

EXPRESS SCRIPTS INC
Form 10-Q
April 23, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2007.
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____.

Commission File Number: 0-20199

EXPRESS SCRIPTS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

43-1420563
(I.R.S. employer identification no.)

One Express Way, St. Louis, MO
(Address of principal executive offices)

63121
(Zip Code)

Registrant's telephone number, including area code: (314) 996-0900

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Common stock outstanding as of March 31, 2007: 136,215,000 Shares

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**EXPRESS SCRIPTS, INC.
Unaudited Consolidated Balance Sheet**

<i>(in millions, except share data)</i>	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 207.2	\$ 131.0

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Receivables, net	1,344.5	1,334.4
Inventories	203.1	194.6
Deferred taxes	103.8	90.9
Prepaid expenses and other current assets	21.3	21.2
Total current assets	1,879.9	1,772.1
Property and equipment, net	193.1	201.4
Goodwill	2,686.0	2,686.0
Other intangible assets, net	368.5	378.4
Other assets	72.7	70.2
Total assets	\$ 5,200.2	\$ 5,108.1
Liabilities and Stockholders' Equity		
Current liabilities:		
Claims and rebates payable	\$ 1,239.0	\$ 1,275.7
Accounts payable	581.1	583.4
Accrued expenses	422.1	390.2
Current maturities of long-term debt	200.1	180.1
Total current liabilities	2,442.3	2,429.4
Long-term debt	1,160.4	1,270.4
Other liabilities	309.5	283.4
Total liabilities	3,912.2	3,983.2
Stockholders' Equity:		
Preferred stock, 5,000,000 shares authorized, \$0.01 par value per share; and no shares issued and outstanding	-	-
Common stock, 650,000,000 shares authorized, \$0.01 par value per share; shares issued: 159,418,000 and 159,442,000, respectively; shares outstanding: 136,215,000 and 135,650,000, respectively	1.6	1.6
Additional paid-in capital	506.4	495.3
Accumulated other comprehensive income	12.3	11.9
Retained earnings	2,150.8	2,017.3
	2,671.1	2,526.1
Common stock in treasury at cost, 23,203,000 and 23,792,000 shares, respectively	(1,383.1)	(1,401.2)
Total stockholders' equity	1,288.0	1,124.9
Total liabilities and stockholders' equity	\$ 5,200.2	\$ 5,108.1

See accompanying Notes to Unaudited Consolidated Financial Statements

EXPRESS SCRIPTS, INC.
Unaudited Consolidated Statement of Operations

<i>(in millions)</i>	Three Months Ended	
	March 31,	
	2007	2006
Revenues ¹	\$4,539.5	\$4,380.0
Cost of revenues ¹	4,113.4	4,035.4
Gross profit	426.1	344.6
Selling, general and administrative	172.7	161.1
Operating income	253.4	183.5
Other (expense) income:		
Non-operating charges, net	(23.0)	-
Undistributed loss from joint venture	(0.4)	(0.5)
Interest income	2.8	5.0
Interest expense	(22.2)	(20.5)
	(42.8)	(16.0)
Income before income taxes	210.6	167.5
Provision for income taxes	76.9	62.8
Net income	\$ 133.7	\$ 104.7
Basic earnings per share:	\$ 0.98	\$ 0.71

Weighted average number of common shares