CVS CAREMARK CORP
Form 424B2
May 23, 2007

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CALCULATION OF REGISTRATION FEE

Title of each class of securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.302% Enhanced Capital Advantaged Preferred Securities	$1,000,000,000	$30,700

(1) Calculated in accordance with Rule 457(r).

As filed Pursuant to Rule 424(b)(2)
Registration No. 333-143110

Prospectus Supplement
(To Prospectus Dated May 21, 2007)

$1,000,000,000

6.302% Enhanced Capital Advantaged Preferred Securities

This is an offering by CVS Caremark Corporation of an aggregate of $1,000,000,000 of our Enhanced Capital Advantaged Preferred Securities ("ECAPS^{SM}").

The ECAPS^{SM} will bear interest at 6.302% per year until June 1, 2012. During this period, we will pay interest on the ECAPS^{SM} on June 1 and December 1 of each year, beginning December 1, 2007. Beginning June 1, 2012, the ECAPS^{SM} will bear interest at a rate equal to three-month LIBOR plus 206.5 basis points (2.065%), reset quarterly, payable on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2012. The ECAPS^{SM} will be issued in registered form and in denominations of $2,000 and integral multiples of $1,000 thereof. The ECAPS^{SM} will mature on June 1, 2062.

The principal amount of the ECAPS^{SM} will become due on June 1, 2037, or if such day is not a business day, the following business day (the "Scheduled Maturity Date"), only to the extent that we have received sufficient net proceeds from the sale of certain qualifying capital securities during a 180-day period ending on a notice date not more than 15 nor less than 10 business days prior to such date. We will use our commercially reasonable efforts, subject to certain market disruption events, to sell enough qualifying capital securities to permit repayment of the ECAPS^{SM} in full on such Scheduled Maturity Date. If any principal amount of the ECAPS^{SM} is not paid on the Scheduled Maturity Date, it will remain outstanding and will continue to bear interest at three-month LIBOR plus 2.065%, and we will continue to use our commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the ECAPS^{SM} in full. On June 1, 2062, which is referred to in this prospectus supplement as the Final Maturity Date (or if such date is not a business day, the following business day), we must pay any remaining outstanding principal and interest in full on the ECAPS^{SM} whether or not we have sold qualifying capital securities.

We may defer interest payments on the ECAPS^{SM} on one or more occasions for up to 10 consecutive years as described in this prospectus supplement. Deferred interest payments will accrue additional interest at a rate equal to the interest rate then applicable to the ECAPS^{SM}, to the extent permitted by law.

We may redeem the ECAPS^{SM} in whole or in part at our option, or in whole upon the occurrence of certain tax or rating agency events, at the applicable redemption price set forth in this prospectus supplement.

See "Risk Factors" beginning on page S-10 to read about certain factors you should consider before making an investment in the securities.

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

Concurrently with this offering of the ECAPS^{SM}, we are offering an aggregate of $1,750,000,000 of Floating Rate Senior Notes due June 1, 2010, which we refer to as the "2010 Notes," an aggregate of $1,750,000,000 of 5.750% Senior Notes due June 1, 2017, which we refer to as the "2017 Notes" and an aggregate of $1,000,000,000 of 6.250% Senior Notes due June 1, 2027, which we refer to as the "2027 Notes." We refer to the 2010 Notes, the 2017 Notes and the 2027 Notes collectively as the "notes." The notes will be offered pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any of our notes. There is no assurance that our concurrent public offering of the notes will be completed or, if completed, that it will be completed for the amounts contemplated. The completion of this offering is not conditioned on the completion of our concurrent public offering of notes.

	Price to Public		Underwriting Discounts and Commissions		Proceeds, before expenses, to CVS Caremark
Per Note		100.000%(1)		1.000%		99.000%
Total	$	1,000,000,000(1)	$	10,000,000	$	990,000,000

(1) Plus accrued interest, if any, from the date the ECAPS[SM] are originally issued, if settlement occurs after that date.

The ECAPS[SM] are expected to be delivered in book-entry only form through The Depository Trust Company, on or about , 2007. Delivery of the ECAPS[SM] will be made in book-entry form only through the facilities of the Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, against payment therefor in immediately available funds.

LEHMAN BROTHERS

Structuring Advisor

MORGAN STANLEY

BANC OF AMERICA SECURITIES LLC

BNY CAPITAL MARKETS, INC.

WACHOVIA SECURITIES

KEYBANC CAPITAL MARKETS LASALLE CAPITAL MARKETS SUNTRUST ROBINSON HUMPHREY
HSBC MIZUHO SECURITIES USA INC. PIPER JAFFRAY
WELLS FARGO SECURITIES BB&T CAPITAL MARKETS

May 22, 2007

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any free writing prospectus filed by us with the Securities and Exchange Commission. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any such free writing prospectus is accurate as of any date other than their respective dates. Except as otherwise specified, the terms "CVS Caremark," the "Company," "we," "us," "our," and the "combined company" refer to CVS Caremark Corporation and its subsidiaries. The term "CVS" refers to CVS Corporation and the term "Caremark" refers to Caremark Rx, Inc. prior to the merger of CVS and Caremark to form CVS Caremark Corporation.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities Exchange Commission ("SEC"). You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at http://www.sec.gov, from which interested persons can electronically access the registration statement including the exhibits and schedules thereto.

