 6" cedar; S50.17.08 E 15.28 feet; S 75.40.52 E 21.36 feet to a 6" cedar; S 81.46.29 E 32.0 feet to a 6" cedar; and N 77.58.44 E 26.18 feet to an old iron pin, corner to Ed Collins (206/643); thence with the line of Collins, S 03.11.03 E 353.81 feet to a bolt, corner to Scearce (193/1250); thence with the line of Scearce, S 70.56.04 W 260.51 feet to a bolt, corner to John Collins (233/1979); thence with the line of Scearce S 64.26.0 W 247.41 feet to an iron pin corner to Randel Collins; thence with the line of Randel Collins, S 68.46.36 W 426.91 feet to an iron pin, corner to Dalton (171/1537); thence with the line of Dalton, S 61.33.31 W. 158.97 feet to an iron pin, corner to Thelma Collins (155/1609); thence with the line of Thelma Collins, N 34.50.31 W 491.0 feet to an iron pin, corner to Sewell (172/1745); thence with the line of Sewell, N 62.19.04 E 583.00 feet to a point in rocks; thence with the line of Sewell, N 44.04.55 E 301.70 feet to an iron pin; thence with the line of Sewell, N 62.57.54 E 321.75 feet to an iron pin in the Southern right of way line of Puncheon Creek Road; thence with said right of way line, N 87.43.56 E. 37.14 feet to the point of BEGINNING, containing 15.32 acres, more or less, according to survey of Richard L. Kent, TRLS 2040, dated May 14, 2004. This description was taken from previous deed.

BEING the same property conveyed to Randel Collins and wife, Brisha Collins, by deed from Thelma H. Collins, widow of Lonnie Collins, dated June 4, 2004, and recorded June 5, 2004 in Deed Book 254, page 1884, in the Register's Office for Grainger County, Tennessee.

THERE IS EXCEPTED AND EXCLUDED from the foregoing described premises that portion thereof released from said Deed of Trust in a Partial Release which is of record in Book 1N321, page 1400, in the Register's Office for Grainger County, Tennessee:

BEGINNING at a EX iron pin on Puncheon Creek Road, corner to Jerry L. & Betty F. Sowell (WD290-P1542); thence from said point, N 87 deg. 58' 01" E 37.19 feet to a EX iron pin, corner to Arch, Jr. and Patricia Bell (WD159-P1056); thence from said point, S 05 deg. 16' 50" E 185.23 feet to a 8" cedar, corner to Arch, Jr. and Patricia Bell (WD188-P1135); thence from said 8" cedar, S 69 deg. 50' 50" E 92.85 feet to a 6" cedar; thence from said 6" cedar, S 36 deg. 59' 27" E 40.92 feet to a 6" cedar; thence from said 6" cedar, S 50 deg. 17' 08" E 15.28 feet to a 6" cedar; thence from said 6" cedar, S 75 deg. 40' 52" E 21.36 feet to a 6" cedar; thence from said 6" cedar, S 81 deg. 46' 29" E 32.40 feet to a 6" cedar; thence from said 6" cedar, N 75 deg. 55' 45" E 26.23 feet to a EX iron pin, corner to Ray Jarnigan (WD304-P503); thence from said EX iron pin, S 03 deg. 09' 55" E 353.83 feet to a EX bolt, corner to Jon D. Cheney (WD270- P570); thence from said EX bolt, S 70 deg. 47' 54" W 260.56 feet to a EX bolt, corner to John B. and Brenda S. Collins (WD233-P1979); thence from said EX bolt, S 64 deg. 21' 36" W 247.44 feet to a EX iron pin, corner to remaining lands of Randel and Brisha Collins (WD3 1 8-P776); thence from said EX iron pin, N 34 deg. 14' 52" W 536.73 feet to a point in rocks, corner to Jerry L. & Betty F. Sewell (WD290-P1542); thence from said point in rocks, N 43 deg. 59' 27" E 301.33 feet to a EX iron pin; thence from said EX iron pin, N 62 deg. 52' 39" E 321.79 feet to the point of BEGINNING, being the subdivision of the Randel & Brisha Collins Property, containing 8.621 acres, more or less, according to survey of David C. Houk, RLS No. 1901, PO Box 96, Seymour, TN 37865, dated September 9, 2010.

The subject property is located at 3400 Highway 131, Washburn, Tennessee.

It will be the responsibility of the successful bidder to obtain possession of the property at his or her expense. The successful bidder shall be responsible for any damage, vandalism, theft, destruction, etc., to the property. This sale is subject to any valid filed or unfiled mechanic's and materialmen's liens. No representations are made as to the validity or enforceability of any memorandum of mechanic's liens or any suit to enforce the same.

Others having interests in the property or matters affecting title include the following: Powell Valley Electric Co-Op, which has a UCC-1 of record in Book 1N320, page 246, in the Register's Office for Grainger County, Tennessee.

The sale will be made as substitute trustee only, without covenants of seizen or warranties of title, subject to unpaid taxes and assessments owing on the property, and subject to all liens, encumbrances, easements, rights-of-way, set-back lines, restrictions, and covenants affecting the subject property having priority over the lien created by the subject deed of trust.

The proceeds derived from the sale of said property will be applied to the payment first to the expenses of this sale, including attorney's fees, then to the payment in full of the indebtedness including interest secured by said trust deed, and the balance, if any, to be paid to the parties legally entitled hereto.

This sale may be postponed or adjourned from time to time without readvertising the sale, and may be dismissed and the sale not conducted. The acting Trustee or any Substitute Trustee is authorized to appoint an agent or an auctioneer to conduct the sale, and any sale so made shall have the same validity as if made by the original Trustee. The sale shall be for cash, to the highest bidder.

Dated this the 16th day of May, 2014.

/s/Jerry W. Laughlin
JERRY W. LAUGHLIN
Substitute Trustee

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms and conditions of a Deed of Trust dated September 25, 2003, executed by DARRELL R YOUNG AND BRENDA L YOUNG, conveying certain real property therein described to EXECUTIVE REAL ESTATE TITLE, as Trustee, as same appears of record in the Register's Office of Grainger County, Tennessee recorded October 23, 2003, in Deed Book 1N248, Page 1849; and

WHEREAS, the beneficial interest of said Deed of Trust was last transferred and assigned to BANK OF AMERICA, N.A. who is now the owner of said debt; and

WHEREAS, the undersigned, Rubin Lublin TN, PLLC, having been appointed as Substitute Trustee by instrument to be filed for record in the Register's Office of Grainger County, Tennessee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable, and that the undersigned, Rubin Lublin TN, PLLC, as Substitute Trustee or his duly appointed agent, by virtue of the power, duty and authority vested and imposed upon said Substitute Trustee in said deed of trust, on June 19, 2014 at 11:00 AM at the Main Entrance of the Grainger County Courthouse located in Rutledge, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Grainger County, Tennessee, to wit:

SITUATED IN THE FIRST (1ST) CIVIL DISTRICT OF GRAINGER COUNTY TENNESSEE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING ON OLD IRON PIN LOCATED IN THE EASTERN RIGHT OF WAY LINE OF TAMPICO ROAD (13.96 FEET FROM CENTERLINE) CORNER WITH HANKINS AND BEING 6,864 FEET MORE OR LESS NORTH FROM THE CENTERLINE OF OWL HOLE GAP ROAD, THENCE WITH SAID RIGHT OF WAY LINE OF TAMPICO ROAD THE FOLLOWING CALLS: NORTH 02 DEG. 22 MIN. 30 SEC. EAST, 57.45 FEET TO AN NAIL FOUND, NORTH 12 DEG. 19 DEG. 56 SEC. EAST, 75.42 FEET TO AN NAIL FOUND, NORTH 33 DEG. 29 MIN. 15 SEC. EAST, 57.58 FEET TO AN NAIL FOUND, NORTH 58 DEG. 11 MIN. 38 SEC. EAST, 50.82 FEET TO AN OLD IRON PIN, THENCE LEAVING SAID RIGHT OF WAY LINE THE FOLLOWING CALLS: SOUTH 69 DEG. 37 MIN. 00 SEC. EAST, 119.08 FEET TO AN OLD IRON PIN, SOUTH 69 DEG. 47 MIN 00 SEC. EAST, 136.39 FEET TO AN NEW IRON PIN CORNER WITH WATSON, THENCE WITH WATSON SOUTH 33 DEG. 50 MIN. 23 SEC. WEST, 333.40 FEET TO AN NEW IRON PIN, COMMON CORNER WITH WATSON AND HANKINS, THENCE WITH HANKINS NORTH 42 DEG. 43 MIN. 08 SEC. WEST, 217.28 FEET TO AN IRON PIN, THE POINT OF BEGINNING, CONTAINING 1.59 ACRES MORE OR LESS AS PER SURVEY OF EDDY R. GARRETT RLS #1544 DATED 12/19/2001. BEING THE SAME PROPERTY CONVEYED TO GRANTORS BY DEED OF RAYMOND WHALEY, SINGLE DATED 12/16/1991 AND RECORDED IN DEED BOOK 175, PAGE 1247, REGISTER'S OFFICE, GRAINGER COUNTY, TENNESSEE. THE ABOVE DESCRIPTION WAS TAKEN FROM PRIOR DEED OF RECORD, NO NEW BOUNDARY SURVEY HAVING BEEN MADE. Parcel ID: 081-035.00 PROPERTY ADDRESS: The street address of the property is believed to be 250 TAMPICO CHURCH ROAD, RUTLEDGE, TN 37861. In the event of any discrepancy between this street address and the legal description of the property, the legal description shall control. CURRENT OWNER(S): DARRELL R YOUNG AND BRENDA L YOUNG OTHER INTERESTED PARTIES: FFPM/CARMEL HOLDINGS, LLC, LVNV Funding, LLC as assignee of "HSBC Bank Nevada National Association", Arrow Financial Services, LLC The sale of the above-described property shall be subject to all matters shown on any recorded plat; any unpaid taxes; any restrictive covenants, easements or set-back lines that may be applicable; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. This property is being sold with the express reservation that it is subject to confirmation by the lender or Substitute Trustee. This sale may be rescinded at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The Property is sold as is, where is, without representations or warranties of any kind, including fitness for a particular use or purpose. THIS LAW FIRM IS ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. Rubin Lublin TN, PLLC, Substitute Trustee 119 S. Main Street, Suite 500 Memphis, TN 38103 www.rublinlublin.com/property-listings.php Tel: (877) 813-0992 Fax: (404) 601-5846
Ad #70358: 2014-05-21 2014-05-28, 2014-06-04

TRUSTEE'S NOTICE OF SALE

KNOW ALL MEN BY THESE PRESENTS: That WHEREAS, by deed of trust dated August 9, 2012, of record in the Register's Office for Grainger County, Tennessee in Instrument Book 331, Page 242, Dennis Laskey and wife, Dawn Laskey did convey unto a Trustee the real estate hereinafter described to secure the payment of the indebtedness therein mentioned; and

WHEREAS, said deed of trust provides that in the event of default in the payment of said note and interest, when due, the entire indebtedness shall, at the option of the holder and owner thereof, become due and payable; and

WHEREAS, default has been made in the payment of certain installments of said indebtedness, now due, and the holder and owner of said note has declared the entire balance now due and payable, and has instructed the undersigned Trustee to foreclose said deed of trust. and

NOW, THEREFORE, by virtue of the authority in me vested as Trustee under said instrument, I will on the 19th day of June, 2014 at 10:00 a.m. offer for sale and sell in front of the courthouse door in Grainger County, Tennessee, to the last, highest and best bidder, for cash in hand and in bar of equity of redemption, the following described real estate, situate in the Second Civil District of Grainger County, Tennessee, to-wit:

BEGINNING at a new iron pin set in the northern margin of the right-of-way of Rugged Range Road, corner with Lawson; thence, with the line of Lawson North 53 deg. 28 min. 57 sec. East 80.56 feet to a new iron pin; thence, still with the line of Lawson North 41 deg. 14 min. 00 sec. East 452.15 feet to a new iron pin; thence, still with the line of Lawson South 85 deg. 32 min. 00 sec. East 59.86 feet to a new iron pin, corner with Stevenson; thence, with the line of Stevenson South 33 deg. 38 min. 1 sec. East 211.22 feet to an old iron pin, corner with King; thence, with the line of King South 70 deg. 3 min. 56 sec. West 193.82 feet to an old iron pin; thence, still with the line of King South 6 deg. 19 min. 9 sec. East 140.23 feet to an old iron pin set in the northern margin of the right-of-way of Rugged Range Road; thence, with the northern margin of the right-of-way of Rugged Range Road South 83 deg. 40 min. 51 sec. West 150 feet to a point; thence, still with the northern margin of the right-of-way of Rugged Range Road North 86 deg. 17 min. 3 sec. West 224.05 feet to the point of BEGINNING, containing 2.2030 acres, more or less, according to a survey prepared by William H. Shockley, TRLS No. 973, 2125 Lawson Road, Morristown, Tennessee, 37814, bearing date of December 14, 1993. Said premises are improved with a brick and frame residence house at Box 3225 Rugged Range Road, Bean Station, Tennessee 37708.

BEING the same real estate conveyed to Dennis Laskey and wife, Dawn Laskey, by virtue of the Warranty Deed from Thomas B. Jenkins, dated August 9, 2012 and of record in the Register's Office for Grainger County, Tennessee in Instrument Book 331, page 239.

The street address for this property is 3225 Rugged Range Road, Bean Station, Tennessee, 37708. Tax Map 43K – Group D – Parcel 11.00

The date and/or time and/or place of the sale may be rescheduled by the Trustee so long as same is announced at the scheduled time and place of the sale.

If the highest bidder does not comply with the sale within a reasonable time, the Trustee may declare the second highest bidder to be the highest bidder.

Said sale will be made subject to such prior encumbrances, easements, leases, objections, conditions, restrictions of record, all unpaid taxes, if any.

The real property and any improvements thereon, if any, shall be sold AS IS, WHERE IS, without warranties or representations of any kind.

OTHER INTERESTED PARTIES: None.

This 20th day of May, 2014.

