EXPRESS SCRIPTS INC
Form S-4/A
February 06, 2007

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As filed with the Securities and Exchange Commission on February 6, 2007
Registration Number 333-140001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1

to

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EXPRESS SCRIPTS, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	**5912**	**43-1420563**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

13900 Riverport Drive
Maryland Heights, Missouri 63043
(314) 770-1666
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Edward Stiften	**Thomas M. Boudreau**
Senior Vice President and Chief Financial Officer	**Senior Vice President and General Counsel**
Express Scripts, Inc.	**Express Scripts, Inc.**
13900 Riverport Drive	**13900 Riverport Drive**

Maryland Heights, Missouri 63043	**Maryland Heights, Missouri 63043**
(314) 770-1666	**(314) 770-1666**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Lou R. Kling
Howard L. Ellin
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
(212) 735-3000

Approximate date of commencement of proposed sale of securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus may be changed. Express Scripts, Inc. may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer is not permitted.

Offer to Exchange

Each Outstanding Share of Common Stock

of

CAREMARK Rx, INC.
for

$29.25 in Cash
and 0.426 Shares of Express Scripts Common Stock
(together with the associated preferred stock purchase rights)

by

EXPRESS SCRIPTS, INC.

Express Scripts, Inc. is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange (1) $29.25 in cash, less any applicable withholding taxes and without interest, and (2) 0.426 shares of Express Scripts common stock (together with the associated preferred stock purchase rights) for each outstanding share of Caremark Rx., Inc. common stock you validly tender and do not properly withdraw before the expiration date described below. In addition, you will receive cash instead of any fractional shares of Express Scripts common stock to which you may be entitled.

This prospectus/offer to exchange amends and supersedes information included in the prospectus/offer to exchange originally filed with the Securities and Exchange Commission on January 16, 2007.

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, FEBRUARY 13, 2007, OR THE EXPIRATION DATE, UNLESS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF OUR OFFER TO EXCHANGE, BUT NOT DURING ANY SUBSEQUENT OFFERING PERIOD.

Express Scripts common stock trades on the NASDAQ Global Select Market under the symbol ESRX. Caremark common stock trades on the New York Stock Exchange under the symbol CMX.

FOR A DISCUSSION OF RISKS AND OTHER FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE OFFER, PLEASE CAREFULLY READ THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED RISK FACTORS BEGINNING ON PAGE 16.

Express Scripts obligation to accept for exchange, and to exchange, shares of Caremark common stock for a combination of shares of Express Scripts common stock and cash is subject to a number of conditions which are described in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer beginning on page 52.

Express Scripts has not authorized any person to provide any information or to make any representation in connection with the offer other than the information contained or incorporated by reference in this prospectus/offer to exchange, and if any person provides any of this information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by Express Scripts.

EXPRESS SCRIPTS IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY TO EXPRESS SCRIPTS. As described in this prospectus/offer to exchange, Express Scripts is soliciting proxies pursuant to a proxy statement filed with the Securities and Exchange Commission on January 24, 2007 and intends to solicit proxies through separate proxy solicitation material in connection with matters which are related to the exchange offer contained within this prospectus/offer to exchange. Any such proxy solicitation is being or will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.

The dealer managers for the offer are:

Citigroup Global Markets Inc.
Toll Free: (800) 956-2133
Collect: (212) 816-2161

Credit Suisse Securities (USA) LLC
Toll Free: (866) 354-1193

The date of this prospectus/offer to exchange is February 6, 2007

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THIS PROSPECTUS/OFFER TO EXCHANGE INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT EXPRESS SCRIPTS AND CAREMARK FROM DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS PROSPECTUS/OFFER TO EXCHANGE.

THIS INFORMATION IS AVAILABLE AT THE INTERNET WEBSITE THE SEC MAINTAINS AT http://www.sec.gov, AS WELL AS FROM OTHER SOURCES. PLEASE SEE THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED WHERE YOU CAN FIND MORE INFORMATION. YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM EXPRESS SCRIPTS, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO EXPRESS SCRIPTS INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THIS PROSPECTUS/OFFER TO EXCHANGE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN FEBRUARY 7, 2007, OR FIVE

BUSINESS DAYS PRIOR TO THE EXPIRATION DATE OF THE OFFER, WHICHEVER IS LATER.

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This offer does not constitute a solicitation of proxies for any meeting of stockholders of Caremark. Any solicitation of proxies which Express Scripts might make will be made only pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. For instance, Express Scripts is soliciting proxies from Caremark stockholders against the approval of the merger agreement between Caremark and CVS (as amended) pursuant to a proxy statement filed on January 24, 2007 and intends to solicit proxies from Caremark stockholders in favor of a slate of director nominees submitted by Express Scripts. Each stockholder is urged to read any proxy statement regarding the business to be conducted at the applicable meeting, if and when it becomes available, because it will contain important information. Any such proxy statement will be filed with the SEC. Caremark stockholders will be able to obtain a free copy of any proxy statement, as well as other filings containing information about the parties (including information regarding the participants in any proxy solicitation (which may include Express Scripts officers and directors and other persons) and a description of their direct and indirect interests, by security holdings or otherwise), at the SEC s web site at http://www.sec.gov. Each such proxy statement (when available) and these other documents may also be obtained for free from Express Scripts web site at http://www.express-scripts.com.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Below are some of the questions that you as a holder of shares of Caremark Rx, Inc., or Caremark, common stock may have regarding the exchange offer and answers to those questions. The answers to these questions do not contain all information relevant to your decision whether to tender your shares of Caremark common stock, and Express Scripts, Inc., or Express Scripts or we, urges you to read carefully the remainder of this prospectus/offer to exchange and the letter of transmittal.

Who is offering to buy my shares of Caremark common stock?

The offer is made by Express Scripts, Inc., a Delaware corporation. Express Scripts is one of the largest pharmacy benefit managers in North America and it provides a full range of pharmacy benefit management services, including retail drug card programs, home delivery pharmacy services, specialty services, drug formulary management programs and other clinical management programs for thousands of client groups that include health maintenance organizations, health insurers, third party administrators, employers, union-sponsored benefit plans and government health programs.

What are the classes and amounts of Caremark securities Express Scripts is offering to exchange in the offer?

We are seeking to acquire all issued and outstanding shares of common stock, par value $0.001 per share, of Caremark.

What will I receive for my shares of Caremark common stock?

Express Scripts is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange (1) $29.25 in cash, less any applicable withholding taxes and without interest, and (2) 0.426 shares of Express Scripts common stock (together with the associated preferred stock purchase rights) for each outstanding share of Caremark common stock you validly tender and do not properly withdraw before the expiration date. Because no fractional shares of Express Scripts common stock will be issued, to the extent that you would be entitled to receive fractional shares, you will receive cash in an amount equal to such fraction (expressed as a decimal and rounded to the nearest 0.01 of a share) multiplied by the closing price of Express Scripts common stock on the expiration date.

Solely for purposes of illustration, the following table sets forth the implied value of each share of Caremark common stock in the offer at different, assumed market prices of Express Scripts common stock:

Assumed Market Price of Express Scripts Common Stock	Assumed Value of 0.426 Shares of Express Scripts Common Stock	Cash Consideration per Share of Caremark Common Stock	Implied Value per Share of Caremark Common Stock in the Offer
$55	$ 23.43	$ 29.25	$ 52.68
$60	$ 25.56	$ 29.25	$ 54.81
$65	$ 27.69	$ 29.25	$ 56.94
$70	$ 29.82	$ 29.25	$ 59.07
$75	$ 31.95	$ 29.25	$ 61.20
$80	$ 34.08	$ 29.25	$ 63.33

$85	$ 36.21	$ 29.25	$ 65.46

The market prices of Express Scripts common stock used in the above table are for purposes of illustration only. The price of Express Scripts common stock fluctuates and may be higher or lower than in these examples at the time shares of Caremark common stock are exchanged pursuant to this offer. On February 5, 2007, the closing price of a share of Express Scripts common stock was $71.28. Stockholders are encouraged to obtain current market quotations for shares of Caremark and Express Scripts common stock prior to making any decision with respect to the offer.

Please also see the section of this prospectus/offer to exchange entitled Risk Factors.

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Will I have to pay any fee or commission to exchange shares of Caremark common stock?

If you are the record owner of your shares and you tender your shares in the offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your shares on your behalf, your broker or such other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Why is Express Scripts making this offer?

We believe that the combination of Express Scripts and Caremark s businesses will create superior value for both Express Scripts and Caremark s current stockholders, as well as for plan sponsors and patients. In addition, by tendering your shares in our offer, you will also be demonstrating that you recognize the superior value of our offer over CVS Corporation s proposed acquisition of Caremark at little or no premium pursuant to its November 1, 2006 merger agreement with Caremark (which Caremark and CVS amended on January 16, 2007), which we refer to as the Caremark/CVS merger agreement. Please see the section of this prospectus/offer to exchange entitled Background and Reasons for the Offer Reasons for the Offer.

The purpose of our offer is for Express Scripts to acquire control of, and ultimately the entire equity interest in, Caremark. Our offer is the first step in our plan to acquire all the outstanding shares of Caremark common stock. We intend to, promptly after completion of the offer, seek to consummate a merger of Caremark into a wholly-owned subsidiary of Express Scripts. Under certain circumstances described in the section of this prospectus/offer to exchange entitled The Exchange Offer, Express Scripts may reverse the direction of the second-step merger and elect to consummate a merger of one of our wholly-owned subsidiaries with and into Caremark, followed by merger of Caremark into Express Scripts or a wholly-owned limited liability company subsidiary of Express Scripts (we sometimes refer to this merger in this prospectus/offer to exchange as the second-step merger). The purpose of this second-step merger is for Express Scripts to acquire all outstanding shares of Caremark common stock that were not acquired in the offer. In this second-step merger, each remaining share of Caremark common stock (other than shares held in treasury by Caremark or shares already owned by Express Scripts (or their respective wholly-owned subsidiaries) and other than shares held by Caremark stockholders who properly exercise applicable dissenter s rights under Delaware law, if available) will be converted into the right to receive the same number of shares of Express Scripts common stock and the same amount of cash as are received by Caremark stockholders pursuant to the offer. After this second-step merger, former Caremark stockholders will no longer have any ownership interest in Caremark and will become stockholders of Express Scripts. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Plans for Caremark.

Why is Express Scripts offer better than the proposed transaction between Caremark and CVS?

Our offer represents a far superior proposal to the proposed transaction between Caremark and CVS. The advantages of an Express Scripts-Caremark combination are compelling, and we believe a combination of our two companies creates superior value for our respective stockholders, plan sponsors and patients. Since the announcement of our proposal on December 18, 2006, Caremark stockholders and the marketplace have expressed their strong support for our offer, which clearly provides Caremark stockholders with superior value to the proposed transaction between Caremark and CVS.

In particular, we believe that our combined cash and stock offer is far superior to the proposed CVS merger because, among other reasons:

it provides a significant premium to Caremark stockholders based upon the closing prices of Caremark s and our common stock on October 31, 2006 and December 15, 2006 (which were the last trading days prior to the announcement of the proposed CVS merger and our offer, respectively), whereas the holders of Caremark common stock would receive little or no premium under the proposed CVS merger. Express Scripts offer represented a 15% premium over the all-stock purchase price to be received by Caremark stockholders pursuant to the Caremark/CVS merger agreement based on the closing price of CVS common stock and our common stock on October 31, 2006 and December 15, 2006;

the offer also represents a 3.5% premium over the proposed price to be paid pursuant to the Caremark/CVS merger agreement based on the closing price on February 5, 2007 of CVS common stock and our common stock;

the cash consideration included as part of the offer consideration provides you an opportunity to achieve liquidity on a significant portion of your investment in shares of Caremark common stock, while the stock consideration allows you the ability to participate in the combined company s substantial upside potential; and

Express Scripts has completed five significant successful acquisitions since 1998 and has a proven track record of integrating and optimizing the performance of our acquired businesses and creating additional value for our stockholders. We expect that the combined company will generate substantial free cash flow, which will enable it to consistently and rapidly reduce acquisition-related debt, return to historical leverage levels and continue to invest in the company. We are confident that we can successfully integrate Caremark and Express Scripts in a way that would quickly maximize the benefits for our respective stockholders, plan sponsors and patients. We note that based on our past experience, each time we have acquired another PBM, the number of customers in the ensuing combined company increased beyond the aggregate number of customers of the two organizations prior to the respective acquisition.

Have you discussed this exchange offer with the board of Caremark?

No, we have not, and Caremark s board of directors announced on January 7, 2007 that it could not, under the terms and conditions of the Caremark/CVS merger agreement, discuss our December 18, 2006 proposal to it with us based upon the board s determination that our proposal would not constitute, and is not reasonably likely to lead to, a superior proposal within the meaning of the Caremark/CVS merger agreement. Additionally, Caremark disclosed in a Form 8-K on January 8, 2007 that its board of directors cannot envision any scenario where it would be willing to trigger the imposition of a $675 million break up fee [under the Caremark/CVS merger agreement] without having a competing party obligated to fund that payment. Because Caremark s board has determined that it will not speak to us, we have made this exchange offer without discussing it with Caremark. On January 24, 2007, Caremark filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that Caremark s board had met on January 24, 2007 and determined to unanimously recommend that Caremark stockholders reject our exchange offer and not tender their shares of Caremark common stock to us.

Will I be taxed on the Express Scripts common stock and cash I receive?

The offer and the second-step merger are intended to qualify as component parts of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, provided that certain factual assumptions are correct and certain other conditions are satisfied. If the integrated transaction does not qualify as a reorganization, your exchange of shares of Caremark common stock for the Express Scripts common stock portion of the consideration in the offer or the second-step merger could be a taxable transaction, depending on the surrounding facts. If the integrated transaction qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the cash consideration you receive will be taxed to you as either a capital gain or a dividend in an amount equal to the lesser of (i) the excess of the fair market value of the consideration you receive in the transaction over your basis in your shares or (ii) the amount of cash you receive in the transaction, including any cash you receive in lieu of a fractional share, depending on your circumstances. If the offer does not constitute part of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the consideration you receive will be taxed to you as either a capital gain or a capital loss to the extent of the difference between your adjusted tax basis in your shares and the fair market value of the consideration you receive. For more information, please see the section of this prospectus/offer to exchange under the caption The Exchange Offer Material Federal Income Tax Consequences.

Express Scripts urges you to contact your own tax advisor to determine the particular tax consequences to you as a result of the offer and/or the second-step merger.

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Will you increase the consideration being offered in the offer?

Express Scripts, in its sole discretion, may choose to increase the amount of shares of Express Scripts common stock and/or cash to be exchanged for each share of Caremark common stock in our offer. **However, Express Scripts is under no obligation to increase the amount of consideration it is offering for shares of Caremark common stock and does not currently intend to do so.** In the event that Express Scripts were to choose to increase the consideration, Express Scripts would extend the offer, if required, in compliance with applicable U.S. securities laws.

What happens if Express Scripts increases the consideration to be paid in the offer when I have already tendered my shares?

All Caremark stockholders will receive the highest consideration received by stockholders tendering shares. Accordingly, if we were to increase the consideration to be paid in our offer and you have already tendered your shares, you would receive that increased consideration upon completion of our offer.

What are the conditions of the offer?

Our offer is conditioned upon, among other things, the following:

Caremark stockholders shall have validly tendered and not withdrawn prior to the expiration of the offer at least that number of shares of Caremark common stock that, when added to the shares of Caremark common stock then owned by Express Scripts or any of its subsidiaries, shall constitute a majority of the then outstanding shares of Caremark common stock on a fully-diluted basis.

The Caremark/CVS merger agreement shall have been validly terminated on terms reasonably satisfactory to Express Scripts, and Express Scripts reasonably believing that Caremark could not have any liability, and CVS not having asserted any claim of liability or breach against Caremark, in connection with the Caremark/CVS merger agreement other than with respect to the possible payment of the termination fee required thereby.

The board of directors of Caremark shall have approved the offer and the second-step merger described herein or any other business combination satisfactory to Express Scripts between Caremark and Express Scripts (and/or any of Express Scripts subsidiaries) pursuant to the requirements of Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, or Express Scripts shall be satisfied that Section 203 does not apply to or otherwise restrict the offer, the second-step merger described herein or any such business combination.

Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, shall have expired or been terminated prior to the expiration of the offer and certain other governmental approvals and clearances, as set forth in the section entitled The Exchange Offer Certain Legal Matters; Regulatory Approvals, shall have been obtained.

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act of 1933, or the Securities Act, no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission, or SEC, and Express Scripts shall have received all necessary state securities law or blue sky authorizations.

The stockholders of Express Scripts shall have approved the issuance of shares of Express Scripts common stock pursuant to the offer and the second-step merger as required under the rules of the NASDAQ Global Select Market, and such shares shall have been authorized for listing on the NASDAQ Global Select Market, subject to official notice of issuance.

Express Scripts shall have received proceeds under the facilities contemplated by its commitments from Credit Suisse Securities (USA) LLC, Credit Suisse, Cayman Islands Branch, Citigroup Global Markets Inc. and Citicorp North America, Inc. that, together with Express Scripts   cash on hand, are sufficient to permit

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Express Scripts to complete the transactions contemplated by the offer and shall have remaining commitments sufficient to fund the second-step merger and to pay fees, expenses and other related amounts.

Express Scripts shall have completed to its satisfaction confirmatory due diligence of Caremark s non-public information on Caremark s business, assets and liabilities and shall have concluded, in its reasonable judgment, that there are no material adverse facts or developments concerning or affecting Caremark s business, assets and liabilities that have not been publicly disclosed prior to the commencement of the offer.

The offer is subject to a number of additional conditions referred to below in the section entitled The Exchange Offer Conditions of the Offer.

How long will it take to complete your proposed transaction?

We believe that we will be able to complete our offer in the third quarter of 2007. However, our ability to consummate the offer could be adversely affected if Caremark s board continues to not support, or actively opposes, our offer. We believe that Caremark s board has a fiduciary duty to recommend our offer to stockholders and to facilitate its consummation.

What actions do you propose to take with respect to the proposed CVS merger?

Express Scripts filed a definitive proxy statement on January 24, 2007 to solicit proxies from Caremark stockholders (and has commenced distribution of proxy materials and proxy cards to Caremark stockholders) to vote against the adoption of the Caremark/CVS merger agreement and against the approval of the merger contemplated by that agreement.

This offer does not constitute a solicitation of proxies in connection with such matter and such solicitation is being made only pursuant to separate proxy materials (including the above-referenced proxy statement) complying with the requirements of the rules and regulations of the SEC.

Do you intend to replace Caremark s board of directors?

In addition to soliciting proxies against the proposed CVS merger, Express Scripts submitted a notice letter to Caremark on January 8, 2007, nominating four persons to be considered for election to the board of directors of Caremark at Caremark s 2007 annual meeting of stockholders, which Express Scripts expects, based on Caremark s practice, to be held in May 2007. We are proposing to nominate and elect these individuals to the Caremark board in order to facilitate the consideration and approval by the Caremark board of our offer which we believe is clearly in the best interests of Caremark stockholders. Caremark s board of directors currently consists of eleven directors, divided into three separate classes which are elected in staggered three year terms. Only one class of directors is elected per year. As a result, if Express Scripts nominees are elected to Caremark s board of directors, they will still not constitute a majority of Caremark s board of directors, absent the resignation or removal for cause of Caremark s other directors. If necessary, Express Scripts intends to nominate additional persons to be considered for election to Caremark s board of directors at Caremark s 2008 annual meeting of stockholders and to ultimately replace a majority of the directors of Caremark with its own nominees. According to Caremark s public filings, in the event that the proposed CVS merger is approved by Caremark stockholders prior to the 2007 annual meeting of stockholders, no annual meeting will be held in 2007. However, we are confident that stockholders will reject the proposed CVS merger and, consequently, there will be a 2007 annual meeting of Caremark stockholders.