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

(i) CVS' Annual Report on Form 10-K filed on February 27, 2007;

(ii) CVS' Current Reports on Form 8-K filed on January 18, 2007, January 19, 2007, February 2, 2007, February 26, 2007 and March 8, 2007;

(iii) CVS Caremark's Current Reports on Form 8-K filed on March 23, 2007, May 9, 2007, May 16, 2007 and May 17, 2007;

(iv) CVS Caremark's Quarterly Report on Form 10-Q filed on May 8, 2007;

(v) CVS Caremark's Proxy Statement on Schedule 14A filed on April 4, 2007 (as to the information under the captions "Committees of the Board," "Code of Conduct," "Director Nominations," "Audit Committee Report," "Biographies of our Board Nominees," "Section 16(a) Beneficial Ownership Reporting Compliance," "Share Ownership of Directors and Certain Executive Officers," "Share Ownership of Principal Stockholders," "Item 4: Adoption of 2007 Incentive Plan," "Certain Transactions with Directors and Officers," "Item 2: Ratification of Appointment of Independent Registered Public Accounting Firm" and "Executive Compensation and Related Matters," including "Compensation Discussion & Analysis," and "Management Planning and Development Committee Report"); and

(vi) Caremark's Annual Report on Form 10-K filed on February 27, 2007 (as to the financial statements and related notes for the three year period ended December 31, 2006 and as of December 31, 2005 and December 31, 2006).

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

Nancy R. Christal
Vice President, Investor Relations
CVS Caremark Corporation
670 White Plains Road, Suite 210
Scarsdale, New York 10583
(800) 201-0938

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 sales growth, earnings or earnings per common share growth, free cash flow, debt ratings, inventory levels, inventory turn and loss rates, store development, relocations and new market entries, 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:

- Our ability to integrate successfully the Caremark business or as timely as expected;

- Our ability to realize the revenues and synergies and other benefits from the Caremark Merger as expected;

- Litigation and regulatory risks associated with Caremark and the pharmacy benefit management industry generally;

- The continued efforts of health maintenance organizations, managed care organizations, pharmacy benefit management companies and other third party payors to reduce prescription drug costs and pharmacy reimbursement rates, particularly with respect to generic pharmaceuticals;

- The effect on pharmacy revenue and gross profit rates attributable to the introduction in 2006 of a new Medicare prescription drug benefit and the continued efforts by various government entities to reduce state Medicaid pharmacy reimbursement rates;

- Risks related to the change in industry pricing benchmarks that could adversely affect our financial performance;

- The growth of mail order pharmacies and changes to pharmacy benefit plans requiring maintenance medications to be filled exclusively through mail order pharmacies;

- The effect on our pharmacy benefit management ("PBM") business of increased competition in the PBM industry, a declining margin environment attributable to increased client demands for lower prices, enhanced service offerings and/or higher service levels and the possible termination of, or unfavorable modification to, contractual arrangements with key clients or providers;

- The potential effect on performance of our PBM business as a result of entering into risk based or reinsurance arrangements in connection with providing pharmacy benefit plan management services. Risks associated with these arrangements include relying on actuarial assumptions that underestimate prescription utilization rates and/or costs for covered members;

Our ability to successfully integrate the Standalone Drug Business acquired from Albertson's in June 2006;

Our ability to expand MinuteClinic as expected;

The risks relating to adverse developments in the healthcare or pharmaceutical industry generally, including, but not limited to, developments in any investigation related to the pharmaceutical industry that may be conducted by governmental authorities;

Increased competition from other drugstore chains, supermarkets, discount retailers, membership clubs and Internet companies, as well as changes in consumer preferences or loyalties;

The frequency and rate of introduction of successful new prescription drugs;

Our ability to generate sufficient cash flows to support capital expansion and general operating activities;

Interest rate fluctuations and changes in capital market conditions or other events affecting our ability to obtain necessary financing on favorable terms;

Our ability to identify, implement and successfully manage and finance strategic expansion opportunities including entering new markets, acquisitions and joint ventures;

Our ability to establish effective advertising, marketing and promotional programs (including pricing strategies and price reduction programs implemented in response to competitive pressures and/or to drive demand);

Our ability to continue to secure suitable new store locations under acceptable lease terms;

Our ability to attract, hire and retain suitable pharmacists, nurse practitioners and management personnel;

Our ability to achieve cost efficiencies and other benefits from various operational initiatives and technological enhancements;

Litigation risks as well as changes in laws and regulations, including changes in accounting standards and taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations);

The creditworthiness of the purchasers of businesses formerly owned by CVS Caremark and whose leases are guaranteed by CVS Caremark;

Fluctuations in inventory cost, availability and loss levels and our ability to maintain relationships with suppliers on favorable terms;

Our ability to implement successfully and to manage new computer systems and technologies;

The strength of the economy in general or in the markets served by CVS Caremark, including changes in consumer purchasing power and/or spending patterns; and

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 material adverse effects 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.

THE COMPANY

Introduction

Our Company owns and operates the largest retail pharmacy in the United States based on store count. We sell prescription drugs and a wide assortment of general merchandise, including over-the-counter drugs, beauty products and cosmetics, film and photo finishing services, seasonal merchandise, greeting cards and convenience foods through our CVS/pharmacy® retail stores and online through CVS.com®. We also provide healthcare services through our 164 MinuteClinic® healthcare clinics, located in 19 states, of which 147 are located within CVS retail drugstores as of March 31, 2007. In addition, we provide pharmacy benefits management, mail order services and specialty pharmacy services through Caremark Pharmacy Services, PharmaCare Management Services ("PharmaCare") and PharmaCare Pharmacy® stores. As of March 31, 2007, we operated 6,208 retail and specialty pharmacy stores and 22 specialty pharmacies in 44 states and the District of Columbia.

Through our merger with Caremark on March 22, 2007, as described below, we acquired a leading pharmacy benefits manager in the United States. Our pharmacy benefits management business involves the design and administration of programs aimed at reducing the costs and improving the safety, effectiveness and convenience of prescription drug use. Our pharmacy benefits management 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 our insurance subsidiaries, we are a national provider of drug benefits to eligible beneficiaries under the federal government's Medicare Part D program.

