

CVS CAREMARK CORP
Form 424B2
September 09, 2009
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As filed pursuant to Rule 424(b)(2)
Registration No. 333-143110

CALCULATION OF REGISTRATION FEE

Title of each class of securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
6.125% Senior Notes due September 15, 2039	\$1,500,000,000	\$83,700

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

PROSPECTUS SUPPLEMENT

(To Prospectus Dated May 21, 2007)

\$1,500,000,000

6.125% Senior Notes due 2039

This is an offering by CVS Caremark Corporation of an aggregate of \$1,500,000,000 of 6.125% Senior Notes due September 15, 2039 which we refer to as the notes.

We will pay interest on the notes on March 15 and September 15 of each year beginning on March 15, 2010. Upon the occurrence of a Change of Control Triggering Event, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount to the date of repurchase. We may redeem the notes, in whole or in part, at any time prior to September 15, 2039, at the redemption price set forth herein. Unless previously redeemed, the notes will mature on September 15, 2039.

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

Investing in these notes involves certain risks. See Risk Factors on page S-6.

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

	Per Note	Total
Public Offering Price	99.672%	\$ 1,495,080,000
Underwriting Discount	0.875%	\$ 13,125,000
Proceeds, before expenses, to CVS Caremark	98.797%	\$ 1,481,955,000

Barclays Capital Inc., on behalf of the underwriters, expects to deliver the notes on or about September 11, 2009. Delivery of the notes will be made in book-entry form only through the facilities of the Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, against payment therefor in immediately available funds.

Barclays Capital

BofA Merrill Lynch

BNY Mellon Capital Markets, LLC

J.P. Morgan

Wells Fargo Securities

BB&T Capital Markets
KeyBanc Capital Markets
RBS

Deutsche Bank Securities
Mizuho Securities USA Inc.
SunTrust Robinson Humphrey

HSBC
Morgan Stanley
U.S. Bancorp Investments, Inc.

The date of this prospectus supplement is September 8, 2009

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

You should rely only on the information contained in or incorporated by reference in this prospectus supplement 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 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" and "our" refer to CVS Caremark Corporation and its subsidiaries.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and 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., Room 1580, 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, among other things, the registration statement, of which the accompanying prospectus is part, including the exhibits and schedules thereto.

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

- (i) CVS Caremark s Annual Report on Form 10-K filed on February 27, 2009;
- (ii) CVS Caremark s Current Reports on Form 8-K filed on January 23, 2009, February 19, 2009 (item 5.02) and March 13, 2009;
- (iii) CVS Caremark s Quarterly Reports on Form 10-Q filed on May 5, 2009 and August 4, 2009; and
- (iv) CVS Caremark s Definitive Proxy Statement on Schedule 14A filed on March 24, 2009 (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, 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).

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

Nancy R. Christal

Senior Vice President, Investor Relations

CVS Caremark Corporation

670 White Plains Road, Suite 210

Scarsdale, New York 10583

(800) 201-0938

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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 revenue 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 business is affected by the economy in general including changes in consumer purchasing power, preferences and/or spending patterns. These changes could affect drug utilization trends, the number of covered lives and the financial health of our pharmacy benefit management clients. Further, interest rate fluctuations and changes in capital market conditions 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;

Our ability to realize fully the incremental revenues and other benefits from the Caremark merger;

Our ability to successfully integrate the assets acquired in the Longs Acquisition (defined herein) and realize the synergies and other planned benefits in accordance with the expected timing;

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 possibility of client loss and/or the failure to win new client business;

The frequency and rate of introduction of successful new prescription drugs as well as generic alternatives to existing brand drugs;

The effect on our Pharmacy Services (as described below) business of a declining margin environment attributable to increased competition in the pharmacy benefit management industry and increased client demands for lower prices, enhanced service offerings and/or higher service levels;

Risks related to our inability to earn and retain purchase discounts and/or rebates from pharmaceutical manufacturers at current levels;

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Risks related to the impact of the Medicare prescription drug benefit on our business;

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

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

Litigation, legislative and regulatory risks associated with our business or the retail pharmacy business, retail clinic operations and/or pharmacy benefit management industry generally, including risks associated with legislative efforts to reform the health care industry;

Risks related to 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);

Risks related to adverse developments in the health care or pharmaceutical industry generally, including, but not limited to, developments in any investigation related to the pharmaceutical industry that may be conducted by any governmental authority; 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.

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THE COMPANY

Introduction

CVS Caremark is the largest provider of prescriptions and related healthcare services in the United States. We fill or manage more than one billion prescriptions annually. As a fully integrated pharmacy services company, we drive value for our customers by effectively managing pharmaceutical costs and improving health care outcomes through our pharmacy benefit management, mail order and specialty pharmacy division, Caremark Pharmacy Services®; our nearly 7,000 CVS/pharmacy® and Longs Drug® retail stores; our retail-based health clinic subsidiary, MinuteClinic®; and our online pharmacy, CVS.com®.