Express Scripts intends to solicit proxies from Caremark stockholders (and, when permitted, to distribute definitive proxy materials and proxy cards to Caremark stockholders) to vote in favor of the election of such nominees at

Caremark s 2007 annual meeting of stockholders. This offer does not constitute a solicitation of proxies in connection with such matter. Any such solicitation will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the SEC.

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Do I need to grant proxies to Express Scripts in connection with these proxy solicitations if I wish to accept the offer? Do I have to vote against the proposed CVS merger?

No. Your ability to tender your shares of Caremark common stock in the offer is not conditioned on Caremark stockholders granting proxies to Express Scripts in connection with the proxy solicitations discussed above. However, a tendering stockholder will irrevocably appoint designees of Express Scripts as such stockholder s agents, attorneys-in-fact and proxies, effective as of and only to the extent that Express Scripts accepts such tendered shares for exchange.

You may validly tender your shares of Caremark common stock in the offer, regardless of whether or how you vote on the proposed CVS merger. However, assuming a quorum is present at the special meeting, a sufficient number of Caremark stockholders MUST either vote AGAINST the proposed CVS merger or abstain from voting in order to ensure that the proposed CVS merger will not be approved. This will guarantee that the proposed CVS merger will not go forward, which is one of the conditions to the offer. We do not intend to waive this condition.

Similarly, stockholders would not be required to vote for our nominees to Caremark s board in order to accept our offer. However, as of the date of this prospectus/offer to exchange, Caremark s board of directors has not been willing to meet or negotiate with us and there is no guaranty that its position will change in the future unless the current members of Caremark s board of directors are replaced.

Do I have to vote to approve the offer or the second-step merger?

No. Your vote is not required. You simply need to tender your shares if you choose to do so. However, the offer can only be completed if Express Scripts (or a wholly-owned subsidiary of Express Scripts) acquires a majority of the outstanding shares on a fully-diluted basis in the offer or otherwise.

If we accept shares for exchange but do not acquire at least 90% of the outstanding common stock of Caremark in the offer or otherwise, then both board approval and Caremark stockholder approval will be required to effect the second-step merger. If this is the case, Caremark stockholders will receive proxy materials at the appropriate time. If Express Scripts owned more than a majority of Caremark common stock at such time, it would have the voting power to approve the second-step merger without the vote of any other stockholder. We are not asking for your vote at this time.

However, if Express Scripts owns 90% or more of the outstanding common stock of Caremark after the offer is completed, under Delaware law the approval and adoption of the second-step merger can be accomplished without the consent of any stockholder (other than Express Scripts) and without the approval of Caremark s board of directors.

Is Express Scripts financial condition relevant to my decision to tender shares of Caremark common stock in the offer?

Yes. Express Scripts financial condition is relevant to your decision to tender your shares of Caremark common stock because part of the consideration you will receive if your shares of Caremark common stock are exchanged in the offer will consist of shares of Express Scripts common stock. You should therefore consider Express Scripts financial condition before you decide to become one of Express Scripts stockholders through the offer. You also should consider the likely effect that Express Scripts acquisition of Caremark will have on Express Scripts financial condition. This prospectus/offer to exchange contains financial information regarding Express Scripts and Caremark, as well as pro forma financial information (which does not reflect any of our expected synergies) for the proposed combination of Express Scripts and Caremark, all of which we encourage you to review.

In addition, Express Scripts financial condition is relevant because the offer is contingent upon Express Scripts having received proceeds under the financing commitments described in this prospectus/offer to exchange. For additional details on the proposed financing, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Source and Amount of Funds.

Does Express Scripts have the financial resources to complete the offer and the second-step merger?

Yes. Express Scripts has received a commitment letter from Credit Suisse Securities (USA) LLC, Credit Suisse, Cayman Islands Branch, Citigroup Global Markets Inc. and Citicorp North America, Inc. to provide, subject to certain conditions, senior bank financing of up to $15.0 billion under a proposed new credit facility, of which a maximum of $12.55 billion will be available for financing the cash portion of the consideration to be paid for each share of Caremark common stock, as well as for other payments made in connection with the offer. The offer is contingent on Express Scripts having received proceeds from the commitments that, together with Express Scripts cash on hand, are sufficient to complete the offer and having remaining commitments sufficient to fund the second-step merger and to pay fees, expenses and other related amounts. For additional details on the proposed financing, including the conditions thereto, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Source and Amount of Funds.

What percentage of Express Scripts common stock will former holders of Caremark common stock own after the offer?

Express Scripts estimates that if all shares of Caremark common stock are exchanged pursuant to the offer and the second-step merger, former Caremark stockholders would own, in the aggregate, approximately 57% of the outstanding shares of Express Scripts common stock, representing approximately 57% of the aggregate voting power of all Express Scripts common stock. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Ownership of Express Scripts After the Offer.

When does your offer expire? Can the offer be extended and, if so, under what circumstances?

The offer is scheduled to expire at 12:00 midnight, New York City time, on February 13, 2007, which is the initial expiration date, unless further extended by Express Scripts. For more information, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Extension, Termination and Amendment.

Express Scripts may, in its sole discretion, extend the offer at any time or from time to time. For instance, the offer may be extended if any of the conditions specified in The Exchange Offer Conditions of the Offer are not satisfied prior to the scheduled expiration date of the offer. Express Scripts may also elect to provide a subsequent offering period for the offer. A subsequent offering period would not be an extension of the offer. Rather, a subsequent offering period would be an additional period of time, beginning after Express Scripts has accepted for exchange all shares tendered during the offer, during which stockholders who did not tender their shares in the offer may tender their shares and receive the same consideration provided in the offer.

Our offer is conditioned upon, among other things, the approval by our stockholders of the issuance of Express Scripts common stock in our offer and the second-step merger and the expiration or termination of any applicable waiting period under the HSR Act. Additionally, we have not commenced the process of obtaining the approval of our stockholders by filing a preliminary proxy statement with the SEC, and therefore we do not expect to be in a position to obtain the requisite approval of our stockholders prior to the current expiration date of the offer. Accordingly, we currently intend to extend the expiration date of our offer beyond February 13, 2007. However, any decision to extend the offer, including for how long, will be made at such time. The expiration date may also be subject to multiple extensions. **Any decision to extend the offer will be made public by an announcement regarding such extension as described under The Exchange Offer Extension, Termination and Amendment.**

How do I tender my shares?

To tender shares into the offer, you must deliver the certificates representing your shares, together with a completed letter of transmittal and any other documents required by the letter of transmittal, to National City Bank, the exchange agent for the offer, not later than the time the offer expires. The letter of transmittal is enclosed with this prospectus/offer to exchange. If your shares are held in street name (*i.e.*, through a broker, dealer, commercial bank, trust company or other nominee), your shares can be tendered by your nominee by book-entry transfer through The Depository Trust Company.

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If you are unable to deliver any required document or instrument to the exchange agent by the expiration of the offer, you may gain some extra time by having a broker, a bank or other fiduciary that is an eligible guarantor institution guarantee that the missing items will be received by the exchange agent by using the enclosed notice of guaranteed delivery. For the tender to be valid, however, the exchange agent must receive the missing items within three New York Stock Exchange, Inc. trading days after the date of execution of such notice of guaranteed delivery. If you cannot deliver all necessary documents to the exchange agent in time, you may be able to complete and deliver to the exchange agent, in lieu of the missing documents, the enclosed notice of guaranteed delivery, provided you are able to comply fully with its terms. In all cases, an exchange of tendered shares will be made only after timely receipt by the exchange agent of certificates for such shares (or a confirmation of a book-entry transfer of such shares) and a properly completed and duly executed letter of transmittal and any other required documents for such shares.

For a complete discussion on the procedures for tendering your shares, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering.

Until what time can I withdraw tendered shares?

You may withdraw previously tendered shares at any time prior to the expiration of the offer, and, unless Express Scripts has accepted the shares for exchange pursuant to the offer, you may also withdraw any tendered shares at any time after March 16, 2007. Shares of Caremark common stock tendered during the subsequent offering period, if any, may not be withdrawn. For a complete discussion on the procedures for withdrawing your shares, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights.

How do I withdraw previously tendered shares?

To withdraw previously tendered shares, you must deliver a written or facsimile notice of withdrawal with the required information to the exchange agent while you still have the right to withdraw. If you tendered shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your shares. For a complete discussion on the procedures for withdrawing your shares, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights.

When and how will I receive the offer consideration in exchange for my tendered shares?

Express Scripts will exchange all validly tendered and not properly withdrawn shares promptly after the expiration date of the offer, subject to the terms thereof and the satisfaction or waiver of the conditions to the offer, as set forth in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer. Express Scripts will deliver the consideration for your validly tendered and not properly withdrawn shares of Caremark common stock by depositing the cash and stock consideration therefore with the exchange agent, which will act as your agent for the purpose of receiving the offer consideration from Express Scripts and transmitting such consideration to you. In all cases, an exchange of tendered shares of Caremark common stock will be made only after timely receipt by the exchange agent of certificates for such shares (or a confirmation of a book-entry transfer of such shares as described in the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering) and a properly completed and duly executed letter of transmittal and any other required documents for such shares.

If a majority of shares are tendered and are accepted for exchange and exchanged, will Caremark continue as a public company?

If the second-step merger occurs, Caremark will become a wholly-owned subsidiary of Express Scripts and will no longer be publicly owned. Even if the second-step merger does not occur, if Express Scripts exchanges all shares of Caremark common stock which have been tendered, there may be so few remaining stockholders and publicly held shares that such shares will no longer be eligible to be traded through the New York Stock Exchange or any other securities market, there may not be a public trading market for such shares, and Caremark may cease making filings with the SEC or otherwise cease being required to comply with applicable law and SEC rules relating

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to publicly held companies. However, assuming the number of remaining shares of common stock is not less than 10% of the number of stockholders prior to our acceptance for exchange of shares of Caremark common stock and such shares are widely dispersed, we do not believe that the results described in the previous sentence are likely to occur. Please see the sections of this prospectus/offer to exchange entitled The Exchange Offer Plans for Caremark and The Exchange Offer Effect of the Offer on the Market for Shares of Caremark Common Stock; New York Stock Exchange Listing; Registration Under the Exchange Act; Margin Regulations.

Are dissenters rights available in either the offer or the second-step merger?

No dissenters or appraisal rights are available in connection with the offer. However, upon consummation of the second-step merger, Caremark stockholders who have not tendered their shares of Caremark common stock in the offer and who, if a stockholder vote is required, vote against approval of the second-step merger will have rights under Delaware law to dissent from the second-step merger and demand appraisal, and to receive payment in cash of the fair value, of their shares of Caremark common stock. Stockholders at the time of a short form merger under Delaware law would also be entitled to exercise dissenters rights pursuant to such a short form merger. Stockholders who perfect dissenters rights by complying with the procedures set forth in Section 262 of the DGCL will be entitled to receive a cash payment equal to the fair value of their shares of Caremark common stock, as determined by a Delaware court. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Appraisal/Dissenters Rights.

What is the market value of my shares of Caremark common stock as of a recent date?

On December 15, 2006, the last full trading day before Express Scripts made its offer for Caremark public, the closing price of a share of Caremark common stock was $50.30. On February 5, 2007, the closing price of a share of Caremark common stock was $60.93. Caremark stockholders are encouraged to obtain a recent quotation for shares of Caremark common stock before deciding whether or not to tender such shares.

Why does the cover page to this prospectus/offer to exchange state that this offer is subject to change and that the registration statement filed with the SEC is not yet effective? Does this mean that the offer has not commenced?

No. Completion of this preliminary prospectus/offer to exchange and effectiveness of the registration statement are not necessary for the offer to commence. We cannot, however, accept for exchange any shares tendered in the offer or exchange any shares of Caremark common stock until the registration statement is declared effective by the SEC and the other conditions to our offer have been satisfied or waived.

Where can I find more information on Express Scripts and Caremark?

You can find more information about Express Scripts and Caremark from various sources described in the section of this prospectus/offer to exchange entitled Where You Can Find More Information.

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Whom can I talk to if I have questions about the offer?

You can call the information agent or the dealer managers for the offer.

The information agent for the offer is:

105 Madison Avenue
New York, NY 10016
E-mail: expressscripts@mackenziepartners.com
Toll Free: (800) 322-2885
Collect: (212) 929-5500

The dealer managers for the offer are:

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013
Toll Free: (800) 956-2133
Collect: (212) 816-2161

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Toll Free: (866) 354-1193

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SUMMARY OF THE OFFER

This summary highlights selected information from this prospectus/offer to exchange, and may not contain all of the information that is important to you. To better understand the offer to holders of shares of Caremark common stock, you should read this entire prospectus/offer to exchange carefully, as well as those additional documents to which we refer you. You may obtain the information incorporated by reference into this prospectus/offer to exchange by following the instructions in the section of this prospectus/offer to exchange entitled Where You Can Find More Information.

The Companies (See page 27)

Express Scripts

Express Scripts is a Delaware corporation with principal executive offices at 13900 Riverport Drive, Maryland Heights, Missouri 63043. The telephone number of Express Scripts executive offices is (314) 770-1666. Express Scripts is one of the largest pharmacy benefit managers in North America and it provides a full range of pharmacy benefit management services, including retail drug card programs, home delivery pharmacy services, specialty services, drug formulary management programs and other clinical management programs for thousands of client groups that include HMOs, health insurers, third party administrators, employers, union-sponsored benefit plans and government health programs.

Caremark

Caremark is a Delaware corporation with principal executive offices at 211 Commerce Street, Suite 800, Nashville, Tennessee 37201. The telephone number of Caremark s executive offices is (615) 743-6600. Caremark is a leading pharmaceutical services company in the United States. Caremark s operations are conducted primarily through its subsidiaries, Caremark Inc. and CaremarkPCS (f/k/a AdvancePCS) and involve the design and administration of programs aimed at reducing the costs and improving the safety, effectiveness and convenience of prescription drug use. Caremark 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, Caremark, through its SilverScript insurance subsidiary, is a national provider of drug benefits to eligible beneficiaries under the federal government s Medicare Part D program.

The Offer (See page 36)

Express Scripts is offering to exchange each outstanding share of Caremark common stock that is validly tendered and not properly withdrawn prior to the expiration date for (1) $29.25 in cash, less any applicable withholding taxes and without interest, and (2) 0.426 shares of Express Scripts common stock (together with the associated preferred stock purchase rights), upon the terms and subject to the conditions contained in this prospectus/offer to exchange and the accompanying letter of transmittal. Express Scripts will not issue certificates representing fractional shares of Express Scripts common stock pursuant to the offer. Instead, each tendering stockholder who would otherwise be entitled to a fractional share of Express Scripts common stock will receive cash in an amount equal to such fraction (expressed as a decimal and rounded to the nearest 0.01 of a share) multiplied by the closing price of the Express Scripts common stock on the expiration date.

Reasons for the Offer (See page 32)

Express Scripts believes the offer will significantly benefit both Express Scripts and Caremark stockholders, plan sponsors and patients.

Highly Complementary Businesses: As a combined company, Express Scripts and Caremark will continue to offer the high-quality service that plan sponsors and patients have come to expect. The combined company will be a recognized leader in generic utilization and other drug cost management programs. It will benefit from the unique growth opportunities in the industry, as well as from broader and more comprehensive specialty management capabilities.

Scale Provides Efficiencies: Express Scripts believes the combined business of Express Scripts and Caremark can be operated more efficiently than either company on its own. We believe that net pre-tax operating synergies of approximately $500 million can be achieved from improved purchasing scale and operating efficiencies:

Express Scripts estimates that 70% 80% of these net synergies will be derived from improved purchasing scale. Specifically, these savings will be derived from lower retail and home delivery drug costs, lower specialty pharmacy drug costs, and increased manufacturing discounts.

The remaining 20% 30% of these net synergies are expected to be derived from improved operating efficiencies. These savings include eliminating duplicative facilities and/or functions resulting in lower direct processing costs and general support and administrative costs. We also expect the elimination of certain duplicative fees and expenses such as SEC reporting, auditing, and other public company costs that Caremark currently absorbs.

Information regarding the uncertainties associated with realizing these anticipated cost savings is described in the section of this prospectus/offer to exchange entitled Risk Factors.

Strong Financial Profile: The combined company will have a strong financial profile driven by consistent and increasing cash flow. Before synergies, the two companies are expected to generate 2006 EBITDA in excess of $2.7 billion based on consensus and Wall Street estimates. In addition, Express Scripts expects that the transaction will be neutral to GAAP earnings per share in the first full year following consummation, and significantly accretive thereafter. Excluding transaction-related amortization, the combination of Express Scripts and Caremark will be significantly accretive to earnings per share beginning the first full year following consummation.

Financing of the Offer (See page 58)

Express Scripts has received a commitment letter from Credit Suisse Securities (USA) LLC, Credit Suisse, Cayman Islands Branch, Citigroup Global Markets Inc. and Citicorp North America, Inc. to provide, subject to certain conditions, senior bank financing of up to $15.0 billion under a proposed new credit facility, of which a maximum of $12.55 billion will be available for financing the cash portion of the consideration to be paid for each share of Caremark common stock, as well as for other payments made in connection with the offer. The offer is contingent on Express Scripts having received proceeds from the commitments that, together with Express Scripts cash on hand, are sufficient to complete the transactions contemplated by the offer and having remaining commitments sufficient to fund the second-step merger and to pay fees, expenses and other related amounts. For additional details on the proposed financing, including the conditions thereto, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Source and Amount of Funds.

Ownership of the Combined Company After the Offer (See page 44)

Based on certain assumptions regarding the number of Caremark shares to be exchanged, Express Scripts estimates that if all shares of Caremark common stock are exchanged pursuant to the offer and the second-step merger, former Caremark stockholders would own, in the aggregate, approximately 57% of the outstanding shares of Express Scripts common stock, representing approximately 57% of the aggregate voting power of all Express Scripts common stock. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Ownership of Express Scripts After the Offer.

Comparative Market Prices and Share Information (See page 14)

Express Scripts common stock is listed on the NASDAQ Global Select Market under the symbol ESRX. Caremark common stock is listed on the New York Stock Exchange under the symbol CMX. The following table sets forth the closing prices of Express Scripts and Caremark as reported on Friday December 15, 2006, the last day of trading before Express Scripts publicly announced the offer, and February 5, 2007. The table also shows the implied value of one share of Caremark common stock in the offer which was calculated by (i) multiplying the closing price for one share of Express Scripts common stock by the exchange ratio of 0.426 and (ii) adding the cash consideration per share of $29.25, less any applicable withholding taxes and without interest.

	Express Scripts Common Stock Closing Price	Caremark Common Stock Closing Price	Implied Value of Caremark Common Stock
December 15, 2006	$ 68.66	$ 50.30	$ 58.50
February 5, 2007	$ 71.28	$ 60.93	$ 59.62

Based on the Express Scripts closing price as of December 15, 2006, the offer represented a 22% premium over $47.99, the average closing price of Caremark between the announcement of the proposed acquisition of Caremark by CVS on November 1, 2006 and December 15, 2006.

The value of the offer will change as the market prices of Express Scripts common stock and Caremark common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of Express Scripts common stock. Please see the section of this prospectus/offer to exchange entitled Risk Factors. Stockholders are encouraged to obtain current market quotations for shares of Caremark and Express Scripts common stock prior to making any decision with respect to the offer.