William O. Foutch, Jr.,
Attorney at Law
830 West First North Street

Morristown, Tennessee 37814
(423) 586-2337

NOTICE TO CREDITORS
STATE OF TENNESSEE
Probate Court of Grainger County
Rutledge, Tennessee

ESTATE OF Roger Brent Majors (Deceased)

Notice is hereby given that on the 23rd day of May, 2014, Letters Testamentary (or of administration as the case may be) in respect of the Estate of Roger Brent Majors, deceased, who died on November 8, 2013, were issued to the undersigned by the Probate Court of Grainger County, Tennessee.

All persons, resident and non-resident, having claims, matured or unmatured, against said estate are required to file the same with the Clerk of the above named Court at P.O. Box 160, Rutledge, Tennessee, 37861, on or before the earlier of the dates prescribed in (1) or (2), otherwise their claims will be forever barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice, if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors if the creditor received the copy of the notice less than sixty (60) days prior to the date that the four (4) months from the date of first publication (or posting) as described in (1)(A); or

(2) Twelve (12) months from the decedent's date of death.

This 23rd day of May, 2014.

Tyler Daniel Majors-Executor
Estate of Roger Brent Majors

ATTORNEY:
Robert M. Burns
P.O. Box 111
Rutledge, TN 37861

Vickie Greenlee-Clerk

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Comm Alternate Site Services, inc. d/b/a Comm CVS/specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file

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Bean Station, TN

Fax:
(865) 993-6474
or
classified@graingertoday.com

an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson. The anticipated filing date of the application is June 6, 2014. The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Public Notices

Public Notice
The Town of Bean Station will hold a public hearing on Budget Amendments Ordinance #2014-05-100 at Bean Station Town Hall on June 23, 2014 at 5 P.M. Citizens encouraged to attend.

Public Notice
We are applying for a new title for a red 1993 Jeep Wrangler (VIN) 1J4FY29S1PP239O23. Anyone who holds an interest in this vehicle has (10) days from this date of publication to contact me via registered letter to prove a legal claim. 1823 Broadway Drive, Bean Station, TN 37708

The City of Blaine Board of Zoning Appeals will meet Monday, June 9th at 6:30 P.M. at Blaine City Hall.

The Blaine Municipal Planning Commission will meet Monday, June 9th at 6:45 P.M. at Blaine City Hall.

Animals

TRI-COUNTY ANIMAL CLINIC
~Welcomes You~
• Drop-Offs Welcome
• Walk-Ins Welcome
NO APPOINTMENT NECESSARY
(865) 993-3370

TRI-COUNTY ANIMAL CLINIC CUSTOMER APPRECIATION DAY
June 21, 2014
9 A.M. - 2 P.M.

FREE 8x10 portrait of pet, family or pet w/family. Just to say THANKS for doing business with us.

Call Rodney D. Atkins (865) 850-8135 or Tri-County Animal Clinic (865) 993-3370

REMEMBER Saturday, June 21st!

MANY A SMALL THING HAS BEEN MADE LARGE BY THE RIGHT KIND OF ADVERTISING. — MARK TWAIN

Pet of the Week

Hi, my name is **Sugar Smack**. I'm an adult, 3-year old, female tabby. I like to lounge around on our family tree and look out the window. I'm very gentle and love to get attention. I was rescued as a young mother of three kittens. Now, I'm enjoying retirement from being a mother and would like to find somebody to share my life with. Would that be you? Please call Marge at (423) 733-8927.

IF you are looking for a country girl here is the dog for you!!!! **Farrah** is a 1-2 year old female retriever/setter mix who is full of personality and absolutely perfect if you live out in the country or on a farm. She is completely house trained, leash trained, crate trained, farm safe and LOVES to go for rides in the truck. She is wonderful around goats, chickens, horses and cattle. Farrah loves water and is a very active dog but is just as happy laying at your feet watching TV. She does get along well with other dogs and is very social but Farrah would have to be the only dog in the home. Farrah is very protective of her people and is extremely loyal... But she gets very jealous if another dog is getting too much attention by her owner. Farrah does well around children but she prefers older children as she enjoys being the center of attention. Farrah is spayed, up to date on all her shots, wormed and frontlined. If you are interested in a dog like Farrah call Rocky at (865) 567-0050.

SPAY/NEUTER DATES FOR JUNE 2014

The Grainger County Humane Society will host a pre-registered low cost Spay & Neuter Clinic on June 9th , 17th, and 25th for **pets that have been registered prior to the surgery date,** from 8 A.M. to 4 P.M. The PAL mobile unit will be at 147 Meadow Branch Rd. just off Hwy 25E in Bean Station. **Pets must be pre-registered for Spay/Neuter and all other services. To register and receive information regarding these services,** please call (865) 804-7121, between the hours of 9 A.M. and 5:30 P.M. Please do not call on the day of surgery.

Auctions

FRIDAY NITE AUCTION
JUNE 6 - 6 P.M.
Kyles Ford Auction & Real Estate Co.
3718 Kyles Ford Hwy Route 33
Kyles Ford, TN
(423) 733-2904

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FL5544
Ad subject to errors & deletions

Boats

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1544 G-3 boat. All welded, foot-controlled trolling motor, depth finder, battery, seats, running lights., storage box and hustler trailer. NO MOTOR. $1,600. (423) 300-8732

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WHITT & SON
Cut and trim trees at low cost. We will beat anybody's prices.
WANTED
Housekeeper with respectable, good attitude. Prefer 50-year old or older. Good pay.
Also have a 2 room apartment for rent. Call Whitt & Son any time (423) 317-9641.
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Commercial

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2 business owners needed in Rutledge, TN. Call Rodney D. Atkins (865) 767-2020 or (865) 850-8135

Employment

Part-time local tractor/trailer driver needed. Local company.
Home every night.
Call (423) 327-5291 for details.

HELP WANTED
General Property Maintenance & Commercial Roof Maintenance

Must Have Drivers License & Pass Drug Test
(865) 828-4696

Drivers: $2500 Sign-On Bonus! Regional fleet most runs within 700 mile radius of Church Hill, TN. Werner Enterprises: 1-855-614-8488

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Full-time
Hourly Pay, with many opportunities for advancement (EOE/AA)
Old Dominion Freight Line, Inc.
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White Pine, TN 37890
Call for appt:
800-458-6135, x222

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Experienced dump truck drivers. Plenty of overtime. Late model trucks.
MUST HAVE CLEAN MVR.

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Beautiful 3BR. 5BA (sleeps 14).

Go to:
www.vrbo.com/558318
for more details and pics or call (865) 363-8317.

FOR RENT
NEAR CHEROKEE LAKE
Mobile home. Central H/A, $400/month. Rodney D. Atkins (865) 850-8135 or (865) 767-2020

FOR RENT: 2BR, 1 1/2BA apartments on the lake, just off Lakeshore Drive. $500/month, $450/deposit.
Call (423) 736-1840

The Rogersville Housing Authority is taking applications for 2 and 3 bedroom apartments at our Rogers Drive, Rutledge, TN development. Rent is based on income and includes utilities. HUD guidelines apply. EQUAL HOUSING OPPORTUNITY. Please call Rogersville Housing Authority at (423) 272-8540 if interested.

CHEROKEE LAKE MOBILE HOME FOR RENT

Beautiful lot right on the water. "You won't find lakefront like this anywhere else." Furnished $600/month, $600/deposit.
Call Rodney D. Atkins
(865) 767-2020 or
(865) 850-8135

MOBILE HOME FOR RENT

Beautiful private lot near Cherokee Lake. Large storage building, separate large carport. Nice spring on the property. $650/month. Rodney D. Atkins (865) 850-8135 or (865) 767-2020

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HUNTING LEASE

Excellent hunting area. Up to 4 people, $1,000. Call Rodney D. Atkins (865) 767-2020 or (865) 850-8135

Lots For Rent

MOBILE HOME LOTS FOR RENT
Buckwaters Mobile Home Park Under New Management. Lots for rent, with walking access to the lake. Call for information (423) 327-5830.

Mattresses

New Queen Mattress
Still in plastic.
$100
Call (865) 850-1079

Miscellaneous

FOR SALE: Pool table, slatebed 1" thick w/accessories, $400. Call (423) 587-2549.

FOR SALE: Berkline sleeper sofa. Very good condition, green/blue, $175. Call (865) 993-0713.

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NICE 2 AND 3BR MOBILE HOMES. Rent, rent-to-own, Section 8. Bean Station, Mooresburg and Rogersville (423) 293-2102.

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Blue Springs Baptist Church Open Car Show and Fish Fry
June 7
9 A.M. - 3 P.M.

Door Prizes and Awards for People's Choice, Best Muscle Car and Top Ten

$15 Entry Fee
Concessions and Bake Sale with Fish Fry starting at 10:30 A.M.

Public Notice

Town of Bean Station Proposed Budget
The Town of Bean Station, TN hereby provides certain financial information for the 2014-2015 fiscal year budget in accordance with provisions of Chapter 484, Public Acts of 1991, as amended.
A public hearing will be held concerning the budget at Town Hall on June 23, 2014 at 5:00 P.M.
All citizens are welcome to attend and participate.

GENERAL FUND	FY-2014 Approved	FY-2014 Estimated	FY-2015 Proposed
Estimated Revenues:			
Local Taxes	350,000.00	399,492.00	400,000.00
State of TN	464,680.00	474,813.00	481,200.00
Federal Gov't	212,500.00	190,700.00	30,000.00
Other Sources	207,970.00	207,442.00	209,509.00
Total Revenues	$1,237,150.00	$1,272,447.00	$1,120,709.00
Expenditures:			
Salaries	451,233.00	494,764.00	493,936.00
Other Costs	785,917.00	777,683.00	626,771.00
Total Expenditures	$1,237,150.00	$1,272,447.00	$1,120,709.00
Full Time Employees	14	14	16

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Saturday, June 7, 2014 at 10 A.M.
2,300 SF HOME ON 76 ACRES & PERSONAL PROPERTY

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NNESSEE, COUNTY OF BRADLEY

Guy_____having first duly sworn,
t she is Legal Clerk of the
ly Banner, a daily newspaper published in
y and of general circulation therein, and that the
true copy of the legal notice which has been
_ times in said newspaper and online at
dbanner.com and www.tnpublicnotice.com
ıg dates, to wit:

CVS 6/4 *159463

_ is due _X_ has been paid the said
y Banner for such publication the sum of

ndred ninety-nine Dollars and 50/100

ı fully complies with Tennessee Code
120.

Vicky Guy
Legal Clerk

ıbscribed before me this _4th_ day of June

Joyce Taylor
Notary Public

My Commission expires:
1-23-2018

ADVERTISING IS

help," the letter aid.

ited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

June 4, 2014

To: Harwell, Howard, Hyne, Gabbert, & Manner P.C
Advertising: Notice of Notification of Intent
State of Tennessee
County of Anderson

Subscribed and sworn before me and in my Presence, the undersigned, a Notary Public. in and for said county, this day personally came Darrell Richardson who being first duly sworn, according to law say that he is the Publisher of The Oak Ridger, a daily newspaper published at Oak Ridge, in said County and State, and that the advertisement of the Notice of Notification of Intent , published June 5, 2014, and that the statement of account herewith is correct to the best of his knowledge and belief.

Darrell Richardson

Subscribed and sworn to before me in my Presence, this 5 day

of June, 2014 a Notary Public in and for

the County of Anderson, State of Tennessee

Carolyn B Skyberg

NOTARY PUBLIC, Carolyn B. Skyberg

My commission expires March 1st, 2015

CAROLYN B. SKYBERG
STATE OF TENNESSEE NOTARY PUBLIC
ANDERSON COUNTY

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121 Wendover Circle
Thur. 5-9p, Fri 10a-2p.
LR, DR, Basement,
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Estate Sale 640 Butler
Mill Rd OS Fri 8a-6p
Sat. 8a-3p
No Early sales.

Estate Sale 849 Poplar
Creek Rd OS Fri & Sat.
8a-2p HH items & furn.
No Early Sales!

67 Garage/Ya

Multi Family s
8a-12p 116 Da
Furn, tools, toys
playstation w/

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starts 30 mins
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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

his is to provide official notice to the Health Services and evelopment Agency and all interested parties, in ccordance with T.C.A. §§ 68-11-3601 et seq., and the Rules f the Health Services and Development Agency, that oram Alternate Site Services, Inc. d/b/a Coram CVS/ pecialty Infusion Services, owned by CVS Caremark orporation, with an ownership type of for profit orporation to be self-managed, intends to file an application r a Certificate of Need for the establishment of a limited ervice home health agency only to provide and administer ome infusion products and related infusion nursing services ncillary to its pharmacy services, by way of example and not mitation, line maintenance, infusion equipment repair and placement, and dressing changes on central lines and ternal access ports within the following Tennessee ounties: Anderson, Blount, Bradley, Campbell, Carter, laiborne, Cocke, Fentress, Grainger, Greene, Hamblen, lancock, Hawkins, Jefferson, Johnson, Knox, Loudon, cMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, oane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, nd Washington, from its licensed home infusion pharmacy hich will be located at 10932 Murdock Drive, Suite 101A, noxville, Tennessee 37932 with an estimated project cost to ot exceed $98,000. Coram Alternate Site Services, Inc. is rrently licensed in the following counties: Bedford, edsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, avidson, DeKalb, Dickson, Franklin, Giles, Grundy, amilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, ncoln, Macon, Marion, Marshall, Maury, Montgomery, verton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, mith, Sumner, Trousdale, Warren, White, Williamson, and ilson.

e anticipated filing date of the application is June 6, 2014. e contact person for this project is Alix Coulter Cross, torney, who may be reached at Harwell Howard Hyne abbert & Manner PC, 333 Commerce Street, Ste. 1500, ashville, TN 37201, 615/256-0500.

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Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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SUPPLEMENTAL #1
June 20, 2014
12:06 pm

SUPPLEMENTAL #1

June 20, 2014

12:06 pm

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

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STATE OF TENNESSEE
FENTRESS COUNTY

The undersigned - Bill Bowden, Editor and Publisher of the Fentress Courier, a newspaper published weekly in Jamestown, Tennessee certifies that the attached notice was published in print and online at www.fentresscouriernews.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-120. The attached notice was published for 1 consecutive weeks on the dates of June 4, 2014 _____, and

Bill Bowden

Sworn to and subscribed before me this 4th day of June, 2014.

