

# Express Scripts and Medco lower break-up fee

The Associated Press

Pharmacy benefits managers Express Scripts Inc. and Medco Health Solutions Inc. agreed Tuesday to reduce the breakup fee if their planned \$29.1 billion tie-up doesn't go through.

The fee is now \$650 million, down from \$950 million. However, the fee remains \$950 million if the deal is terminated after one of the companies changes its recommendation to shareholders. The revisions also reduce the number of times either company can try to match a competing buyout offer for the other. The companies said they will hold special shareholder meetings on deal, but those meetings won't take place before Dec. 21.

In a filing with the Securities and Exchange Commission, Express Scripts and Medco also said they settled lawsuits that were filed by shareholders in New Jersey and Delaware courts.

Express Scripts agreed in July buy Medco in a cash and stock deal then worth \$29.1 billion. The companies hope to complete the deal in the first half of 2012, although regulators are still reviewing the sale. A U.S. Senate subcommittee will hold a hearing on the deal Dec. 6.

Fitch Ratings said Wednesday it will keep Express Scripts' ratings on Rating Watch Negative after completing a further review of the sale. Fitch said the St. Louis company will take on \$11 billion to \$12 billion in additional debt to pay for the cash portion of the Medco deal. Fitch rates Express Scripts' credit at 'BBB'. That rating is investment grade, two notches above "junk" status.

"The regulatory approval process by the U.S. Federal Trade Commission will likely be challenging and lengthy, which could affect the combined company's ability to realize its targeted synergies and add to financing costs," Fitch said.

Shares of Express Scripts rose \$1.23, or 2.6 percent, to \$48.32 on Tuesday. Shares of Franklin Lakes, N.J.-based Medco picked up \$1 to \$58.11.

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