Interest of Executive Officers and Directors of Express Scripts in the Offer (See page 66)

Except as set forth in this prospectus/offer to exchange, neither we nor, to the best of our knowledge, any of our directors, executive officers or other affiliates has any contract, arrangement, understanding or relationship with any other person with respect to any securities of Caremark. We do not believe that the offer and the second-step merger will be deemed to be a change in control impacting grants under any of our long-term incentive or stock option plans, or a change in control under any employment agreement between Express Scripts and any of its employees. For the avoidance of doubt, each member of our senior management has waived and modified the terms of their grants under our current long-term incentive plan and the terms of their employment agreements such that the proposed transaction with Caremark would not constitute a change in control. As a result, no options or other equity grants held by such persons will vest as a result of the offer and the second-step merger. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Certain Relationships with Caremark and Interests of Express Scripts in the Offer.

Appraisal/Dissenter s Rights (See page 48)

No dissenters or appraisal rights are available in connection with the offer. However, upon consummation of the second-step merger, Caremark stockholders who have not tendered their shares of Caremark common stock in the offer and who, if a stockholder vote is required, vote against approval of the second-step merger, will have certain rights under Delaware law to dissent from the second-step merger and demand appraisal, and to receive payment in cash for the fair value of their shares of Caremark common stock, together with a fair rate of interest.

Material Federal Income Tax Consequences (See page 44)

The offer and the second-step merger are intended to qualify as component parts of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, provided that certain factual assumptions are correct and certain other conditions are satisfied. If the integrated transaction does not qualify as a reorganization, your exchange of shares of Caremark common stock for the Express Scripts common stock portion of the consideration in the offer or the second-step merger could be a taxable transaction, depending on the surrounding facts. If the integrated transaction qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the cash consideration you receive will be taxed to you as either a capital gain or a dividend in an amount equal to the lesser of (i) the excess of the fair market value of the consideration you receive in the transaction over your basis in your shares or (ii) the amount of cash you receive in the transaction, including any cash you receive in lieu of a fractional share, depending on your circumstances. If the offer does not constitute part of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the consideration you receive will be taxed to you as either a capital gain or a capital loss to the extent of the difference between your adjusted tax basis in your shares and the fair market value of the consideration you receive. For more information, please see the section of this prospectus/offer to exchange under the caption The Exchange Offer Material Federal Income Tax Consequences.

THIS DESCRIPTION DOES NOT ADDRESS ANY NON-U.S. TAX CONSEQUENCES, NOR DOES IT PERTAIN TO STATE OR OTHER TAX CONSEQUENCES. CONSEQUENTLY, EXPRESS SCRIPTS URGES YOU TO CONTACT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE OFFER.

Accounting Treatment (See page 68)

Express Scripts will account for the acquisition of shares of Caremark common stock under the purchase method of accounting for business transactions. In determining the acquirer for accounting purposes, Express Scripts considered the factors required under the accounting principles generally accepted in the U.S., which is referred to as U.S. GAAP. Express Scripts will be considered the acquirer of Caremark for accounting purposes.

Regulatory Approval and Status (See page 62)

Antitrust Clearance

The offer and the second-step merger are subject to review by the Federal Trade Commission (which we refer to in this prospectus/offer to exchange as the FTC) and the Antitrust Division of the U.S. Department of Justice (the Antitrust Division) and state authorities pursuant to applicable and state antitrust laws. Under the HSR Act, the offer and the second-step merger may not be completed until certain information has been provided to the FTC and the Antitrust Division and a required waiting period has expired or has been terminated.

On January 3, 2007, Express Scripts filed the required notification and report form with respect to the offer and the second-step merger with the Antitrust Division and the FTC. On January 31, 2007, Express Scripts announced that it intended to voluntarily withdraw, and on February 2, 2007 it voluntarily withdrew, the required notification and report form with respect to the offer and second-step merger filed with the FTC and Antitrust Division. On February 6, 2007, Express Scripts re-filed the required notification and report form with the FTC and Antitrust Division. The applicable waiting period under the HSR Act for the consummation of the offer and the second-step merger is now scheduled to expire at 11:59 p.m. on March 8, 2007, unless earlier terminated. However, prior to such time, the FTC may extend the waiting period by requesting additional information and documentary material relevant to the offer or the second-step merger from Express Scripts. In the event of such a request, the waiting period would be extended until 12:00 midnight, New York City time, on the thirtieth day after Express Scripts has made a proper response to that request as specified by the HSR Act and the implementing rules. Thereafter, the waiting period can be extended only by court order or as agreed to by Express Scripts.

Other Regulatory Approvals

As further described in the section of this prospectus/offer to exchange entitled Risk Factors, the businesses of Express Scripts and Caremark are subject to various federal, state and local laws and regulations, among other things, in relation to: health care laws and regulations and regulations applicable to licensing and operation of pharmacies and other health care professionals; Medicare, Medicaid and other government reimbursement programs; the Health Insurance Portability and Accountability Act, or HIPAA ; the storage, advertisement, promotion, sale and distribution of controlled substances and other products. Certain of these laws and regulations may require filings or approvals in connection with the consummation of the offer and the second-step merger.

Insurance Regulatory Clearance

According to Caremark s Quarterly Report on Form 10-Q for the period ended September 30, 2006, Caremark owns SilverScript Insurance Company, an insurance company which is domiciled in Tennessee. Accordingly, before it can acquire indirect control of SilverScript through its acquisition of Caremark, Express Scripts will be required to obtain regulatory clearance from the Tennessee Insurance Commissioner. Express Scripts is in the process of seeking regulatory clearance from the Tennessee Department of Commerce and Insurance and does not expect any issues or delays in connection therewith.

Listing of Express Scripts Common Stock to be Issued Pursuant to the Offer and the Second-Step Merger (See page 51)

Express Scripts will submit the necessary applications to cause the shares of its common stock to be issued in the offer and the second-step merger to be approved for listing on the NASDAQ Global Select Market. Approval of this listing is a condition to the offer.

Conditions of the Offer (See page 52)

Our offer is conditioned upon, among other things, the following:

Caremark stockholders shall have validly tendered and not withdrawn prior to the expiration of the offer at least that number of shares of Caremark common stock that, when added to the shares of Caremark common stock then owned by Express Scripts or any of its subsidiaries, shall constitute a majority of the then outstanding shares of Caremark common stock on a fully-diluted basis.

The Caremark/CVS merger agreement shall have been validly terminated on terms reasonably satisfactory to Express Scripts, and Express Scripts reasonably believing that Caremark could not have any liability, and CVS not having asserted any claim of liability or breach against Caremark in connection with the Caremark/CVS merger agreement other than with respect to the possible payment of the termination fee required thereby.

The board of directors of Caremark shall have approved the offer and the second-step merger described herein or any other business combination satisfactory to Express Scripts between Caremark and Express Scripts (and/or any of Express Scripts subsidiaries) pursuant to the requirements of Section 203 of the DGCL or Express Scripts shall be satisfied that Section 203 does not apply to or otherwise restrict the offer, the second-step merger described herein or any such business combination.

Any applicable waiting period under the HSR Act shall have expired or been terminated prior to the expiration of the offer.

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act, no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC and Express Scripts shall have received all necessary state securities law or blue sky authorizations.

The stockholders of Express Scripts shall have approved the issuance of shares of Express Scripts common stock pursuant to the offer and the second-step merger as required under the rules of the NASDAQ Global Select Market, and such shares shall have been authorized for listing on the NASDAQ Global Select Market, subject to official notice of issuance.

Express Scripts shall have received proceeds under the facilities contemplated by its commitments from Credit Suisse Securities (USA) LLC, Credit Suisse, Cayman Islands Branch, Citigroup Global Markets Inc. and Citicorp North America, Inc. that, together with Express Scripts cash on hand, are sufficient to permit Express Scripts to complete the transactions contemplated by the offer and shall have remaining commitments sufficient to fund the second-step merger and to pay fees, expenses and other related amounts.

Express Scripts shall have completed to its satisfaction confirmatory due diligence of Caremark s non-public information on Caremark s business, assets and liabilities and shall have concluded, in its reasonable judgment, that there are no material adverse facts or developments concerning or affecting Caremark s business, assets and liabilities that have not been publicly disclosed prior to the commencement of the offer.

Comparison of Stockholders Rights (See page 70)

You will receive Express Scripts common stock as part of the offer consideration if you tender your shares of Caremark common stock in the offer. Although both companies are incorporated under Delaware law, there are a number of differences between the rights of a stockholder of Caremark and the rights of a stockholder of Express Scripts. Express Scripts urges you to review the discussion in the section of this prospectus/offer to exchange entitled Comparison of Stockholders Rights.

Expiration Date of the Offer (See page 37)

The offer is scheduled to expire at 12:00 midnight, New York City time, on February 13, 2007, which is the initial expiration date, unless further extended by Express Scripts. For more information, you should read the discussion below under the caption The Exchange Offer Extension, Termination and Amendment.

Extension, Termination and Amendment (See page 37)

To the extent legally permissible, Express Scripts also reserves the right, in its sole discretion, at any time or from time to time:

- to extend, for any reason, the period of time during which the offer is open;
- to delay acceptance for exchange of, or exchange of, any shares of Caremark common stock in order to comply in whole or in part with applicable law;
- to amend or terminate the offer without accepting for exchange, or exchanging, any shares of Caremark common stock if Caremark agrees to enter into a negotiated merger agreement with Express Scripts; and
- to amend the offer or waive any conditions;

in each case, by giving oral or written notice of such delay, termination, waiver or amendment to the exchange agent and by making public announcement thereof.

In addition, even if Express Scripts has accepted for exchange, but not exchanged, shares in the offer, it may terminate the offer and not exchange shares of Caremark common stock that were previously tendered if completion of the offer is illegal or if a governmental authority has commenced or threatened legal action related to the offer. We have not commenced the process of obtaining the approval of our stockholders by filing a preliminary proxy statement with the SEC and therefore we do not expect to be in a position to obtain the requisite approval of our stockholders prior to the current expiration date of the offer. Accordingly, we currently intend to extend the expiration date of our offer beyond February 13, 2007. However, any decision to extend the offer, and if so, for how long, will be made at such time. The expiration date may also be subject to multiple extensions.

Procedure for Tendering Shares (See page 40)

The procedure for tendering shares of Caremark common stock varies depending on whether you possess physical certificates or a nominee holds your certificates for you and on whether or not you hold your securities in book-entry form. Express Scripts urges you to read the section of this prospectus/offer to exchange entitled The Exchange Offer

Procedure for Tendering as well as the transmittal materials, including the letter of transmittal.

Withdrawal Rights (See page 43)

You can withdraw tendered shares at any time until the offer has expired and, if Express Scripts has not accepted your shares for exchange by the expiration date, you can withdraw them at any time after such date until it accepts shares for exchange. If Express Scripts decides to provide a subsequent offering period, it will accept shares tendered during that period immediately and you will not be able to withdraw shares tendered in the offer during any subsequent offering period. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights.

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Exchange of Shares of Caremark Common Stock; Delivery of Shares of Express Scripts Common Stock and Cash (See page 39)

Upon the terms and subject to the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment), Express Scripts will accept for exchange, and will exchange for cash and shares of Express Scripts common stock, all Caremark shares validly tendered and not properly withdrawn as promptly as practicable after the expiration date. If Express Scripts elects to provide a subsequent offering period following the expiration of the offer, shares tendered during such subsequent offering period will be accepted for exchange immediately upon tender and will be promptly exchanged for the offer consideration.

Risk Factors (See page 17)

The offer and the second-step merger are, and if the offer and the second-step merger are consummated, the combined company will be, subject to several risks which you should carefully consider prior to participating in the exchange offer.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR EXPRESS SCRIPTS

The following table sets forth the selected historical consolidated financial and operating data for Express Scripts. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2005, 2004, 2003, 2002 and 2001 have been derived from Express Scripts consolidated financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period. The selected consolidated financial and operating data as of and for the nine months ended September 30, 2006 and 2005 have been derived from Express Scripts unaudited consolidated condensed financial statements. The results for the nine months ended September 30, 2006 are not necessarily indicative of results that may be expected for the entire fiscal year. Express Scripts management believes that its unaudited consolidated interim financial statements reflect all adjustments that are necessary for a fair statement of the results for the interim periods presented.

You should read this selected consolidated financial and operating data in conjunction with Express Scripts Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (as amended) and Express Scripts Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006. Please see the section of this prospectus/offer to exchange entitled Where You Can Find More Information.

	Nine Months Ended September 30,		Year Ended December 31,				
	2006	2005	2005(1)	2004(2)	2003	2002(3)	2001(4)
	(In millions, except per share amounts)						
Statement of Operations Data:							
Revenues(5)	$ 13,131	$ 11,631	$ 16,212	$ 15,115	$ 13,295	$ 12,271	$ 8,588
Cost of Revenues(5)	12,049	10,796	15,013	14,171	12,428	11,447	7,992
Gross Profit	1,082	835	1,199	944	867	824	596
Selling, general and administrative	501	387	556	451	417	452	359
Operating Income	581	448	643	493	450	372	237
Other expense, net	(60)	(9)	(28)	(43)	(44)	(44)	(30)
Income before income taxes	521	439	615	450	406	328	207
Provision for income taxes	194	150	215	172	155	125	83
Income before cumulative effective of accounting change	327	289	400	278	251	203	124
Cumulative effective of accounting change, net of tax					(1)		
Net income	$ 327	$ 289	$ 400	$ 278	$ 250	$ 203	$ 124

Net Earnings Per Share:(6)							
Basic	$ 2.32	$ 1.96	$ 2.72	$ 1.82	$ 1.60	$ 1.30	$ 0.80
Diluted	$ 2.28	$ 1.93	$ 2.68	$ 1.79	$ 1.58	$ 1.27	$ 0.78
Balance Sheet Data:							
Cash and cash equivalents	$ 68	$ 405	$ 478	$ 166	$ 396	$ 191	$ 178
Working capital	(597)	(258)	(137)	(371)	(66)	(150)	(32)
Total current assets	1,726	1,617	2,257	1,443	1,560	1,394	1,213
Non-current assets	3,297	2,126	3,236	2,157	1,849	1,813	1,287
Total assets	5,023	3,743	5,493	3,600	3,409	3,207	2,500
Short-term debt	150	22	110	22		3	
Total current liabilities	2,323	1,875	2,394	1,814	1,626	1,544	1,246
Long-term debt	1,480	346	1,401	412	455	563	346
Total non-current liabilities	1,729	535	1,634	591	589	660	422
Stockholders equity	971	1,333	1,465	1,196	1,194	1,003	832

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	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Year Ended December 31, 2005(1)	2004(2)	2003	2002(3)	2001(4)
	(In millions, except per share amounts)						
Selected Data:							
Network pharmacy claims processed	293	326	437	399	379	355	294
Home delivery prescriptions filled	31	30	40	38	32	27	21
SAAS prescriptions filled	4	3	5	5	4	3	2
Cash flows provided by operating activities	$ 353	$ 531	$ 793	$ 496	$ 458	$ 426	$ 281
Cash flows used in investing activities	(38)	(35)	(1,369)	(397)	(43)	(549)	(77)
Cash flows (used in) provided by financing activities	(725)	(258)	887	(330)	(212)	136	(80)

(1) Includes the acquisition of Priority Healthcare Corporation, Inc. effective October 14, 2005.

(2) Includes the acquisition of CuraScript, Inc. effective January 30, 2004.

(3) Includes the acquisition of Phoenix Marketing Group effective February 25, 2002, National Prescription Administrators and certain related entities effective April 12, 2002 and Managed Pharmacy Benefits, Inc. effective December 20, 2002.

(4) Includes the acquisition of Centre d autorisation et de paiement des services de sante, Inc. by our Canadian subsidiary effective March 1, 2001.

(5) Excludes estimated retail pharmacy copayments of $3.2 billion and $4.4 billion for the nine months ended September 30, 2006 and 2005, respectively, and $5.8 billion, $5.5 billion, $5.3 billion, $4.4 billion and $2.9 billion for the years ended December 31, 2005, 2004, 2003, 2002 and 2001, respectively. These are amounts we instructed retail pharmacies to collect from members. We have no information regarding actual copayments collected.

(6) Earnings per share has been restated to reflect the two-for-one stock split effective June 24, 2005.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR CAREMARK

The following table set forth the selected historical consolidated financial and operating data for Caremark. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2005, 2004, 2003, 2002 and 2001 have been derived from Caremark s consolidated financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period. The selected consolidated financial and operating data as of and for the nine months ended September 30, 2006 and 2005 have been derived from Caremark s unaudited consolidated condensed financial statements. The results for the nine months ended September 30, 2006 are not necessarily indicative of results that may be expected for the entire fiscal year.

You should read this selected consolidated financial and operating data in conjunction with Caremark s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and Caremark s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006. Please see the section of this prospectus/offer to exchange entitled Where You Can Find More Information.

	Nine Months Ended September 30,		Year Ended December 31,				
	2006	2005	2005	2004(3)	2003	2002(1)	2001
	(In millions, except per share amounts)						
Operations Data:							
Net revenues(4)	$ 27,481	$ 24,624	$ 32,991	$ 25,801	$ 9,067	$ 6,805	$ 5,614
Income from continuing operations	773	642	932	600	291	829	191
Loss from discontinued operations						(38)	
Net earnings	$ 773	$ 642	$ 932	$ 600	$ 291	$ 791	$ 191
Per Share Data:							
Income from continuing operations							
Basic	$ 1.79	$ 1.43	$ 2.09	$ 1.46	$ 1.13	$ 3.50	$ 0.79
Diluted	1.76	1.41	2.05	1.43	1.10	3.15	0.73
Net earnings							
Basic	$ 1.79	$ 1.43	$ 2.09	$ 1.46	$ 1.13	$ 3.34	$ 0.79
Diluted	1.76	1.41	2.05	1.43	1.10	3.01	0.73
Per share cash dividends	$ 0.20	$	$	$	$	$	$
Balance Sheet Data:							
Current assets	$ 4,183	$ 4,183	$ 4,645	$ 4,220	$ 1,947	$ 1,226	$ 647
Non-current assets	8,173	8,221	8,206	8,090	527	687	227
Total assets	12,356	12,404	12,851	12,310	2,474	1,913	874
Current liabilities	4,309	3,472	3,712	3,764	1,064	877	679
Long-term obligations (net of current portion)(2)		450	387	450	693	696	696
Total non-current liabilities	576	1,033	958	1,006	769	778	768
Convertible preferred securities							200

Total stockholders equity (deficit)	7,471	7,899	8,181	7,540	641	258	(773)

(1) The 2002 period includes amounts related to adjustments to the deferred income tax asset valuation allowance. This adjustment resulted in the recognition of: (i) a $520 million deferred tax benefit included in income from continuing operations and related statement of operations and per common share line items, (ii) a $615 million deferred tax asset included in total assets, and (iii) a direct increase to stockholders equity of approximately $70 million.

(2) The December 31, 2005 long-term debt (net of current portion) reflects the classification of $387 million of 7.375% senior notes due 2006 as long-term debt due to Caremark s intent and ability to refinance this amount on a long-term basis at the time of filing its Annual Report on Form 10-K. The amount classified as long-term debt (net of current portion) was limited to Caremark s availability under its revolving credit facility, and the remaining $63 million of its 7.375% senior notes were classified as a current liability. Caremark ultimately did not refinance these notes and repaid them using cash on hand when they matured in October 2006. The

December 31, 2004 long-term debt (net of current portion) amount excludes Caremark s $147 million term loan which was repaid on February 18, 2005, and the repurchase of remaining senior notes of a recently acquired business at 104.25% of face value on April 1, 2005.