LORINDA S. GARRETT
STATE OF TENNESSEE NOTARY PUBLIC
FENTRESS COUNTY

Lorinda S. Garrett
Notary Public

My commission expires: March 23, 2015

SUPPLEMENTAL #1

June 20, 2014
12:06 pm

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604

AFFIDAVIT OF PUBLICATION

AD# 1160453

DATES: 6-4-2014

State of Tennessee)
Carter County)
Washington County)

Teresa Hicks makes the oath that she is a Repr aily

newspaper published in Johnson City, in said C nent

was published in said paper for 1 insertic 014

and ending on 6-4-2014

Sworn to and Subscribed before me this 4

N

Conr

Nota

My c

This legal notice was published online at www. ully

www.publicnoticeads.com during the duration

complies with Tennessee Code Annotated 1-3-

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

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Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY
SUPPLEMENTAL-2

Coram Alternate Site Services
CN1406-017

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SUPPLEMENTAL

June 26, 2014

VIA HAND DELIVERY
Phillip M. Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need Application CN1406-017
Applicant's Response to Second Request for Supplemental Information

Dear Mr. Earhart:

We are in receipt of the Agency's Second Request for Supplemental Information. Please accept this as the Applicant's response to the same. Mr. Dell's Affidavit is attached hereto as Exhibit A.

1. **Section C, Need, Item 6**

   The methodology of projecting 162 patients in Year One is noted. However, it remains unclear of the number of patients by therapy the applicant used in Year One and Year Two projections. Please complete the following table for Year One and Year Two projections:

Type of Patients	Brief Description of Service	# Year One Patients	# Year Two Patients
Aralast®	Treatment for Alpha-1 antitrypsin deficiency ("Alpha-1"), chronic hereditary form of progressive emphysema. Aralast® is a Baxter Healthcare infusion therapy. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	8	9

SUPPLEMENTAL

Chelation Therapy	Administration of chemical binding agents, such as ethylene diamine tetraacetic acid ("EDTA"), to remove heavy metals, such as iron, lead, mercury, cadmium, and zinc from the body. Preferred therapy for Coram patients is either Desferal®, a Novartis EDTA therapy, or Defroxamine®, a Fresenius-Kabi EDTA therapy. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	1	1
Chemotherapy	Administration of anti-cancer drugs known as anti-metabolites. which interfere with cells making DNA and RNA, stopping the growth of cancer cells. Used in many cancer treatments, colon, rectum, and head and neck cancers. Due to in-home stability, preferred therapy for Coram patients is 5-FU fluorouracil sold as Adrucil®, a Fresenius-Kabi therapy. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	7	8
Fabrazyme®	Enzyme replacement treatment for Fabry disease, a chronic hereditary and progressive deficiency of the Alpha-GAL enzyme. Fabrazyme® is a Genzyme therapy. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	1	1
IVIG	Intravenous immunoglobulin (IVIG) is a blood product administered intravenously. It contains the pooled, polyvalent, IgG antibodies extracted from donor plasma for the treatment of chronic immune deficiencies, autoimmune disease and acute infections. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	58	64
IVIG subcutaneous	Intravenous immunoglobulin (IVIG) is a blood product administered subcutaneously, which means under the skin. Coram services include: Patient teaching and assessments.	44	48
Zemaira®	Treatment for Alpha-1 antitrypsin deficiency ("Alpha-1"), chronic hereditary form of progressive emphysema. Zemaira® is a CSL Behring therapy. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	9	10
Non-specialty	Treatment for all other patients including TPN, Antibiotics, Hydration Therapy, Multiple Sclerosis Injections, Opiate Management, Pain Management, Antiviral, Antiemetic, Fluid Replacement, etc. Coram services include: Medication administration, patient teaching, starting and/or accessing/maintenance of IV access device and routine patient visit/assessment/vital signs and monitoring.	34	37
Total		162	178

2. Section C. Economic Feasibility Item 1 (Project Cost Chart)

Your response is noted. However, the unused leased space allocated to the proposed home health project will need to be accounted for in the Project Costs Chart. Please revise.

The Applicant did not include leasehold expenses because it is not incurring any incremental costs associated with its use of unused space in its leasehold. Nonetheless, the Applicant has allocated a pro rata portion of the leasehold expenses to the small space that will be used and noted such on the Project Cost Chart. Please see revised chart and assumption page attached. The amount allocated to leasehold costs was shifted from administrative cost, which included $25,000 in contingency expense.

3. Proof of Publication

The applicant provided additional copies of the publication of intent required of newspapers of general circulation in the proposed service area. However, please submit the following missing proofs of publication:

Newspaper	Response
Citizen Tribune	Did not publish
Claiborne Progress	Attached
Kingsport Times-News	Tearsheet attached – Affidavit requested
Morgan County News	Attached
News-Herald	Provided June 20 – Copy Attached
Roane County News	Attached
Southern Standard	Requested
The Mountain Press	Provided June 20 – Copy Attached
Grainger Today	Requested
Pickett County Press	Requested
The AdvoCate and Democrat	Attached
Union New Leader	Requested

There was no publication in the Citizen Tribune. Affidavits have been requested for the other papers listed. Those that have been provided are attached or have been previously submitted. Some newspapers provided electronic tear sheets. Several of the newspapers have informed us that they are unable to provide affidavits at this time but will be forwarding to us as soon as possible. We will submit these upon receipt. The Knoxville News-Sentinel affidavit has been provided and is a newspaper of general circulation for all counties for which affidavits or tear sheets have not been provided including Anderson, Blount, Campbell, Claiborne, Cocke, Cumberland, Grainger, Greene, Hamblen, Jefferson,

SUPPLEMENTAL

Loudon, McMinn, Monroe, Morgan, Roane, Scott, Sevier and Union. Tenn. AG Op. 05-149 (copy attached).

With best regards,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.

Alix Coulter Cross

ACC/smb

SUPPLEMENTAL

AFFIDAVIT

STATE OF COLORADO

COUNTY OF DENVER

NAME OF FACILITY: CORAM ALTERNATE SITE SERVICES, INC.

I, MICHAEL E. DELL, after first being duly sworn, state under oath that I am the Senior Vice President, General Counsel & Secretary of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith (2nd Supplemental Request), and that to the best of my knowledge, it is true, accurate, and complete.

Michael E. Dell
SVP, General Counsel & Secretary

Sworn to and subscribed before me, a Notary Public, this the 25th day of June, 2014, witness my hand at office in the County of Denver, State of Colorado.

PATRICIA V IVANCICH
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 20034019486
MY COMMISSION EXPIRES JUNE 12, 2015

PATRICIA V. IVANCICH
NOTARY PUBLIC

My commission expires June 12, 2015.

HF-0043

Revised 7/02

EXHIBIT A

JUN 25 '14 AM 12:08
SUPPLEMENTAL

PROJECT COST CHART

A	Construction and equipment acquired by purchase:		
1	Architectural and Engineering Fees		$0
2	Legal, Administrative (Excluding CON Fee), Consultants Fee		$88,000
3	Acquisition of Site		$0
4	Preparation of Site		$0
5	Construction Costs		$0
6	Contingency Fund		$0
7	Fixed Equipment (not in Construction Contract)		$0
8	Moveable Equipment (List all equipment over $50,000)		$0
9	Other (Specify)		$0
B	Construction and equipment acquisition by donation or lease		
1	Facility (inclusive of land and building)		$0
2	Building Only		$0
3	Land Only		$0
4	Equipment (Specify)		$0
5	Other (Specify)	Prorated Allocation of Five Year Lease	$4,200
C	Financing Costs and Fees		
1	Interim Financing		$0
2	Underwriting Costs		$0
3	Reserve of One Year's Debt Service		$0
4	Other (Specify)		$0
D	Estimated Project Cost (A+B+C)		$92,200
E	CON Filing Fee		$3,000
F	Total Estimated Project Cost (D+E)	**TOTAL**	$95,200

Project Cost Chart, Underlying Assumptions

The underlying assumptions for the Project Cost Chart on the preceding pages are summarized in the following paragraphs.

- Line A 1, Architectural and Engineering Fees: Not applicable as there is no design and construction involved in this project.

- Line A 2, Legal, Administrative, Consultants Fee: These costs represent legal, administrative and consulting associated with preparing and filing the CON application including a contingency for such costs and the home health license application fee of $1,080. There are no pre-opening costs as the existing operations have the infrastructure necessary to add the limited home health services without the additional of any support personnel or additional physical space.

- Line A 3, Acquisition of Site: Not applicable as the service will be incorporated into the leased space at 10932 Murdock Drive, Suite 101A, Knoxville, TN 37932.

- Line A 4, Preparation of Site: Not applicable as there is no design and construction involved in this project.

- Line A 5, Construction Costs: Not applicable as there is no design and construction involved in this project.

- Line A 6, Contingency: Not applicable as there is no design and construction involved in this project.

- Line A 7, Fixed Equipment: Not applicable as there is no design and construction involved in this project.

- Line A 8, Moveable Equipment: Not applicable as there is no addition of infrastructure to house the nurses and the infusion equipment is already owned by Coram and housed at its offices.

- Line A 9, Other: Not Applicable.

- Line B 1 through 5: Line 5 includes a prorated allocation of the home health's percent of the overall leased space, based on a five year agreement.

- Line C 1 through 4: This is not applicable as the costs of implementing the program are being funded from cash reserves.
- Line D: This is the subtotal of A, B and C above.

- Line E: This is the applicable CON application fee payable to the State of Tennessee.

- Line F: This is total project costs.

SUPPLEMENTAL

JUN 2 14 PM 12:08

CLAIBORNE PROGRESS

P.O. BOX 40, TAZEWELL, TN 37879 PHONE 423-626-3222

Affidavit of Publication

I, Amber Morgan for the Claiborne Progress of Tazewell, Tennessee being duly sworn, state that:

An advertisement was/advertisements were published

For the account of Harwell Howard Hyne Gabbert

In the Claiborne Progress as follows: Notice of Intent to Apply

Size (columns x inches tall)	Section Page	Date/Dates m/d/y
2x4	10A	6/4/14

Signed [signature]

SWORN AND SUBSCRIBED to before me, a notary public, on this the 20 day of June, A.D. 2014.

Notary Public in and for Claiborne

County, Tennessee (State)

My Commission Expires 4/19/17

DENISE L. WEST
STATE OF TENNESSEE NOTARY PUBLIC
CLAIBORNE COUNTY

SUPPLEMENTAL

Chamber supporters recognized

Several supporters of the Claiborne County Chamber of Commerce were recognized during the annual dinner and awards banquet.

Photos by Marisa Anders | Claiborne Progress

Outgoing Chamber President Dave Kennedy, center, was recognized for his work this past year. Also pictured from left are Dennis Shipley, executive director, and Pat Anstett, incoming president.

Gold Sponsors recognized during the dinner were, in no particular order: CenturyLink of Claiborne, Citizens Bank, City of Harrogate, Claiborne Medical Center, Commercial Bank, DTR Tennessee, Inc., Duncan Lumber, England, Inc., Estep & Estep Attorneys, First Century Bank, First State Financial Inc., Heartland Medical, Home Federal Bank, Vyve Broadband, Walmart of New Tazewell and Well Being Foundation.

Charles "Bo" Goodin represented Powell Valley Electric Cooperative, which is a Platinum sponsor for the Chamber of Commerce.

Diamond sponsors recognized were Claiborne County government, represented by County Mayor Jack Daniels, left, and the Claiborne County Industrial Development Board, represented by Rob Barger.

Notices

LAND SALE NOTICE
CASE NO. 17,967
Norma Bush vs. Terry Lee Sutton, Thomas Mark Sutton, Clifford Anthony Sutton, Roger McCarter and Lynn Ashley
IN THE CHANCERY COURT FOR CLAIBORNE COUNTY, TENNESSEE, AT TAZEWELL:
In obedience to a decree of the Chancery Court at Tazewell, made at the March Term 2014, in the above styled case, I will on Saturday, June 21, 2014, at 10:30 AM, in front of the Claiborne County Courthouse in Tazewell, Tennessee, sell to the highest and best bidder the real estate in said decree described as follows:
TRACT ONE: Situated in District No. Four (4) in Snake Hollow, Howards Quarter Area, Claiborne County, Tennessee, and situated and described more fully as follows: Beginning at a stake on the West side of Snake Hollow Road and the Western side of driveway to the barn; thence Northwardly following along driveway to the barn; thence West in a straight line to the branch, to a stake near a Beech and Poplar Tree in the Roy Odell line; thence North with said branch and Odell line to a stake; thence Northwardly across to Jim Maloney line; thence Southeast in a straight line crossing Snake Hollow Road and across the creek to the Old Snake Hollow Road to a stake; thence Southwardly with Old Snake Hollow Road to a stake being a corner with Norma Bush; thence Northwest in a straight line to a stake on the East side of Snake Hollow Road, across from Lawrence Sutton driveway; cross said road, thence Southwardly with Snake Hollow Road to the driveway to the barn, being the point of beginning. Containing twenty-five (25) acres more or less. Being the same property conveyed to Della Sutton (Life Estate) and Lawrence Sutton (Remainder interest) by deed of Della Sutton dated September 29, 1999, recorded in Warranty Deed 1233, Page 103, Register's Office, Claiborne County, Tennessee. CTL 73 Parcel 29.01
TRACT TWO: Situated in the Fourth (4th) Civil District of Claiborne County, Tennessee and bounded as follows: On the North and West by the remaining lands of Sutton, on the East by Spradling and on the South by Yellow Springs Road. Described by metes and bounds as follows: BEGINNING at an old corner to Spradling and Sutton and in the Northwest edge of Yellow Springs Road; thence with the Spradling fence line N. 40° W. 145 feet to an iron pin; thence leaving the Spradling line S. 46° 30' W. 290 feet to a point in the Sutton land; thence S. 40°E. 145 feet to a Locust tree in the Northwest edge of Yellow Spring Road; thence with said road N. 46°30' E. 290 feet to the POINT OF BEGINNING, containing One (1) Acre, more or less.

Being the same property conveyed to Lawrence Sutton by Quitclaim Deed of Jackie Dale Kinkead Sutton dated April 3, 1989, recorded in Warranty Deed Book 192, Page 545, Register's Office, Claiborne County, Tennessee. CTL 73 Parcel 30 Sale will be conducted under Chancery Court Rules. This the 21st day of May, 2014.
Frances Cardwell, Clerk and Master Claiborne County Chancery Court
Telephone: 423-626-3284 Attorney: David Stanifer

We will not knowingly accept any advertising for real estate which is in violation of the law. All persons are hereby informed that all dwelling advertised are available on an equal opportunity basis.

