

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: **February 3, 2004**
(Date of earliest event reported)

MIM Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-28740
(Commission
File Number)

05-0489664
(IRS Employer
Identification No.)

**100 Clearbrook Road, Elmsford, New
York**
(Address of Principal Executive Offices)

10523
(Zip Code)

Registrant's telephone number, including area code: **(914) 460-1600**

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibits

(c) Exhibits. The following Exhibit is filed with this Report:

<u>Exhibit</u>	<u>Description of Exhibit</u>
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99.1	Press Release dated February 3, 2003
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Item 9. Regulation FD Disclosure.

This press release dated February 3, 2004, which announces earnings for our fourth quarter and year ended December 31, 2003 includes "non-GAAP financial measures" as defined by SEC rules.

The Tables of Reconciliation presented in our fourth quarter press release demonstrate the differences between the non-GAAP financial measures and the most directly comparable GAAP measures. As required by Regulation G, the Company has provided a quantitative comparison between the GAAP and disclosed non-GAAP financial measures. The non-GAAP measures presented provide important insight into the ongoing operations and a meaningful comparison of revenue, gross profit, selling, general and administrative expenses, operating income, net income and earnings per share.

We believe that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. For this reason, we believe that investors may find it useful to see comparative financial results without the effects of TennCare, Synagis and the Wholesale Oncology businesses. The results of these businesses have been removed as they have been exited or ended in the fiscal year. In addition, the Company has presented adjusted results assuming a 40% effective tax rate for the comparative 2002 periods.

In accordance with the procedural guidance in SEC Release No. 33-8216, the information in this Form 8-K and the Exhibit attached hereto is being furnished under "Item 9. Regulation FD Disclosure" rather than under "Item 12. Disclosure of Results of Operations and Financial Condition."

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this to be signed on its behalf by the undersigned duly authorized.

MIM CORPORATION.

Date: February 5, 2004

By: /s/ James S. Lusk
James S. Lusk, Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release issued by MIM Corporation on February 3, 2004



MIM Reports 4Q EPS of \$0.07, Including \$0.01 Acquisition-Related Expense

*Operating Results Meet Consensus; Strong Specialty and Mail Drive Growth
Specialty Acquisition Announced*

ELMSFORD, NY - February 3, 2004 - MIM Corporation (NASDAQ:MIMS) (CBOE:OQX) (AMEX:OQX), a pharmaceutical healthcare organization, today reported fourth quarter and fiscal 2003 results.

Financial Highlights⁽¹⁾

- Fourth quarter earnings per share were \$0.08, excluding \$0.6 million in expenses related to acquisition efforts
- Fourth quarter Specialty revenues increased 8% sequentially over the third quarter
- Specialty and Mail prescriptions dispensed in 2003 increased 27% over 2002
- 2003 total revenues increased 20%, excluding TennCare PBM business and Synagis
- Specialty acquisition complements disease state profile and adds to regional strength
- 2004 earnings per share guidance is \$0.42

Richard H. Friedman, Chairman and Chief Executive Officer commented: “We are pleased with the continued strong performance of the Specialty business, where our focus on serving the needs of payors, patients, physicians and manufacturers is driving earnings growth. We have met consensus estimates from operations. Quarter to quarter sequential growth continues to be strong.”

MIM recently announced the acquisition of Natural Living, Inc., a specialty pharmaceutical provider, based in the New York metropolitan area. MIM acquired Natural Living for approximately \$15 million.

“Our results demonstrate the success of our business model and ability to leverage existing assets, while taking advantage of accretive acquisition opportunities such as Natural Living,” added Mr. Friedman.

As previously announced, the State of Tennessee ended its TennCare PBM contract with the Company and other providers, effective July 1, 2003. Furthermore, the Company ceased distributing Synagis in the third quarter of 2003, due to a reduction in distribution channels by the manufacturer.

Revenues for the fourth quarter of 2003 were \$135.7 million compared to \$150.7 million in the fourth quarter of 2002. Fourth quarter revenues increased 26% over 2002, excluding the revenue from TennCare PBM services and Synagis.⁽¹⁾

Fourth quarter Specialty revenues were \$48.3 million compared to \$50.4 million for the same period last year. This decrease reflects the loss of \$8.4 million in Synagis sales. Excluding the results from Synagis, the Specialty segment grew 15% over the prior year's period. Sequentially, fourth quarter Specialty revenues grew 8% over the third quarter.

Fourth quarter PBM Services segment revenues, which includes Mail, were \$87.5 million compared to \$100.3 million for the same period last year. Excluding TennCare PBM services, PBM revenues grew 34% in the current quarter compared to \$65.5 million in the fourth quarter of 2002. (1)

During the quarter, MIM's Bioscrip specialty pharmacy division was selected as a national distributor of a newly approved treatment for psoriasis. "We are enthusiastic about the opportunity to begin offering this product to our client base of more than 350 managed care organizations and associated physicians," commented Mr. Friedman.

