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Chronimed Announces Preliminary Revenues for Fiscal 2001

September 25, 2001 at 12:00 AM EDT

Company Also Updates Timeline for Fiscal Year 2001 10-K Filing

Company Provides Revenue and Earnings Guidance for Fiscal Year 2002

MINNEAPOLIS, Sept. 25 /PRNewswire/ -- Chronimed Inc. (Nasdaq: CHMDE) announced today that its revenues for the fiscal year ended June 29, 2001, are expected to approximate \$300 million, a 35% increase over restated fiscal year 2000. Restated revenues for the fiscal year ended June 30, 2000, are expected to approximate \$223 million.

In June 2001, the company announced that its financial statements for the first three quarters of fiscal 2001 and for the fiscal year ended June 30, 2000 would be restated due to revenue overstatements. These resulted from systems software and procedure problems at its StatScript subsidiary. The revenues reported above reflect a preliminary revenue restatement of the company's financial statements.

In June 2001, Chronimed also announced that it would take a one-time charge for doubtful accounts during the quarter ended June 29, 2001. In preparing its fiscal 2001 financial statements, the company has now determined that the charge for doubtful accounts will be reflected partially in fiscal 2001 and partially in fiscal 2000. Chronimed is currently conducting additional accounting procedures to determine the specific periods impacted by the doubtful accounts. Because this work will not be completed until after September 27, 2001, Chronimed will file a notification with the Securities and Exchange Commission giving Chronimed an additional 15 days to file its Annual Report on Form 10-K for the fiscal year ended June 29, 2001. Chronimed stated that it has been informed by Nasdaq that the Chronimed common stock will continue to be listed on the Nasdaq National Market system so long as the Annual Report on Form 10-K is filed with the Securities and Exchange Commission on or before October 12, 2001.

Henry F. Blissenbach, Chronimed's chairman and chief executive officer commented, "We feel confident the accounting software system and procedure problems that caused the restatement have been fixed and will not occur in the future. I want to assure shareholders that the extension for filing the Form 10-K report is not the result of any new accounting problems or issues. Based on our best estimates, we believe the total impact of the revenue restatement and the charge for doubtful accounts will be in the \$14 million to \$15 million range."

Chronimed is providing guidance on anticipated financial results for the fiscal year ending June 28, 2002. The Company expects fiscal 2002 revenues to be in the range of \$380 million to \$400 million compared to fiscal 2001 revenues of \$300 million. Chronimed expects to earn approximately 16 to 18 cents per share in fiscal year 2002, with increasing levels of profit in the second half of the year. This guidance excludes the one-time expenses related to the financial restatement efforts and the transition of StatScript's Kansas City office to the corporate headquarters in Minneapolis.

Chronimed will conduct a conference call on Tuesday, September 25, 2001, 11:00 a.m. Central Daylight Time. To participate in the conference call, dial 212-896-6098 at least five minutes prior to the scheduled time, and follow the operator's instructions. The conference call will also be Webcast live over the Internet. To participate, logon to the Company's website at www.chronimed.com.

If you are unable to join the live call, it will be archived on Chronimed's website. In addition, a recording of the conference call will be available through an Instant Replay Service for a 24-hour period beginning at 1:00 p.m. CDT. To access the replay during this period, call 800-633-8284 and enter the Reservation Number 19771819, followed by the "#" key.

Chronimed Inc. is a disease-focused drug distribution company serving the prescription drug needs of people with chronic health conditions. The Company distributes pharmaceuticals and provides specialized patient management services nationwide for people with long-term chronic conditions such as HIV/AIDS, organ transplant and diseases treated with biotech injectable medications. Chronimed works directly with patients, providers, payors, manufacturers and wholesalers to improve clinical and cost-of-care outcomes. Chronimed's web site address is www.chronimed.com.

As a cautionary note to investors, certain matters discussed in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such matters involve risks and uncertainties that may cause actual results to differ materially, including the following: changes in economic conditions; general competitive factors; pressures on gross profit margins; timely completion of the current audit; final quantification of the restatement and write-off adjustment to the financial statements; continued listing of the Company's securities with a national exchange; the Company's ability to execute its sales and marketing plans; changes in the status of managed care contracts, particularly but not limited to Aetna U.S. Healthcare; changes in ownership; material litigation; performance of acquired businesses; and the risks described from time to time in the Company's public reports filed with the SEC.