Notices

The Board of Mayor and Aldermen of the City of Harrogate
passed on second and final reading Ordinance No. 93, An Ordinance Amending Section 403, Corner Lots, City of Harrogate, Tennessee, Municipal Zoning Ordinance. This action was taken during the regular meeting of the BMA on May 20, 2014. The ordinance may be reviewed in its entirety during normal work hours at Harrogate City Hall.

Wanted

Family Dental Care of Harrogate
is looking to have an experienced Certified Dental Assistant. This is a full time position. Please send resume to:
Family Dental Care of Harrogate 124 Westmoreland St.
Harrogate, TN 37752
No Phone Calls Please.

Yard Sale

2 Family Yard Sale
June 5-6
8am 102 El Sara Dr.
below Walmart

A Garage Sale
will be on the 5th and 6th of June
4030 Cedar Fork Rd.

Estate & Yard Sale
June 6-7
8-5 at 583 Washington Ave.
Harrogate

Huge 4 Family Yard Sale
June 5 & 6
905 Wanda Court
Greer Estate

Multi Family Yard Sale
June 5-6 From 8-??
3485 Clouds Rd.
New Tazewell
Cancel if raining.

Multi-Family Yard Sale
June 5-6
1521 Clouds Rd.

Yard Sale
Saturday, June 7
8-2 Rain or Shine
Christ The King Church
816 Blue Top Rd.

Yard Sale
Thursday and Friday
149 Helen Lane
8am-4pm

Yard Sale
New Hope Rd.
Clothes, 4wheeler, dining set and more!
June 7th

Multi Family Yard Sales 6th and 7th at the home of Hoy and Jean Keck on Clouds Rd. beside MCM Church, 8am-?

Professional Services

Education

Adjunct Faculty Recruitment
Fair/Walters State Community College/Thursday, June 12, 4:30-6:30 p.m. Morristown Campus. Seeking instructors willing to utilize alternative delivery methods targeting non traditional students in over 25 subject areas including American government/political science, geography, history, English and philosophy. Online, hybrid and classroom instructors needed for campuses in Greeneville, Morristown, Sevierville and Tazewell. Evening and daytime classes. Applicants must bring a completed application and transcript. Division heads and deans will be on hand. A complete listing of disciplines and applications are available at www.ws.edu/about/jobs. Questions? (423) 585-6994. Walters State Community College is an EEO/AA/Title VI/Title IX/Section 504/ADA/ADEA Employer

Part-Time/Temporaries

Fast paced medical office is accepting applications for a **part time receptionist and medical records clerk**. Must work well in a fast paced setting and be proficient in Microsoft Word and Excel. Must be willing to work evenings, rotating weekends and holidays. Please send resume to submitmyapplication@yahoo.com.

Houses For Sale

HOUSE FOR SALE
$142,500
(3 Bedrooms 2 Full Baths 1,350 sqft plus 2.5 car garage)
at 168 Emory Ln Tazewell, TN 37879
Call 512-751-2400
No reasonable offer refused

Apartments/Townhouses

2 BR apartment $475/Mo deposit and references required 423-851-2556

Spacious Townhouse, appliances furnished. Located on Hannon Rd. No smoking, No pets. 423-626-3503.

Houses For Rent

House for Rent
3/BR 1/BTH
Full basement, carport
1615 Stone St.
Tazewell
$650 423-526-8585

Pets

Puppy nursery-Poodles, Maltese, Yorkies, Malte-Poo, Shih-tzus, Yorkie-Poo,, Shih-Poo. Incl. shots & wormed, $175 and up. Also do grooming. 423-566-3647.
judy'spuppynursery.com

Miscellaneous

ANNUITY.COM
Guaranteed Income For Your Retirement
Avoid market risk & get guaranteed income in retirement! CALL for FREE copy of our SAFE MONEY GUIDE Plus Annuity Quotes from A-Rated companies! 800-423-0676

CANADA DRUG:
Canada Drug Center is your choice for safe and affordable medications. Our licensed Canadian mail order pharmacy will provide you with savings of up to 75 percent on all your medication needs. Call 1-800-341-2398 for $10.00 off your prescription and free shipping.

DISH:
DISH TV Retailer. Starting at $19.99/month (for 12 mos.) & High Speed Internet starting at $14.95/month (where available.) SAVE! Ask About Same Day Installation! CALL NOW!!
1-800-734-5524

MEDICAL GUARDIAN:
Medical Alert for Seniors - 24/7 monitoring. FREE Equipment. FREE Shipping. Nationwide Service. $29.95/Month CALL Medical Guardian Today 855-850-9105

MY COMPUTER WORKS:
My Computer Works Computer problems? Viruses, spyware, email, printer issues, bad internet connections - FIX IT NOW! Professional, U.S.-based technicians. $25 off service. Call for immediate help. 1-888-781-3386

Miscellaneous

OMAHA STEAKS:
ENJOY 100% guaranteed, delivered-to-the-door Omaha Steaks! SAVE 74% PLUS 4 FREE Burgers - The Family Value Combo - Only $39.99. ORDER Today 1-888-721-9573, use code 48643XMD - or www.OmahaSteaks.com/mb69

UNITED BREAST CANCER FOUNDATION:
DONATE YOUR CAR - FAST FREE TOWING
24 hr. Response - Tax Deduction
UNITED BREAST CANCER FOUNDATION
Providing Free Mammograms & Breast Cancer Info
888-928-2362

LEGALS

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at [illegible] Murdock Drive, Suite 101A, Knoxville, Tennessee [illegible] with an estimated project cost to not exceed [illegible]. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson. The anticipated filing date of the application is June 4, 2014. The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. [illegible], Nashville, TN 37201, [illegible]. Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to Health Services and Development Agency, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, Tennessee 37243. The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Notices

City of Harrogate

Proposed Budget
Fiscal Year 2014-15

In accordance with T.C.A. 6-56-206 The City of Harrogate hereby provides certain financial information for review. A public hearing will be conducted at Harrogate City Hall, 138 Harrogate Crossing, on June 23rd, 2014, 6:00 p.m., for the purpose of hearing public comments concerning the Proposed Budget Ordinance No. 94 for the upcoming fiscal year. You may review the ordinance in its entirety at city hall during normal work hours. The regular June meeting of The Board of Mayor and Aldermen will follow. The meeting is open to the public. Residents are encouraged to attend. *(Due to rounding some totals may vary.)*

	ACTUAL 2012-2013	PROJECTED 2013-2014	PROPOSED 2014-2015
GENERAL FUND			
REVENUE			
Beginning Balance	574843	838668	1164430
Local Taxes	303451	403820	404000
State of Tennessee	388096	492585	378337
State Street Aid Fund	112828	151635	117408
Grants	18513	0	531307
Other Sources	24000	749857	383355
Total Available	1421643	2834972	3009835
EXPENDITURES			
Salaries	143777	200368	208317
State Street Aid Fund	132783	156428	117408
Other Costs	308105	1093512	1396320
Total Expenditures	584664	1450243	1722043
Ending Balance	836983	1184430	1286792
ENTERPRISE FUNDS			
REVENUE			
General Operations	418209	514230	613321
Grant/Loans	45765	464762	440935
Other		0	0
Total Revenues	463974	978992	1054256
EXPENDITURES			
Operations	277460	276285	311607
Grant/Loans	44850	537175	440935
Other	230758	260881	40348
Total Expenditures	553568	1073321	792861
Total FTE Positions	6	5	5

ROANE NEWSPAPERS

Roane County News
R.C. News-Record

Morgan County News
Web Printing Plant

P.O. Box 610, 204 Franklin Street
Kingston, TN 37763
(865) 376-3481 FAX (865) 376-1945

SUPPLEMENTAL

TO: Harwell Howard Hyne gabber & Manner, P.C.

ADVERTISING Legal Notice

PUBLISHER'S AFFIDAVIT

State of Tennessee, Roane County

I, Kevin Kile, make oath that the attached advertisement or notice was published in:

__X__The Roane County News, tri-weekly newspaper published at Kingston

_____The Harriman Record, a weekly newspaper published at Harriman

_____The Rockwood Times, a weekly newspaper published at Rockwood

__X__The Morgan County News, a weekly newspaper published at Wartburg

in said county and state, and that the advertisement or notice of Notification of Intent to Apply for a Certificate of Need. CVS Caremark Corporation.

was published in said newspaper on the following date: RCN & MCN 06/04/2014

and that the statement of account herewith is correct to the best of his knowledge and belief

Signed_____

Subscribed and sworn to before me this 23rd day of June , 2014

Tiffeney Yeary
Notary Public
My commission expires March 13, 2018

TIFFENEY YEARY
STATE OF TENNESSEE NOTARY PUBLIC
ROANE COUNTY

ing forever homes. For photos and an application go to our website www.sck9r.org Financial assistance for pet spay/neuter available to qualifying residents. Call 865-882-6513 to apply.

SHELTER PETS: Adopt now and save a life. Many homeless dogs, cats, puppies and kittens begging for a second chance. Visit Roane County Animal Shelter, Tuesday-Saturday, 10am-4pm. View pets at www.rcas.petfinder.com or call 865-354-7387

THE HUMANE Society of Roane County Rescue Team have dogs and some times puppies for adoption, application and adoption fee apply. To see pictures go to http://www.petfinder.com/shelters/TN391.html or call 865-376-2474 for information. We can also assist low income house holds with the spay/neuter of their personal pets; for more information call Planned Pet-Hood @ 865-882-9966, ask for Meg.

410 Farm Equipment

OUR SPORTSMEN WILL PAY Top $$$ To hunt your land. Call for a Free Base Camp Leasing info packet & Quote. 1-866-309-1507 www.BaseCampLeasing.com (TnScan)

490 Auctions

AUCTION - HORSE PROPERTY FARM - 76 Acres o 2300 SF Home o Personal Property. 982 Lee Valley Rd, Whitesburg, TN - June 7, 2014 10:00 AM www.ucclinchmountainauction.com United Country Clinch Mountain Realty & Auction 3736 Highway

401k + Quality Hometime. Orientation Sign On Bonus. CDL-A Req 877-258-8782 www.ad-drivers.com (TnScan)

tor) o Regional and Dedicated Opportunities o Great Career Path o Excellent Benefits Package Please Call: (866) 220-9143 (TnScan)

Postion Opening

HARRIMAN UTILITY BOARD

Harriman Utility Board has an opening for a Full-Time Dispatcher. Job duties shall include, but not limited to: Receiving, relaying, and/or transmitting routine and emergency calls to public safety agencies and HUB crews, processing Tennessee One calls, permits, and inventory and material record keeping; providing security for the warehouse by means of regular patrol and monitoring of video cameras; monitoring and reporting plant and station alarms; and performing janitorial duties.

Applicants should have telephone and basic computer skills, preferably with Microsoft office – (Word and Excel), have good communication skills, and be 18 years of age. A high school degree is required and preferably a 2-Year Degree in Business or Information Technology from an accredited institution.

Applications are available at the main office at 300 N. Roane Street or may be downloaded from our web site at www.hub-tn.com. Applications may be mailed to Harriman Utility Board, P.O. Box 434, Harriman, TN 37748 Attn: Marilyn McCormick, HR Director.

Deadline for application is Friday, June 6, 2014 @ 4:00 PM.

Employment with HUB is contingent on applicant passing a

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted.

Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally

WTI. Be home through the week and weekends. Start up to 28% plus fuel bonus. New equipment. BCBS. Experience needed. LP available. Call 877-693-1305 (TnScan)

EXPERIENCED DRIVER OR RECENT GRAD? With Swift, you can grow to be an award-winning Class A CDL driver. We help you achieve Diamond Driver status with the best support there is. As a Diamond Driver, you earn additional pay on top of all the competitive incentives we offer. The very best, choose Swift. o Great Miles = Great Pay o Late-Model Equipment Available o Regional Opportunities o Great Career Path o Paid Vacation o Excellent Benefits. Please Call: (866) 220-9143 (TnScan)

NEED CLASS A CDL TRAINING? Start a CAREER in trucking today! Swift Academies offer PTDI certified courses and offer "Best-In-Class" training. o New Academy Classes Weekly o No Money Down or Credit Check o Certified Mentors Ready and Available o Paid (While Training With Mentor) o Regional and Dedicated Opportunities o Great Career Path o Excellent Benefits Package Please Call: (866) 220-9143 (TnScan)

NEW PAY-FOR- EXPERIENCE program pays up to $0.41/mile. Class A Professional Drivers Call 866-980-2699 for more details or visit SuperServiceLLC.com (TnScan)

TIRED OF Fast Food! Express Employment seeks entry level Factory workers. Please apply @ 1470 N Gateway Ave., Rockwood TN. 37854

710 Apartments for Rent

BROOKWOOD TERRACE Apartments. 1 bedroom, ground floor apartments for qualifying seniors, 62 and older, utilities furnished, central, heat & air, Maintenance and Yard work furnished. Rent based on income. For more information, Call 423-346-7069. EHO and Handicapped accessible

720 Houses for Rent

3BEDROOM, 2MILES South Wartburg, Hwy 27, across from Boulder Rd. Gas heat, Window air. Ref. & Dep. req. $450/mo, $400/dep. 865-221-1908

EQUAL HOUSING OPPORTUNITY

All real estate advertised herein is subject to the Federal Fair Housing Act, which makes it illegal to advertise any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin; or intention to make any such preference, limitations or discrimination.

State laws forbid discrimination in the sale, rental or advertising of real estate based on factors in addition to those protected under federal law. In the District of Columbia, discrimination based on age, marital status, personal appearance, sexual orientation, family responsibilities, physical handicap, matriculation, political affiliation, source of income or place of residence or business almost always is illegal. In Maryland, discrimination based on marital status or physical or mental handicap is prohibited. In Virginia, dis-

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted.

Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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Look Good In
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& White

SUPPLEMENTAL

320 Farm Equipment

KuBOTA BX25 50 hours used. With extras $15,900. 423-288-0319

Kubota MASSEY FERGUSON VERMEER HESSTON lawsonkubota.com Rose Hill VA 276-445-5411

ROUND BALERS For Vermeer 555-XL, 5410 Rebel 504L 504G and 403 F Hesston 840 Case Int 8430 New Idea 4845 NH 565 Square Baler [illegible] new-NH273-local. New Balers, Disc Mowers, Tedders, Wheel Rakes, Drum Mowers in stock. Carter and Carter Machinery Johnson City, TN Open Sat 282-6969

350 Live Stock

2 15 month old Boar nannies, guaranteed open, will not separate. $300.00 to a good home 423-349-6310

370 Feed, Seed & Plants

2014 Grass Hay $4.00 & Straw $1.00 423-956-7205 or 423-335-2067

SMITH'S TOP SOIL No rocks/No roots 357-6854

Merchandise

380 Appliances

3 Shark Steam Mops, new, 1 is Sonic Duo, 2nd is Light and Easy Steam Mop, 3rd is Pro Steam Mop. 245-4710

**A1 New & Re-cond. Appls.* Parts/Services * Buying Used Appls. * Milhorn Appl. 322 E. Sullivan St. 246-6174

QUALITY APPLIANCE We sell used washers, dryers, stoves, ranges. We buy appliances working or needing repair. 423-340-1797

RCA floor model 46" TV color PERFECT working condition. $150.00 423-245-0540

WHITE REFRIGERATOR 18 cu.ft. with ice maker, late model, works good $175.00 276-225-4940

400 Pets & Supplies

AKC Lab Puppies, health guarantee, computer chipped, AKC white male lab for stud service. clapslabs.com 276 988 5725

AN 8 WEEK OLD FEMALE YORKIE. Pretty markings & playful. Reduced $400. 423-357-2233 423-863-7960

BUNNIES Mini Lop, Holland Lop, Mini Rex, Polish, Lionhead, & just rabbits $6 & up 423-323-3863

410 Garage & Yard Sales

Bloomingdale area garage sale, 409 Ferncliff Dr. Kpt Wonderland Acres. Wed-Sat June 4-7, 8am-4pm. Painted furniture & finally cleaning out closets.

BLOOMINGDALE AREA Yard Sale June 6, 2014, 8am-? 113 Thompson St. Baby items from newborn - 2T

BLOUNTVILLE Rummage Sale 206 Leonard Lane, Thur-Sat June 5-7. Craft items, decorations, small furniture & appli, HH items, little bit of everything. CASH Only

CHURCH HILL, Garage Sale June 5 & 6th, 8 till 3, 496 Okolona Rd. Rain or Shine. Pie sale, cleaned out cabinets

CHURCH HILL PROVIDENCE CHURCH Yard & Bake Sale. Wed. 6/4 & Thurs. 6/5. Sponsored by Singing By the Park behind Food City in Church Hill.

CHURCH Hill - Yard Sale 515 Linville Street June 5 & 6, 8am-3pm Kids to Adult clothes, kitchen ware, mower, odds 7 ends, etc

Colonial Heights, 2 Family Estate Sale Indoors, 104 Meadow Ln. Thurs. June 5 Fri. June 6, Sat. June 7 8am-? No Checks. Tools, Furniture, Quilts, Home Interiors, Antiques, Lamps, Pictures

ERWIN YARDSALE Rain or Shine 117 Oakwood Ln, north of Dry Creek Clinic. Clothing (children & adult plus size), toys, [illegible] household goods, pet water fountain, & more!

****HAVING A**** GARAGE SALE? Let people know by placing an ad in the Kingsport Times-News Classifieds. TimesNews Place your ad online www.timesnews.net/classifieds or call 423-392-1311 for more information.

HILTONS VA Yard Sale Old Spot Mini Storage 1480 Highway 50 Mission Fund Raiser June 5 & 6, 8am until 5pm

JC - BIG GARAGE SALE June 6 & 7 6 till ?; Clothes, books, more. 712 Lazywood Dr., JC

JC COMMUNITY YARD SALE Community Yard Sale and Vendor Fair benefiting American Cancer Society Relay For Life. Saturday, June 7 8:00-2:00 at 506 Princeton Road

JC - TWO FAMILY YARD SALE East Holston and Wall St. in Johnson City. Two family garage sale. Tons of stuff. Everything must go. Baby stuff, bedding, clothes, toys, books, and more. Friday and Saturday 8-2.

JOHNSON CITY 2131 David Miller Multi family sale! Baby items, train table, toys, mower, Fri & Sat 7am-?

Jonesborough Neighborhood Yard Sale ROYAL OAKS DRIVE Jonesborough, TN. Multiple Family Sale Th. 6/5- Sat. 6/7. 8 AM-?

Kingsport 104 Hidden Acres Rd. Estate Sale Thurs & Fri 7:30-3 Household items, couch & 2 chair set, wooden chairs, curio cabinet, wardrobe, coffee and end tables, radios, etiquette, collectibles, too much to list, everything must go! Rain or shine, Inside Sale!!

Kingsport 3713 Bernard Circle 6-7 Thurs, Fri & Sat Multi Family, Moving Sale

Kingsport Rivermont Estates Halifax Dr Thurs June 5th and Fri June 6th, 8am -1pm Womens 16-XL, boys & girls 6-14, refrigerator, TVs

Kingsport Rivermont Estates Halifax Dr Thurs June 5th and Fri June 6th 8 am to 1pm womens 16-XL, boys and girls 6-14, refrigerator, TVs

100 Professional Services

ADVERTISE YOUR BUSINESS IN THE TIMES-NEWS BUSINESS & SERVICE DIRECTORY. Call 423-392-1311 for more info!!!

CHELLE'S CLEANING SERVICE Home or office cleaning. Flexible scheduling, detail oriented, friendly, references and reasonable rates. 423-946-9731

Electricians Lic Inc. TN & VA * Res *Commercial *Industrial 40 yrs exp. Free Est. 423-677-7930 276-479-2102

HANDYMAN: Mowing, Trimming, Painting, Drywall, Carpentry, Plumbing, Electrical 423-967-9000

110 Home Improvements

A-1 Metal Roofs & Garages Additions, Sun & Screen rms, Porches, decks, & vinyl siding 423-292-3579 or 337-0757

AAA Home Improvements Roofing, Vinyl, Painting, no job too small, we do it all. KPT, Scott 423-737-6447

Ace Siding Siding/ roofing/windows. Storm doors / ins Clean/ residential / Commercial 17 yrs exp / local references / free estimates. Licensed, bonded & insured Call Rocky 423-794-6145

* Affordable building, remodeling & renovating LIC Contractor, Insured, Free Est., Ref. Avail. 423-933-5537 [illegible]

**A to Z Home Improvements, All your [illegible] Est Needs Baths, Tile, Painting, etc. Free Est./Robert 276-0725

REMODELING - Painting, Rm additions, decks, roofs, siding & flooring. Bonded & Lic. Free Est 423-348-1411

ROCKY TOP Property Maint. Let's help you make your house the home you have dreamed of. Decks, flooring, tile, painting, windows, siding remodeling, & additions. For Free Est. 423-380-1818

T.E.S.A. RENOVATIONS Decking, flooring, roofing, room additions, siding, painting, windows, etc. Call 423-383-8879 today for your free estimate! Licensed and Bonded

CLASSIFIED The way to Sell!

111 Lawn Service

****A1 Lawn Care **** Family owned & operated Experienced & dependable 423-245-6764

CALL KINGSPORT TIMES-NEWS CLASSIFIEDS TODAY To put Your BUSINESS CARD on a special page we are starting called HERE'S MY CARD Cost for your business card to run each Sunday is $75, buy 2 weeks at $150, get 4 WEEKS FREE!! Or we will put your business card in color for $100 each Sunday or buy 2 weeks at $200 and get 4 WEEKS FREE! For more information call and speak to one of our Ad-Visors at 423-392-1311.

GENE'S LAWN SERVICE accepting new clients, Lawn Maint. & Landscaping, Tractor work. Free Est. 323-1051

GREENE'S LAWN CARE Mowing, Landscaping, Mulching, Sowing, Seeding, Fertilizing, Tree work, leaves, pressure washing, gutters, & odd jobs. 20 yrs. exp. Lic./Ins. 423-723-8977

YOU PRICE IT Mowing Service, Bush Hog, Leaf Removal, Call Rick 423-306-5053. I'll see if I can do it

130 Paving

SOLID ROCK PAVING Locally owned & operated, 395 Overhill Dr. Bllv., TN Free Estimates, Call anytime. Serving the Tri-Cities and surrounding areas Commercial Residential & Industrial 20% discount with this ad. 423-207-7062

TOMMY & SONS PAVING Grading, graveling, rolling, driveways, Commercial/Res. Free Est. Lic & Ins. 423-343-2665

DON'T be tricked instead be treated by the great results you get with a Times-News Classified ad.

140 Heat & Air

NEED a new heat pump? Change out your old heat pump w/ a new Coleman High "E" 13 seer heat pump w/ new Honeywell Thermostat/10yr Factory Warranty: 1.5 ton $3390, 2.0 ton $3500, 2.5 ton $3650, 3.0 ton $3850, 3.5 ton $3950, 4.0 ton $4250 We service all brands $35 service call. Robbins HTG & Air Conditioning 423-288-4153

175 Building & Remodeling

CALL KINGSPORT TIMES-NEWS CLASSIFIEDS TODAY To put Your BUSINESS CARD on a special page we are starting called HERE'S MY CARD Cost for your business card to run each Sunday is $75, buy 2 weeks at $150, get 4 WEEKS FREE!! Or we will put your business card in color for $100 each Sunday or buy 2 weeks at $200 and get 4 WEEKS FREE! For more information call and speak to one of our Ad-Visors at 423-392-1311.

177 General Services

★ AAA ANY HAULING ★ Trash - Brush, Clean Barns, & Garages. Call 247-6680

EAST TN POWER WASHING We wash most vinyl houses for $150.00. Call for quote on other jobs. 423-357-3233

EAST TN POWER WASHING We wash most vinyl houses for $150.00. Call for quote on other jobs. 423-357-3233

EAST TN POWER WASHING We wash most vinyl houses for $150.00. Call for quote on other jobs. 423-357-3233

LAND CLEARING & EXCAVATION large & small clearing, grown over lots, tree removal/stumps, gravel & dirt delivery, Demolition, Excavating, & Grading. Lic/Ins. Free Estimates. 423-408-9682 276-346-1885

178 Tree Service

PATRIOT TREE For all your tree needs, Lic & Ins. Free Est. Military, Uniformed & Sr Disc. Call 423-534-4637

ROY'S TREE SERVICE 29 yrs. exp. Trimming & Removal 423-358-3361

410 Garage & Yard Sales

KPT 333 MULLINS ST off Lynn Garden Thurs. June 5 Fri. June 6 & Sat June 7th Most everything $1.00 except furniture & a few larger items

KPT. A 5 Family Sale. Fri. June 6th, 8-1. Signs from Ft. Henry Dr. infant boy to size 10 kids, petite - XL ladies, home decor, crafts, more. Priced for all to be gone by noon. Hurry on over- get a bargain.

KPT. Behind Times-News, 699 Trinton. Wed - Fri. Tools, furniture, books, king mattress set, Android phone, hardware, food processor, etc.

KPT CHURCH Yard Sale Fort Robinson Baptist @ 2012 Fort Robinson Dr. Sat June 7, 7:30-1:00pm Free coffee & snacks

KPT. GARAGE SALE Friday, June 6th, 8:30-2:30 1565 Warpath Dr. Furniture, Appliances, Toys, Clothes, More!

MT. Carmel Yard Sale Meadow Springs Subd. 607 Mockingbird June 5 & 6 Thur 8-3, Fri 8-12, boys clothes sz 7-10, recliner chair, quilt, etc.

Take our Garage Sale Map on your Mobile Device. Scan the QR Code or go to ishoptheirmaps.com

TIMBERIDGE SUBDIVISION SALE in Kingsport Fri June 6th & Sat. June 7th at 8:00am

420 Miscellaneous

APPLE BUTTER COPPER POT 40 gal. (320 pts) Perfect cond. inc. stand, & stirer, $1800 OBO after 4:30 423-357-1017

430 Household & Antiques

Lexington Dining Room set, table w/6 chairs, hutch, buffet, china cabinet, high quality. $2200 391-7520

SEVEN Piece leather brown sectional w/recliners exc cond., pd $4000 sell for $900. 423-367-0075

431 Furnishings

I I I $200 19" Thick Full Size Pillowtop Mattress SET. Never used. Still in factory sealed plastic. 423-765-8014

I I I $225 19" Thick Queen Sun Pillowtop Mattress SET. Never Used. Still in factory sealed plastic. 423-765-8014

III $90 Full or Queen Size Mattress SET. Never Used. Still in Factory Sealed Plastic. Call 423-765-8014

DARK GREEN SOFA & LOVE SEAT Exc. Cond. $125 423-245-7925

Thank you for advertising in the Classifieds!

431 Furnishings

KINCAID QUEEN BED $400 Carnfield Back Couch $200 Exc. Cond. 423-863-0171

IKING Pillow top Mattress set Never used. Still in factory sealed plastic. $260 423-765-8014

SHABBY CHIC FULL BEDROOM SET Complete Shabby Chic Bedroom Set for sale in Kingsport. Includes, headboard, full mattress with full box spring, and frame. Also included are nightstand, dresser, and hope chest. All in pretty good cond. All for $475 or best offer! Great deal! Call or text 423-863-0523.