Our pharmacy benefits management business operates through a national retail pharmacy network with over 60,000 participating pharmacies (including CVS' pharmacy stores), 11 mail service pharmacies, 52 specialty pharmacy stores, 22 specialty pharmacies and the industry's only repackaging plant regulated by the Food and Drug Administration. Through our Accordant® disease management offering, which we acquired through Caremark, we also provide disease management programs for 27 conditions. Twenty-one of these programs are accredited by the National Committee for Quality Assurance.

On June 2, 2006 we acquired certain assets and assumed certain liabilities from Albertson's, Inc. ("Albertson's") for $4.0 billion. The assets acquired and the liabilities assumed included approximately 700 standalone drugstores and a distribution center located in La Habra, California (collectively the "Standalone Drug Business"). Approximately one-half of the drugstores are located in southern California. The remaining drugstores are primarily located in our existing markets in the Midwest and Southwest. We believe that the acquisition of the Standalone Drug Business is consistent with our long-term strategy of expanding our retail drugstores business in high-growth markets.

The retail drugstore and pharmacy benefits management businesses are highly competitive. We believe that we compete principally on the basis of: (i) store location and convenience; (ii) customer/client service and satisfaction; (iii) product selection and variety; and (iv) price. In each of the markets we serve, we compete with independent and other retail drugstore chains, supermarkets, convenience stores, pharmacy benefits managers and other mail order prescription providers, discount merchandisers, membership clubs and Internet pharmacies.

Caremark Merger

Effective March 22, 2007, pursuant to the Agreement and Plan of Merger dated as of November 1, 2006, as amended (the "Merger Agreement") Caremark was merged with and into a newly formed subsidiary of CVS Corporation, with the CVS subsidiary, Caremark Rx, L.L.C., continuing as the surviving entity (the "Caremark Merger"). Following the Caremark Merger, we changed our name to "CVS Caremark Corporation."

By virtue of the Caremark Merger, each issued and outstanding share of common stock, par value $0.001 per share, of Caremark was converted into the right to receive 1.67 shares of our common stock, par value $0.01 per share. Cash was paid in lieu of fractional shares.

In connection with the Caremark Merger, a special one-time cash dividend of $7.50 per share was paid to Caremark shareholders of record as of the close of business on the day immediately preceding the closing date of the Caremark Merger (the "Caremark Special Dividend"). This dividend was funded through a combination of proceeds from the issuance of commercial paper, available cash of Caremark and borrowings under a Bridge Credit Agreement dated as of March 15, 2007 among the Company, the lenders listed on the signature pages thereof, Lehman Brothers Inc. and Morgan Stanley Senior Funding, Inc., as Joint Lead Arrangers and Joint Bookrunners, Morgan Stanley Senior Funding, Inc., as Syndication Agent, The Bank of New York, Bank of America, N.A. and Wachovia Bank, National Association as Co-Documentation Agents, and Lehman Commercial Paper Inc., as Administrative Agent (the "Bridge Credit Facility").

Following the Caremark Merger, we launched a tender offer for 150 million (approximately 10%) of our outstanding shares of common stock at a fixed price of $35.00 per share. The tender offer expired on April 24, 2007, resulting in approximately 10.3 million shares being tendered and placed into the Company's treasury account.

As a result of the Caremark Merger, we believe we can operate the combined companies more efficiently than either company could have operated on its own. As such, we expect to achieve significant benefits from purchasing scale and operating synergies. Operating synergies include decreases in overhead expense, increases in productivity and efficiencies, decreases in prescription dispensing costs, and other benefits made possible by combining complementary operations. In addition, we expect that the combination of our retail pharmacy and pharmacy benefits management businesses may create incremental revenue opportunities from the Caremark Merger. Information regarding the uncertainties associated with realizing efficiencies and opportunities is described in our 2006 Form 10-K, incorporated by reference herein, under the headings "Risk Factors Related to the Proposed Merger."

CVS Caremark Corporation is a Delaware corporation. Our Store Support Center (corporate office) is located at One CVS Drive, Woonsocket, Rhode Island 02895, telephone (401) 765-1500. Our common stock is listed on the New York Stock Exchange under the trading symbol "CVS." General information about CVS Caremark is available through our website at http://www.cvs.com. Our financial press releases and filings with the Securities and Exchange Commission are available free of charge on the investor relations portion of our website at http://investor.cvs.com.

RECENT DEVELOPMENTS

April Same Store Sales

Same store sales (sales from stores open more than one year) for the four weeks ended April 28, 2007 increased 6.1% over the prior year period. Pharmacy same store sales increased 7.0%, and were negatively impacted by approximately 580 basis points due to recent generic introductions. Front-end same store sales increased 3.9%. Same store sales do not include the drugstores acquired on June 2, 2006, which will be included in same store sales following the one-year anniversary of the acquisition, beginning in fiscal July 2007.

First Quarter Results

On March 22, 2007, we consummated the Caremark Merger. On May 8, 2007 we filed our quarterly report on Form 10-Q for the quarter ended March 31, 2007. The financial statements included therein and incorporated by reference herein include 10 days of combined operations of CVS and Caremark. Pro forma net sales, net earnings, basic earnings per share and diluted earnings per share for the thirteen week period ended March 31, 2007, assuming the acquisition was consummated at the beginning of such period, would have been $20,638.1 million, $660.2 million, $0.43 and $0.42, respectively. Pro forma results are not necessarily indicative of what our results would have been had we actually acquired Caremark at the beginning of the thirteen week period ended March 31, 2007 and may not be indicative of future results. For further information regarding the pro forma financial results, please see "Unaudited Pro Forma Condensed Combined Financial Information" and Note 3 to our consolidated condensed financial statements included in our Quarterly Report on Form 10-Q incorporated by reference herein.

