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## MIM Announces Third Consecutive Quarter of Double-Digit Earnings Growth

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ELMSFORD, N.Y., Oct. 22, 2001 /PRNewswire/ -- MIM Corporation (Nasdaq: MIMS) (CBOE:OQX), a pharmaceutical healthcare organization, following the strong trend of the first half of the year, today reported net income of \$4.3 million for the third quarter of 2001 or \$0.19 per diluted share on revenues of \$120 million, compared to net income of \$0.2 million or \$0.01 per diluted share for the same quarter last year, achieving its third consecutive quarter of double-digit earnings growth. Net income includes a special one-time gain of \$1.3 million or \$0.06 per diluted share.

EBITDA for the third quarter increased 300% to \$6.6 million, compared with \$1.6 million for the same period a year ago.

Net income for the nine months ended September 30, 2001 was \$11 million or \$0.51 per diluted share, compared to \$2 million or \$0.10 per diluted share for the same period last year. Included in net income is approximately \$2.2 million, or \$0.10 per diluted share, of special one-time gains. EBITDA for the first nine months grew 26% to \$17.3 million from \$4.7 million in the previous year's period.

Richard H. Friedman, Chairman and Chief Executive Officer commented, "Our PBM and mail order lives have now reached 8.2 million, a 15% increase over the second quarter of 2001. We also continue to make excellent progress in the growth of our specialty lives, with a 45% increase in enrolled lives, currently at 3,398."

Revenues for the third quarter were up 56% to \$120 million, compared with \$77 million for the third quarter a year ago. The increase is primarily due to an increase in lives under contract in both the PBM and Specialty businesses.

Cost of revenue for the three months ended September 30, 2001 was \$106 million, compared with \$67 million for the same period last year. Cost of revenue increased due to the inclusion in 2001 of ADIMA's operations for the full quarter, as well as increases in PBM and specialty costs resulting from increased lives under contract.

Gross profit for the third quarter increased to \$13.7 million, or 11.4% of revenue compared to \$9.7 million, or 12.6% of revenue for the same period a year ago. The gross profit percentage decline for the current quarter is the result of the growth in revenues coming primarily from the PBM business, which is historically a lower margin business.

Selling, general and administrative expenses were \$9.8 million for the third quarter of 2001 compared to \$9.2 million for the same period a year ago. That increase is primarily the result of the inclusion of a full quarter of ADIMA's operating expenses, as well as expansion of key management personnel.

During the past quarter the Company announced a contract with MedImpact Healthcare Systems, Inc. to provide mail pharmacy services to its PBM customer, Harvard Pilgrim Health Care, a managed care organization. Under the contract, MIM will make prescription pharmaceuticals available via mail order to approximately 1.1 million members of the Harvard Pilgrim Health Care.

"In addition, as reported last week, we have recently signed contracts to provide specialty pharmaceutical products and services to the chronically ill and genetically impaired members of PersonalCare HMO of Illinois, and Carilion Health Plans Inc. of Virginia. Combined, the contracts grant MIM access to their respective specialty populations. These achievements are the direct result of our expanded specialty management and sales teams and we anticipate continuing this momentum with more and more groups signed in the coming months," noted Mr. Friedman.

Continuing to capitalize on operating efficiencies achieved by the Company's increased retail and mail service claims volume, EBITDA/Rx for the third quarter was \$1.43. This compares to EBITDA/Rx of \$1.27 for the second quarter and \$1.18 for first quarter.

In the first quarter, the Company adopted a new method of recording pharmaceutical manufacturers' rebates that are shared with the Company's PBM customers. As a result, the Company has recorded rebates shared with its customers as a reduction of revenue, and the entire amount of rebates billed as a reduction to cost of revenue. Prior to this, the Company recorded only the difference between the rebates billed and the rebates shared with customers as a reduction of cost of revenue. For comparative purposes, the revenue and cost of revenue for 2000 have been adjusted to reflect this change.

Revenues for the first nine months were \$333 million, a 35% increase, compared to \$247 million for the same period last year. Cost of revenue for the first nine months was \$294 million compared to \$222 million for 2000. Gross profit increased to 11.6% for the first nine months of 2001 compared to 10.1% for the same period in 2000. This is primarily due to the inclusion of ADIMA for the entire nine months of 2001 as well as increases in other specialty business. These revenues generate a higher gross profit margin than other PBM revenues.

Selling, general and administrative expenses for the nine months of 2001 were \$27.6 million, up from \$22.7 million in the first nine months of 2000. This increase is primarily the result of the inclusion of ADIMA's operating expenses for the entire nine months of 2001, as well as increased operating expenses due to the relocation and modification of a mail service facility in 2000.