SLEEPER FUTON Solid wood white frame futon with upgraded innerspring mattress and cover. Great for guest room! Excellent condition, only 1 year old. $450 423-246-1133

Sofa, excellent condition, burgundy, blue and taupe checkered, both ends recline, $150. 423-245-0540

TABLE & 6 CHAIRS. Lighted 2 piece china cabinet. $350. 423-239-5912 or cell 423-773-7476

WICKER Love Seat & cushions, Solid Cherry High boy, Jasper Secretary Cherry ornate, $1700 OBO 423-306-4010

490 Sports Equipment

POOL TABLE 8' 3 piece slate, new felt, disassembled for moving. $500 423-288-5237

510 Bicycles

LIKE NEW C9 Sun Electro Lite, Rode 5 or 6 times $2,000 423-754-0453

520 Boats & Marine Equipment

A 1999 190 SeaRay 18ft, 4 cyl MerCruiser engine, w/trailer. $8,500. Lakeview Marina 423-323-1054

A 2007 Bennington Pontoon 115 hp Evinrude motor Great Shape. $16,000. Lakeview Marina 323-1054

A 8 HP Mariner Outboard 1080. Well taken care of and runs excellent with tank $750.00 423-470-3507

CLOSEOUT selling at dealers cost, South Bay 2013 Pontoon 524CR, 115 hp Mercury. Lakeview Marina 423-323-1054

560 Lawn & Garden Equipment

RIDING Lawn Mower, AGCO Alis, 16 HP, 44 inch cut. Good cond. $950. 423-239-5942 or cell 423-773-7476

SNAPPER SR1433 rear engine 14hp Kohler engine, electric/pull start, 33" deck, $750 Warranty One, 423-245-7303

581 Health Equipment

Acorn 120 SuperGlide Stair Chair Lift, 1 year old, Like new, total length 193" remote control III or rt 423-245-4710

JAZZY MOBILITY CHAIR, Like new. $450 All paper work & charger incl. 423-349-8016

It's as easy as picking up your telephone. Call us with your classified ad now! 392-1311

Rentals

620 Condominiums for Rent

IT is the policy of the Kingsport Times-News that all advertising for the sale, rental or financing of residential real estate advertising appearing herein comply with the Federal Fair Housing Act which prohibits "any preference, limitation, discrimination because of race, color, religion, sex, handicap, familial status, national origin or intention to make any such preference limitation or discrimination. In addition, the Human Rights Act prohibits such discrimination. No advertising for sale, rental or financing of residential real estate will be refused or rejected because of race, color, religion, handicap, familial status or national origin.

It is also the policy of the newspaper not to require different charges or terms for such advertising because of color, religion, handicap, familial status or national origin.

630 Furnished Apartments

A 1BR furnished apt. water furnished $375 + $100 dep. Kpt. NO PETS ☎ 423-246-2535.

CLEAN & QUIET furnished 1 bedroom apartment $375 + deposit, water & trash included. References required. No pets. 423-349-7932

640 Unfurnished Apartments

A 1 Bedroom upstairs apartment in Bloomingdale, Washer & Dryer, Dishwasher, appliances, all utilities included, new carpet, quiet building $550 + $550 dep. 423-288-5031 Monday-Friday 9am-5pm. 306-1950 after 5pm & weekends

A 1 Bedroom with water, Lynn Garden area. No deposit. $375.mo. 423-292-1850.

A 2 bedroom 1 bath, apartment. Washer Dryer hook up. Electric heat. 423-782-9737

AA 1-2 BRs, unfurnished apts. Appliances Near HVCH & Church Circle. $260 to $340. 423-247-0770

AFFORDABLE 1 & 2 BR Apartments in Kpt. No Pets. 245-5932

ALLEN CREEK APARTMENTS Now leasing 3BR, 2BA Apartments. Call Danielle 423-765-9505 for more details or stop by the office at 403 Allen Dr. Kingsport

APARTMENT TOWNHOUSE 2 Bedrooms, 1.5 Baths NO PETS! Water and Trash Included, Washer and Dryer Hookup 423-367-4188

A PINECREST APTS. Sunny Terrace Apts. 1 & 2 BR from $305 to $495 Water furnished. No pets Ed Leeper, Jr. 247-8051 or 239-8925

ASPEN RIDGE APTS Studio $395 / 1 BR $475 2 BR townhouses w/garage $650. Includes Water ★★ Call 392-4737 ★★

LYNN GARDEN - 1 BR APT Unfurnished. $375/mo. + dep. 423-782-6312 423-782-6312

640 Unfurnished Apartments

BRADLEY HILLS APTS 1401 University Blvd., Kpt. Luxury 2 & 3 BR. 246-6855

CHECK OUT OUR SPRING SPECIAL All new apartments for Seniors 55 and older. Great amenities, pets welcome, in a quiet neighborhood. Contact us at 423-467-4342 or come by for a tour at FORD CREEK VILLAGE 1010 Gray Station Road Gray, Tn. Only a few left, hurry these won't last long.

CHURCH HILL VILLAGE NOW Reduced rates. Avail. now, 2 BR Townhouses & ground level units avail. Sec. 8 OK. Info. 423-270-5368

COL. HGTS. 2BR, 1.5BA, W/D hookup, water incl. $515 Nice 1BR, 1BA W/D hookup water incl. $415. 288-2823

COL. HGTS cute, clean duplex 2BR, 1BA, W/D, DW, $550 Also 2BR $525, No Smoking No Pets. 423-288-6072

Colonial Heights 2 BR, 1.5 BA townhouse on Shipley Ferry Rd., w/WD hookup, central heat & air, hardwood floors, deck & storage area. Very nice, quiet. $585 month + dep 423-914-4295

GRAY- 151 Gray Station Rd. 1BR, bonus rm, water & trash $420 + dep. 423-202-6323 to apply & appl.

NO DEP. 1 BR $325 2BR $405-$425, 3BR $405 Memorial & Kpt. city loc. 423-378-3077

$$$Start Saving Today!$$$ ALLANDALE FALLS APARTMENTS 1000 University Blvd. Kingsport, TN 37660 (423) 246-7331 www.allandalefalls.com

Call for details & schedule a tour today!

1 bedroom, up to one month free. Call today. We also offer 2 & 3 bedroom apartments available.

We do not qualify for the Section 8 program Equal Housing Opportunity

THE GARDEN APTS 1, 2 & 3 bedrooms Across from DB High School MOVE IN SPECIAL $199 423-246-4021

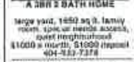
650 House for Rent

A 2BR, Completely remodeled w/heated garage, no pets. Surgoinsville, TN 423-358-8471 $550mo+dep

A 3BR, 1 BA, kitchen, dining & living room, $700 mo+ $500 security dep. 812 W. Carters Valley Rd., Kpt 357-4012

A 3BR, 2BA BRICK HOME, 2,000 sqft. drive under garage convenient Gate City location $925 mo. 423-384-3406

A 3BR, 2BA, clean, quiet duplex, curtains, appl. & ceiling fans. near Allandale, smoke free, no pets. 423-357-6519



A 3BR 2 BATH HOME large yard, 1650 sq ft. family room, [illegible] access, quiet neighborhood $1000 a month, $1000 deposit 404-433-7378

A 3BR duplex, nice neighborhood near hospital, nice yard, garage $850 mo. 423-914-2517

A 3BR, newly remodeled, $750 mo. no pets. 423-358-8471 Surgoinsville area

A 4 Bedroom 2 Bathroom, 2700 square feet home with fire place in Bloomingdale area, $500 month, section 8 ok 423 863-6843

A 4 BR Cape Cod Sunroom, hardwood, fire, garden space, Mt. Carmel, $700 mo. 423-357-6536

AN Extra Nice 3BR, 2BA, home for rent in Kpt. $800 mo. 387-3272

650 House for Rent

DUPLEX- 702 Maple Oak Ln. Kpt. HP, W/D hkups & appl's, $475 + dep. 423-863-1478

FOUR Bedrooms, 2 full baths, $800 mo. No pets allowed! 3501 Stafford St., Kingsport TN 37660 Apply at 305 Messick Ave., Church Hill TN 37642 M-F, 8am-11am 423-357-7190

HOUSE FOR RENT: $1200 Month 4874 Old Stage Rd Kingsport Tn 37664 3bedroom 2 bath home with a view Kitchen with stainless appliances Living Room with Fireplace Master Suite Lower Level: Recreational Room, Laundry Room and 2 car garage

Call Joann Hoover at 360-362-2700

Saxton Clark REAL ESTATE GROUP

KPT 1 BR, 1.5 Ba with appli & lawn care, new HP, $650 mo + dep. 2012 E. Ctr St. No smoking 423 367 7373

Century 21 Legacy

SEE ALL OF OUR AVAILABLE HOMES FOR RENT AT www.legacyrentals.net (423)239-6112

660 Rooms for Rent

A Day $29.95, Week $149.00 Frig, Micro, cable. MODEL CITY MOTEL 246-8148 Laundromat 24 hrs

LADY LOOKING FOR ROOM TO RENT in exchange for work Reference. 408-4087

670 Mobile Homes for Rent

3br 2ba home set up in park Reasonable down payment low monthly payment, you own in 8yrs 467-2098 099689

A 2BR on Hwy 36, completely remodeled, new front & back decks, h/p, $500 mo. $400 dep. 423-416-4930

A 3 Bd, 2Ba, No Pets! $475 month + dep 423-677-8819

A Country Setting outside Gate City 2 BR, 1.5 BA, new HP, appl, Call 387-4043 4-8pm. No pets, deposit & ref

A Furnished 2 BR on private lot, no pets $350 mo. 423-833-4290

NICE 3 BR Will Accept Section 8 Church Hill area. No Pets 423-357-0281

WEBER CTY 2 BR, 1 BA very clean, front & back porch $375 + dep., ref req. No Pets! 276-690-0694

680 M.H. Sites for Rent or Sale

A BEAUTIFUL PARK inside the city, single & double lots. 230-0379

700 Business Property for Rent

GRAY AREA OFFICES incl paid water & sewer. • 1700 sq.ft. office space $1200 or can split space Damaged dep. 477-2987

MAKING YOUR Advertising Dollars go further is a natural with a Classified Ad. List your business services here daily.

Real Estate

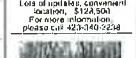
710 House for Sale

2 bedroom, 1 bath, bonus room, full unfinished basement with 1 car garage. 1708 Beaver Rd., Kpt. 37664. This cottage style house is near Meadowview Pkwy, I26, and Bays Mountain. It has been well maintained and in a nice neighborhood. It has newer windows, heat pump, and paved driveway and paved parking area in front. $82,950.00 It is also listed on Craigslist and Zillow. Call 423-306-5308

A 3BR, 2 BA, Larger 1 car garage, large living room, washer & dryer hook up, about 25 years old, great location in Church Hill on dead end street, new metal roof, good semi-level lot, not much traffic. 511 E. Morgan St. $149,500. 423-357-4345

BEST Buy in Kingsport Near Hospital, 2 bedroom, 1 bath, Oak floors, fireplace, In covered deck. Very nice $45,000 Assumable 17K mortgage. 423-288-5207

BRICK HOUSE FOR SALE BY OWNER 4 Bedroom, 2 Bath, 1,800 sqft+ Kingsport/Sullivan Co. 279 Hidden Acres Ct Lots of updates, convenient location, $128,500 For more information please call 423-340-2238



COLONIAL HEIGHTS For Sale by Owner 205 Lakeview Circle. Great Location off Colonial Heights Rd, near Warriors Path State Park. 3BR, 1.5 Bath, Brick Ranch, newer heat pump, new roof, hardwood & ceramic floors, stone gas fireplace, security system, double garage, large front yard, above ground pool in fenced back yard, large utility building. $144,900. 423-374-4255

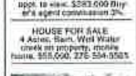
FOR SALE BY OWNER Country living only 15 min. from Eastman or Hospital 4 Bedroom, 3 full Baths, den with rock fireplace, basement, 2 car garage, new central air & heat, 2.3 Acres on wooded circle. 5039 Andrew St. $218,000 423-288-3631

HOME FOR SALE Priced to Sell! Nice brick ranch home in Weber City, VA 3 bedroom 1 1/2 bath unfinished basement new heat pump. CALL NOW 423-341-0226

710 House for Sale

FSBO BEAUTIFUL 2-STORY FARMHOUSE ON 7.63 ACRES IN FALL BRANCH 18390 Horton HWY, Fall Branch. Only 15 min from Kingsport and 25 min. from Johnson City, this 2 story, completely remodeled home is situated back off the road and very private. Partly wooded but also has pastures for animals, fenced, year round creek, and complete with deer and turkey to hunt. A 4BR 3 BA home with lots of storage space, large rooms, and tons of charm. Property including large barn with stalls, chicken coop, springhouse, garden shed, large pond, an extra-large detached garage with workshop, 2 finished rooms, and an area plumbed for a bathroom. Perfect as extra living quarters or office for a home-based business. Located in lovely Greene Co., TN, this home provides quiet and peaceful country living! Pre-qualified buyers and serious inquiries only please. Call (423) 348-0697 or email Turner54@msn.com for more pictures/info or for an appt. to view. $383,000 Buyer's agent commission 3%.

HOUSE FOR SALE 4 Acres, Barn, Well Water creek on property, mobile home, $55,000. 276-594-5585



KINGSPORT HOUSE FOR SALE BY OWNER 1222 E. Sevier Avenue 3 Bedroom, 1 Bath, Den and enclosed patio. Kitchen appliances include stove, refrigerator, microwave, upright freezer, washer & dryer and all window treatments. 1 year old heat pump, paved driveway with fenced backyard & utility building. Must see to appreciate $71,900 423-323-4257 or 423-388-1037

It's as easy as picking up your telephone. Call us with your classified ad now! 392-1311

Legals

IN THE CHANCERY COURT OF SULLIVAN COUNTY, TENNESSEE BLOUNTVILLE, TENNESSEE

NOTICE TO CREDITORS P14-19580

Notice is hereby given that on the 27th day of May, 2014, Letters Testamentary, in the Estate of MARY MINNIE BALL, who died on September 2, 2013, were issued to the undersigned by the Clerk and Master of the Chancery Court of Sullivan County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk & Master of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this Notice if the creditor received an actual copy of this Notice to Creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date the creditor received an actual copy of the Notice to Creditors if the creditor received the copy of the Notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

This the 27th day of May, 2014.

(signed) Betty B. Deboed, Administratrix

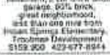
Estate of Mary Minnie Bal

(signed) Cecil Laws Attorney for the Estate

PUB1: 6/4/14, 6/11/14

710 House for Sale

NEW CONSTRUCTION Indian Springs, 1,344 sf., open floor plan, 3 Bedroom, 2 Bath, Lots of hardwood & ceramic tile, stainless steel appliances, full unfinished basement, 2 car drive under garage, 80% brick, great neighborhood, less than one mile from Indian Springs Elementary. Troutman Development $159,900 423-677-8944



REDUCED TO $50,000 Cash only Totally Remodeled, Wonderful Convenient Neighborhood near Borden Park, 2 br. 1ba. Study private yard. Call for details 423-288-5237

CLASSIFIED ADVERTISING ERRORS AND ADJUSTMENT POLICY. Advertisers are requested to check their ads for errors on the first day of publication. Kingsport Times-News, will be responsible for only one incorrect insertion and then only for the portion of the ad that is incorrect. ANY ERRORS SHOULD BE REPORTED IMMEDIATELY. 392-1311 or 246-8121 Classifieds.