Share Repurchase Program

On May 9, 2007, we announced that our Board of Directors approved a share repurchase program for up to $5.0 billion of our outstanding common stock from time-to-time through a combination of open market repurchases, privately negotiated transactions and/or accelerated share repurchase transactions. On May 17, 2007, we announced that we entered into an accelerated share repurchase transaction (the "Accelerated Share Repurchase") with an affiliate of Lehman Brothers Inc. (the "seller") to purchase outstanding shares of common stock from the seller for $2.5 billion.

Concurrent Public Offering

Concurrently with this offering of the ECAPS[SM], we are offering an aggregate of $1,750,000,000 of Floating Rate Senior Notes due June 1, 2010, which we refer to as the "2010 Notes," an aggregate of $1,750,000,000 of 5.750% Senior Notes due June 1, 2017, which we refer to as the "2017 Notes" and an aggregate of $1,000,000,000 of 6.250% Senior Notes due June 1, 2027, which we refer to as the "2027 Notes." We refer to the 2010 Notes, the 2017 Notes and the 2027 Notes collectively as the "notes." The notes will be offered pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any of our notes. There is no assurance that our concurrent public offering of the notes will be completed or, if completed, that it will be completed for the amounts contemplated. The completion of this offering is not conditioned on the completion of our concurrent public offering of notes.

THE OFFERING

The following summary highlights selected information contained elsewhere in this prospectus supplement and may not contain all of the information that is important to you. We encourage you to read this prospectus supplement and the accompanying prospectus, together with the documents identified under the heading "Where You Can Find More Information" in the accompanying prospectus, in their entirety. You should pay special attention to the "Risk Factors" section of this prospectus supplement and the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 30, 2006. Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to "CVS Caremark," "we," "us," "our" or similar references mean CVS Caremark Corporation and its consolidated subsidiaries.

Payment of Principal

We must repay the principal amount of the ECAPS℠, together with accrued and unpaid interest, on June 1, 2037, or if that date is not a business day, the next business day (the "Scheduled Maturity Date"), subject to the limitations described below.

We are required to use our commercially reasonable efforts, subject to a "market disruption event," as described under "Description of the ECAPS℠ Payment of Principal," to raise sufficient net proceeds from the issuance of qualifying capital securities in a 180-day period ending on a notice date not more than 15 and not less than 10 business days prior to the Scheduled Maturity Date to permit repayment of the ECAPS℠ in full on the Scheduled Maturity Date in accordance with the replacement capital covenant. If we have not raised sufficient net proceeds to permit repayment of all principal and accrued and unpaid interest on the ECAPS℠ on the Scheduled Maturity Date, we will apply any available proceeds to repay the ECAPS℠, and the unpaid portion will remain outstanding and continue to bear interest at a rate of LIBOR plus 2.065% payable quarterly (as described under " Interest Rate and Interest Payment Dates") until repaid. We will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the sale of qualifying capital securities to permit repayment of the ECAPS℠ on the following quarterly interest payment date, and on each quarterly interest payment date thereafter, until the ECAPS℠ are paid in full.

Any unpaid principal amount of the ECAPS℠, together with accrued and unpaid interest, will be due and payable on June 1, 2062, the "Final Maturity Date," or upon acceleration following an event of default, regardless of the amount of qualifying capital securities we have issued and sold by that time.

Although under the replacement capital covenant (described below under " Replacement Capital Covenant") we are permitted to repay the ECAPS℠ using the net cash proceeds from certain issuances of common stock, rights to acquire common stock (including common stock and rights to acquire common stock sold pursuant to our dividend reinvestment plan, direct stock purchase plan or employee benefit plan), mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity, qualifying non-cumulative preferred stock and qualifying capital securities, we have no obligation to issue any securities other than qualifying capital securities or to use the proceeds of the issuance of any other securities to repay the ECAPS℠ on the Scheduled Maturity Date or at any time thereafter.

Interest

From May 25, 2007 to but excluding June 1, 2012, or earlier redemption date, the ECAPS℠ will bear interest at the annual rate of 6.302%. Interest on the ECAPS℠ will accrue from May 25, 2007. We will pay that interest semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2007, subject to our rights and obligations described below under "Description of the ECAPS℠ Option to Defer Interest Payments." From and including June 1, 2012 the ECAPS℠ will bear interest at an annual rate equal to three-month LIBOR plus 2.065% payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2012, subject to our rights and obligations described below under "Description of the ECAPS^{SM} Option to Defer Interest Payments."

We have the right on one or more occasions to defer the payment of interest on the ECAPS^{SM} as described in this prospectus supplement. We may defer interest for up to ten consecutive years without giving rise to an event of default. However, a deferral of interest payments cannot extend beyond the Final Maturity Date of the ECAPS^{SM}. Deferred interest will accumulate additional interest at an annual rate equal to the annual interest rate then applicable to the ECAPS^{SM}.

We may pay at any time all or any portion of the interest accrued to that point during an optional deferral period. At the end of the optional deferral period or on any redemption date, we will be obligated to pay all accrued and unpaid interest.

Subordination

The ECAPS^{SM} will be unsecured, subordinated and junior in right of payment upon our liquidation, including to all of our existing and future senior indebtedness, but will rank equally in right of payment upon liquidation with debt that by its terms does not rank senior upon our liquidation to the ECAPS^{SM} and with our trade creditors, and will be effectively subordinated to all liabilities of our subsidiaries. Substantially all of our existing indebtedness is senior to the ECAPS^{SM}. As of March 31, 2007 before giving effect to the use of proceeds from this offering and the concurrent notes offering, our indebtedness for money borrowed ranking senior to the ECAPS^{SM} upon liquidation, on an unconsolidated basis (excluding subsidiary indebtedness), totaled approximately $6,657.5 million and our subsidiaries' direct borrowings and other obligations (excluding intra-company debt) that would effectively rank senior to the ECAPS^{SM} upon liquidation totaled approximately $153.3 million. See "Description of the ECAPS^{SM} Ranking of the ECAPS^{SM}" for the definition of "*senior indebtedness*."

