

## **MHS Stock Split FAQs**

**1. Medco's Board of Directors recently approved a two-for-one stock split.**

**How was this split structured?**

On November 28, 2007, Medco's Board of Directors approved a two-for-one stock split of Medco's Common Stock. The split was structured in the form of a stock dividend and is payable on January 24, 2008, to shareholders of record at the close of business of January 10, 2008 (the "Record Date"), with respect to the shares outstanding at such time.

**2. What is a two-for-one stock split?**

In a two-for-one stock split, effected as a stock dividend, the shareholder receives one additional share of stock for every share they own at the close of business on the Record Date.

**3. Has Medco Health Solutions ever done a stock split before?**

This is Medco's first stock split since being publicly traded as an independent company in August 2003.

**4. Why are you splitting the stock now?**

Medco's Board of Directors made a decision to split the stock in order to make the shares more affordable to a broader range of potential investors and to increase liquidity in the trading of Medco shares.

**5. Why are you splitting the stock versus distributing a cash dividend?**

Medco does not currently have future plans for issuing a cash dividend. The company prefers to invest its cash in growth-generating opportunities with the goal of returning value to Medco's shareholders.

**6. How does a two-for-one stock split actually work?**

A two-for-one split means the shareowner will have twice as many shares as held before, but each share has half the market price. For example, if you own 100 shares of stock and the market price is \$10 per share, your total investment is \$1,000. After the split, you will have 200 shares of stock, but the market price will be approximately \$5 per share. Your total investment of \$1,000 remains the same.

**7. Did the shareholders vote to approve the stock split?**

Shareholder approval was not needed because the split was effected as a stock dividend and the number of shares outstanding after the split is still below the maximum number of shares authorized by our shareholders. Only Board of Directors' approval was necessary.

**8. What is the Declaration Date?**

November 28, 2007

**9. When is the Record Date?**

January 10, 2008

**10. When is the Distribution Date?**

January 24, 2008

**11. When is the Ex-Distribution Date (also referred to as the Ex-Split date)?**

January 25, 2008 is the date on which Medco Common Shares will trade on the New York Stock Exchange at the new split adjusted price.

**12. What happens if I sell my shares on or between the Record Date and the Distribution Date?**

Between the Record Date, January 10, 2008, and the Distribution Date, January 24, 2008, two separate markets are expected to exist for Medco's Common Shares on the New York Stock Exchange. These separate markets are referred to as the "regular way" market and the "when-issued" market. Shares trading under the symbol "MHS" will continue to trade at the higher pre-split price in the "regular way market." Shareholders who sell in the regular way market will receive value for the shares they sell and are not entitled to the split shares thereafter. By selling "regular way", shareholders transfer their rights to the split shares to the buyer through a mechanism called a "due bill." "When issued" trading is reported under the symbol MHS.WI. When issued trading ceases on the Distribution Date. For further information about "when issued" trading, you should contact your broker.

**13. When will Medco stock begin trading on a split basis only?**

Medco will begin trading on a split basis only on January 25, 2008, also known as the "Ex-Distribution" Date or the "Ex-Split"- Date. This date refers to when shares of Medco Common Stock will begin trading on the New York Stock Exchange at the new split-adjusted price.

**14. What exactly will I receive and how will I receive my additional shares?**

For each Medco Common Share held of record at the close of business on January 10, 2008, you will receive one additional share of Medco stock. Since the stock split shares are being issued to registered shareholders in book-entry form rather than in the form of a stock certificate, holders of record will not receive a new stock certificate representing the additional stock split shares. If your shares are being held in street-name (or brokerage account), your additional shares will automatically be deposited to your account by your broker.

**15. Will I automatically receive a stock certificate for the new shares? Can I get a stock certificate if I want it?**

You will not automatically receive stock certificates for your stock split shares. If you are a registered holder of Medco Common Shares, you will receive the stock split shares in book-entry form rather than in the form of stock certificates. This means that your shares will be credited to an account registered in your name on

the books of Medco, which are maintained by Medco's transfer agent, The Bank of New York Mellon Corporation, rather than sent to you in physical stock certificate form. In the event a shareholder would like to obtain a stock certificate in paper format, the shareholder needs to contact our transfer agent, The Bank of New York Mellon Corporation, at 1-866-808-8310 or through their website at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner). There is no fee for certificates.

**16. When will I receive a statement showing my stock split shares?**

On or about January 25, 2008, Medco's transfer agent, The Bank of New York Mellon Corporation, will send to registered holders a personalized Stock Distribution Statement about their new book-entry shares.

**17. Is it better to buy now or wait until after the split?**

We cannot provide shareholders with investment advice.

**18. Can we buy shares between the Declaration Date and the Record Date?**

Yes.

**19. If my shares are held in street name (brokerage account), how will I be notified?**

Your broker will notify you.