(3) Caremark acquired AdvancePCS on March 24, 2004. The Statement of Operations data includes the results of operations of AdvancePCS beginning on March 24, 2004. The Statement of Operations, Per Common Share and Balance Sheet data were significantly impacted by the AdvancePCS acquisition.

(4) Revenues for Caremark include retail copayments of $4.4 billion and $4.2 billion for the nine months ended September 30, 2006 and 2005, respectively, and $5.5 billion, $4.6 billion, $1.2 billion, $0.9 billion and $0.7 billion for the years ended December 31, 2005, 2004, 2003, 2002 and 2001, respectively. Such copayments are excluded from revenues for Express Scripts in the periods presented.

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SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following unaudited pro forma statements of operations data for the year ended December 31, 2005 and the nine months ended September 30, 2006 reflect the acquisition of Caremark by Express Scripts as if it had occurred on the first day of each period presented. The following unaudited pro forma balance sheet data at September 30, 2006 reflect the acquisition of Caremark by Express Scripts as if it had occurred on that date. Such pro forma financial data is based on the historical financial statements of Express Scripts and Caremark and gives effect to the acquisition of Caremark by Express Scripts under the purchase method of accounting for business combinations as well as the acquisition Express Scripts completed on October 14, 2005. As a result, the pro forma financial information is based on certain assumptions and adjustments as discussed in the section titled Unaudited Pro Forma Condensed Combined Financial Statements, including assumptions relating to the allocation of the consideration paid for the assets and liabilities of Caremark based on preliminary estimates of their fair value. The following should be read in connection with the section of this prospectus/offer to exchange entitled Unaudited Pro Forma Condensed Combined Financial Statements, and other information included in or incorporated by reference into this document.

	Unaudited Proforma Combined	
	Nine Months Ended September 30, 2006	Fiscal Year Ended December 31, 2005
	(In millions, except per share amounts)	
Statement of Operations Data:		
Net revenues	$ 36,212	$ 45,239
Net earnings	587	647
Average number of common shares outstanding basic	325	337
Average number of common shares outstanding diluted	332	343
Earnings per common share:		
Basic	1.81	1.92
Diluted	1.77	1.89
Balance Sheet Data:		
Cash and cash equivalents	1,062	
Total current assets	5,840	
Non-current assets	31,477	
Total assets	37,317	
Current liabilities	8,243	
Long-term debt	13,064	
Total non-current liabilities	15,049	
Total stockholder s equity	14,025	
Per share cash dividends		

HISTORICAL AND PRO FORMA PER SHARE DATA

The following unaudited pro forma combined per share information for the year ended December 31, 2005 and the nine months ended September 30, 2006 reflects the merger as if it had occurred on the first day of each period presented. Such pro forma financial data is based on the historical financial statements of Express Scripts and Caremark and gives effect to the acquisition of Caremark by Express Scripts under the purchase method of accounting for business combinations as well as the acquisition Express Scripts completed on October 14, 2005. As a result, the pro forma financial information is based on certain assumptions and adjustments as discussed in the section entitled Unaudited Pro Forma Condensed Combined Financial Statements. The following should be read in connection with the section of this prospectus/offer to exchange entitled Unaudited Pro Forma Condensed Combined Financial Statements, and other information included in or incorporated by reference into this prospectus/offer to purchase.

The pro forma data is unaudited and for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will achieve after the consummation of the offer. This pro forma information is subject to risks and uncertainties, including those discussed in the section entitled Risk Factors.

	As of and for the:	
	Nine Months Ended September 30, 2006	Fiscal Year Ended December 31, 2005
Express Scripts Per Share Data:		
Historical net earnings per common share basic	$ 2.32	$ 2.72
Pro forma net earnings per common share basic	1.81	1.92
Historical net earnings per common share diluted	2.28	2.68
Pro forma net earnings per common share diluted	1.77	1.89
Historical cash dividends		
Pro forma cash dividends(2)		
Historical book value per common share basic(3)	6.89	
Pro forma book value per common share basic(3)	43.15	
Caremark Per Share Data:		
Historical net earnings per common share basic	$ 1.79	$ 2.09
Equivalent pro forma net earnings per common share basic(1)	0.77	0.82
Historical net earnings per common share diluted	1.76	2.05
Equivalent pro forma net earnings per common share diluted(1)	0.75	0.81
Historical cash dividends	0.20	
Equivalent pro forma cash dividends(2)		
Historical book value per common share basic(3)	17.29	
Equivalent pro forma book value per common share basic(1)	18.38	

(1) Pro forma amounts for Express Scripts multiplied by 0.426 (the exchange ratio).

(2) Express Scripts has never paid a cash dividend and the pro forma cash dividends per share are reflected as such.

(3) Calculated as total stockholders equity divided by weighted average shares outstanding basic.

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COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION

Shares of Express Scripts common stock are listed on the NASDAQ Global Select Market under the symbol ESRX and shares of Caremark common stock are listed on the New York Stock Exchange under the symbol CMX.

The following table sets forth the high and low sales prices per share of Express Scripts and Caremark common stock for the periods indicated, in each case as reported on the consolidated tape of the NASDAQ Global Select Market and the New York Stock Exchange, respectively, as well as cash dividends per share of common stock, as reported in Express Scripts and Caremark s respective Annual Reports on Form 10-K for the year ended December 31, 2005 with respect to the years 2004 and 2005, and thereafter as reported in publicly available sources. The prices for Express Scripts common stock has been adjusted to reflect the two-for-one stock split effective June 24, 2005, in the form of a stock dividend of one share for each outstanding share of Express Scripts to holders of record of Express Scripts common stock on June 10, 2005.

	Express Scripts Common Stock Market Price			Caremark Common Stock Market Price		
	High	**Low**	**Dividend**	**High**	**Low**	**Dividend**
2004						
First Quarter	$ 38.10	$ 31.56		$ 34.19	$ 23.50	
Second Quarter	$ 40.60	$ 36.40		$ 35.31	$ 30.50	
Third Quarter	$ 38.95	$ 29.92		$ 32.94	$ 27.56	
Fourth Quarter	$ 39.75	$ 29.15		$ 39.95	$ 28.29	
2005						
First Quarter	$ 43.88	$ 36.54		$ 42.30	$ 37.00	
Second Quarter	$ 52.50	$ 42.05		$ 46.83	$ 37.23	
Third Quarter	$ 62.47	$ 45.04		$ 50.43	$ 41.02	
Fourth Quarter	$ 90.80	$ 59.40		$ 53.90	$ 47.24	
2006						
First Quarter	$ 95.00	$ 82.15		$ 53.00	$ 48.14	
Second Quarter	$ 88.88	$ 63.83		$ 50.66	$ 42.40	$ 0.10
Third Quarter	$ 84.97	$ 68.81		$ 59.89	$ 49.40	$ 0.10
Fourth Quarter	$ 77.80	$ 58.79		$ 58.08	$ 44.30	$ 0.10
2007						
January 1, 2007 to February, 5, 2007	$ 72.03	$ 64.64		$ 61.59	$ 54.92	

The following table sets forth the closing prices of Express Scripts and Caremark as reported on Friday December 15, 2006, the last day of trading before Express Scripts publicly announced the offer, and February 5, 2007. **The table also shows the implied value of one share of Caremark common stock, which was calculated by (a) multiplying the closing price for one share of Express Scripts common stock by the exchange ratio of 0.426 and (b) adding the cash consideration per share of $29.25.**

	Express Scripts	Implied Value of

	Common Stock Closing Price	Caremark Common Stock Closing Price	Caremark Common Stock in the Offer
December 15, 2006	$ 68.66	$ 50.30	$ 58.50
February 5, 2007	$ 71.28	$ 60.93	$ 59.62

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Based on the Express Scripts closing price as of December 15, 2006, the offer represented a 22% premium over $47.99, the average closing price of Caremark between the announcement of the proposed acquisition of Caremark by CVS on November 1, 2006 and December 15, 2006.

The value of the offer will change as the market prices of Express Scripts common stock and Caremark common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of Express Scripts common stock. You are encouraged to obtain current market quotations for Express Scripts and Caremark common stock prior to making any decision with respect to the offer.

Please also see the section of this prospectus/offer to exchange entitled The Exchange Offer Effect of the Offer on the Market for Shares of Caremark Common Stock; New York Stock Exchange Listing; Registration Under the Exchange Act; Margin Regulations for a discussion of the possibility that Caremark s shares will cease to be listed on the New York Stock Exchange.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth Express Scripts historical ratio of earnings to fixed charges for the last five fiscal years and the nine month period ended September 30, 2006 and pro forma combined ratio of earnings to fixed charges for the year ended December 31, 2005 and for the nine month period ended September 30, 2006. For the purposes of these ratios, earnings represents earnings before provision for income taxes, cumulative effect of accounting change, undistributed loss from joint venture and fixed charges, and fixed charges consist of interest expense and a share of rent expense which is deemed to be representative of an interest factor.

	Historical						Pro Forma Combined(1)	
	Nine Months Ended September 30, 2006	Year Ended December 31, 2005	2004	2003	2002	2001	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
Ratio of earnings to fixed charges	7.7	14.6	10.3	9.7	7.8	6.3	2.3	2.0

(1) The Pro Forma Combined reflects the acquisition and related adjustments using the pro forma financial information presented pursuant to Article 11 of Regulation S-X. For a discussion of the assumptions and adjustments made in preparation of the pro forma financial information presented in this prospectus/offer to exchange, see the section of this prospectus/offer to exchange entitled Selected Unaudited Pro Forma Combined Financial Data .

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RISK FACTORS

In addition to the other information included and incorporated by reference in this prospectus/offer to exchange (see the section entitled Where You Can Find More Information), including the matters addressed in the section entitled Forward-Looking Statements, you should carefully consider the following risks before deciding whether to tender your shares of Caremark common stock in the offer.

Risk Factors Relating to the Offer

The exchange ratio of the offer is fixed and will not be adjusted. Because the market price of shares of Express Scripts common stock may fluctuate, Caremark stockholders cannot be sure of the market value of the shares of Express Scripts common stock that will be issued in connection with the offer

Each outstanding share of Caremark common stock will be converted into the right to receive 0.426 shares of Express Scripts common stock (together with the associated preferred stock purchase rights), and $29.25 in cash, less any applicable withholding taxes and without interest, upon consummation of the offer. This exchange ratio is fixed and will not be adjusted in case of any increases or decreases in the price of Express Scripts common stock or Caremark common stock. If the price of Express Scripts common stock declines (which may occur as the result of a number of reasons (many of which are out of our control), including as a result of the risks described in the section of this prospectus/offer to exchange entitled Risk Factors), Caremark stockholders will receive less value for their shares upon exchange of tendered shares in the offer or consummation of the second-step merger than the value calculated pursuant to the exchange ratio on the date the offer was announced. Because the offer and the second-step merger may not be completed until certain conditions have been satisfied or waived (please see the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer), a significant period of time may pass between the commencement of the offer and the time that Express Scripts accepts shares of Caremark common stock for exchange. Therefore, at the time you tender your shares pursuant to the offer, you will not know the exact market value of the shares of Express Scripts common stock that will be issued if Express Scripts accepts such shares for exchange. However, tendered shares of Caremark common stock may be withdrawn at any time prior to the time they are accepted for exchange pursuant to the offer. Please see the section entitled Comparative Market Price and Dividend Information for the historical high and low sales prices per share of Express Scripts and Caremark common stock, as well as cash dividends per share of Express Scripts and Caremark common stock respectively, for each quarter of the period 2004 through 2006.

Caremark stockholders are urged to obtain market quotations for Express Scripts and Caremark common stock when they consider whether to tender their shares of Caremark common stock pursuant to the offer.

The offer may adversely affect the liquidity and value of non-tendered shares of Caremark common stock

In the event that not all of the shares of Caremark common stock are tendered in the offer and we accept for exchange those shares tendered into the offer, the number of stockholders and the number of shares of Caremark common stock held by individual holders will be greatly reduced. As a result, Express Scripts acceptance of shares for exchange in the offer could adversely affect the liquidity and could also adversely affect the market value of the remaining shares of Caremark common stock held by the public. Subject to the rules of the New York Stock Exchange, Express Scripts may delist the shares of Caremark common stock on the New York Stock Exchange. As a result of such delisting, shares of Caremark common stock not tendered pursuant to the offer may become illiquid and may be of reduced value. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Plans for Caremark.

Express Scripts must incur additional indebtedness to acquire the shares of Caremark common stock pursuant to the offer and the second-step merger. Express Scripts expects, but cannot guarantee, that the combined company will be able to make all required principal and interest payments when due

Express Scripts indebtedness following the offer is expected to be higher than its current indebtedness and higher than the sum of Express Scripts and Caremark s current indebtedness. Express Scripts total indebtedness as of September 30, 2006 was approximately $1.6 billion. Express Scripts pro forma total indebtedness as of September 30, 2006, after giving effect to the acquisition of 100% of the outstanding shares of Caremark common stock, as described in the section of this prospectus/offer to exchange entitled Unaudited Pro Forma Condensed Combined Financial Statements, would be approximately $13.4 billion. Express Scripts indebtedness following the offer and the second-step merger will be approximately $15 billion. Based upon current levels of operations and anticipated growth and past experience in paying down past acquisitions, Express Scripts expects, but cannot guarantee, that the combined company will be able to generate sufficient cash flow to make all of the principal and interest payments under this indebtedness when such payments are due.

Express Scripts anticipated level of indebtedness could impact its operations and liquidity

Express Scripts increased indebtedness could, during the period in which it is outstanding, have important consequences to holders of its common stock. For example, it could:

- cause Express Scripts to use a portion of its cash flow from operations for debt service rather than for its operations;
- cause Express Scripts to be less able to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions;
- cause Express Scripts to be more vulnerable to general adverse economic and industry conditions;
- cause Express Scripts to be disadvantaged compared to competitors with less leverage;
- result in a downgrade in the rating of Express Scripts indebtedness which could increase the cost of further borrowings; and
- subject Express Scripts to interest rate risk because some of its borrowing will be at variable rates of interest.

If Express Scripts is unable to comply with restrictions in the proposed credit facilities, the indebtedness thereunder could be accelerated

The credit facilities contemplated by the commitment letter received by Express Scripts will impose restrictions on Express Scripts and require certain payments of principal and interest over time. A failure to comply with these restrictions or to make these payments could lead to an event of default that could result in an acceleration of the indebtedness. Express Scripts cannot make any assurances that its future operating results will be sufficient to ensure compliance with the covenants in its agreements or to remedy any such default. In the event of an acceleration of this indebtedness, Express Scripts may not have or be able to obtain sufficient funds to make any accelerated payments.

Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Source and Amount of Funds for more information about the credit facilities envisaged by the commitment letter received by Express Scripts and the restrictions contained therein and payments required thereby.

After Express Scripts accepts shares of Caremark common stock for exchange in the offer, it is possible that Express Scripts will not have effective control over the governance or operations of Caremark or be able to promptly consummate a second-step merger with Caremark

If Express Scripts does not acquire at least 90% of the issued and outstanding shares of Caremark common stock pursuant to the offer, Express Scripts could be limited in its ability to control the operations of Caremark or to effect the second-step merger promptly. Caremark s board of directors currently consists of three separate classes, and members within each class serve three year terms. If Caremark s board does not negotiate a merger agreement with

Express Scripts, a total of two Caremark stockholder meetings (including the 2007 annual meeting of stockholders) could be required before Express Scripts nominees, or other persons who support a transaction with Express Scripts, would constitute a majority of Caremark s board of directors. During this period, Caremark s existing board of directors could take actions, or refuse to consent to actions, which would permit the integration of Express Scripts and Caremark.

Uncertainties exist in integrating the business and operations of Express Scripts and Caremark

Express Scripts intends, to the extent possible, to integrate Caremark s operations with those of Express Scripts. Although Express Scripts believes that the integration of Caremark s operations into Express Scripts will be achievable, there can be no assurance that Express Scripts will not encounter substantial difficulties integrating Caremark s operations with Express Scripts operations, which could result in a delay or the failure to achieve the anticipated benefits and synergies of the combination and, therefore, the expected increases in earnings and cost savings. Additionally, these cost savings and increases in earnings may be lower than Express Scripts currently expects, or may not be realized. The difficulties of combining the operations of the companies include, among other things:

- possible inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures between Caremark and Express Scripts;
- the consolidation of sales and marketing operations;
- the retention of existing customers and attraction of new customers;
- the retention of key employees;
- the consolidation of corporate and administrative infrastructures;
- the integration and management of the technologies and services of the two companies, including the consolidation and integration of operating platforms;
- the identification and elimination of redundant and underperforming operations and assets;
- the efficient use of capital assets to develop the business of the combined company;
- the minimization of the diversion of management s attention from ongoing business concerns;
- the coordination of geographically separate organizations, including consolidating multiple physical locations where such consolidation is determined to be desirable by management;
- the possibility of tax costs or inefficiencies associated with the integration of the operations of the combined company; and
- the possible need to modify operating control standards in order to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder.

Also, our proposal is not dependent upon the retention or cooperation of Caremark s senior management. There can be no assurance that there will not be some level of uncooperativeness on the part of Caremark s senior executive management and/or its other employees which could adversely affect the integration process.

Express Scripts must obtain governmental and regulatory approvals and exemptions to consummate the offer, which, if delayed, not granted or granted with unacceptable conditions, may jeopardize or delay the offer, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the combination contemplated by the offer

The offer is conditioned on the receipt of all material governmental authorizations, consents, orders and approvals, including the expiration or termination of the applicable waiting periods under the HSR Act and regulatory clearance from the Tennessee Insurance Commissioner, with respect to Caremark s Tennessee domiciled insurance company subsidiary. If Express Scripts does not receive these approvals or exemptions, or does not receive them on terms that satisfy the conditions set forth in this prospectus/offer to exchange, then Express Scripts will not be obligated to accept shares of Caremark common stock for exchange in the offer.

The governmental agencies from which Express Scripts will seek these approvals have broad discretion in administering the governing regulations. As a condition to their approval of the transactions contemplated by this prospectus/offer to exchange, agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the combined company s business. These requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the consummation of the offer or may reduce the anticipated

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benefits of the combination contemplated by the offer. Further, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to the offer will be satisfied, and, if all required consents and approvals are obtained and the conditions to the consummation of the offer are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals. If Express Scripts agrees to any material requirements, limitations, costs, divestitures or restrictions in order to obtain any approvals required to consummate the offer, these requirements, limitations, additional costs or restrictions could adversely affect the two companies ability to integrate their operations or reduce the anticipated benefits of the combination contemplated by the offer. This could result in a failure to complete the offer and the second-step merger or have a material adverse effect on the business and results of operations of the combined company. Please see the section entitled The Exchange Offer Conditions of the Offer for a discussion of the conditions to the offer and the section entitled The Exchange Offer Certain Legal Matters; Regulatory Approvals for a description of the regulatory approvals necessary in connection with the offer and the second-step merger.

The receipt of Express Scripts common stock pursuant to the offer and the second-step merger could be taxable to Caremark stockholders depending on facts surrounding the exchange offer and the second-step merger

We do not plan to request a ruling from the Internal Revenue Service with regard to the tax consequences of the exchange offer and/or the second-step merger. The exchange offer and the second-step merger are intended to qualify as component parts of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code provided that certain factual assumptions are satisfied. If the exchange offer and the second-step merger are not treated as part of an integrated transaction, the exchange offer would not qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As discussed above, it is possible that Express Scripts may not be able to consummate a second-step merger with Caremark; if that were the case, the exchange offer would not qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. If the integrated transaction does not qualify as a reorganization, your exchange of shares of Caremark common stock for the Express Scripts common stock portion of the consideration in the offer or the second-step merger could be a taxable transaction, depending on the surrounding facts. If the integrated transaction qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the cash consideration you receive will be taxed to you as either a capital gain or a dividend in an amount equal to the lesser of (i) the excess of the fair market value of the consideration you receive in the transaction over your basis in your shares or (ii) the amount of cash you receive in the transaction, including any cash you receive in lieu of a fractional share, depending on your circumstances. If the offer does not constitute part of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the consideration you receive will be taxed to you as either a capital gain or a capital loss to the extent of the difference between your adjusted tax basis in your shares and the fair market value of the consideration you receive. You are urged to consult your tax advisor concerning the United States Federal income and other tax consequences of participation in the offer and/or the second-step merger. For more information, please see the section of this prospectus/offer to exchange under the caption The Exchange Offer Material Federal Income Tax Consequences.