Operating income for the fourth quarter was \$2.7 million compared to \$5.6 million for the fourth quarter of 2002. Operating income grew to \$2.7 million versus \$2.5 million for the prior year's quarter, excluding the results from TennCare and Synagis. (1)

Net income for the fourth quarter 2003 was \$1.5 million or \$0.07 per diluted share based on a 40% effective tax rate. Net income for the fourth quarter 2002 was \$4.4 million or \$0.19 per diluted share, which was reported using a 20% effective tax rate. Net income for fourth quarter 2003 included \$0.6 million in expenses related to an acquisition effort, partially offset by \$0.1 million of a reversal of excess business restructuring reserves. Excluding these amounts, fourth quarter net income would have been \$1.8 million or \$0.08 per diluted share. Applying the 2003 40% effective tax rate and excluding the results from TennCare and Synagis, fourth quarter 2002 earnings per share would have been \$0.06 per diluted share. (1)

Cost of revenue for the fourth quarter of 2003 was \$120.5 million, compared with \$131.5 million for the same period last year. Excluding the results from TennCare and Synagis, cost of revenue for fourth quarter 2002 was \$91.4 million. (1)

Gross profit for the quarter was \$15.3 million or 11.2% compared to \$19.2 million or 12.7% in the prior year's period. Excluding the results from TennCare and Synagis, gross profit for fourth quarter 2002 was \$16.0 million. (1)

Selling, general and administrative expenses decreased to \$12.1 million for the fourth quarter of 2003 from \$13.1 million for the same period a year ago and included \$0.6 million in expenses related to an acquisition effort, partially offset by \$0.1 million of a reversal of excess business restructuring reserves. (1) These results include continued investment in sales and marketing.

Chief Financial Officer James S. Lusk said, "We have experienced momentum in both the Specialty and Mail services lines. Our balance sheet is very strong and we are well-positioned to grow organically and through acquisition."

Revenues for 2003 increased 2% to \$588.8 million from \$576.6 million in 2002. Revenues for 2003 increased 20% over the prior year, excluding the results from TennCare and Synagis. (1)

Specialty revenues for 2003 increased 14% to \$193.2 million from \$169.5 million for 2002.

Revenues from PBM Services, which includes Mail, were \$395.5 million in 2003, compared to \$407.1 million in 2002. Excluding the results from TennCare, revenues from PBM Services grew 23% in 2003. ⁽¹⁾

Operating income for 2003 was \$17.0 million compared to \$24.1 million for the same period in 2002. Excluding the results of TennCare and Synagis in 2002 and 2003, operating income for 2003 was \$10.5 million compared to \$10.6 million for the same period in 2002. ⁽¹⁾

Net income for 2003 was \$9.7 million or \$0.43 per diluted share based on a 40% effective tax rate. Net income for 2002 was \$18.7 million or \$0.79 per diluted share based on a 20% effective tax rate. Assuming the 2003 40% effective tax rate and excluding the results from TennCare and Synagis in 2002 and 2003, earnings per share would have been \$0.26 for 2003, compared to \$0.25 for 2002. ⁽¹⁾

Cost of revenue for 2003 was \$520.2 million, compared with \$506 million for 2002. Excluding the results from TennCare and Synagis, cost of revenue for 2003 was \$445.2 million compared to \$363.9 million for 2002. ⁽¹⁾

Gross profit for 2003 was \$68.5 million or 11.6% compared to \$70.6 million or 12.2% in the prior year. Excluding the results from TennCare and Synagis, gross profit for 2003 was \$62.0 million compared to \$57.9 million for 2002. ⁽¹⁾

Selling, general and administrative expenses for 2003 increased to \$49.7 million from \$45.9 million for 2002. Selling, general and administrative expenses included \$1.5 million in business restructuring expenses. These results reflect continued investment in sales and marketing. ⁽¹⁾

Inventory turns remained strong for the quarter at 38. Days sales outstanding decreased to 44 days at December 31, 2003 from 51 days at September 30, 2003 and 46 days at December 31, 2002.

The Company generated \$14.3 million in operating cash flow for 2003. This includes positive cash from operations of \$7.1 million for the fourth quarter and negative cash from operations of \$2.9 million in the third quarter, due to a \$12.6 million reduction in claims payable primarily related to the loss of the TennCare PBM business. Final rebate payments related to the TennCare PBM business will be made in the first and second quarters of 2004.

“We enter 2004 with momentum, a strong base for continued growth and a new acquisition,” stated Mr. Friedman. “Our managed care contracts and physician relationships are significantly expanded. Our product offerings are diverse and we are recognized as a major player in the Specialty arena, with particular regional strongholds.

“We are comfortable that we can deliver strong earnings growth in 2004 and that the acquisition will be positive and accretive to full year earnings. On a comparative basis, 2004

earnings per share are expected to increase 62% to \$0.42, which is based primarily on current business trends. Revenues for 2004 are anticipated to be approximately \$650 million.”

