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## Express Scripts, Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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Thank you. [Operator Instructions]. Our first question is from line of Tom Gallucci with Merrill Lynch. Please go ahead.

#### **Tom Gallucci - Merrill Lynch**

Good morning, thank you very much. Just two quick ones if I could. I guess first, you mentioned some highlights about the selling season, I guess what you've got up for renewal and there has been a lot of talk about GHI contract in particular; so just curious if you could lend your perspective on that particular client. And then second question would be on the generics that you mentioned. Can you go into little more detail about exactly what's better there, relative penetration and purchasing, and sort of maybe the rate that you are saying in terms of generic deflation, if you will, if you are getting much better purchasing terms?

#### **George Paz - Chairman, Chief Executive Officer and President**

Sure. Let's start with the GHI situation. And I do this without a lot of... feeling good about this, because I really don't think it's appropriate to talk about client-by-client situations. Unfortunately, there has been an awful lot of noise around this situation. I know I was the client of a particular vendor, which I am in many cases, I sure what hate to hear down on their earnings call talking about my business and the impacts that may have. So this is a not a very pleasant situation. We have been very disciplined about not talking about specific client. We have a contract with GHI, they have the right to move business, but we also have very good relationships with underlying business in their contract.

As we do our guidance, we take into consideration that business opportunities and risks associated with that client, it's in fact we were able to... if GHI withdrew all of their business from us, it would not have a material impact on the numbers that we are providing for you in our guidance. I would really like to leave it at that and what GHI manage their business and allow my account management team and sales people to manage that relationship.

With respect to the generic situation, I think I will take part and let Ed answer a piece of this. I think as we've said many times in the past, it's not just about converting a drug to a generic, everybody does that. As you probably have seen recently, drugs are about to go generic, brand manufactures often put significant price of inflation in front of those generic launches. There is two reasons to do that as you would probably suspect. One is to make sure you've maximized your profits before the generic launch; and secondly, it's also to try to move shares, especially if you have a need to drug in

the pipeline are coming that's already in the market place to move people on to the other drug, if you can get the price a little more reasonable.

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