No payment of the principal (including redemption) of, or interest or premium, if any, on the ECAPS^{SM} may be made by us until all holders of senior indebtedness have been paid in full, if any of the following occurs:

(i) certain events of our bankruptcy, insolvency or reorganization;

(ii) any of our senior indebtedness is not paid when due and such default continues; and

(iii) any other default occurs or continues pursuant to which holders of our senior indebtedness are permitted to accelerate maturity of such senior indebtedness.

The terms of the ECAPS^{SM} permit us to make any payment of current or deferred interest on our indebtedness that ranks on a parity with the ECAPS^{SM} upon our liquidation ("*pari passu* securities") that is made *pro rata* to the amounts due on such *pari passu* securities (including the ECAPS^{SM}).

Certain Payment Restrictions

During any period in which an event of default has occurred and is continuing, we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing, we and our subsidiaries generally may not make payments on or redeem or repurchase our capital stock, our debt securities or guarantees ranking on a parity with or junior to the ECAPS^{SM}, subject to the exceptions described under "Description of the ECAPS^{SM} Dividend and Other Payment Stoppages."

The terms of the ECAPS^{SM} permit us to make any payment of current or deferred interest on our *pari passu* securities upon our liquidation so long as the payment is made *pro rata* to the amounts due on *pari passu* securities (including the ECAPS^{SM}).

Redemption of the ECAPS℠

We may elect to redeem the ECAPS℠ in whole or in part on more than one occasions on or after June 1, 2012 at a redemption price equal to 100% of the principal amount of the ECAPS℠ being redeemed plus any accrued and unpaid interest and before, June 1, 2012 (i) in whole at any time or in part from time to time, or (ii) in whole, but not in part, if certain changes occur relating to the tax treatment of or rating agency equity credit accorded to the ECAPS℠, in each case at a redemption price equal to the greater of (x) 100% of the principal amount of the ECAPS℠ being redeemed and (y) the applicable make-whole amount, in each case plus any accrued and unpaid interest. For a description of the changes that would permit such a redemption and the applicable make-whole amounts, see "Description of the ECAPS℠ Redemption." Any redemption of the ECAPS℠ before June 1, 2047 will be subject to the limitations described under the section entitled "Description of the Replacement Capital Covenant."

Events of Default

The following events are "*events of default*" with respect to the ECAPS℠:

- we do not pay any interest on the ECAPS℠ within 30 days following the due date; provided that a valid extension or deferral of the interest period as described above under "Option to Defer Interest Payments" will not constitute an event of default;

- default in the payment of principal on the ECAPS℠ when due, whether at stated maturity, upon redemption, upon a declaration of acceleration or otherwise; or

- certain events of our bankruptcy, insolvency or receivership.

If an event of default under the junior subordinated indenture (as defined under "Description of the ECAPS℠") occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding ECAPS℠ may declare the entire principal amount of, and all accrued but unpaid interest on all ECAPS℠ to be due and payable immediately.

Tax Treatment of the ECAPS℠

In connection with the issuance of the ECAPS℠, Davis Polk & Wardwell, our tax counsel, has advised us that, under current law and assuming full compliance with the terms of the subordinated indenture and other relevant documents, and based on the representations, facts and assumptions set forth in its opinion, although the matter is not free from doubt, the ECAPS℠ will be characterized as indebtedness for United States federal income tax purposes. The ECAPS℠ are novel financial instruments, and there is no statutory, judicial or administrative authority that directly addresses the United States federal income tax treatment of securities similar to the ECAPS℠. Thus, no assurance can be given that the Internal Revenue Service or a court will agree with this characterization. We agree, and by purchasing the ECAPS℠, each holder of the ECAPS℠ agrees to treat the ECAPS℠ as indebtedness for all United States federal income tax purposes. See "Certain United States Federal Income Tax Considerations."

Form

The ECAPS℠ will be represented by one or more global securities registered in the name of the Depository Trust Company ("DTC") or a nominee thereof. Beneficial interests in the ECAPS℠ will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC (in the United States), or Clearstream Luxembourg or Euroclear (in Europe) if they are participants in those systems, or indirectly through organizations which are participants in those systems.

Replacement Capital Covenant

Around the time of the initial issuance of the ECAPS^{SM}, we will enter into a "replacement capital covenant" in which we will covenant for the benefit of holders of one or more designated series of our indebtedness (which will initially be our 6.125% Senior Notes due August 15, 2016 (CUSIP: 126650 BE 90)), other than the ECAPS^{SM}, that we will not repay, redeem or purchase the ECAPS^{SM} before June 1, 2047, unless, subject to certain limitations, during the applicable "measurement period" (as defined herein) we have received proceeds from the sale of specified securities in the specified amounts described therein.

The replacement capital covenant will terminate on June 1, 2047 or earlier upon the occurrence of certain events, including an acceleration of the ECAPS^{SM} due to the occurrence of an event of default. The replacement capital covenant is not intended for the benefit of holders of the ECAPS^{SM} and may not be enforced by them, except that we will agree in the indenture that we will not amend the replacement capital covenant to impose additional restrictions on the type or amount of qualifying capital securities that we may include for purposes of determining when repayment, redemption or purchase of the ECAPS^{SM} is permitted, except with the consent of the holders of a majority in principal amount of the ECAPS^{SM}.

