

EXPRESS SCRIPTS INC

Form S-4

January 16, 2007

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As filed with the Securities and Exchange Commission on January 16, 2007
Registration Number 333-

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

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

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

DELAWARE
*(State or Other Jurisdiction of
Incorporation or Organization)*

5912
*(Primary Standard Industrial
Classification Code Number)*

43-1420563
*(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
Senior Vice President and Chief Financial Officer
Express Scripts, Inc.
13900 Riverport Drive
Maryland Heights, Missouri 63043
(314) 770-1666

(Name, address, including zip code, and telephone number,

Thomas M. Boudreau
Senior Vice President and General Counsel
Express Scripts, Inc.
13900 Riverport Drive
Maryland Heights, Missouri 63043
(314) 770-1666

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(2)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock, par value \$0.01 per share (together with the attached preferred share purchase rights)(1)	190,016,512	N/A	\$11,833,657,446	\$1,266,201.35

(1) Each share of Express Scripts common stock includes a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock pursuant to the Rights Agreement dated as of July 25, 2001 between Express Scripts, Inc. and American Stock Transfer & Trust Company.

- (2) Represents the maximum number of shares of Express Scripts common stock (together with the attached preferred share purchase rights) that can be issued in the exchange offer and second-step merger.
- (3) Pursuant to Rule 457(c) and Rule 457(f) under the Securities Act, and solely for the purpose of calculating the registration fee, the market value of the securities to be received was calculated as the product of (i) 446,048,151 shares of Caremark Rx, Inc. common stock (the sum of (x) 426,541,731 shares of Caremark Rx, Inc. common stock outstanding and (y) 20,097,600 shares of Caremark Rx, Inc. common stock issuable upon the exercise of outstanding options and warrants, each as of December 14, 2006 (each as reported in the joint proxy statement/prospectus of Caremark Rx, Inc. and CVS Corporation contained within the Registration Statement on Form S-4 filed by CVS Corporation on January 9, 2007), less (z) 591,180 shares of Caremark Rx, Inc. common stock owned by KEW Corp., a wholly-owned subsidiary of Express Scripts, Inc.) and (ii) the average of the high and low sales prices of Caremark Rx, Inc. common stock as reported on the New York Stock Exchange on January 11, 2007 (\$55.78), minus \$13,046,908,416.75, the estimated maximum aggregate amount of cash to be paid by Express Scripts, Inc. in the offer and the second-step merger in exchange for such securities.

If, as a result of stock splits, stock dividends or similar transactions, the number of securities purported to be registered on the registration statement changes, the provisions of Rule 416 shall apply to the registration statement.

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/offer to exchange is not complete and may be changed. Express Scripts may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/offer to exchange is not an offer to sell these securities.

SUBJECT TO COMPLETION, DATED JANUARY 16, 2007

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.

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 15.

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 50.

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 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 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 January 16, 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 intends to solicit proxies from Caremark stockholders against approval of the merger agreement between Caremark and CVS and, if necessary, 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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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
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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 January 12, 2007, the last trading date prior to the printing of this prospectus/offer to exchange, the closing price of a share of Express Scripts common stock was \$64.83. 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 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, 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 December 15, 2006, which was the last trading day prior to the announcement of our offer;

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the offer also represents a 6.6% premium over the proposed price to be paid pursuant to the Caremark/CVS merger agreement based on the closing price on January 12, 2007 of CVS common stock and our common stock, which was the last practicable trading date prior to the printing of this prospectus/offer to exchange;

the cash consideration included as part of the offer consideration provides you an opportunity to achieve liquidity and to realize an immediate premium for your 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.

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 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.

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**

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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.

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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

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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 does not support, or actively opposes, our offer. We believe that Caremark's board has a fiduciary duty to accept our offer.

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

Express Scripts has filed preliminary proxy materials with the SEC to solicit proxies from Caremark stockholders (and, when permitted, to distribute definitive 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. Any such solicitation will be made only pursuant to separate proxy materials 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.

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 its potential proxy solicitation 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.

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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 the printing 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. 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 commitment letters 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,

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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 sol