**20. When can I sell my split shares?**

Some time after the Record Date, January 10, 2008, a "when issued" market will be established in which you can sell your current holdings and your expected distribution in order to effect a round lot sale. After the January 25, 2008 "Ex-Distribution" Date or "Ex-Split" Date, only the post-split shares will trade.

**21. Will the stock split affect the cost basis of my Medco shares?**

Yes, your per share cost basis will change. We recommend you consult your tax advisor.

**22. Are the stock split shares to be distributed subject to federal income tax?**

The following generally summarizes the U.S. federal income tax consequences that generally arise with a stock split. You should consult your personal tax advisor regarding the tax consequences of any transaction you undertake with these shares.

Generally, you do not need to pay tax on the additional shares of stock you receive as a result of a stock split. However, if you sell shares, this distribution must be considered in figuring the tax basis of your shares to determine your gain or loss for federal income tax purposes. The new shares issued will have a basis equal to one-half the adjusted cost or other basis of the shares on which they were distributed. The basis for computing gain or loss concerning the balance of your stock is reduced to one-half of its former basis.

23. **Will the stock split change my percentage ownership in Medco?**  
No, as all Medco shareholders will receive one additional share for each share held as of the January 10, 2008 Record Date.
24. **Will I be able to vote my stock split shares at the 2008 Annual Meeting?**  
Yes. The record date for the 2008 Annual Meeting will be sometime after the stock split has been effected and only shares outstanding on that record date may be voted at the Annual Meeting. The stock split does not impact your shareowner voting rights.
25. **Where will the notification be mailed?**  
If you are a registered shareholder, your notification will be mailed to the address our transfer agent, The Bank of New York Mellon Corporation, has on file. To verify the accuracy of your address, you can contact them directly at 866-808-8310 or through their website at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner). If you hold your shares in a brokerage account in the broker's name, the additional shares will be sent directly to your broker.
26. **How can I update my address?**  
If you are a registered shareholder, you can update your address by contacting our transfer agent, The Bank of New York Mellon Corporation, at 866-808-8310 or through their website at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).
27. **What is "book-entry"?**  
Book-entry form of registered ownership allows you to own shares without having paper stock certificates in your possession. You are the record owner and enjoy the same shareholder benefits as you would with certificated shares.
28. **What are the benefits of book-entry shares?**  
Book-entry ownership eliminates some of the problems associated with paper certificates such as storage and safety of securities. Book-entry shares also eliminate the requirement for physical movement of stock certificates at the time of sale or transfer of ownership.
29. **How do I keep track of my book-entry shares?**  
If you hold your book-entry shares through our transfer agent, The Bank of New York Mellon Corporation, you will receive a statement or confirmation detailing any activity affecting your book entry shares shortly after a transaction has taken place. You may, of course, request an additional statement at any time by contacting The Bank of New York Mellon Corporation at 866-808-8310 or through their website at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).
30. **I have stock certificates. Can I convert them to book-entry shares?**  
Yes. Simply send your stock certificates to c/o BNY Mellon Shareowner Services, P.O. Box 358035, Pittsburgh, PA 15252-8035, with written instructions to deposit them in your account as book-entry items. Do not endorse the

certificates or complete the assignment section. Certificates should be sent to the address above by registered or certified mail with return receipt requested, or some other form of traceable mail, and properly insured. You can contact The Bank of New York Mellon Corporation at 866-808-8310 to obtain the replacement cost for insurance purposes. They will provide to you a statement confirming the deposit of your shares to your book-entry account.

**31. Can I get stock certificates for my book-entry shares?**

You may request stock certificates for the whole shares in your book-entry account at any time by contacting The Bank of New York Mellon Corporation at 866-808-8310 or through their website at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).

**32. What should I do with the stock certificates I currently hold? Are they still valid?**

The stock certificates that you currently hold are still valid and should not be destroyed or exchanged. Those certificates continue to represent the same number of shares as shown on their face and should be kept in a secure place.

**33. What happens if I lose my Stock Distribution Statement?**

Unlike stock certificates, the Stock Distribution Statement is not a negotiable document, so there is no replacement fee. You can request replacement statements at any time by contacting The Bank of New York Mellon Corporation at 866-808-8310. You will receive an annual statement from them reporting the current share balance in your book-entry account.

**34. Who can I contact for additional information?**

If you have questions about the stock split, questions regarding shareowner records, stock transfers, stock certificates or other related inquiries, please contact Medco's transfer agent:

The Bank of New York Mellon Corporation  
c/o BNY Mellon Shareowner Services  
P.O. Box 358035  
Pittsburgh, PA 15252-8035  
Phone: 866-808-8310  
International callers: 201-680-6685  
Website: [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

Other questions, or requests for information, should be directed to Medco's Investor Relations Department:

Medco Health Solutions  
Investor Relations Department  
100 Parsons Pond Drive  
Franklin Lakes, NJ 07417  
201-269-4279