RISK FACTORS

In addition to the other information included or incorporated by reference in this prospectus supplement, including the matters addressed in "Cautionary statement concerning forward-looking statements," you should carefully consider the risk factors set forth below before making an investment in the ECAPS℠ offered by this prospectus supplement. In addition, you should read and consider the risk factors associated with each of the businesses of CVS, Caremark and CVS Caremark because these risk factors may also affect the operations and financial results reported by the combined company. See "Where You Can Find More Information."

Risks Related to the ECAPS℠

Our obligation to repay the ECAPS℠ on the Scheduled Maturity Date is subject to the issuance of qualifying capital securities.

Our obligation to repay the ECAPS℠ on the Scheduled Maturity Date of June 1, 2037 is limited. We are required to repay the ECAPS℠ on the Scheduled Maturity Date only to the extent that the principal amount repaid does not exceed the applicable percentage of net proceeds we have raised from the issuance of qualifying capital securities (as defined in "Description of the Replacement Capital Covenant") within a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. See "Description of the ECAPS℠ Payment of Principal." If we have not raised sufficient net proceeds from the issuance of qualifying capital securities to permit repayment of the ECAPS℠ on the Scheduled Maturity Date, we will not be required to repay the unpaid amount until (i) we have raised sufficient net proceeds to permit repayment in full in accordance with this requirement, (ii) we redeem the ECAPS℠, (iii) payment of the ECAPS℠ is accelerated upon the occurrence of an event of default or (iv) the Final Maturity Date for the ECAPS℠. Our ability to raise sufficient net proceeds in connection with this obligation to repay the ECAPS℠ will depend on, among other things, market conditions at the time the obligation arises, as well as the acceptability to prospective investors of the terms of the securities. Although we have agreed to use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient net proceeds from the issuance of qualifying capital securities during the 180-day period referred to above and from quarter to quarter thereafter to repay the ECAPS℠ on the Scheduled Maturity Date and on each interest payment date after the Scheduled Maturity Date until the ECAPS℠ are repaid in full, our failure to do so would not be an event of default or give rise to a right of acceleration or similar remedy with respect to the ECAPS℠ until the Final Maturity Date, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur.

Moreover, at or around the time of issuance of the ECAPS℠, we will enter into the replacement capital covenant pursuant to which we make a covenant restricting our and our subsidiaries' ability to repay, redeem, defease or purchase ECAPS℠ at any time on or after the Scheduled Maturity Date and prior to June 1, 2047. We may modify the replacement capital covenant without your consent if the modification does not further restrict our ability to repay the ECAPS℠ in connection with an issuance of qualifying capital securities. See "Description of the Replacement Capital Covenant."

We have no obligation to issue any securities other than qualifying capital securities in connection with our obligation to repay the ECAPS℠ on or after the Scheduled Maturity Date.

We have the right to defer interest for 10 years without causing an event of default.

So long as there is no event of default under the subordinated indenture, we may optionally defer payments of interest on the ECAPS℠, from time to time, for one or more Optional Deferral Periods (as defined in "Description of ECAPS℠ Option to Defer Interest Payments") for up to 10 consecutive years per Optional Deferral Period. At the end of an Optional Deferral Period, if all amounts due are paid, we could start a new Optional Deferral Period of up to 10 consecutive years. During any Optional Deferral Period, interest on the ECAPS℠ would be deferred but would accrue additional interest, compounded semi-annually or quarterly, as the case may be, at a rate equal to the interest rate then applicable to the ECAPS℠, to the extent permitted by applicable law. No Optional Deferral Period may extend beyond the maturity date of the ECAPS℠. During any such Optional Deferral Period, holders of the ECAPS℠ will receive no current payments on the ECAPS℠. So long as we are otherwise in compliance with our obligations, such holders will have no remedies against us for nonpayment unless we fail to pay all deferred interest (including compounded interest) at the end of the 30 day grace period following the Optional Deferral Period or at the Final Maturity Date of the ECAPS℠. See "Description of the ECAPS℠ Option to Defer Interest Payments" in this prospectus supplement.

We are not permitted to pay current interest on the ECAPS℠ until we have paid all outstanding deferred interest, and this could have the effect of extending interest deferral periods.

During an Optional Deferral Period of less than 10 years, we will be prohibited from paying current interest on the ECAPS℠ until we have paid all accrued and unpaid deferred interest. As a result, we may not be able to pay current interest on the ECAPS℠ if we do not have available funds to pay all accrued and unpaid interest.

Our obligations under the ECAPS℠ are subordinated and the subordinated indenture does not limit the amount of indebtedness for money borrowed we may issue that ranks senior to the ECAPS℠.

The ECAPS℠ are unsecured and will be subordinate and junior in right of payment to all of our indebtedness for money borrowed that does not by its terms expressly rank junior to or on an equal basis with the ECAPS℠ upon liquidation. The ECAPS℠ will rank on an equal basis with trade creditors and other securities that by their terms rank equally with the ECAPS℠. This means that we cannot make any payments on the ECAPS℠ until all holders of our Senior Indebtedness have been paid in full, or provision has been made for such payment, if (i) certain events of our bankruptcy, insolvency or reorganization have occurred, (ii) any of our Senior Indebtedness is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of our Senior Indebtedness are permitted to accelerate the maturity of such Senior Indebtedness. At March 31, 2007 before giving effect to the use of proceeds from this offering and the concurrent notes offering, our Senior Indebtedness on an unconsolidated basis (excluding subsidiary indebtedness) totaled approximately $6,657.5 million.

Our right to redeem or repurchase the ECAPS℠, is limited by a covenant that we are making in favor of certain other debtholders.