The offer could trigger certain provisions contained in Caremark s employee benefit plans or agreements that could require Express Scripts to make change of control payments or permit a counter-party to an agreement with Caremark to terminate that agreement

Certain of Caremark s employee benefit plans or agreements contain change of control clauses providing for compensation to be granted to certain members of Caremark senior management either upon a change of control, or if, following a change of control, Caremark terminates the employment relationship between Caremark and these employees, or if these employees terminate the employment relationship because their respective positions with Caremark have materially changed. If successful, the offer would constitute a change of control, thereby giving rise to potential change of control payments.

Because Express Scripts has not had the opportunity to review Caremark s non-public information, there may be other agreements that permit a counter-party to terminate an agreement because the offer or the second-step merger would cause a default or violate an anti-assignment, change of control or similar clause. If this happens,

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Express Scripts may have to seek to replace that agreement with a new agreement. Express Scripts cannot assure you that it will be able to replace a terminated agreement on comparable terms or at all. Depending on the importance of a terminated agreement to Caremark s business, failure to replace that agreement on similar terms or at all may increase the costs to Express Scripts of operating Caremark s business or prevent Express Scripts from operating part or all of Caremark s business.

The consummation of the offer may accelerate Caremark s existing indebtedness

Under Caremark s existing credit agreement, Express Scripts acceptance for exchange of a majority of the outstanding shares of common stock of Caremark may be deemed a change of control which would cause the indebtedness under Caremark s credit agreement to become immediately due and payable. Caremark may not be able to refinance its existing debt or only on conditions less favorable for Caremark, either of which may have an adverse effect on the value of the stock of Caremark and, indirectly on the value of the stock of Express Scripts. If Express Scripts does not control Caremark and is unable to complete the second-step merger, Express Scripts may not be able to assist Caremark in obtaining alternative financing.

The market for Express Scripts common stock may be adversely affected by the issuance of shares pursuant to the offer and the second-step merger

In connection with the offer and the second-step merger, Express Scripts estimates to issue approximately 185,427,776 shares of Express Scripts common stock. The increase in the number of shares of Express Scripts common stock may lead to sales of such stock or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Express Scripts common stock.

Caremark common stock and Express Scripts common stock confer different rights and privileges on respective stockholders

Upon your receipt of shares of Express Scripts common stock in the offer, Caremark stockholders will become stockholders of Express Scripts, which may change certain stockholder rights and privileges such stockholders hold as a stockholder of Caremark. These changes will pertain to differences in the certificate of incorporation of Express Scripts and Caremark respectively. For a detailed discussion of the rights of Express Scripts stockholders compared to the rights of Caremark stockholders, please see the section of this prospectus/offer to exchange entitled Comparison of Stockholders Rights.

Risk Factors Relating to Caremark s Businesses

You should read and consider other risk factors specific to Caremark s businesses that will also affect the combined company after the merger, described in Part I, Item 1A of Caremark s annual report on Form 10-K for the year ended December 31, 2005, and Part II, Item 1A of Caremark s quarterly report on Form 10-Q for the quarter ended September 30, 2006, each of which has been filed by Caremark with the SEC and all of which are incorporated by reference into this document.

The potential impact of the investigations into Caremark s option grant practices is not known and could have an adverse effect on Caremark

On May 18, 2006, Caremark announced that it received a grand jury document subpoena from the U.S. Attorney for the Southern District of New York requesting records pertaining to the granting of stock options and that, on the same day, it received a letter of informal inquiry from the SEC requesting documents related to the granting of stock options and the company s relocation program. Because we have not had access to any of Caremark s non-public information, Express Scripts is unable to determine whether Caremark s historical stock options granting practices were properly reflected in Caremark s historical financial statements and other public reports and, if any issues exist, what the impact of those issues could be.

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Risk Factors Relating to Express Scripts Businesses

Express Scripts operates in a very competitive industry, and competition could impair its ability to attract and retain clients, which could adversely affect its business

Express Scripts ability to maintain its growth rate is dependent upon its ability to attract new clients and retain existing clients, as well as cross-sell additional services to its existing clients. Express Scripts operates in a very competitive environment. Some of Express Scripts competitors may offer services and pricing terms that Express Scripts may not be able to offer. Express Scripts contracts with clients generally do not have terms longer than three years and, in some cases, are terminable by the client on relatively short notice. This competition may make it difficult for Express Scripts to retain its existing clients, sell to new clients and cross-sell additional services to its clients, which could materially adversely affect its business and financial results.

Over the last several years, competition in the marketplace has also caused many PBMs, including Express Scripts, to reduce the prices charged to clients for core services and share a larger portion of the formulary fees and related revenues received from pharmaceutical manufacturers with clients. This combination of lower pricing and increased revenue sharing, as well as increased demand for enhanced service offerings and higher service levels, has put pressure on operating margins. This pressure may continue, and Express Scripts can give no assurance that new services provided to its clients will fully compensate for these reduced margins.

Express Scripts believes the managed care industry is undergoing substantial consolidation, and another party that is not its client could acquire some of its managed care clients. In such case, the likelihood such client would renew its contract with Express Scripts, as opposed to one of its competitors, could be reduced.

Changes in industry pricing benchmarks could adversely affect Express Scripts financial performance

Contracts in the prescription drug industry, including Express Scripts contracts with its retail pharmacy networks and with its PBM and specialty pharmacy clients, generally use certain published benchmarks to establish pricing for prescription drugs. These benchmarks include average wholesale price (AWP), average manufacturer price (AMP) and wholesale acquisition cost (WAC). Most of Express Scripts client contracts utilize the AWP standard.

Recent events have raised uncertainties as to whether payors, pharmacy providers, PBMs and others in the prescription drug industry will continue to utilize AWP as it has previously been calculated or whether other pricing benchmarks will be adopted for establishing prices within the industry.

Specifically, in the recently announced proposed settlement in the case of *New England Carpenters Health Benefits Fund, et al. v. First DataBank, et al.*, Civil Action No. 1:05-CV-11148-PBS (D. Mass.), a civil class action case brought against First DataBank (FDB), one of several companies that report data on prescription drug prices, FDB has agreed to reduce the reported AWP of certain drugs by four percent. At this time the proposed settlement has received preliminary but not final court approval. Express Scripts cannot predict the outcome of the case or, if the settlement is approved, the precise timing of any of the proposed AWP changes.

In the absence of any mitigating action on Express Scripts part, the proposed reduction in FDB s AWP would have a material adverse effect on the margin Express Scripts earns on home delivery transactions. It may also create disruption in Express Scripts retail networks due to the adverse impact on AWP-based retail pharmacy pricing. However, most of Express Scripts contracts with its clients and retail pharmacies contain terms that Express Scripts believes will enable it to mitigate the adverse effect of this proposed reduction in FDB s reported AWP.

Due to these and other uncertainties, Express Scripts can give no assurance that the short or long-term impact of changes to industry pricing benchmarks will not have a material adverse effect on its business and financial results in future periods.

Client demands for additional services or enhanced service levels could put pressure on Express Scripts margins

As Express Scripts clients face the continued rapid growth in prescription drug costs, they may demand additional services and enhanced service levels to help mitigate the increase in spending. Express Scripts operates in a very competitive environment, and may not be able to increase its fees to compensate for these increased services, which could put pressure on its margins.

If Express Scripts loses relationships with one or more key pharmaceutical manufacturers or if the payments made or discounts provided by pharmaceutical manufacturers decline, its business and financial results could be adversely affected

Express Scripts maintains contractual relationships with numerous pharmaceutical manufacturers that may provide it with, among other things:

discounts for drugs Express Scripts purchases to be dispensed from its home delivery pharmacies;

rebates based upon sales of drugs from its home delivery pharmacies and through pharmacies in its retail networks;

administrative fees for managing rebate programs, including the development and maintenance of formularies which include the particular manufacturer s products; and

access to limited distribution specialty pharmaceuticals.

If several of these contractual relationships are terminated or materially altered by the pharmaceutical manufacturers, Express Scripts business and financial results could be materially adversely affected. In addition, formulary fee programs have been the subject of debate in federal and state legislatures and various other public and governmental forums. Changes in existing laws or regulations or in interpretations of existing laws or regulations or the adoption of new laws or regulations relating to any of these programs may materially adversely affect Express Scripts business.

If Express Scripts loses its relationship with one or more key pharmacy providers, or its relationship is modified in an unfavorable manner, its business could be impaired

More than 57,000 retail pharmacies, which represent more than 95% of all United States retail pharmacies, participate in one or more of Express Scripts networks. However, the top ten retail pharmacy chains represent approximately 54% of the total number of stores in Express Scripts largest network, and these pharmacy chains represent even higher concentrations in certain areas of the United States. Express Scripts contracts with retail pharmacies, which are non-exclusive, are generally terminable on relatively short notice by either party. If one or more of the top pharmacy chains elects to terminate its relationship with Express Scripts, or attempts to renegotiate the terms of the relationship in a manner that is unfavorable to Express Scripts, its members access to retail pharmacies and its business could be materially adversely affected.

Pending and future litigation could subject Express Scripts to significant monetary damages and/or require it to change its business practices

Express Scripts is subject to risks relating to litigation and other proceedings in connection with its PBM operations, including the dispensing of pharmaceutical products by its home delivery pharmacies, and the services rendered in connection with its disease management and its pharmaceutical services operations. A list of a number of the more significant proceedings pending against Express Scripts is included under Item 3 Legal Proceedings in Express Scripts Form 10-K for the year ended December 31, 2005 and Part II, Item 1 Legal Proceedings in Express Scripts quarterly reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 (such litigation, the Previously Disclosed Legal Proceedings). These proceedings generally seek unspecified monetary damages and injunctive relief on behalf of a class of plaintiffs that are either clients or individual members of health plans. While Express Scripts believes that these suits are without merit and intend to contest them vigorously, it can give no assurance that an adverse outcome in one or more of these suits would not have a material adverse effect on its business and financial results. Express Scripts is presently responding to several subpoenas and requests for information from governmental agencies, as described in the Previously Disclosed Legal Proceedings. Express Scripts cannot predict with certainty what the result of any such inquiry might be. In addition to potential monetary liability arising from these suits and proceedings, Express Scripts is incurring costs in the defense of the suits and in providing documents to government agencies. Certain of the costs are covered by its

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insurance, but certain other costs are not insured. Such costs have become material to Express Scripts financial performances and Express Scripts can give no assurance that such costs will not increase in the future.

Commercial liability insurance coverage continues to be difficult to obtain for companies in Express Scripts business sector which can cause unexpected volatility in premiums and/or retention requirements dictated by insurance carriers. Express Scripts has established certain self-insurance reserves to cover anticipated losses within its retained liability for previously reported claims and the cost to defend these claims. There can be no assurance that general, professional, managed care errors and omissions, and/or other liability insurance coverage will be reasonably available in the future or that such insurance coverage, together with Express Scripts self-insurance reserves, will be adequate to cover future claims. A claim, or claims, in excess of Express Scripts insurance coverage could have a material adverse effect on its business and financial results.

Medicare Part D may adversely impact Express Scripts business

In connection with the enactment of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the MMA), the Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) promulgated a substantial volume of new regulations implementing the federal government s Voluntary Prescription Drug Benefit Program, known as Medicare Part D. The Office of Inspector General has also proposed new safe harbors and other regulation pursuant to the MMA. Both of these federal regulatory agencies continue to issue guidance with regard to the Part D program and compliance with related federal laws and regulations by Part D sponsors and their subcontractors. The receipt of federal funds made available through this program by Express Scripts, its affiliates, or clients may be subject to compliance with these new regulations as well as the established laws and regulations governing the federal government s payment for health care goods and services, including the Anti-Kickback Laws, the Stark Law, and the False Claims Act. There are many uncertainties about the financial and regulatory risks of participating in the Medicare Part D program, and we can give no assurance that these risks will not be material to Express Scripts business in future periods.

In addition, due to the implementation of Medicare Part D, some of Express Scripts employer clients may decide to stop providing pharmacy benefit coverage to retirees, instead allowing the retirees to choose their own Part D plans, which could result in Express Scripts losing members. Extensive competition among Medicare Part D plans could also result in the loss of Medicare members by Express Scripts managed care customers, which would also result in a decline in its membership base.

State and Federal regulations could restrict Express Scripts ability to conduct its business

Numerous state and federal laws and regulations affect its business and operations. The categories include, but are not necessarily limited to:

- health care fraud and abuse laws and regulations, which prohibit certain types of payments and referrals as well as false claims made in connection with health benefit programs
- ERISA and related regulations, which regulate many health care plans
- state legislation regulating PBMs or imposing fiduciary status on PBMs
- consumer protection and unfair trade practice laws and regulations
- network pharmacy access laws, including any willing provider and due process legislation, that affect aspects of its pharmacy network contracts

wholesale distributor laws, including pedigree paper laws

legislation imposing benefit plan design restrictions, which limit how its clients can design their drug benefit plans

various licensure laws, such as managed care and third party administrator licensure laws

drug pricing legislation, including most favored nation pricing and unitary pricing legislation

pharmacy laws and regulations

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privacy and confidentiality laws and regulations, including those under HIPAA

the Medicare prescription drug coverage law

other Medicare and Medicaid reimbursement regulations

the Prescription Drug Marketing Act

potential regulation of the PBM industry by the U.S. Food and Drug Administration

pending legislation regarding importation of drug products into the United States

state laws regulating the business of insurance

These and other regulatory matters are discussed in more detail under Item 1 Business Government Regulation in Express Scripts form 10-K for the year ended December 31, 2005.

Express Scripts believes that it is operating its business in substantial compliance with all existing legal requirements material to the operation of its business. There are, however, significant uncertainties regarding the application of many of these legal requirements to Express Scripts business, and a number of state and federal law enforcement agencies and regulatory agencies have initiated investigations or litigation that involve certain aspects of its business or its competitors businesses. Accordingly, Express Scripts cannot provide any assurance that one or more of these agencies will not interpret or apply these laws differently, or, if there is an enforcement action brought against Express Scripts, that Express Scripts interpretation would prevail. In addition, there are numerous proposed health care laws and regulations at the Federal and state levels, many of which could materially affect Express Scripts ability to conduct its business or adversely affect its financial results. Express Scripts is unable to predict what additional Federal or state legislation or regulatory initiatives may be enacted in the future relating to its business or the health care industry in general, or what effect any such legislation or regulations might have on Express Scripts.

Various governmental agencies, including the U.S. Attorney General s Office in Philadelphia and a number of State Attorneys General, have conducted investigations into certain PBM business practices. Many of these investigations have resulted in PBMs, including Medco and AdvancePCS (now part of Caremark), agreeing to civil penalties, including the payment of money and corporate integrity agreements. Express Scripts has received subpoenas from the U.S. Attorney s Office in Boston and a number of State Attorneys General. Express Scripts has also received a letter of inquiry from the Department of Labor. Express Scripts cannot predict what effect, if any, these investigations may ultimately have on it or on the PBM industry generally (see the Previously Disclosed Legal Proceedings).

The State of Maine and the District of Columbia have each enacted statutes that purport to declare that a PBM is a fiduciary with respect to its clients. Express Scripts trade association, PCMA, filed suit in Federal District Courts in Maine and the District of Columbia alleging, among other things, that these statutes are preempted by ERISA with respect to welfare plans that are subject to ERISA. The Federal District Court in Maine ruled the statute valid, and the First Circuit Court of Appeals affirmed. The case challenging the D.C. statute is still pending. Other states are considering but have not yet enacted similar fiduciary statutes, and Express Scripts cannot predict what effect, if any, these and similar statutes may have on its business and financial results.

Most of Express Scripts activities involve the receipt or use of confidential medical information concerning individuals. In addition, Express Scripts uses aggregated and anonymized data for research and analysis purposes and in some cases provides access to such data to pharmaceutical manufacturers. Various federal and state laws, including

HIPAA, regulate and restrict the use, disclosure and security of confidential medical information and new legislation is proposed from time to time in various states. To date, no such laws have been adopted that adversely impact Express Scripts ability to provide its services, but there can be no assurance that federal or state governments will not enact legislation, impose restrictions or adopt interpretations of existing laws that could have a material adverse effect on Express Scripts business and financial results.

Effective as of 2007, Express Script s subsidiary, Express Scripts Insurance Company (ESIC), began offering a prescription drug plan (PDP) in connection with the Medicare Part D program for purposes of making employer/union-only group waiver plans (known as EGWP plans) available for applicable clients. As a licensed insurer organized and licensed under the laws of the State of Arizona, ESIC will be subject to state and federal laws regulating the business of insurance in all jurisdictions in which ESIC offers its PDP. CMS regulations and applicable guidance currently require that ESIC be authorized to offer its prescription drug plan to individuals residing in all fifty states and Puerto Rico. As a PDP sponsor, ESIC will be subject to compliance with all federal laws and regulations applicable to such sponsors as a result of the MMA and the regulations promulgated in connection with implementation of the Medicare Part D drug benefit. While many state insurance laws and regulations are well-established, CMS continues to provide guidance and promulgate new regulations in an attempt to assist PDPs and state regulators to determine the appropriate applicability of state insurance laws in the context of the federal Part D drug benefit provided through an EGWP plan. Uncertainty as to the applicability of state and federal laws to ESIC s operations could have an impact on its ability to successfully offer products and services under the Part D drug benefit and its ability to comply with applicable laws in doing so.

Efforts to reduce health care costs and alter health care financing practices could adversely affect Express Scripts business

Certain proposals have been made in the United States to control health care costs, including prescription drug costs, in response to increases in prescription drug utilization rates and drug prices. These proposals include single-payer government funded health care, and price controls on prescription drugs. If these or similar efforts are successful or if prescription drug utilization rates were to decrease significantly, whether due to a reversal in the growing role of prescription drugs in medical treatment or otherwise, Express Scripts business and consolidated results of operations could be materially adversely affected.

Express Scripts has designed its business model to compete within the current structure of the U.S. health care system. Changing political, economic and regulatory influences may affect health care financing and reimbursement practices. If the current health care financing and reimbursement system changes significantly, Express Scripts business could be materially adversely affected. Congress periodically considers proposals to reform the U.S. health care system. These proposals may increase government involvement in health care and regulation of PBM services, or otherwise change the way Express Scripts clients do business. Health plan sponsors may react to these proposals and the uncertainty surrounding them by reducing or delaying purchases of cost control mechanisms and related services that Express Scripts provides. Express Scripts cannot predict what effect, if any, these proposals may have on its business. Other legislative or market-driven changes in the health care system that Express Scripts cannot anticipate could also materially adversely affect its business and financial results.

If Express Scripts fails to successfully complete the integration of the Priority Healthcare business into its operations, Express Scripts business and financial results could be adversely affected

In October 2005, Express Scripts acquired Priority Healthcare Corporation for approximately $1.3 billion. Express Scripts is in the process of integrating the Priority business with its other operations. There are risks associated with integrating and operating a newly acquired business. Express Scripts can give no assurance that it will successfully operate this new business.