Legals

IN THE CHANCERY COURT FOR SULLIVAN COUNTY, PROBATE DIVISION, AT BLOUNTVILLE TENNESSEE

RE: ESTATE OF VERDENA CUNNINGHAM, DECEASED

DAVID JONES and CONNIE JONES Co-Personal Representatives

PROBATE CASE NO. P-14-19577

NOTICE TO CREDITORS

Notice is hereby given that on the 21st day of May, 2014, Letters Testamentary/ Administration in respect to the Estate of Verdena Cunningham, Deceased, who died on April 13, 2014, were issued to the undersigned by the Chancery Court of Sullivan County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk & Master of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this Notice if the creditor received an actual copy of this Notice to Creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date the creditor received an actual copy of the Notice to Creditors if the creditor received the copy of the Notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

This the 21st day of May, 2014.

(signed) DAVID JONES Personal Representative

(signed) CONNIE JONES Personal Representative

(signed) R. GRANT HYATT Attorney for the Estate

(signed) KATHERINE PRIESTER Probate Clerk P.O. Box 327 Blountville, TN 37617 423-323-6483

PUB2: 6/4/14, 6/11/14

TimesNews

MOTOR ROUTE AVAILABLE

Rogersville Area

Early Morning Hours. Drivers license & auto insurance required. Economical vehicle a must.

For Consideration Call 423-392-1338

Inside Sales Rep

The **Kingsport Times-News** is looking for an aggressive inside rep to sell our proven advertising products, both print and digital. This position utilizes a combination of telephone and e-mail sales techniques to create awareness of our print and digital advertising products in the local business community.

We have all of the tools and resources needed to make the prospecting and presentation easy to accomplish. What we need is another rep that has the ability to follow through with prospects and close the sales.

The Kingsport Times-News has a great reputation for the trustworthiness of our news product, and this opens a lot of doors for our sales reps. Still, this is not a customer service job where you sit back and take inbound orders. Nor is it a retail job where the prospects come to you with product interest already established.

We are looking for someone that can take advantage of the "foot-in-the-door" our company offers. We need someone who understands that different customers have different needs, and therefore will be interested in different solutions. We need someone that can figure out how to show that our advertising products can solve the client's specific marketing problems.

Most of our advertisers are repeat customers, because our ads deliver solid results. The right person for the job will demonstrate the ability to acquire and retain these repeat customers. We will teach you everything you need to know about the products and our systems. What you will need to bring to be table is the unwavering desire to be successful.

We offer base pay plus an attractive benefits package, but the total compensation is weighted heavily toward commissions, so you will need to be confident in your abilities to enjoy this job. We have fun, but we work hard. If you are interested in being part of our team, you should e-mail your resume and a brief cover letter to kgillenwater@timesnews.net. You know yourself well, so tell us how you offer the right solution to our sales needs.

KINGSPORT TimesNews TENNESSEE

Legals

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB 1T: June 4, 2014

HARWELL HOWARD HYNE

SUPPLEMENTAL

Acct. # 250490

COST OF PUBLICATION

First Insertion $_____

Second Insertion $_____

Third Insertion $_____

Fourth Insertion $_____

Fifth Insertion $_____

Total $98.40

STATE OF TENNESSEE

COUNTY OF MONROE

PERSONALLY appeared before me Lina Huckaby

who being duly sworn, made oath that he/she is a representative of the Publisher of the MONROE COUNTY ADVOCATE/DEMOCRAT, a newspaper of general circulation, published in the City of Sweetwater, County of Monroe, State of Tennessee and that the hereto attached publication appeared in the same on the following dates :

NOTIFICATION OF INTENT

06/04/2014

The ADVOCATE & DEMOCRAT

P.O. BOX 389, SWEETWATER, TN 37874

(423) 337-7101

Subscribed and sworn to before me on this 19th day of June, 2014

Newspaper Representative: Lina Huckaby

Notary Public: Brittany Freeman

BRITTANY FREEMAN STATE OF TENNESSEE NOTARY PUBLIC MCMINN COUNTY

My Commission Expires: 8-22-17

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL

The ADVOCATE & DEMOCRAT

Sweetwater Office | 423-337-7101
Sweetwater Fax | 423-337-5932

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Classified Deadlines:
Sunday Issue | Wednesday at Noon
Wednesday Issue | Monday at Noon

Classified E-mail:
classifieds@advocateanddemocrat.com

1 PUBLIC NOTICES

Public Notices

NOTICE OF SUCCESSOR TRUSTEE'S SALE

Default having been made in the terms, conditions, and payments provided for in that certain Deed of Trust dated April 16, 2007 of record both in Book C-25, Page 381, Register's Office for Monroe County, Tennessee, ("ROMC") and in Book 876, Page 758, Register's Office for McMinn County, Tennessee ("ROMMC"), from Howard Millsaps and wife, Mary Frances Millsaps, f/k/a Mary Frances M. Croft ("Borrower") to David S. Humberd ("Trustee") securing the indebtedness therein described, which indebtedness is now due and unpaid, and has been declared in default by the lawful owner and holder thereof; and

WHEREAS, the undersigned, Douglas R. Johnson, Successor Trustee, having been appointed Successor Trustee of record in Book M241, Page 563 ROMC and in Book 1052, Page 916 ROMMC, to serve in the place and stead of David S. Humberd, Trustee; and

NOW, THEREFORE, I, Douglas R. Johnson, Successor Trustee, pursuant to said Deed of Trust, having been requested by First Volunteer Bank as successor in interest to Benton Banking Company, the owner and holder of said indebtedness so to do, and by virtue of the authority and power vested in me by said Deed of Trust will, on June 17, 2014 at 10:01 a.m., as for the Monroe County properties, at the front door of the Monroe County Courthouse in Madisonville, Monroe County, Tennessee, and as for the McMinn County Property at 11:00 a.m., at the Front door of the McMinn County Courthouse, Athens, TN sell at public outcry to the highest bidder for cash (or credit upon the indebtedness secured if the lawful owner and holder thereof is the successful purchaser), free from the equity of redemption, the statutory right of redemption, homestead, dower, elective share, and all other exemptions of Borrower of every kind, all of which have been expressly waived by Borrower, the following-described properties located in Monroe and McMinn Counties, Tennessee:

TRACT 1:

SITUATED in the Third Civil District of Monroe County, Tennessee, within the town of Madisonville, bounded on the North by Locust Street; on the South by Church Street; on the East by Kimbrough and on the West by Smith Street.

BEING the same property conveyed to Howard Millsaps and wife, Mary Frances Millsaps by recorded in Deed Book 267, Page 377, Register's Office, Monroe County, Tennessee.

This property is commonly known as: 215 Locust Street, Madisonville, TN 37354 Map & Parcel 067D-H-013.01

TRACT 2:

SITUATED in the Second Civil District of McMinn County, Tennessee, BEING LOT TWENTY-THREE (23), of the LUCILLE SMITH ESTATE PROPERTY as depicted in plat of record in Plat Cabinet C, Slide 86, in the Register's Office, McMinn County, Tennessee.

This property is commonly known as: County Road 267, Athens, TN 37303 Map & Parcel 029-032.00. See DB 14W, Page 569 ROMMC

TRACT 3:

LYING and BEING in the First Civil District of Monroe County, Tennessee, and being a tract containing approximately 60 acres and being more particularly described as follows:

BEGINNING at a point at the southwest corner of the 60 acre tract originally conveyed to Athel Melton, et ux., by Lula Johnson Webb, et als., at a corner with, also, the tract conveyed to Jimmy Dale Melton, et ux; and running thence North, with the westerly line of the old 60 acre tract, but running North and running a distance of 2570 feet to the center of the road and thence crossing the road and continuing a distance of 75 feet to a corner; thence running in a northeasterly direction 1046 feet to a corner; thence running in a southerly direction, with the line of the property conveyed to Jimmy Dale Melton, et ux., but running Southerly and running a distanced of 715 feet to the northeast corner of the two acre homeplace tract in which Eva Mae Melton is retaining a life estate; thence running Westerly; the rear line of the two acre homeplace tract, 306 feet to a corner; thence turning and running Southerly 183 feet, with the west line of the two acre home tract to a corner in the center of the road; thence running in a southeasterly direction, with the center of the road, a total distance of approximately 1068 feet to the northeast corner of a 100 ft. wide strip conveyed to Jimmy Dale Melton, et ux.; thence running with Jimmy Dale Melton's line, in a southwesterly direction, 100 feet to a corner; thence, turning and running, with Jimmy Dale Melton's line, South 1000 feet to a corner; thence, turning and running in a southwesterly direction, with Jimmy Dale Melton's line, 1575 feet to the point of beginning.

AND BEING the same property conveyed to the grantor herein by deed of record in the Register's Office for Monroe County, Tennessee, in W.D. Book 177, Page 258.

LESS AND EXCEPT the property conveyed in prior deed recorded in Book 142, Page 801 containing 18.81 acres and being part of Map & Parcel 044-022.00.

SUBJECT to any part of subject property affected by Boundary Line Agreement recorded in Book M222, Page 736.

This property is commonly known as: 282 McDonald Road, Sweetwater, TN 37874-6440 Map & Parcel 044-021.00

Tracts One and Three may be encumbered by a subsequent lien to (1) USDA Farm Service Agency, 4730 New Harvest Lane, Knoxville, TN 37918 by Deed of Trust dated April 16, 2007, of record in Book C-25, Page 390; (2) Farm Service Agency, 320 N. Congress Parkway, Athens, TN 37303 by Deed of Trust dated April 9, 2008, of record in Book J-28, Page 749; (3) Farm Service Agency, 320 N. Congress Parkway, Athens, TN 37303 by Deed of Trust dated October 22, 2008, of record in Book A-27, Page 309; (4) Farm Service Agency, 320 N. Congress Parkway, Athens, TN 37303 by Deed of Trust dated May 21, 2009, of record in Book T-27, Page 131; (5) Burkman Feeds, c/o Jeffrey A. Cobble, 1315 E. Andrew Johnson Highway, Suite 5, Greeneville, TN 37745 by a Judgment dated February 12, 2010 of record in Book M208, Page 489; (6) Foothills Farmers Co-op, c/o Jason Beddingfield, Garner & Conner PLLC, PO Box 5059, Maryville, TN 37802-5059 by Judgment dated April 28, 2010 of record in Book M213, Page 284; and (7) Land O'Lakes Purina Feed, LLC, c/o Frederick L. Conrad, Jr., PO Box 11202, Knoxville, Tennessee 37939-1202, by Judgment dated June 22, 2011 of record in Book M219, Page 382, Register's Office of Monroe County, Tennessee.

Tract Two may be encumbered by a subsequent lien to: (1) Farm Service Agency, 320 N. Congress Parkway, Athens, TN 37303 by Deed of Trust dated May 21, 2009, of record in Book 943, Page 255; and (2) Land O'Lakes Purina Feed, LLC, c/o Frederick L. Conrad, Jr., PO Box 11202, Knoxville, Tennessee 37939-1202, by Judgment dated June 22, 2011 of record in Book LB 25, Page 740, Register's Office of McMinn County, Tennessee.

Notice of the Trustee's foreclosure sale has been provided to all interested parties.

This sale is subject to liens, easements, encumbrances, property taxes, rights of redemption of taxing entities and other matters which are prior in right to the lien of the aforesaid Deed of Trust.

The right is reserved to adjourn the day of the sale to another day, time and place certain without further publication, upon announcement at the time and place for the sale set forth above. The Trustee /Successor Trustee reserves the right to rescind the sale.

In the event the highest bidder does not honor the highest bid within 24 hours, the next highest bidder at the next highest bid will be deemed the successful bidder.

Dated: May 16, 2014 Douglas R. Johnson, Successor Trustee
Post Office Box 2188
Chattanooga, TN 37409
THIS IS AN ATTEMPT TO COLLECT A DEBT.
ANY INFORMATION GATHERED WILL BE USED FOR THAT PURPOSE. 5/21, 5/28, & 6/4/2014

The Advocate & Democrat says

KISS IT GOODBYE!

NOW OPEN TO DEALERS!

We'll Sell Your Cars, Trucks, Boats, ATVs, Motorcycles!

95% of our subscribers read classified ads. (Pulse Research Dec. 2011)

$35**

The Valley Super Buy
covers McMinn, Meigs, Rhea, Monroe and Loudon Counties (in Print & Online!)

RUN IT TILL IT SELLS!**

Cars, Trucks, Boats, ATVs, Motorcycles...
If it has wheels, we'll move it for you!

423-337-7101

Public Notices

NOTICE TO FURNISHERS OF LABOR AND MATERIALS TO:
Patty Construction, Inc.
PROJECT NO.: 98017-4183-04
CONTRACT NO.: CNK190
COUNTY: Monroe

The Tennessee Department of Transportation is about to make final settlement with the contractor for construction of the above numbered project. All persons wishing to file claims pursuant to Section 54-5-122, T.C.A. must file same with the Director of Construction, Tennessee Department of Transportation, Suite 700 James K. Polk Bldg., Nashville, Tennessee 37243-0326, on or before 07/11/14.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.

The anticipated filing date of the application is June 6, 2014.

The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency. 6/4/2014

2 ANNOUNCEMENTS

Auctions

AUCTION-HORSE PROPERTY FARM- 76 Acres*2300 SF Home*Personal Property. 982 Lee Valley Rd, Whitesburg, TN-June 7, 2014 10:00 AM www.ucclinchmountainauction.com United County Clinch Mountain Realty & Auction 3736 Highway 25E, Bean Station, TN 37708 FL#5167, (865)993-5263 (TnScan)

Of Interest

CLASSIFIED ADVERTISING WORKS! ONE call & your 25 word ad will appear in 100 Tennessee newspapers for $275/wk or 36 East TN newspapers for $120/wk. Call this newspaper's classified advertising dept. or go to www.tnadvertising.biz (TnScan)

DIVORCE WITH OR WITHOUT children $125.00. Includes name change and property settlement agreement. Save hundreds. Fast and easy. Call 1-888-733-7165 24/7 (TnScan)

Estate Sales

ESTATE SALE OF NATHAN NORRIS
6200 PETERSON RD* | GREENBACK TN
JUNE 5, 6, 7 | Thurs-Fri-Sat 8a-4p

Items for Sale include: Guitar, Keyboard & Equip. Antiques include - Oak Grandfather Clock, Dining Table and Chairs, Oak Desk and Chair, Orchard Crates, Rat Tail Vise, Harley Collectibles, Indian Artifacts, and misc. Carpenters & Mechanics Tools, 1977 Yamaha Motorcycle (all original), Hunting and Fishing Equip, Clothing, Lumber, Appliances, Tires, Rims and much more. Property for Sale: 5.89 acres with 30x50 barn, living quarters above and 7 garage door openings. For further information call: 865-389-0216.