We have the right to redeem the ECAPS℠ under circumstances and on terms specified in this prospectus supplement. However, around the time of the initial issuance of the ECAPS℠, we will enter into a Replacement Capital Covenant, which is described below under "Certain Terms of the Replacement Capital Covenant," that will limit our ability to redeem or repurchase the ECAPS℠. In the Replacement Capital Covenant, we will covenant for the benefit of persons that buy, sell or hold a specified series of our Senior Indebtedness that we will not redeem or repurchase the ECAPS℠ on or before June 1, 2047 unless, subject to certain limitations, during the 180 days prior to the date of that redemption or repurchase, we have received proceeds from the sale of qualifying capital securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the ECAPS℠ at the time of redemption or repurchase.

The ability to raise proceeds from qualifying securities during the 180 days prior to a proposed redemption or repurchase of ECAPS℠ will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those qualifying securities. Accordingly, there could be circumstances where we would wish to redeem or repurchase some or all of the ECAPS℠, including as a result of a tax event or rating agency event, and sufficient cash is available for that purpose, but we are restricted from doing so because of the inability to obtain proceeds from the sale of qualifying capital securities.

You may have to include interest in your taxable income before you receive cash from us.

If we do defer interest payments on the ECAPS℠, you will be required to accrue income, in the form of original issue discount, for United States federal income tax purposes during the period of the deferral in respect of your ECAPS℠, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. You will also not receive the cash payment of any accrued and unpaid interest from us if you sell the ECAPS℠ before the record date for any such payment, even if you held the ECAPS℠ on the date that the payments would normally have been paid. You should consult with your own tax advisor regarding the tax consequences of an investment in the ECAPS℠. See "Certain United States Federal Income Tax Considerations."

Deferral of interest payments could adversely affect the market price of the ECAPS℠.

If we exercise our right to defer payments of interest on the ECAPS℠, the market price of the ECAPS℠ is likely to be affected. As a result of the existence of our deferral right, the market price of the ECAPS℠ may be more volatile than the market prices of other securities that are not subject to optional deferrals. If we do defer interest on the ECAPS℠ and you elect to sell ECAPS℠ during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its ECAPS℠ until we pay the deferred interest at the end of the deferral period.

We may redeem the ECAPS℠ at any time if there is a challenge to their tax characterization or certain other events occur.

We may redeem all, but not less than all, of the ECAPS℠ at any time if certain changes occur relating to the tax treatment of the ECAPS℠ or the rating agency equity credit accorded to the ECAPS℠. The redemption price for the ECAPS℠ will be equal to their principal amount, if redeemed on or after June 1, 2012, and will be equal to a make-whole price, if redeemed prior to June 1, 2012, in each case plus accrued and unpaid interest through the date of redemption. If the ECAPS℠ were redeemed, the redemption would be a taxable event to you. See "Description of the ECAPS℠ Redemption."

An Internal Revenue Service pronouncement or threatened challenge resulting in a tax event could occur at any time. Similarly, changes in rating agency methodology for assigning equity credit to the ECAPS℠ could result in the ECAPS℠ being redeemed earlier than would otherwise be the case. See "Description of the ECAPS℠ Redemption" for a further description of those events.

As a holder of the ECAPS℠ you will have limited rights of acceleration.

An indenture event of default is generally limited to payment defaults after giving effect to our deferral rights, and specific events of bankruptcy, insolvency and reorganization relating to us. The subordinated indenture for the ECAPS℠ provides that the indenture trustee must give holders notice of all defaults or events of default within 90 days after they become known to the indenture trustee. However, except in the cases of a default or an event of default in payment on the ECAPS℠, the indenture trustee will be protected in withholding the notice if its responsible officers determine that withholding of the notice is in the interest of such holders. There is no right of acceleration upon breaches by us of other covenants under the subordinated indenture.

The secondary market for the ECAPS℠ may be illiquid.

We do not intend to apply to list the ECAPS℠ on the New York Stock Exchange or any other securities exchange. We can give you no assurance as to the liquidity of any market that may develop for the ECAPS℠.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering and the concurrent notes offering will be approximately $5,434,734,500, after deducting underwriting discounts and commissions and estimated net offering expenses payable by us. We intend to use the net proceeds from this offering to reduce outstanding debt under our Bridge Credit Facility (see "Underwriting Other Relationship"), repay commercial paper and for general corporate purposes, including repurchasing shares of our common stock in the open market from time to time or through privately negotiated transactions. As of May 17, 2007 we had $3.0 billion of indebtedness under our Bridge Credit Facility with an interest rate of 5.61%. The proceeds of the Bridge Credit Facility were used to fund a portion of the Caremark Special Dividend and the Accelerated Share Repurchase. As of May 17, 2007, we had $3.1 billion of commercial paper outstanding with a weighted average interest rate of 5.37%. The commercial paper to be repaid with the net proceeds from this offering bears interest at a weighted average interest rate of 5.36% and matures on or about the date of closing of this offering.

CAPITALIZATION

The table below sets forth our total capitalization at March 31, 2007 on an actual basis (which includes $500 million of Bridge Credit Facility borrowings, the proceeds of which were used to fund a portion of the Caremark Special Dividend). The table below also shows pro forma adjustments for $2.5 billion of Bridge Credit Facility borrowings, the proceeds of which were used to fund the Accelerated Share Repurchase and $360.3 million of commercial paper borrowings, the proceeds of which were used to fund the Tender Offer. In addition, the table shows adjustments for the issuance of the ECAPS[SM] offered hereby, our concurrent public offering of notes and the application of the estimated net proceeds therefrom as set forth in "Use of Proceeds."

You should read the table together with our consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into this prospectus supplement and the accompanying prospectus.