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THE COMPANIES

Express Scripts

Express Scripts, Inc. is one of the largest full-service pharmacy benefit management (PBM) companies in the United States. Express Scripts provides health care management and administration services on behalf of clients, which include health maintenance organizations, health insurers, third party administrators, employers, union-sponsored benefit plans and government health programs. Express Scripts integrated PBM services include network claims processing, home delivery services, benefit design consultation, drug utilization review, formulary management, disease management, and drug data analysis services.

Through its Specialty and Ancillary Services Segment (SAAS), Express Scripts provides specialty services, including patient care and direct specialty home delivery to patients; distribution of infusion drugs to patient homes, physician offices, and infusion centers; distribution of pharmaceuticals and medical supplies to providers and clinics; third party logistics services for contracted pharma clients; fertility services to providers and patients; and bio-pharma services including marketing, reimbursement and customized logistics solutions. The SAAS segment also includes distribution of specialty pharmaceuticals requiring special handling or packaging where Express Scripts has been selected by the pharmaceutical manufacturer as part of a limited distribution network; distribution of pharmaceuticals to low-income patients through manufacturer-sponsored and company-sponsored generic patient assistance programs; and distribution of sample units to physicians and verification of practitioner licensure.

Prescription drugs are dispensed to members of the health plans Express Scripts serves primarily through networks of retail pharmacies that are under non-exclusive contracts with us and through three home delivery fulfillment pharmacies and over thirty specialty drug pharmacies. More than 57,000 retail pharmacies, representing more than 95% of all United States retail pharmacies, participate in one or more of our networks.

Express Scripts executive offices are located at 13900 Riverport Drive, Maryland Heights, Missouri 63043, and its telephone number is (314) 770-1666.

Caremark

Caremark, a Delaware corporation, is a leading pharmaceutical services company in the United States. Caremark s operations are conducted primarily through its subsidiaries, Caremark Inc. and CaremarkPCS (f/k/a AdvancePCS), and involve the design and administration of programs aimed at reducing the costs and improving the safety, effectiveness and convenience of prescription drug use. Caremark 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, Caremark, through its SilverScript insurance subsidiary, is a national provider of drug benefits to eligible beneficiaries under the federal government s Medicare Part D program.

Caremark operates a national retail pharmacy network with over 60,000 participating pharmacies (including CVS pharmacy stores), seven mail service pharmacies, 21 specialty mail service pharmacies and the industry s only repackaging plant regulated by the Food & Drug Administration. Through its Accordant disease management offering, Caremark also provides disease management programs for 27 conditions. Twenty-one of these programs are accredited by the National Committee for Quality Assurance.

Caremark s executive offices are located at 211 Commerce Street, Suite 800, Nashville, Tennessee 37201, and its telephone number is (615) 743-6600.

BACKGROUND AND REASONS FOR THE OFFER

Background of the Offer

Since February 2001, management and representatives from Express Scripts and Caremark have had several series of discussions and meetings concerning potential strategic transactions, including the acquisition of Caremark by Express Scripts and the acquisition of Express Scripts by Caremark. The last of these series of discussions was terminated in mid-2005. In connection with one of the early series of discussions, Express Scripts, Caremark and their respective legal and financial advisors conducted due diligence on the businesses of one another. These diligence efforts included the retention by the parties of two independent third party experts to evaluate and analyze the potential synergies that could be achieved by a combination of the businesses of Express Scripts and Caremark. None of these discussions led to the entry into any definitive agreement involving a business combination between Express Scripts and Caremark (other than for customary confidentiality agreements).

In our judgment, these prior series of discussions were terminated primarily as a result of valuation and not because of a lack of strategic rationale, antitrust considerations or perceived risks relating to client retention.

On November 1, 2006, Caremark and CVS announced that they had entered into the Caremark/CVS merger agreement. The joint proxy/prospectus contained in CVS s Registration Statement on S-4 filed with the SEC on December 19, 2006 (referred to herein as the CVS/Caremark S-4) provides a summary of the events leading to CVS and Caremark entering into the Caremark/CVS merger agreement.

On the evening of December 17, 2006, various news sources reported that Express Scripts intended to make an offer to acquire Caremark. In the early morning of December 18, 2006, George Paz, the Chief Executive Officer, President and Chairman of the Board of Express Scripts, placed a telephone call to Edwin M. Crawford, the Chief Executive Officer, President and Chairman of the Board of Caremark. Mr. Paz was unable to reach Mr. Crawford, but left him a message explaining that Express Scripts intended to make an offer for Caremark for (1) $29.25 in cash and (2) 0.426 shares of Express Scripts stock for each share of Caremark Stock, subject to confirmatory due diligence and the termination of the Caremark/CVS merger agreement.

Following this telephone call, in the early morning hours of December 18, 2006, Express Scripts delivered a proposal letter containing an offer to Caremark s Board in care of Mr. Crawford and issued a press release announcing the proposal letter. The proposal letter read as follows:

December 18, 2006

Board of Directors
Caremark Rx, Inc.
c/o Edwin M. Crawford
Chairman of the Board, President and Chief Executive Officer
211 Commerce Street
Suite 800
Nashville, Tennessee 37201

Dear Mac:

On behalf of the board of directors of Express Scripts, Inc. (Express Scripts), I am pleased to submit this offer to combine the businesses of Express Scripts and Caremark Rx, Inc. (Caremark). This transaction would represent a compelling combination and excellent strategic fit, and create superior value for our respective stockholders. Under our offer, Express Scripts would acquire all outstanding shares of Caremark common stock for (1) $29.25, less any applicable withholding taxes and without interest, in cash and (2) 0.426 shares of Express Scripts stock for each share of Caremark stock. Based on our closing stock price on Friday, the offer has a value of $58.50 per share for each share of Caremark stock. The offer is structured so that the receipt of stock by your stockholders would be tax free. Upon consummation of our proposed transaction, which we expect would be completed in the third quarter of 2007, Caremark stockholders would own approximately 57% of the combined company.

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Our offer represents a 15% premium over the all-stock purchase price to be paid to your stockholders pursuant to the proposed acquisition of Caremark by CVS Corporation (CVS) based on Friday s closing price of CVS and our common stock. Furthermore, our offer represents a 22% premium over $47.99, the average closing price of Caremark since the announcement of the proposed acquisition of Caremark by CVS on November 1, 2006.

Our board of directors and management have great respect for Caremark, including its business, operations and employees. Express Scripts and Caremark share a strong commitment to providing quality service and benefits to plan sponsors and patients. This combination would further enhance our product and service offerings, allowing us to strengthen the value proposition that we offer to our plan sponsors and patients.

Express Scripts has completed five successful acquisitions since 1998, and has a proven track record of integrating and optimizing the performance of the acquired businesses and thereby creating additional value for stockholders. As such, we are confident that we can successfully integrate our businesses in a way that would quickly maximize the benefits for our respective stockholders.

We are aware that Caremark is currently a party to a merger agreement with CVS. We believe that our offer constitutes a Superior Proposal under the terms of that merger agreement for the following compelling reasons. Our offer:

- Delivers a significant premium and a significantly higher absolute value for each Caremark share than the CVS transaction
- Delivers greater certainty of value because it includes a significant cash payment to your stockholders
- Delivers upside potential to Caremark stockholders through an increase in the value of the combined company s stock driven by enhanced cost containment solutions to plan sponsors and patients, anticipated cost synergies of $500 million and strong EPS growth
- Will be neutral to U.S. GAAP earnings per share in the first full year following closing, and significantly accretive thereafter; excluding transaction-related amortization, the transaction is significantly accretive to earnings per share beginning the first full year following closing.

The board of directors of Express Scripts has unanimously approved this offer and has authorized us to proceed expeditiously. We are prepared, promptly following the termination of your agreement with CVS, to enter into a merger agreement that would provide greater value to your stockholders. Such a merger agreement would be subject to the final approval of our board of directors and our respective stockholders. We are confident that any regulatory requirements will be met in a timely manner.

Our offer is subject to completion of a confirmatory due diligence review of your company and the termination of your merger agreement with CVS, whether by your stockholders voting against approval of your merger with CVS or otherwise. We have received commitment letters from Citigroup Corporate and Investment Banking and Credit Suisse to fully finance the proposed transaction.

It was necessary to communicate our offer to you by letter because of the provisions of your merger agreement with CVS. Given the importance of our offer to our respective stockholders, we have determined to make this letter public. We would unquestionably prefer to work cooperatively with you to complete a negotiated transaction that would produce substantial benefits for our respective stockholders. Alternatively, we are prepared to take our transaction directly to your stockholders. In this regard, you should also know that we are prepared to solicit proxies against approval of your proposed merger with CVS.

We are confident that, after you have considered our offer, you will agree that its terms are considerably more attractive to your stockholders than the CVS transaction and that our offer constitutes a Superior Proposal under the terms of the CVS merger agreement. We understand that, after you have provided the appropriate notice to CVS under your merger agreement, you can authorize your management to enter into discussions with us and to provide information to us, subject to our entering into a confidentiality agreement with you. We respectfully request that you make this determination as soon as possible. We are prepared to enter into a customary confidentiality agreement with you so long as it does not contain any standstill or similar limitation.

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This letter does not create or constitute any legally binding obligation, liability or commitment by us regarding the proposed transaction, and, other than any confidentiality agreement we may enter into with you, there will be no legally binding agreement between us regarding the proposed transaction unless and until a definitive merger agreement is executed by Caremark and Express Scripts.

We believe that time is of the essence, and are prepared to move forward expeditiously by committing all necessary resources to promptly complete a transaction. We have engaged Citigroup Corporate and Investment Banking and Credit Suisse as financial advisors and Skadden, Arps, Slate, Meagher & Flom LLP as legal counsel to advise us in this transaction. In addition, we have retained MacKenzie Partners, Inc. as proxy advisor. We and our advisors are ready to meet with you and your advisors at any time to discuss this offer and to answer any questions you or they may have about our offer. Although we have already completed a thorough due diligence review based solely on publicly available information, we would like to commence confirmatory due diligence as soon as possible and are ready to begin promptly. We look forward to hearing from you.

Sincerely,

/s/ George Paz

George Paz
President, Chief Executive Officer and
Chairman of the Board

On the afternoon of December 18, 2006, Mr. Paz placed a second telephone call to Mr. Crawford to express his regret that they had been unable to discuss the terms of the offer contained in the proposal letter prior to the time rumors of the proposal letter began to circulate in the press. Mr. Crawford told Mr. Paz that Caremark s board of directors intended to review the proposal letter subject to the requirements of the Caremark/CVS merger agreement.

On December 19, 2006, CVS filed the CVS/Caremark S-4 with the SEC.

On December 20, 2006, CVS announced that the waiting period under the HSR Act had expired with respect to the proposed CVS merger.

On January 3, 2007, Express Scripts filed its premerger notification statement under the HSR Act with the FTC and the Antitrust Division.

On January 4, 2007, Express Scripts sent a letter to Caremark stockholders encouraging them to vote AGAINST the proposed CVS merger and issued a press release that contained the full text of the letter.

On January 7, 2007, Caremark issued a press release announcing that its board of directors had determined that our proposal did not constitute, and was not reasonably likely to lead to, a superior proposal under the terms of the Caremark/CVS merger agreement and that Caremark s board reaffirmed its support of the proposed CVS merger. The press release stated that CVS and Caremark anticipated realizing approximately 25% more synergies in the proposed CVS merger than initially anticipated. The press release also set forth several factors considered by Caremark s board of directors in making its determination. These reasons were restated by Caremark in a Form 8-K filed on the morning of January 8, 2007.

During the early morning of January 8, 2007, Express Scripts issued a press release stating that Express Scripts remained committed to pursuing a business combination with Caremark and believed its proposal represented a superior proposal to the proposed CVS merger. This press release noted Express Scripts belief that Caremark was using antitrust risk as a red herring to distract stockholders from the differences in value between our proposal and the proposed CVS merger. An excerpt from the press release is set forth below:

Our cash and stock offer provides Caremark stockholders with a premium of approximately 13% to the proposed CVS acquisition price, based on the closing stock prices as of January 5, 2007. Importantly, the Express Scripts offer also allows Caremark stockholders the ability to participate in the combined company s substantial upside potential. We expect to enhance value for stockholders through an increase in the value of the combined company s stock price resulting from EPS growth driven by estimated annualized cost synergies of $500 million. Since the time of our announcement, Caremark has conveniently found in excess of 25% in additional synergies, which had not been evident since they announced their transaction on November 1, 2006.

During the afternoon of January 8, 2007, Express Scripts delivered a notice to Caremark, in accordance with Caremark s bylaws, nominating four individuals for election as Caremark directors at Caremark s 2007 Annual Meeting of Stockholders. Express Scripts also issued a press release in connection with this notice.

Also during the afternoon of January 8, 2007, Caremark issued a press release stating that it anticipated that it would be able to close the proposed CVS merger prior to the date of its 2007 Annual Meeting of Stockholders and that it did not anticipate holding such meeting. Express Scripts remains confident that stockholders will reject the proposed CVS merger and, accordingly, there will be a 2007 Annual Meeting of Stockholders of Caremark.

On January 9, 2007, CVS filed an amendment to the CVS/Caremark S-4 with the SEC.

On January 10, 2007, Express Scripts filed a complaint in the Delaware Court of Chancery against CVS, Caremark, a subsidiary of Caremark and Caremark s directors challenging the validity of the deal protection provisions, including a $675 million termination fee, in the Caremark/CVS merger agreement.

Also on January 10, 2007, Express Scripts filed a preliminary proxy statement with the SEC in respect of soliciting votes against the approval of the proposed CVS merger.

Also on January 10, 2007, Caremark issued press releases responding to the litigation which had been filed by Express Scripts in the Delaware Court of Chancery and reiterating its support of the proposed CVS merger.

On January 16, 2007, Express Scripts commenced the exchange offer by filing a Registration Statement on Form S-4 containing a prospectus/offer to exchange with the SEC, delivering a request to Caremark pursuant to Rule 14d-5 promulgated under the Exchange Act and issuing a press release regarding the commencement of the exchange offer.

Following Express Scripts filing of its Registration Statement on Form S-4 on January 16, 2007, CVS and Caremark issued a joint press release announcing that the Caremark s stockholders would be paid a special one time cash dividend of $2.00 per share following the consummation of the proposed CVS merger. Caremark and CVS also announced that they would retire 150 million of the outstanding shares in the new company following the closing of the proposed CVS merger. Later that afternoon, CVS filed an amendment to the CVS/Caremark S-4 with the SEC which described these amendments to the CVS merger agreement.

On January 18, 2007, CVS filed an amendment to the CVS/Caremark S-4 with the SEC.

On January 19, 2007, Caremark announced that it had begun mailing the joint proxy statement/prospectus regarding the proposed CVS merger to Caremark stockholders.

On January 24, 2007, Express Scripts filed a definitive proxy statement to solicit proxies against the approval of the proposed CVS merger and began distributing proxy materials to Caremark stockholders.

Also on January 24, 2007, Caremark filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that Caremark s board had met on January 24, 2007 and determined to unanimously recommend that Caremark stockholders reject our offer and not tender their shares of Caremark common stock to us.

On January 26, 2007, Caremark filed an amended Solicitation/Recommendation Statement on Schedule 14D-9.

On January 31, 2007, Express Scripts announced that it intended to voluntarily withdraw, and on February 2, 2007 it voluntarily withdrew, the required notification and report form with respect to the offer and second-step merger filed with the FTC and Antitrust Division.

On February 6, 2007, Express Scripts re-filed the required notification and report form with the FTC and Antitrust Division.

Reasons for the Offer

Express Scripts believes the offer will significantly benefit both Express Scripts and Caremark stockholders, plan sponsors and patients. The Express Scripts common stock to be issued to Caremark stockholders in the offer and the second-step merger will allow such stockholders to participate in the growth and opportunities of the combined company.

Highly Complementary Businesses: As a combined company, Express Scripts and Caremark will continue to offer the high-quality service that plan sponsors and patients have come to expect. The combined company will be a recognized leader in generic utilization and other drug cost management programs. It will benefit from the unique growth opportunities in the industry, as well as from broader and more comprehensive specialty management capabilities.

Scale Provides Efficiencies: Express Scripts believes the combined business of Express Scripts and Caremark can be operated more efficiently than either company on its own. We believe that net pre-tax operating synergies of approximately $500 million can be achieved from improved purchasing scale and operating efficiencies:

Express Scripts estimates that 70% 80% of these net synergies will be derived from improved purchasing scale. Specifically, these savings will be derived from lower retail and home delivery drug costs, lower specialty pharmacy drug costs, and increased manufacturing discounts.

The remaining 20% 30% of these net synergies are expected to be derived from improved operating efficiencies. These savings include eliminating duplicative facilities and/or functions resulting in lower direct processing costs and general support and administrative costs. We also expect the elimination of certain duplicative fees and expenses such as SEC reporting, auditing, and other public company costs that Caremark currently absorbs. Information regarding the uncertainties associated with realizing these anticipated cost savings is described in the section of this prospectus/offer to exchange entitled Risk Factors.

Strong Financial Profile: The combined company will have a strong financial profile driven by consistent and increasing cash flow. Before synergies, the two companies are expected to generate 2006 EBITDA in excess of $2.7 billion based on consensus Wall Street estimates. In addition, Express Scripts expects that the transaction will be neutral to U.S. GAAP earnings per share in the first full year following consummation, and significantly accretive thereafter. Excluding transaction-related amortization, the combination of Express Scripts and Caremark will be significantly accretive to earnings per share beginning the first full year following consummation.

Information on the Caremark/CVS Merger Agreement

The following is a summary of certain material obligations of Caremark under the Caremark/CVS merger agreement, which is derived from amendment number 3 to the CVS/Caremark S-4 filed by CVS on January 18, 2007. This *summary does not purport to describe all the terms of the Caremark/CVS merger agreement and is qualified by reference to the complete Caremark/CVS merger agreement (and the amendment thereto) which is attached as Annex A to the CVS/Caremark S-4. The rights and obligations of the parties are governed by the express terms and conditions of the Caremark/CVS merger agreement and not this summary or any other information contained in this document.*

The Caremark/CVS merger agreement provides for the merger of Caremark with and into Twain MergerSub LLC, a wholly-owned subsidiary of CVS that was formed for the purpose of the proposed CVS merger, with Twain

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MergerSub LLC surviving such merger. Twain MergerSub LLC was originally formed as a Delaware corporation under the name Twain MergerSub Corp. The entity was since converted into a Delaware limited liability company, and its name has been changed to Twain MergerSub LLC. Following the merger, CVS Corporation will be renamed CVS/Caremark Corporation. At the effective time of the merger, each issued and outstanding share of Caremark common stock will be converted into the right to receive 1.670 shares of CVS common stock. Caremark stockholders will receive cash in lieu of any fractional shares of CVS common stock that would have otherwise been received in the merger.

Pursuant to the amended terms of the Caremark/CVS merger agreement, the Caremark s stockholders would be paid a special one time cash dividend of $2.00 per share following the consummation of the proposed CVS merger.

Each of CVS and Caremark has agreed that it and its subsidiaries and their respective officers, directors, employees and advisers will not:

solicit, initiate or take any action to knowingly facilitate or encourage the submission of any acquisition proposal of the type described below; enter into or participate in any discussions or negotiations with or furnish any information relating to itself or any of its subsidiaries to or otherwise cooperate in any way with, or knowingly assist or encourage any third party seeking to make or who has made an acquisition proposal;

recommend to its stockholders an acquisition proposal or fail to make, withdraw or modify in a manner adverse to the other party its recommendation to its stockholders that, in the case of CVS stockholders, they approve the amendments of the CVS charter and the issuance of CVS common stock to Caremark stockholders in the merger, or in the case of Caremark stockholders, they adopt the merger agreement and approve the merger, which in each case is referred to as a change in recommendation;

grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of itself or any of its subsidiaries;

enter into any agreement in principle, letter of intent, term sheet or other similar instrument relating to an acquisition proposal; or

propose publicly or agree to do any of the foregoing related to any acquisition proposal.