Effective October 20, 2008, we acquired Longs Drug Stores Corporation, which includes 529 retail drug stores and RxAmerica LLC, which provides pharmacy benefit management services, and certain other related assets (the Longs Acquisition). We successfully funded the Longs Acquisition using a combination of cash on hand, commercial paper and a \$1.15 billion bridge loan facility.

Our business includes two operating segments: Pharmacy Services and Retail Pharmacy.

Overview of Our Pharmacy Services Segment

Our Pharmacy Services business provides a full range of prescription benefit management services including mail order pharmacy services, specialty pharmacy services, plan design and administration, formulary management and claims processing. Our 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.

The Pharmacy Services business operates under the Caremark Pharmacy Services®, Caremark®, CVS Caremark™, CarePlus CVS/pharmacy™, CarePlus™, RxAmerica®, Accordant Care™ and TheraCom® names. As of June 30, 2009, the Pharmacy Services segment operated 50 retail specialty pharmacy stores, 20 specialty mail order pharmacies and 6 mail service pharmacies located in 25 states, Puerto Rico and the District of Columbia.

As a pharmacy benefits manager, we manage the dispensing of pharmaceuticals through our mail order pharmacies and national network of approximately 60,000 retail pharmacies (which include our CVS/pharmacy® and Longs Drug® stores) to eligible participants in the benefit plans maintained by our customers 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 Caremark® and CarePlus CVS/pharmacy™ names. Substantially all of our mail service specialty pharmacies have been accredited by The Joint Commission.

In addition, through our SilverScript Insurance Company and Accendo Insurance Company (Accendo) subsidiaries, we are a national provider of drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program. The Company acquired Accendo in the Longs Acquisition, and, effective January 1, 2009, Accendo replaced RxAmerica as the Medicare-approved prescription drug plan for the RxAmerica Medicare Part D drug benefit plans.

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Overview of Our Retail Pharmacy Segment

As of June 30, 2009, our Retail Pharmacy business included 6,949 retail drugstores (of which 6,887 operated a pharmacy) located in 41 states and the District of Columbia operating primarily under the CVS/pharmacy® or Longs Drug® names, our online retail website, CVS.com® and 561 retail health care clinics operating under the MinuteClinic® name (of which 546 were located in CVS/pharmacy stores). As of December 31, 2008, we operated in 89 of the top 100 U.S. drugstore markets and held the number one or number two market share in 60 of these markets. Overall, as of December 31, 2008, we held the number one or number two market share position in 67% of the markets in which our retail drugstores operate. CVS/pharmacy stores sell prescription drugs and a wide assortment of general merchandise, which we refer to as front store products. Our proprietary loyalty card program, ExtraCare®, has well over 50 million active cardholders, making it one of the largest and most successful retail loyalty card programs in the country. Existing stores range in size from approximately 8,000 to 25,000 square feet, although most new stores range in size from approximately 10,000 to 13,000 square feet and typically include a drive-thru pharmacy. During fiscal 2008, we filled approximately 559 million retail prescriptions, or approximately 17% of the U.S. retail pharmacy market.

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

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THE OFFERING

Issuer	CVS Caremark Corporation.
Securities Offered	\$1,500,000,000 6.125% Senior Notes due 2039 (the notes).
Maturity Date	September 15, 2039.
Interest Payment Dates	We will pay interest on the notes on March 15 and September 15, beginning on March 15, 2010.
Interest on the notes being offered by this prospectus supplement will accrue from September 11, 2009.	
Ranking	The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured and unsubordinated debt.
Use of Proceeds	We estimate that the net proceeds to us from this offering will be approximately \$1,480,700,300, which we intend to use for general corporate purposes, including the repayment of certain corporate debt. See Use of Proceeds.
Optional Redemption	We may redeem some or all of the notes at any time and from time to time at the prices described under the heading Description of the Notes Optional Redemption.
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Triggering Event (as defined herein), we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of the Notes Change of Control.
Certain Covenants	The indenture pursuant to which the notes will be issued contains covenants that, among other things, limit our ability and the ability of our Restricted Subsidiaries (as defined therein) to secure indebtedness with a security interest on certain property or stock or engage in certain sale and leaseback transactions with respect to certain properties. See Description of Debt Securities Certain Covenants in the accompanying prospectus.
Trustee, Registrar and Paying Agent	The Bank of New York Mellon Trust Company, N.A.

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RISK FACTORS

You should carefully consider all the information set forth in this prospectus supplement, the accompanying prospectus and incorporated by reference herein before deciding to invest in the notes. In particular, we urge you to consider carefully the factors set forth under

Forward-Looking Statements in this prospectus supplement and Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, incorporated by reference herein.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$1,480,700,300, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including the repayment of certain corporate debt. Such corporate debt may include commercial paper and unsecured senior notes. As of June 30, 2009, we had approximately \$1.3 billion of commercial paper outstanding with a weighted average interest rate of 0.9%. The commercial paper to be repaid with the net proceeds from this offering is estimated to be up to \$400 million, bears interest at a weighted average interest rate of 0.3% and matures on or about the date of the closing of this offering. The unsecured senior notes consist of a \$650 million maturity on September 15, 2009 with an interest rate of 4.0%.