	March 31, 2007		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
	($ in millions, unaudited)		
Short-term debt:			
Commercial paper	$ 3,072.8	$ 3,433.1	$ 969.8
Bridge Credit Facility	500.0	3,000.0	
Guaranteed ESOP obligation	37.6	37.6	37.6
3 7/8% Notes due 2007	300.0	300.0	300.0
Other	5.0	5.0	5.0
Total short-term debt	3,915.4	6,775.7	1,312.4
Long-term debt:			
4% Notes due 2009	650.0	650.0	650.0
5 3/4% Notes due 2011	800.0	800.0	800.0
4 7/8% Notes due 2014	550.0	550.0	550.0
6 1/8% Notes due 2016	700.0	700.0	700.0
ECAPS[SM] offered hereby and notes offered concurrently			5,500.0
Guaranteed ESOP obligation	44.5	44.5	44.5
Other	150.9	150.9	150.9
Total long-term debt	2,895.4	2,895.4	8,395.4
Total debt	6,810.8	9,671.1	9,707.8
Shareholders' equity:			
Preferred stock, $0.01 par value: authorized 120,619 shares; no shares issued or outstanding			
Preference stock, series one ESOP convertible, par value $1.00: authorized 50,000,000 shares; issued and outstanding 3,945,000 shares at March 31, 2007	210.9	210.9	210.9
Common stock, par value $0.01: authorized 3,200,000,000 shares; issued 1,561,903,000 shares at March 31, 2007	15.6	15.6	15.6
Treasury stock, at cost: Actual: 20,643,000 shares at March 31, 2007; Pro Forma and Pro Forma as Adjusted: 66,207,000 shares at March 31, 2007	(305.2)	(2,805.2)	(2,805.2)
Shares held in trust, 9,224,000 shares at March 31, 2007	(301.3)	(301.3)	(301.3)
Guaranteed ESOP obligation	(82.1)	(82.1)	(82.1)
Capital surplus	26,224.3	26,224.3	26,224.3
Retained earnings	8,341.0	8,341.0	8,341.0
Accumulated other comprehensive loss	(71.8)	(71.8)	(71.8)
Total shareholders' equity	34,031.4	31,531.4	31,531.4
Total capitalization	$ 40,842.2	$ 41,202.5	$ 41,239.2

	March 31, 2007		

(1)
Gives effect to the increase of commercial paper to fund $360.3 million of the Tender Offer and the Bridge Credit Facility to fund $2.5 billion of the Accelerated Share Repurchase.

(2)
Gives the effect to this offering of the ECAPS[SM], our concurrent public offering of notes and the use of the proceeds therefrom to pay down the Bridge Credit Facility and a portion of commercial paper. This offering is not conditioned upon the successful completion of the notes offering. As a result, there can be no assurance we will consummate the notes offering, in which case the amount of commercial paper and other indebtedness repaid would be reduced accordingly.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information, which is referred to as the pro forma financial information, has been prepared to give effect to the merger of CVS Corporation ("CVS") and Caremark Rx, Inc. ("Caremark") to form CVS Caremark. The pro forma financial information was prepared using the historical consolidated financial statements of CVS and Caremark as well as the financial information for the acquisition CVS completed on June 2, 2006.

The unaudited pro forma condensed combined statement of operations for the fiscal year ended December 30, 2006 combines the audited consolidated statement of operations of CVS for the 52 week fiscal year ended December 30, 2006 with the audited statement of income of Caremark for the calendar year ended December 31, 2006 and gives effect to the merger as if it occurred on the first day of the period presented. The unaudited pro forma condensed combined statement of operations for the thirteen weeks ended March 31, 2007 combines the unaudited consolidated condensed statement of operations of CVS Caremark for the thirteen weeks ended March 31, 2007 with the unaudited statement of income of Caremark from January 1, 2007 through March 21, 2007, and gives effect to the Caremark Merger as if it occurred on the first day of the period presented.

The pro forma adjustments are preliminary and have been made solely for purposes of developing the pro forma financial information for illustrative purposes necessary to comply with the requirements of the SEC. The merger's impact on the actual results reported by the combined company in periods following the merger may differ significantly from that reflected in these pro forma financial statements for a number of reasons, including but not limited to, the impact of the incremental costs incurred in integrating the two companies. As a result, the pro forma information is not necessarily indicative of what the combined company's financial condition or results of operations would have been had the merger been completed on the applicable dates of this pro forma financial information. In addition, the pro forma financial information does not purport to project the future financial condition and results of operations of the combined company.

You should read the pro forma financial information in conjunction with CVS' audited historical consolidated financial statements, accompanying footnotes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in CVS' Annual Report on Form 10-K for the fiscal year ended December 30, 2006 and in addition, CVS Caremark's Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2007, incorporated by reference herein.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Fiscal Year Ended December 30, 2006

	CVS Dec. 30, 2006	Completed Acquisition(Note 2) Dec. 30, 2006	Caremark Dec. 31, 2006	Pro Forma Adjustments	Pro Forma Combined
		($ in millions, except per share amounts)			
Net revenue	$ 43,813.8	$ 2,373.9	$ 36,750.2	$ (4,542.1)(a)	$ 78,395.8
Cost of revenues (excluding depreciation and amortization)	31,874.8	1,795.4	34,344.1	(4,542.1)(a)	63,472.2
Gross profit	11,939.0	578.5	2,406.1		14,923.6
Selling, general and administrative expenses	9,497.4	494.5	675.1	57.4(b)	10,724.4
Operating profit	2,441.6	84.0	1,731.0	(57.4)	4,199.2
Interest expense (income), net	215.8	88.6	(38.4)	167.7(c)	433.7
Earnings/(loss) before income tax provision/(benefit)	2,225.8	(4.6)	1,769.4	(225.1)	3,765.5
Income tax provision/(benefit)	856.9	(1.7)	695.4	(88.2)(d)	1,462.4