Nonetheless, either party is permitted to engage in discussions or negotiations with, and provide information to, any person in response to an unsolicited bona fide acquisition proposal that is reasonably likely to lead to a superior proposal if:

its special meeting to vote on the applicable stockholder proposals required to be approved by its stockholders to complete the merger has not occurred;

its board of directors determines in good faith by a majority vote, after receiving the advice of outside legal counsel, that failing to take such action would be inconsistent with its fiduciary duties to stockholders; and

it receives from such person an executed confidentiality agreement with terms no less favorable than those contained in the existing confidentiality agreement between CVS and Caremark.

CVS and Caremark must keep the other reasonably informed of the status and details of any acquisition proposal. Before changing its recommendation, CVS or Caremark, as applicable, must satisfy the conditions in the preceding paragraph and provide the other party with a period of five business days to adjust the terms of the merger agreement so as to enable it to proceed without changing its recommendation. Following such five business day period, if the board of directors of CVS or Caremark, as applicable, remains committed to changing its recommendation in favor of a superior proposal (as defined below), such party will be permitted to enter into a conditional merger agreement with the third party making the superior proposal that will only become effective upon (1) termination of the merger agreement in accordance with its terms as described herein and (2) payment by the third party, on behalf of CVS or Caremark, as applicable, of the termination fee set forth in the merger agreement. Until the termination of the merger agreement in accordance with its terms, (1) in no event will the party entering into such conditional merger agreement make any SEC or other regulatory filings in connection with the transactions contemplated by such conditional merger agreement and (2) the party entering into the conditional

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merger agreement will otherwise remain subject to all of its obligations under the merger agreement, including those described above and the Covenant to Recommend described below.

An acquisition proposal is, with respect to either CVS or Caremark, any offer, proposal or inquiry relating to, or any third party indication of interest in, (1) any acquisition or purchase, direct or indirect, of 20% or more of the consolidated assets of that person and its subsidiaries or over 20% of any class of equity or voting securities of that person or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 20% of the consolidated assets of that person, (2) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning 20% or more of any class of equity or voting securities of that person or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 20% of the consolidated assets of that person or (3) a merger, consolidation, share exchange, business combination, sale of substantially all the assets, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving that person or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 20% of the consolidated assets of that person. A superior proposal is a bona fide, unsolicited written acquisition proposal (which definition shall be read, for this purpose, without the word inquiry) for at least a majority of the outstanding shares of common stock of Caremark or CVS (as the case may be) on terms that the board of directors of such party determines in good faith by a majority vote, after consultation with its legal and financial advisors and taking into account such matters deemed relevant in good faith by such board of directors, including among other things, all the terms and conditions of the acquisition proposal, including any break-up fees, expense reimbursement provisions, conditions to completion and long-term strategic considerations, are more favorable from a financial point of view to the stockholders of such party than the merger and for which financing, if a cash transaction (whether in whole or in part), is then fully committed or reasonably determined to be available by the board of directors of that party. Each party has agreed to terminate any discussions or negotiations with any person that began before November 1, 2006.

The Caremark board of directors has agreed to recommend the approval by Caremark stockholders of a proposal to adopt the merger agreement and approve the merger, and has agreed to call a meeting of its stockholders for this purpose. Each party s board of directors, however, can make a change in recommendation, including by approving, recommending or endorsing a potential superior proposal, if (1) it has not received the approval of its stockholders in connection with the merger, (2) it has received an unsolicited bona fide written acquisition proposal from a third party, (3) its board of directors has determined in good faith (after consultation with its outside legal counsel and financial advisors) that the acquisition proposal constitutes a superior proposal and (4) its board of directors, after consultation with outside legal counsel, determines in good faith that failing to take such action would be inconsistent with its fiduciary duties to stockholders. Unless CVS has otherwise terminated the merger agreement, whether or not (a) Caremark s board of directors has made a change in recommendation or (b) an acquisition proposal has been publicly proposed or announced or otherwise submitted to Caremark or any of its advisors, the Caremark proposals described above in this paragraph must be submitted to Caremark stockholders at a meeting of its stockholders called for this purpose. In addition, Caremark has agreed to use all reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to complete the merger and the other transactions contemplated by the Caremark/CVS merger agreement, including filing requisite documents with governmental entities or other third parties and obtaining and maintaining all necessary approvals, consents and authorizations. Caremark is, in particular, to hold a meeting of its stockholders to vote on the merger agreement and merger, even if the Caremark board of directors changes its recommendation.

The merger agreement may be terminated at any time before the effective time of the merger in any of the following ways:

(a) by mutual written consent of CVS and Caremark;

(b) by either CVS or Caremark, if:

- the merger has not been completed by November 1, 2007 (or May 1, 2008 if the reason for not closing by November 1, 2007 is that the waiting period applicable to the merger under the HSR Act has not expired or been terminated and this is the only reason for failure to complete the merger);

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there is a permanent legal prohibition to completing the merger;

Caremark stockholders fail to adopt the merger agreement and to approve the merger at the Caremark special meeting;

CVS stockholders fail to approve the amendments to the CVS charter and the issuance of CVS/Caremark common stock to Caremark stockholders in the merger at the CVS special meeting; or

the other party has materially failed to perform an obligation under the merger agreement or has breached one or more representations or warranties that results in a failure of a condition to the other party s obligations to complete the merger, which failure to perform or breach is incapable of being satisfied or corrected prior to November 1, 2007 (or May 1, 2008, as applicable);

(c) by CVS, if:

the Caremark board of directors has made a change in recommendation; or

Caremark (or any officer, director, banker or counsel of Caremark) has willfully and materially breached its covenant not to solicit any acquisition proposal or its covenant to use all commercially reasonable efforts to hold a meeting of its stockholders to vote on the merger agreement and merger;

(d) by Caremark, if:

the CVS board of directors has made a change in recommendation; or

CVS (or any officer, director, banker or counsel of CVS) has willfully and materially breached its covenant not to solicit any acquisition proposal or its covenant to use all commercially reasonable efforts to hold a meeting of its stockholders to vote on the proposals to amend the CVS charter and to issue shares of CVS/Caremark common stock to Caremark stockholders in the merger.

If the merger agreement is validly terminated, the agreement will become void without any liability on the part of any party unless the party is in willful breach of its obligations. However, the provisions of the merger agreement relating to termination fees and expenses will continue in effect notwithstanding termination of the merger agreement to the extent described below.

Termination Fee Payable by Caremark

Caremark has agreed to pay a fee of $675 million in any of the following circumstances:

the Caremark board of directors makes a change in recommendation;

Caremark (or any officer, director, banker or counsel of Caremark) has willfully and materially breached its covenant not to solicit any acquisition proposal as described in the CVS/Caremark S-4 under the heading The Merger Agreement Certain Covenants No Solicitation ;

Caremark fails to use all commercially reasonable efforts to hold a stockholders meeting to vote on the proposal to adopt the merger agreement and approve the merger;

the merger is not consummated by November 1, 2007 (or May 1, 2008, if extended as permitted in the merger agreement) or Caremark stockholders fail to adopt the merger agreement and to approve the merger, and in each case, the following two conditions are met:

a third party has made an acquisition proposal prior to the Caremark stockholder meeting having occurred; and

within 12 months of the termination of the merger agreement, Caremark (1) merges with or into or is acquired by a third party, (2) a third party acquires more than 50% of the total assets of Caremark and its subsidiaries, taken as a whole, (3) a third party acquires more than 50% of the outstanding shares of Caremark common stock or (4) Caremark or any of its subsidiaries enter into an agreement for any of the foregoing.

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THE EXCHANGE OFFER

Express Scripts is offering to exchange for each outstanding share of Caremark common stock that is validly tendered and not properly withdrawn prior to the expiration date, (1) $29.25 in cash, less any applicable withholding taxes and without interest, and (2) 0.426 shares of Express Scripts common stock (together with the associated preferred stock purchase rights), upon the terms and subject to the conditions contained in this prospectus/offer to exchange and the accompanying letter of transmittal. In addition, you will receive cash instead of any fractional shares of Express Scripts common stock to which you may be entitled.

The term expiration date means 12:00 midnight, New York City time, on February 13, 2007, unless Express Scripts extends the period of time for which the offer is open, in which case the term expiration date means the latest time and date on which the offer, as so extended, expires.

The offer is subject to a number of conditions which are described in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer. Express Scripts expressly reserves the right, subject to the applicable rules and regulations of the SEC, to waive any condition of the offer described herein in its discretion, except for the conditions described under the subheadings HSR Condition, Stockholder Approval Condition, Registration Statement Condition, and NASDAQ Listing Condition under the caption The Exchange Offer Conditions of the Offer below, each of which cannot be waived. Express Scripts expressly reserves the right to make any changes to the terms and conditions of the offer (subject to any obligation to extend the offer pursuant to the applicable rules and regulations of the SEC), including, without limitation, with respect to increasing or decreasing the cash, stock or aggregate consideration payable per share of Caremark common stock in the offer.

We have not commenced the process of obtaining the approval of our stockholders by filing a preliminary proxy statement with the SEC and therefore we do not expect to be in a position to obtain the requisite approval of our stockholders prior to the current expiration date of the offer. Accordingly, we currently intend to extend the expiration date of our offer beyond February 13, 2007. However, any decision to extend the offer, and if so, for how long, will be made at such time. The expiration date may also be subject to multiple extensions.

If you are the record owner of your shares and you tender your shares in the offer, you will not have to pay any brokerage fees or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your shares on your behalf, your broker or such other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

The purpose of the offer is for Express Scripts to acquire control of, and ultimately the entire interest in, Caremark. Express Scripts has publicly expressed a desire to enter into a negotiated business combination with Caremark. As of the date of this prospectus/offer to exchange, Caremark has not been willing to meet or negotiate with Express Scripts. On January 7, 2006, Caremark announced that its board of directors had determined that the offer would not reasonably be expected to constitute a superior proposal under the Caremark/CVS merger agreement and, on January 24, 2007, Caremark filed a Solicitation/Recommendation Statement on Schedule 14D-9, which it amended on January 26, 2007, reporting that Caremark s board had met on January 24, 2007 and determined to unanimously recommend that Caremark stockholders reject the offer and not tender their shares of Caremark common stock to Express Scripts. Express Scripts continues to believe that its offer constitutes a superior proposal to the proposed transaction between Caremark and CVS and is therefore taking the offer directly to Caremark stockholders.

Express Scripts intends, promptly following acceptance for exchange and exchange of shares of Caremark common stock in the offer, to seek to consummate a second-step merger of Caremark with and into a wholly-owned subsidiary of Express Scripts. If, at the time the second-step merger is to be consummated, Skadden, Arps, Slate, Meagher & Flom LLP does not render an opinion to Express Scripts that the second-step merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, then, notwithstanding anything to the contrary contained herein, Express Scripts may, in its sole discretion, modify the second-step merger such that the wholly-owned subsidiary of Express Scripts merges with and into Caremark, immediately followed by the merger of Caremark with and into Express Scripts or a wholly-owned limited liability company subsidiary of Express Scripts (we refer to such alternative merger in this prospectus/offer to exchange as a reverse merger).

In the second-step merger, each remaining share of Caremark common stock (other than shares of Caremark common stock owned by Caremark or Express Scripts (or their respective wholly-owned subsidiaries) or held by Caremark stockholders who properly exercise applicable dissenters rights under Delaware law, if available) will be converted into the right to receive the same number of shares of Express Scripts common stock and the same amount of cash per Caremark share as are received by Caremark stockholders pursuant to the offer. Subject to applicable law, Express Scripts reserves the right to amend the offer (including amending the number of shares of common stock to be exchanged, the offer price and the cash, stock or aggregate consideration to be offered in the second-step merger) upon entering into a merger agreement with Caremark, or to negotiate a merger agreement with Caremark not involving an exchange offer, in which event we would terminate the offer and the shares of Caremark common stock would, upon consummation of such merger, be converted into the right to receive the consideration negotiated by Express Scripts and Caremark. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Plans for Caremark.

Based on certain assumptions regarding the number of Caremark shares to be exchanged, Express Scripts estimates that if all shares of Caremark common stock are exchanged pursuant to the offer and the second-step merger, former Caremark stockholders would own, in the aggregate, approximately 57% of the outstanding shares of Express Scripts common stock, representing approximately 57% of the aggregate voting power of all Express Scripts common stock. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Ownership of Express Scripts After the Offer.

Expiration Date of the Offer

The offer is scheduled to expire at 12:00 midnight, New York City time, on February 13, 2007, which is the initial expiration date, unless further extended by Express Scripts. For more information, you should read the discussion below under the caption The Exchange Offer Extension, Termination and Amendment.

Extension, Termination and Amendment

Subject to the applicable rules of the SEC and the terms and conditions of the offer, Express Scripts also expressly reserves the right (but will not be obligated) (1) to extend, for any reason, the period of time during which the offer is open, (2) to delay acceptance for exchange of, or exchange of, shares of Caremark common stock in order to comply in whole or in part with applicable laws (any such delay shall be effected in compliance with Rule 14e-1(c) under the Exchange Act, which requires Express Scripts to pay the consideration offered or to return shares of Caremark common stock deposited by or on behalf of stockholders promptly after the termination or withdrawal of the offer), (3) to amend or terminate the offer without accepting for exchange of, or exchanging, shares of Caremark common stock if any of the individually subheaded conditions referred to in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer have not been satisfied or if any event specified in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer under the subheading Other Conditions has occurred and (4) to amend the offer or to waive any conditions to the offer at any time, in each case by giving oral or written notice of such delay, termination, waiver or amendment to the exchange agent and by making public announcement thereof.

Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, which, in the case of an extension, will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(d)(i), 14d-6(c) and 14e-1 under the Exchange Act, which require that material changes be promptly disseminated to stockholders in a manner reasonably designed to inform them of such changes), and without limiting the manner in which Express Scripts may choose to make any public announcement, Express Scripts will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a press release or other announcement.

Express Scripts acknowledges that Rule 14e-1(c) under the Exchange Act requires Express Scripts to pay the consideration offered or return the shares of Caremark common stock tendered promptly after the termination or withdrawal of the offer.

If Express Scripts increases or decreases the percentage of shares of Caremark common stock being sought or increases or decreases the cash, stock or aggregate consideration to be paid for shares of Caremark common stock pursuant to the offer and the offer is scheduled to expire at any time before the expiration of 10 business days from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified below, the offer will be extended until the expiration of 10 business days from, and including, the date of such notice. If Express Scripts makes a material change in the terms of the offer (other than a change in the price to be paid in the offer or the percentage of securities sought) or in the information concerning the offer, or waives a material condition of the offer, Express Scripts will extend the offer, if required by applicable law, for a period sufficient to allow you to consider the amended terms of the offer. In a published release, the SEC has stated its view that an offer must remain open for a minimum period of time following a material change in the terms of such offer and that the waiver of a condition such as the condition described under the subheading The Exchange Offer Conditions of the Offer Minimum Tender Condition below is a material change in the terms of an offer. The release states that an offer should remain open for a minimum of five business days from the date that the material change is first published, sent or given to stockholders, and that if material changes are made with respect to information that approaches the significance of the price to be paid in the offer or the percentage of shares sought in the offer, a minimum of 10 business days may be required to allow adequate dissemination and investor response.

As used in this prospectus/offer to exchange, a business day means any day other than a Saturday, Sunday or a Federal holiday, and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time. If, prior to the expiration date, Express Scripts increases the cash, stock or aggregate consideration being paid for shares of Caremark common stock accepted for exchange pursuant to the offer, such increased consideration will be received by all stockholders whose shares of Caremark common stock are exchanged pursuant to the offer, whether or not such shares of Caremark common stock were tendered prior to the announcement of the increase of such consideration.

Pursuant to Rule 14d-11 under the Exchange Act, Express Scripts may, subject to certain conditions, elect to provide a subsequent offering period of from three business days to twenty business days in length following the expiration of the offer on the expiration date and acceptance for exchange of the shares of Caremark common stock tendered in the offer (we refer to this period in this prospectus/offer to exchange as a subsequent offering period). A subsequent offering period would be an additional period of time, following the first exchange of shares of Caremark common stock in the offer, during which stockholders could tender shares of Caremark common stock not tendered in the offer.

During a subsequent offering period, tendering stockholders would not have withdrawal rights and Express Scripts would promptly exchange and pay for any shares of Caremark common stock tendered at the same price paid in the offer. Rule 14d-11 under the Exchange Act provides that Express Scripts may provide a subsequent offering period so long as, among other things, (1) the initial period of at least 20 business days of the offer has expired, (2) Express Scripts offers the same form and amount of consideration for shares of Caremark common stock in the subsequent offering period as in the initial offer, (3) Express Scripts immediately accepts and promptly pays for all shares of Caremark common stock tendered during the offer prior to its expiration, (4) Express Scripts announces the results of the offer, including the approximate number and percentage of shares of Caremark common stock deposited in the offer, no later than 9:00 a.m., New York City time, on the next business day after the expiration date and immediately begins the subsequent offering period and (5) Express Scripts immediately accepts and promptly pays for shares of Caremark common stock as they are tendered during the subsequent offering period. If Express Scripts elects to include a subsequent offering period, it will notify stockholders of Caremark by making a public announcement on the next business day after the expiration date consistent with the requirements of Rule 14d-11 under the Exchange Act.

Pursuant to Rule 14d-7(a)(2) under the Exchange Act, no withdrawal rights apply to shares tendered during a subsequent offering period and no withdrawal rights apply during the subsequent offering period with respect to shares tendered in the offer and accepted for exchange. The same consideration will be received by

stockholders tendering shares of Caremark common stock in the offer or in a subsequent offering period, if one is included. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights.

A request was made to Caremark pursuant to Rule 14d-5 under the Exchange Act for the use of Caremark s stockholder lists and security position listings for the purpose of disseminating the offer to stockholders. Caremark complied with this request by mailing the original prospectus/offer to exchange, the letter of transmittal and other materials to record holders of shares of Caremark common stock and to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on Caremark s stockholders lists, or, if applicable, who are listed as participants in a clearing agency s security position listing. On January 4, 2007, Express Scripts delivered a request to Caremark pursuant to Section 220(b) of the DGCL requesting the right to inspect Caremark s stock ledger, a list of Caremark stockholders and other books and records, and Caremark delivered this list to Express Scripts representatives on January 24, 2007.

Acceptance for Exchange, and Exchange, of Caremark Shares; Delivery of Express Scripts Common Stock and Cash

Upon the terms and subject to the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment), Express Scripts will accept for exchange promptly after the expiration date all shares of Caremark common stock validly tendered (and not withdrawn in accordance with the procedure set out in the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights) prior to the expiration date. Express Scripts shall exchange all shares of Caremark common stock validly tendered and not withdrawn promptly following the acceptance of shares of Caremark common stock for exchange pursuant to the offer. Express Scripts expressly reserves the right, in its discretion, but subject to the applicable rules of the SEC, to delay acceptance for and thereby delay exchange of shares of Caremark common stock in order to comply in whole or in part with applicable laws or if any of the conditions referred to in the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Offer have not been satisfied or if any event specified in that section has occurred. If Express Scripts decides to include a subsequent offering period, Express Scripts will accept for exchange, and promptly exchange, all validly tendered shares of Caremark common stock as they are received during the subsequent offering period. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Withdrawal Rights.