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The table below sets forth our total capitalization at June 30, 2009 on an actual basis and as adjusted to give effect to this offering.

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.

	Actual	June 30, 2009 As Adjusted(1) (\$ in millions)
Cash and cash equivalents	\$ 1,225.3	\$ 1,656.0
Short-term debt:		
Commercial paper	1,328.0	928.0
4% Notes due 2009	650.0	
Floating Rate Notes due 2010	1,750.0	1,750.0
Other	3.6	3.6
Total short-term debt	3,731.6	2,681.6
Long-term debt:		
Floating Rate Notes due 2010	350.0	350.0
5 ³ / ₄ % Notes due 2011	800.0	800.0
4 ⁷ / ₈ % Notes due 2014	550.0	550.0
6 ¹ / ₈ % Notes due 2016	700.0	700.0
5.75% Notes due 2017	1,750.0	1,750.0
6.25% Notes due 2027	1,000.0	1,000.0
6.60% Notes due 2019	1,000.0	1,000.0
6.302% Enhanced Capital Advantage Preferred Securities	1,000.0	1,000.0
6.125% Notes offered hereby		1,500.0
Other	155.2	155.2
Total long-term debt	7,305.2	8,805.2
Total debt	11,036.8	11,486.8
Shareholders' equity:		
Common stock, par value \$0.01: authorized 3,200,000,000 shares; issued 1,606,118,000 shares at June 30, 2009	16.0	16.0
Treasury stock, at cost: Actual: 146,634,000 shares at June 30, 2009	(5,182.5)	(5,182.5)
Shares held in trust, 1,700,000 shares at June 30, 2009	(55.5)	(55.5)
Capital surplus	27,013.2	27,013.2
Retained earnings	14,501.4	14,501.4
Accumulated other comprehensive loss	(141.0)	(141.0)
Total shareholders' equity	36,151.6	36,151.6
Total capitalization	\$ 47,188.4	\$ 47,638.4

(1) Gives effect to this offering.

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The following table sets forth the selected historical consolidated financial and operating data for CVS Caremark Corporation. You should read this data in conjunction with, and it is qualified by reference to, our consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in this prospectus supplement and the accompanying prospectus. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2008 and December 29, 2007 have been derived from CVS Caremark's consolidated financial statements, which have been audited by Ernst and Young LLP, independent registered public accounting firm. The selected consolidated financial and operating data as of and for the fiscal years ended December 30, 2006, December 31, 2005 and January 1, 2005 have been derived from CVS Caremark's consolidated financial statements, which have been audited by KPMG LLP, independent registered public accounting firm. Effective March 22, 2007, Caremark Rx, Inc. was merged with and into a newly formed subsidiary of CVS Corporation. The selected consolidated financial and operating data as of and for the six months ended June 30, 2009 and June 28, 2008 has been derived from CVS Caremark's unaudited consolidated condensed financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

You should read this selected consolidated financial and operating data in conjunction with CVS Caremark's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, incorporated by reference herein, and CVS Caremark's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, incorporated by reference herein.

	Six Months Ended (Unaudited)		Fiscal Year				
	June 30, 2009(1)	June 28, 2008(1)	2008(1)	2007(2)	2006	2005	2004
	(\$ in millions, except per share amounts, number of stores and ratios)						
Statement of Operations Data:							
Net revenues	\$ 48,265.0	\$ 42,466.3	\$ 87,471.9	\$ 76,329.5	\$ 43,821.4	\$ 37,006.7	\$ 30,594.6
Gross profit	9,800.2	8,666.2	18,290.4	16,107.7	11,742.2	9,694.6	7,915.9
Operating Expenses(3)(4)	6,823.2	5,818.0	12,244.2	11,314.4	9,300.6	7,675.1	6,461.2
Operating profit(5)	2,977.0	2,848.2	6,046.2	4,793.3	2,441.6	2,019.5	1,454.7
Interest expense, net	270.0	245.6	509.5	434.6	215.8	110.5	58.3
Income tax provision(6)	1,074.4	1,030.6	2,192.6	1,721.7	856.9	684.3	477.6
Earnings from continuing operations	1,632.6	1,572.0	3,344.1	2,637.0	1,368.9	1,224.7	918.8
Loss from discontinued operations(7)	(7.7)	(48.7)	(132.0)				
Net earnings	\$ 1,624.9	\$ 1,523.3	\$ 3,212.1	\$ 2,637.0	\$ 1,368.9	\$ 1,224.7	\$ 918.8
Per Common Share Data:							
Earnings from continuing operations							
Basic	\$ 1.123	\$ 1.09	\$ 2.32	\$ 1.97	\$ 1.65	\$ 1.49	\$ 1.13