The Company has a \$45 million credit facility, which was completely available as of September 30, 2001, to capitalize on strategic acquisition opportunities and for working capital purposes. The Company's balance sheet remains solid.

"Our business model is strong," stated Mr. Friedman. "Our 2001 results have been outstanding and we look forward to continuing this growth trend. We remain focused on capitalizing on our clinical expertise and building the high margin specialty business."

MIM Corporation will host a conference call to discuss the third quarter results on Tuesday, October 23, 2001 at 10:00 AM EST. Investors and other interested parties can dial into the call at 800-450-0788 (domestic) or 612- 332-0226 (international). A replay of the call will be available beginning the same day, at 1:30 PM EST and continuing through October 30, at 11:59 PM EST. The replay may be accessed at any time by dialing 800-475-6701 (domestic) or 320-365-3844 (international) and entering access code 604730.

MIM Corporation (www.mimcorporation.com) is a pharmaceutical healthcare organization managing and delivering innovative, cost-effective pharmacy benefits, which enhance the quality of patient lives. MIM's innovative pharmacy benefit products and services use clinically sound guidelines to ensure cost control and quality care. MIM's specialty pharmaceutical division specializes in serving the chronically ill affected by life threatening diseases. MIM's fulfillment operations specialize in serving individuals that require long-term maintenance medications. MIM's online pharmacy, www.MIMRx.com, develops private label websites to offer affinity groups and healthcare providers innovative, customized, health information services and products on the Internet for their members.

This press release may contain statements which constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the intent, belief or current expectations of the Company, its directors, or its officers with respect to the future operating performance of the Company. Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. Important factors that could cause such differences are described in the Company's periodic filings with the Securities and Exchange Commission.

Financial Tables and  
Supplemental Data Follow

Supplemental Data  
(In thousands, except per Rx amounts)

	September 30,	
	2001	2000
Pharmacy network claims processed	4,254	3,061
Mail pharmacy prescriptions filled (adjusted)	335	180
EBITDA per Rx	\$ 1.43	\$ 0.51
Gross profit per Rx	\$ 2.98	\$ 3.00

MIM Corporation and Subsidiaries  
Consolidated Statements of Income  
(In thousands, except per share amounts)

	For the three months ended September 30,	
	2001	2000
Revenue	\$ 119,886	\$ 76,919
Cost of revenue	106,231	67,196
Gross profit	13,655	9,723
Sales, general & administrative expenses	9,826	9,164
TennCare reserve adjustment	(1,496)	--
Amortization of intangibles	551	391
Income from operations	4,774	168
Interest income, net	(43)	15
Income before taxes	4,731	183

Taxes		409		--
Net income	\$	4,322	\$	183
Earnings before interest, taxes, depreciation and amortization	\$	6,572	\$	1,642
Weighted average number of shares outstanding:				
Basic		21,361		20,551
Diluted		22,589		20,646
Earnings per share (basic)	\$	0.20	\$	0.01
Earnings per share (diluted)	\$	0.19	\$	0.01

MIM Corporation and Subsidiaries  
Consolidated Statements of Income  
(In thousands, except per share amounts)

	For the nine months ended	
	September 30,	
	2001	2000
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Revenue	\$ 332,773	\$ 246,542
Cost of revenue	294,047	221,683
Gross profit	38,726	24,859
Sales, general & administrative expenses	27,599	22,693
TennCare reserve adjustments	(2,476)	--
Amortization of intangibles	1,631	905
Income from operations	11,972	1,261
Interest income, net	(27)	729
Income before taxes	11,945	1,990
Taxes	932	--
Net income	\$ 11,013	\$ 1,990
Earnings before interest, taxes, depreciation and amortization	17,258	4,745
Weighted average number of shares outstanding:		
Basic	20,894	19,266
Diluted	21,624	19,563

Earnings per share (basic)	\$	0.53	\$	0.10
Earnings per share (diluted)	\$	0.51	\$	0.10

MIM Corporation and Subsidiaries  
Consolidated Balance Sheets  
(000's)

	Sept. 30, 2001	Dec. 31, 2000
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<b>ASSETS</b>		
Current assets	\$ 77,999	\$ 66,390
Other assets & investments	2,366	2,163
Property and equipment, net	9,905	10,813
Due from affiliates, net	2,108	2,012
Intangible assets, net	39,378	39,023
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Total assets	\$ 131,756	\$ 120,401
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<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities	\$ 75,577	\$ 77,574
Capital lease obligations, net of current portion	1,184	1,621
Other non current liabilities	132	589
Minority interest	--	1,112
Stockholders' equity	54,863	39,505
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Total liabilities and stockholders' equity	\$ 131,756	\$ 120,401
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Certain amounts in the 2000 balance sheet and income statement have been reclassified for comparative purposes.

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