In all cases (including during any subsequent offering period), Express Scripts will exchange all shares of Caremark common stock tendered and accepted for exchange pursuant to the offer only after timely receipt by the exchange agent of (1) the certificates evidencing such shares of Caremark common stock or timely confirmation (a book-entry confirmation) of a book-entry transfer of such shares of Caremark common stock into the exchange agent s account at The Depository Trust Company pursuant to the procedures set forth in the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering, (2) the letter of transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees, in the case of a book-entry transfer, or an Agent s Message (as defined below) and (3) any other documents required under the letter of transmittal. This prospectus/offer to exchange refers to The Depository Trust Company as the Book-Entry Transfer Facility. As used in this prospectus/offer to exchange, the term Agent s Message means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the exchange agent and forming a part of the book-entry confirmation which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the shares of Caremark common stock that are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the letter of transmittal and that Express Scripts may enforce such agreement against such participant.

For purposes of the offer (including during any subsequent offering period), Express Scripts will be deemed to have accepted for exchange, and thereby exchanged, shares of Caremark common stock validly tendered and not properly withdrawn as, if and when Express Scripts gives oral or written notice to the exchange agent of Express Scripts acceptance for exchange of such shares of Caremark common stock pursuant to the offer. Upon the terms and subject to the conditions of the offer, exchange shares of Caremark common stock accepted for exchange pursuant to the offer will be made by deposit of the cash and stock consideration being exchanged therefor with the exchange agent, which will act as agent for tendering stockholders for the purpose of receiving the offer consideration from Express Scripts and transmitting such consideration to tendering stockholders whose shares of Caremark common stock have been accepted for exchange. **Under no circumstances will Express Scripts pay**

interest on the offer consideration for shares of Caremark common stock, regardless of any extension of the offer or other delay in making such exchange.

If any tendered shares of Caremark common stock are not accepted for exchange for any reason pursuant to the terms and conditions of the offer, or if certificates representing such shares are submitted evidencing more shares of Caremark common stock than are tendered, certificates evidencing unexchanged or untendered shares of Caremark common stock will be returned, without expense to the tendering stockholder (or, in the case of shares of Caremark common stock tendered by book-entry transfer into the exchange agent s account at a Book-Entry Transfer Facility pursuant to the procedure set forth in the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering, such shares of Caremark common stock will be credited to an account maintained at such Book-Entry Transfer Facility) promptly following the expiration or termination of the offer.

Express Scripts reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to exchange all or any portion of the shares of Caremark common stock tendered pursuant to the offer, but any such transfer or assignment will not relieve Express Scripts of its obligations under the offer or prejudice the rights of tendering stockholders to exchange shares of Caremark common stock validly tendered and accepted for exchange pursuant to the offer.

Cash Instead of Fractional Shares of Express Scripts Common Stock

Express Scripts will not issue certificates representing fractional shares of Express Scripts common stock pursuant to the offer. Instead, each tendering stockholder who would otherwise be entitled to a fractional share of Express Scripts common stock will receive cash in an amount equal to such fraction (expressed as a decimal and rounded to the nearest 0.01 of a share) multiplied by the closing price of Express Scripts common stock on the expiration date.

Procedure for Tendering

In order for a holder of shares of Caremark common stock validly to tender shares of Caremark common stock pursuant to the offer, the exchange agent must receive prior to the expiration date the letter of transmittal (or a manually signed facsimile thereof), properly completed and duly executed, together with any required signature guarantees or, in the case of a book-entry transfer, an Agent s Message, and any other documents required by the letter of transmittal, at one of its addresses set forth on the back cover of this offer and either (1) the certificates evidencing tendered shares of Caremark common stock must be received by the exchange agent at such address or such shares of Caremark common stock must be tendered pursuant to the procedure for book-entry transfer described below and a book-entry confirmation must be received by the exchange agent (including an Agent s Message), in each case prior to the expiration date or the expiration of the subsequent offering period, if any, or (2) the tendering stockholder must comply with the guaranteed delivery procedures described below.

The method of delivery of share certificates and all other required documents, including delivery through the Book-Entry Transfer Facility, is at the option and risk of the tendering stockholder, and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Book-Entry Transfer. The exchange agent will establish accounts with respect to the shares of Caremark common stock at the Book-Entry Transfer Facility for purposes of the offer within two business days after the date of this offer. Any financial institution that is a participant in the system of the Book-Entry Transfer Facility may make a book-entry delivery of shares of Caremark common stock by causing the Book-Entry Transfer Facility to transfer such shares of Caremark common stock into the exchange agent s account at the Book-Entry Transfer Facility in accordance with the

Book-Entry Transfer Facility s procedures for such transfer. However, although delivery of shares of Caremark common stock may be effected through book-entry transfer at the Book-Entry Transfer Facility, an Agent s Message and any other required documents must, in any case, be received by the exchange agent at one of its addresses set forth on the back cover of this offer prior to the expiration date or the expiration of the subsequent offering period, if any, or the tendering stockholder must comply with the guaranteed delivery procedure described below. **Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the exchange agent.**

Signature Guarantees. No signature guarantee is required on a letter of transmittal (1) if the letter of transmittal is signed by a registered holder of shares of Caremark common stock who has not completed either the box entitled Special Payment Instructions or the box entitled Special Delivery Instructions on the letter of transmittal or (2) if shares of Caremark common stock are tendered for the account of a financial institution that is a member of the Security Transfer Agent Medallion Signature Program, or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being referred to as an Eligible Institution). In all other cases, all signatures on Letters of Transmittal must be guaranteed by an Eligible Institution. If a certificate evidencing shares of Caremark common stock is registered in the name of a person other than the signer of the letter of transmittal, or if the offer consideration is to be delivered, or a share certificate not accepted for exchange or not tendered is to be returned, to a person other than the registered holder(s), then such certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the Share Certificate, with the signature(s) on such certificate or stock powers guaranteed by an Eligible Institution. See Instructions 1 and 5 of the letter of transmittal.

Guaranteed Delivery. If a stockholder desires to tender shares of Caremark common stock pursuant to the offer and such stockholder s certificate evidencing such shares of Caremark common stock are not immediately available, such stockholder cannot deliver such certificates and all other required documents to the exchange agent prior to the expiration date, or such stockholder cannot complete the procedure for delivery by book-entry transfer on a timely basis, such shares of Caremark common stock may nevertheless be tendered, provided that all the following conditions are satisfied:

(1) such tender is made by or through an Eligible Institution;

(2) a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by Express Scripts, is received prior to the expiration date by the exchange agent as provided below; and

(3) the share certificates (or a book-entry confirmation) evidencing all tendered shares of Caremark common stock, in proper form for transfer, in each case together with the letter of transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent s Message, and any other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of such notice of guaranteed delivery.

The notice of guaranteed delivery may be delivered by hand or mail or by facsimile transmission to the exchange agent and must include a guarantee by an Eligible Institution in the form set forth in the notice of guaranteed delivery. The procedures for guaranteed delivery above may not be used during any subsequent offering period.

In all cases (including during any subsequent offering period), exchange of shares of Caremark common stock tendered and accepted for exchange pursuant to the offer will be made only after timely receipt by the exchange agent of the certificates evidencing such shares of Caremark common stock, or a book-entry confirmation of the delivery of such shares of Caremark common stock (except during any subsequent offering period), and the letter of transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent s Message, and any other documents required by the letter of transmittal.

Determination of Validity. **Express Scripts interpretation of the terms and conditions of the offer (including the letter of transmittal and the instructions thereto) will be final and binding to the fullest extent permitted by**

law. All questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of shares of Caremark common stock will be determined by Express Scripts, in its discretion, which determination shall be final and binding to the fullest extent permitted by law. Express Scripts reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance of or for exchange for which may, in the opinion of its counsel, be unlawful. Express Scripts also reserves the absolute right to waive any condition of the offer to the extent permitted by applicable law or any defect or irregularity in the tender of any shares of Caremark common stock of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. No tender of shares of Caremark common stock will be deemed to have been validly made until all defects and irregularities have been cured or waived. None of Express Scripts or any of their respective affiliates or assigns, the dealer managers, the exchange agent, the Information Agent or any other person will be under any duty to give any notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

A tender of shares of Caremark common stock pursuant to any of the procedures described above will constitute the tendering stockholder s acceptance of the terms and conditions of the offer, as well as the tendering stockholder s representation and warranty to Express Scripts that (1) such stockholder owns the tendered shares of Caremark common stock (and any and all other shares of Caremark common stock or other securities issued or issuable in respect of such shares of Caremark common stock), (2) the tender complies with Rule 14e-4 under the Exchange Act, (3) such stockholder has the full power and authority to tender, sell, assign and transfer the tendered shares of Caremark common stock (and any and all other shares of Caremark common stock or other securities issued or issuable in respect of such shares of Caremark common stock) and (4) when the same are accepted for exchange by Express Scripts will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims.

The acceptance for exchange by Express Scripts of shares of Caremark common stock pursuant to any of the procedures described above will constitute a binding agreement between the tendering stockholder and Express Scripts upon the terms and subject to the conditions of the offer.

Appointment as Proxy. By executing the letter of transmittal, or through delivery of an Agent s Message, as set forth above, a tendering stockholder irrevocably appoints designees of Express Scripts as such stockholder s agents, attorneys-in-fact and proxies, each with full power of substitution, in the manner set forth in the letter of transmittal, to the full extent of such stockholder s rights with respect to the shares of Caremark common stock tendered by such stockholder and accepted for exchange by Express Scripts (and with respect to any and all other shares of Caremark common stock or other securities issued or issuable in respect of such shares of Caremark common stock on or after the date of this offer). All such powers of attorney and proxies shall be considered irrevocable and coupled with an interest in the tendered shares of Caremark common stock (and such other shares of Caremark common stock and securities). Such appointment will be effective when, and only to the extent that, Express Scripts accepts such shares of Caremark common stock for exchange. Upon appointment, all prior powers of attorney and proxies given by such stockholder with respect to such shares of Caremark common stock (and such other shares of Caremark common stock and securities) will be revoked, without further action, and no subsequent powers of attorney or proxies may be given nor any subsequent written consent executed by such stockholder (and, if given or executed, will not be deemed to be effective) with respect thereto. The designees of Express Scripts will, with respect to the shares of Caremark common stock (and such other shares of Caremark common stock and securities) for which the appointment is effective, be empowered to exercise all voting, consent and other rights of such stockholder as they in their discretion may deem proper at any annual or special meeting of Caremark stockholders or any adjournment or postponement thereof, by written consent in lieu of any such meeting or otherwise. Express Scripts reserves the right to require that, in order for shares of Caremark common stock to be deemed validly tendered, immediately upon Express Scripts acceptance of shares of Caremark common stock for exchange, Express Scripts must be able to exercise full voting, consent and other rights with respect to such shares of Caremark common stock (and such other shares of Caremark common stock and securities).

The foregoing proxies are effective only upon acceptance for exchange of shares of Caremark common stock tendered pursuant to the offer. The offer does not constitute a solicitation of proxies (absent an exchange of shares of Caremark common stock) for any meeting of Caremark stockholders, which will be made only pursuant to separate proxy materials or consent solicitation materials complying with the requirements of the rules and regulations of the SEC.

Backup Withholding. Under the backup withholding provisions of U.S. Federal income tax law, the exchange agent may be required to withhold 28% of the amount of any payments pursuant to the offer or the second-step merger. In order to prevent backup withholding with respect to payments to certain stockholders for shares of Caremark common stock sold pursuant to the offer or cash received pursuant to the second-step merger, each such stockholder must provide the exchange agent with such stockholder s correct taxpayer identification number (TIN) and certify that such stockholder is not subject to backup withholding by completing the Substitute Form W-9 in the letter of transmittal, or otherwise establish an exemption. Certain stockholders (including, among others, all corporations and certain non-U.S. individuals and entities) are not subject to backup withholding. If a stockholder does not provide its correct TIN or fails to provide the certifications described above, the Internal Revenue Service may impose a penalty on the stockholder and payment of cash to the stockholder pursuant to the offer or the second-step merger may be subject to backup withholding. All stockholders surrendering shares of Caremark common stock pursuant to the offer or the second-step merger that are U.S. persons should complete and sign the Substitute Form W-9 included in the letter of transmittal to provide the information necessary to avoid backup withholding. Non-U.S. stockholders should complete and sign an applicable Form W-8 (a copy of which may be obtained from the exchange agent) in order to avoid backup withholding. See Instruction 9 of the letter of transmittal.

Withdrawal Rights

Tenders of shares of Caremark common stock made pursuant to the offer are irrevocable except that such shares of Caremark common stock may be withdrawn at any time prior to the expiration date and, unless such shares of Caremark common stock have been accepted for exchange by Express Scripts pursuant to the offer, may also be withdrawn at any time after March 16, 2007. If Express Scripts elects to extend the offer, is delayed in its acceptance for exchange of shares of Caremark common stock or is unable to accept shares of Caremark common stock for exchange pursuant to the offer for any reason, then, without prejudice to Express Scripts rights under the offer, the exchange agent may, on behalf of Express Scripts, retain tendered shares of Caremark common stock, and such shares of Caremark common stock may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as described in this section. Any such delay will be by an extension of the offer to the extent required by law. If Express Scripts decides to include a subsequent offering period, shares of Caremark common stock tendered during the subsequent offering period may not be withdrawn. Please see the section of this prospectus/offer to exchange entitled The Exchange Offer Extension, Termination and Amendment.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the exchange agent at one of its addresses set forth on the back cover page of this offer. Any such notice of withdrawal must specify the name of the person who tendered the shares of Caremark common stock to be withdrawn, the number of shares of Caremark common stock to be withdrawn and the name of the registered holder of such shares of Caremark common stock, if different from that of the person who tendered such shares of Caremark common stock. If certificates evidencing shares of Caremark common stock to be withdrawn have been delivered or otherwise identified to the exchange agent, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the exchange agent and, unless such shares of Caremark common stock have been tendered by or for the account of an Eligible Institution, the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution. If shares of Caremark common stock have been tendered pursuant to the procedure for book-entry transfer as set forth in the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn shares of Caremark common stock.

Withdrawals of shares of Caremark common stock may not be rescinded. Any shares of Caremark common stock properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the offer. However, withdrawn shares of Caremark common stock may be re-tendered at any time prior to the expiration date (or during the subsequent offering period, if any) by following one of the procedures described in the section of this prospectus/offer to exchange entitled The Exchange Offer Procedure for Tendering (except shares of Caremark common stock may not be re-tendered using the procedures for guaranteed delivery during any subsequent offering period).

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Express Scripts, in its discretion, whose determination will be final and binding to the fullest extent permitted by law. None of Express Scripts or any of their respective affiliates or assigns, the dealer

managers, the exchange agent, the Information Agent or any other person will be under any duty to give any notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Announcement of Results of the Offer

Express Scripts will announce the final results of the offer, including whether all of the conditions to the offer have been fulfilled or waived and whether Express Scripts will accept the tendered shares of common stock of Caremark for exchange after expiration of the offer. The announcement will be made by a press release.

Ownership of Express Scripts After the Offer

Upon consummation of the offer and the second-step merger, former Caremark stockholders would own in the aggregate approximately 57% of the outstanding shares of Express Scripts common stock, representing approximately 57% of the aggregate voting power on a fully diluted basis assuming that:

Express Scripts exchanges, pursuant to the offer or the second-step merger, all of the outstanding shares of Caremark common stock, which is assumed to be 425,950,551 (which is 426,541,731, the total number of shares reported to be outstanding on December 14, 2006, less 591,180 shares of Caremark stock currently owned by KEW Corp., a wholly-owned subsidiary of Express Scripts);

Express Scripts exchanges, pursuant to the offer or the second-step merger, the shares of Caremark common stock for all outstanding options to purchase shares of Caremark common stock, of which there were reported to be 20,189,000 as of September 30, 2006, based on the treasury stock method; and

135,649,703 shares of Express Scripts common stock were outstanding (excluding 23,791,878 shares held in treasury), 4,538,237 options outstanding and 842,928 shares of common stock were subject to stock settled appreciation rights (SSRs) as of December 31, 2006.

Material Federal Income Tax Consequences

The following is a summary of the material United States Federal income tax consequences to Caremark stockholders that exchange Caremark common stock for Express Scripts common stock and cash pursuant to the offer and the merger. This discussion is based on provisions of the Internal Revenue Code of 1986, as amended, Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of United States Federal income taxation that may be applicable to Caremark stockholders in light of their particular circumstances or to Caremark stockholders subject to special treatment under United States Federal income tax law including, without limitation:

partnerships,

foreign persons,

certain financial institutions,

insurance companies,

tax-exempt entities,

dealers in securities,

traders in securities that elect to apply a mark-to-market method of accounting,

certain U.S. expatriates,

persons that hold Caremark common stock as part of a straddle, hedge, conversion transaction or other integrated investment,

Caremark stockholders whose functional currency is not the United States dollar, and

Caremark stockholders who acquired Caremark common stock through the exercise of employee stock options or otherwise as compensation.

This discussion is limited to Caremark stockholders that hold their Caremark common stock as capital assets and does not consider the tax treatment of Caremark stockholders that hold Caremark common stock through a

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partnership or other pass-through entity. Furthermore, this summary does not discuss any aspect of state, local or foreign taxation. In the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, the material United States Federal income tax consequences to a Caremark stockholder of the exchange of Caremark common stock for Express Scripts common stock and cash pursuant to the offer and the second-step merger are as discussed below. This opinion is based on certain assumptions relating to the qualification of the offer and the second-step merger as a reorganization under 368(a) of the Code as described below.

Treatment as a reorganization. Express Scripts intends that the offer and the second-step merger be treated as component parts of an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, provided that certain assumptions are correct and certain other conditions relating to the offer and the merger are satisfied, including, among others, that:

(1) the value of the Express Scripts common stock issued to Caremark stockholders pursuant to the offer and the merger as a percentage of the total consideration furnished to Caremark stockholders in the offer and the merger will satisfy the continuity of shareholder interest requirement for corporate reorganizations, which, for Internal Revenue Service purposes, should be satisfied if the percentage is 40 or more, taking into account any cash issued in payments to persons perfecting appraisal rights and any acquisitions, in connection with the offer and the merger, by Express Scripts or any party related to Express Scripts, of shares of Express Scripts common stock issued to Caremark stockholders, such percentage generally being determined using the value of the Express Scripts common stock on the date of announcement of the offer unless certain exceptions apply,

(2) Express Scripts will continue Caremark s historic business or will use a significant portion of Caremark s historic business assets in a business,

(3) Express Scripts will acquire substantially all of Caremark s assets pursuant to the offer and the merger,

(4) the offer and the second-step merger are properly treated as an integrated transaction for U.S. federal income tax purposes, and

(5) the offer and the merger will be consummated in accordance with the terms of this prospectus/offer to exchange.

This opinion will not be binding on the IRS or the courts, and we will not seek a ruling from the IRS with regard to the transactions. Accordingly, there can be no certainty that the IRS will not challenge the conclusions described below or that a court would not sustain such a challenge.

In the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, which is based on and subject to the discussion contained in the previous paragraphs, the material United States federal income tax consequences to a Caremark stockholder of the exchange of Caremark common stock for Express Scripts common stock and cash pursuant to the offer and the merger would be as follows. Although there is no authority directly on point, the exchange of Caremark common stock for Express Scripts common stock and cash pursuant to the offer and the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. Accordingly:

A Caremark stockholder that receives Express Scripts common stock and cash in exchange for such stockholder s Caremark common stock pursuant to the offer and the merger will realize gain equal to the exce