*From Maryville Hwy 411 S turn right on East Coast Tellico Pkwy. 2nd road on the left Peterson Road. Follow signs to property on right across from Franklin Estates. From Madisonville, go through Vonore and across bridge to East Coast Tellico Pkwy, first road on right.

Garage / Yard Sales

CITYWIDE YARD SALE, Celina, TN alongside Dale Hollow Lake, June 6-7, 7-4 each day, household, clothing, antiques, etc. GPS 100 Courthouse Square, Celina, TN for directions. (TnScan)

YARD SALE SPECIAL
3 lines (15 words or less), 2 issues plus a free yard sale kit
Only $10.00!
3 lines (15 words or less), 1 issue
Only $5.00!
Call 423-337-7101
or stop by our office,
609 Sweetwater/Vonore Road
in Sweetwater.

Sweetwater

Friday & Saturday June 6-7 118 Hickory Lane 3 family glasses, clothes, toys, plants, purses

June 1-7 207 Overhill Dr Inside/Outside Sale! Located at Peggy's Fabric and Sewing Shop.

June 4-7 110 Anderson St off Monroe St 3 family lots of adult, kids clothing, linens, furniture, glassware, 230 pound air compressor, tools, etc.

June 5-6 108 Hewkins Rd 8:00 furniture, various items.

June 6-7 812 Fair St odds & ends, lots more, Come see.

June 7 214 McCaslin Ave. 8:00-3:00 2 family clothes, eletronics, toys, dishes, furniture.

Madisonville

JUNE 4th-7th, 8am-5pm, 208 Sequoyah Dr. Huge yard sale/garage sale. Hundreds of household items, child to adult clothing, books, tools, printer, bench wipad & so much more.

June 5-6 Thursday & Friday 8AM-? Multi family, 168 Tango Dr Kefauver Hills, rain or shine.

June 5-7 110 Heartland Dr 8:30-5:00 household items, tools, air compressor, bunk bed.

WIND CHASE
Community Yard Sale
June 6th & 7th
Rain date - June 13th & 14th

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100% FINANCING
for Purchase or Refinance
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6 EMPLOYMENT

Driver OTR / Delivery

25 DRIVER TRAINEES NEEDED Learn to drive for Werner Enterprises! Earn $750 per week! CDL & Job Ready in 3 weeks 1-888-407-5172 (TnScan)

AVERITT EXPRESS NEW PAY Increase For Regional Drivers! 40 to 46 CPM+Fuel Bonus! Also, Post-Training Pay Increase for Students! (Depending on Domicile) Get Home Every Week+Excellent Benefits. CDL-A req. 888-362-8608 Apply@AverittCareers.com Equal Opportunities Employer-Females, minorities, protected veterans, and individuals with disabilities are encouraged to apply. (TnScan)

BE A NAME, NOT a Number $$$ Up to 50 cpm $$$ BCBS + 401k + Pet & Rider, Full Benefits & 401k + Quality Hometime, Orientation Sign On Bonus, CDL-A Req 877-258-8782 www.ad-drivers.com (TnScan)

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Sweetwater/Tellico area, will help obtain CDL 423-536-8687

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Drivers:
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Excellent Pay/Benefit Package
Great Pay/Consistent Miles
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CDL-A 1yrs OTR exp. req.
855-842-8498

DEDICATED RUNS FOR TEAM Drivers pulls out of Nashville. $966.00 gr. per week, Tues-Sat. SOLO Driver run out of Nashville & back daily. Both require Clean MVR with min 1½ yr exp. Call 615-207-0110/ 8am-5pm Or email tulltullingram@bellsouth.net (TnScan)

DRIVERS-CDL-A DRIVER NEEDED Total Respect-Total Success, Start up to 38¢/mile, OTR & Regional Runs. CDL Grads Welcome. 700+ Trucks & Growing! 888-928-6011 www.Drive4Total.com (TnScan)

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General Help Wanted

Caregivers and CNAs - are you looking for a great opportunity? We have immediate need for full and part time in Monroe County. Please apply at HHHAjobs.org or call 865-692-5258 for an appointment. Males are encouraged to apply.

Tellico Plains Public Library needs Part-time help. Must enjoy working with people, have computer skills, able to learn library functions. Minimum wage. Send resume to P.O. Box 658 Tellico Plains, TN 37385 Include references.

TRI-COUNTY CENTER
Positions available providing personal care for developmentally delayed adults. Starting wage up to $9.00p/hr. Training provided. Diploma/GED, valid driver's license required. Please apply in person at Tri-County Center, 3030 Lee Highway, Athens, TN 423-745-8902

SUPPLEMENTAL

PROOF OF PUBLICATION

Acct. Name:

##HARWELL HOWARD HYN

Acct. # 84227

COST OF PUBLICATION

Total $160.00

STATE OF TENNESSEE

COUNTY OF LOUDON

PERSONALLY appeared before me Amber Graves of Loudon County, Tennessee.

who being duly sworn, made oath that he/she is a

f the Publisher of THE NEWS HERALD,

general circulation, published in the

on and State of Tennessee and that the hereto

tion appeared in the same on the following dates :

NOTIFICATION OF INTENT

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/specialty Infusion Services, owned by CVS Caremark Corporation,with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.
The anticipated filing date of the application is June 6, 2014.
The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.
Upon written request by interested parties a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

The News Herald

O. BOX 310, LENOIR CITY, TN 37771

(865) 986-6581

sworn to before me on this 5th day

Newspaper Representative: Amber Graves

Notary Public: Debra A Cain

DEBRA A. CAIN STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF LOUDON

My Commission Expires: 11-15-15

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL

AFFP

2x5.5 Notification

Affidavit of Publication

STATE OF TN }
COUNTY OF SEVIER } SS

Joi Whaley, being duly sworn, says:

That she is Joi Whaley of the The Mountain Press, a daily newspaper of general circulation, printed and published in Sevierville, Sevier County, TN; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

June 04, 2014

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

Joi Whaley

Joi Whaley

Subscribed to and sworn to me this 4th day of June 2014

TAMMY RHOAD
STATE OF TENNESSEE NOTARY PUBLIC
SEVIER COUNTY

Tammy Rhoad

Tammy Rhoad, , Sevier County, TN

My commission expires: September 22, 2015

30125608 30502901

Michelle Anderson
Harwell Howard Hyne Gabbert & Manner, PC
333 Commerce Street Suite 1500
Nashville, TN 37201

NOTIFICATION OF INTENT TO APPLY FOR
A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-3601 et seq., and the Rules of the Health Services and Development Agency, that Coram Alternate Site Services, Inc. d/b/a Coram CVS/ specialty Infusion Services, owned by CVS Caremark Corporation, with an ownership type of for profit corporation to be self-managed, intends to file an application for a Certificate of Need for the establishment of a limited service home health agency only to provide and administer home infusion products and related infusion nursing services ancillary to its pharmacy services, by way of example and not limitation, line maintenance, infusion equipment repair and replacement, and dressing changes on central lines and external access ports within the following Tennessee counties: Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Fentress, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Meigs, Monroe, Moore, Morgan, Pickett, Polk, Roane, Scott, Sevier, Sullivan, Unicoi, Union, Van Buren, and Washington, from its licensed home infusion pharmacy which will be located at 10932 Murdock Drive, Suite 101A, Knoxville, Tennessee 37932 with an estimated project cost to not exceed $98,000. Coram Alternate Site Services, Inc. is currently licensed in the following counties: Bedford, Bledsoe, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hamilton, Hickman, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Marion, Marshall, Maury, Montgomery, Overton, Putnam, Rhea, Robertson, Rutherford, Sequatchie, Smith, Sumner, Trousdale, Warren, White, Williamson, and Wilson.The anticipated filing date of the application is June 6, 2014. The contact person for this project is Alix Coulter Cross, Attorney, who may be reached at Harwell Howard Hyne Gabbert & Manner PC, 333 Commerce Street, Ste. 1500, Nashville, TN 37201, 615/256-0500.

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Andrew Jackson Building, 9th
Nashville, Tennessee 37243
Floor 502 Deaderick Street

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SUPPLEMENTAL

STATE OF TENNESSEE
OFFICE OF THE
ATTORNEY GENERAL
PO BOX 20207
NASHVILLE, TENNESSEE 37202

September 29, 2005

Opinion No. 05-149

Newspaper of General Circulation

QUESTION

Whether the *Knoxville News-Sentinel* is a newspaper of general circulation for the purposes of legal advertising in the following counties: Anderson, Blount, Campbell, Claiborne, Cocke, Cumberland, Grainger, Greene, Hamblen, Jefferson, Loudon, McMinn, Monroe, Morgan, Roane, Scott, Sevier and Union.

OPINION

Based on the information available, it is our opinion that the *Knoxville News-Sentinel* qualifies as a "newspaper of general circulation" and/or "newspaper" in the listed counties for the purposes of publication of statutorily required notices.

ANALYSIS

With the exception of a definition in the Election Code, Tenn. Code Ann. §§ 2-1-101, *et seq.*, the terms "newspaper" and "newspaper of general circulation" are not defined in state statutes that require publication of official notices in a "newspaper" or "newspaper of general circulation." Op. Tenn. Att'y Gen. 00-160 (October 17, 2000). The Election Code, however, does define the term "newspaper of general circulation" and lists the requirements for meeting that definition. The publication must bear a title or name, be regularly issued at least as frequently as once a week for a definite price, and have a second-class mailing privilege. It must be not less than four pages, be published continuously during the immediately preceding one-year period, and be published for the dissemination of news of general interest. Finally, it must be circulated generally in the political subdivision in which it is published and in which notice is to be given. Tenn. Code Ann. § 2-1-104(a)(13).

With respect to the statutes in which the terms "newspaper" or "newspaper of general circulation" are not defined, three criteria have been established in order for a publication to satisfy the requirements of those various statutes. Op. Tenn. Att'y Gen. 04-064 (April 15, 2004); Op. Tenn. Att'y Gen. 00-160 (October 17, 2000). First, the publication should be available in all parts of the county. Second, it should be published at least weekly. Third, it should contain news of general interest to the public. Op. Tenn. Att'y Gen. 04-064 (April 15, 2004); Op. Tenn. Att'y Gen. 93-19 (March 11, 1993).

SUPPLEMENTAL

These criteria are supported by the case of *Cook v. McCullough*, 1989 WL 155926 (Tenn. App. December 29, 1989); *p.t.a. denied* (1990). In that case, the Court of Appeals determined that *The Nashville Record* was a newspaper for purposes of Tenn. Code Ann. § 67-5-2502. The Court stated:

> *The Nashville Record* is a "newspaper" in the sense of the applicable statute. It is published weekly. It is intended for circulation among the general public. It contains matters of general interest. It is in the form of a newspaper.

Cook v. McCullough, 1989 WL 155926 at 7.

We used the Sunday, August 28, 2005, issue ("issue" or "the paper") as our example. Based on this issue, this Office notes that the *Knoxville News-Sentinel* is in a newspaper format, is published in Knoxville and is issued daily, at a single copy price of fifty cents (50¢) for the weekday edition and two dollars ($2.00) for the Sunday edition. The issue does not state the publication's founding date. Through another source, however, we have learned that the newspaper was founded in the 1920's.[1]

The *Knoxville News-Sentinel* contains several types of information. The issue's front page noted that it contained the following sections: "Business, Crosswords, Editorials, Go, Ina Hughs, Life & Arts, Local, Movies, Obituaries, Sam Venable, Sports, Tom Humphrey." The paper's headlines included "Ainge to Start in Season Opener," "The Real Deal/New Orleans/Katrina" and "Old Timers" (NASCAR). Looking through the issue, we saw that it had local, state, national and world news. The issue also included display advertisements and classified advertisements. The paper contained, then, matters of interest to the general public.

Information on page 2 of the issue shows that the *Knoxville News-Sentinel* is distributed to some subscribers by mail, "periodical postage paid," a rate that this Office has previously determined is the equivalent of a second-class postage rate. Op. Tenn. Att'y Gen. 04-011 (February 3, 2004). It is also distributed by home delivery and is available for single-copy purchase in newspaper racks and in stores. In addition to Knox County, the paper is distributed for purchase in eighteen (18) east Tennessee counties. Information provided to this Office represents that the *Knoxville News-Sentinel* is available in the following counties: Anderson (207), Blount (237), Campbell (75), Claiborne (38), Cocke (107), Cumberland (80), Grainger (33), Greene (45), Hamblen (83), Jefferson (59), Loudon (97), McMinn (66), Monroe (51), Morgan (32), Roane (71), Scott (30), Sevier (434) and Union (31). The numbers in parentheses are the number of rack/store locations in that county. Thus, the newspaper is intended for circulation among the general public in these counties.

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[1]*See* http://www.scripps.com/corporateoverview/businesses/newspaper/knox.shtml. This source states that the *Knoxville-News Sentinel* resulted from the *The Knoxville News* (established in 1921) absorbing *The Sentinel*, which was first published in 1886.

SUPPLEMENTAL

Based on information you provided and on information gleaned from the August 28, 2005, issue and other sources, this Office has determined that the *Knoxville News-Sentinel* meets the general and statutory definitions of "newspaper" and/or "newspaper of general circulation" for purposes of publication of official notices in the listed counties surrounding Knox County.

PAUL G. SUMMERS
Attorney General

MICHAEL E. MOORE
Solicitor General

KATE EYLER
Deputy Attorney General

Requested by:

The Honorable Joe Armstrong
State Representative
25 Legislative Plaza
Nashville, TN 37243-0115