MIM Corporation will host a conference call to discuss results today at 9:00 AM ET. Interested parties may participate in the conference call by dialing 888-428-4472 (US), or 651-291-5254 (International), 5-10 minutes prior to the initiation of the call. A replay of the conference call will be available from 12:30 PM ET on February 3 through 11:59 PM ET on February 10, by dialing 800-475-6701 (US), or 320-365-3844 (International), and entering access code 716733. A webcast of the conference call will also be available under the investor information section of the MIM Corporation website, www.mimcorporation.com.

MIM Corporation (www.mimcorporation.com) is a pharmaceutical healthcare organization delivering innovative pharmacy benefit and healthcare solutions that provide results beyond expectations. We excel by harnessing our clinical expertise, sophisticated data management, and therapeutic fulfillment capability, and combine it with our dedicated, responsive team of professionals that understands our partners’ needs. The result is cost-effective solutions enhancing the quality of patient life.

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.

Contacts:

James S. Lusk
Executive Vice President/Chief Financial Officer
MIM Corporation
914-460-1648
Email: jlusk@mimcorporation.com

Rachel Levine
Investor Relations
The Anne McBride Co.
212-983-1702 x.207
Email: rlevine@annemcbride.com

⁽¹⁾ See Table of Reconciliation for the differences between the non-GAAP financial measures and the most directly comparable GAAP measures. As required by Regulation G, the Company has provided a quantitative comparison between the GAAP and disclosed non-GAAP financial measures. The non-GAAP measures presented provide important insight into the ongoing operations and a meaningful comparison of revenue, gross profit, selling, general and administrative expenses, operating income, net income and earnings per share.

FINANCIAL TABLES AND SUPPLEMENTAL DATA FOLLOW

MIM Corporation and Subsidiaries
Consolidated Balance Sheets

(In thousands, except share amounts)

	December 31, 2003	December 31, 2002
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ 9,428	\$ 5,751
Receivables, less allowance for doubtful accounts of \$3,870 and \$3,483 at December 31, 2003 and December 31, 2002, respectively	60,861	75,512
Inventory	8,553	9,320
Prepaid expenses and other current assets	2,160	2,104
Total current assets	81,002	92,687
Property and equipment, net	5,247	7,388
Deferred income tax	7,409	3,046
Other assets and investments	514	704
Goodwill, net	61,085	61,085
Intangible assets, net	15,554	17,321
Total assets	\$ 170,811	\$ 182,231
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of capital lease obligations	\$ 399	\$ 634
Line of credit	-	4,608
Accounts payable	16,857	17,302
Claims payable	27,359	34,869
Payables to plan sponsors	11,228	23,921
Accrued expenses and other current liabilities	7,161	6,252
Total current liabilities	63,004	87,586
Capital lease obligations, net of current portion and other current liabilities	35	437
Total liabilities	63,039	88,023
 Stockholders' equity		
Common stock, \$.0001 par value; 40,000,000 shares authorized, 22,081,827 and 22,744,694 shares issued and outstanding at December 31, 2003, and December 31, 2002, respectively	2	2
Treasury stock, 2,198,076 and 1,393,183 shares at cost at December 31, 2003 and December 31, 2002, respectively	(8,002)	(2,934)
Additional paid-in capital	129,583	120,651
Accumulated deficit	(13,811)	(23,511)
Total stockholders' equity	107,772	94,208
Total liabilities and stockholders' equity	\$ 170,811	\$ 182,231

MIM Corporation and Subsidiaries
Consolidated Statements of Operations

(In thousands, except per share amounts)

	For the three months ended December 31,	
	2003	2002
Revenue	\$ 135,745	\$ 150,684
Cost of revenue	120,494	131,526
Gross profit	15,251	19,158
Selling, general & administrative expenses	12,114	13,092
Amortization of intangibles	463	452
Income from operations	2,674	5,614
Interest income (expense), net	(124)	(137)
Income before taxes	2,550	5,477
Provision for income taxes	1,020	1,095
Net income	\$ 1,530	\$ 4,382
Weighted average number of shares outstanding:		
Basic	22,076	22,725
Diluted	22,513	23,292
Earnings per share (basic)	\$ 0.07	\$ 0.19
Earnings per share (diluted)	\$ 0.07	\$ 0.19

MIM Corporation and Subsidiaries
Consolidated Statements of Operations

(In thousands, except per share amounts)

	For the years ended December 31,	
	2003	2002
Revenue	\$ 588,770	\$ 576,596
Cost of revenue	520,249	505,998
Gross profit	68,521	70,598
Selling, general & administrative expenses	49,683	45,877
TennCare reserve adjustment		(851)
Amortization of intangibles	1,863	1,424
Income from operations	16,975	24,148
Interest income (expense), net	(808)	(792)
Income before taxes	16,167	23,356
Provision for income taxes	6,467	4,671
Net income	\$ 9,700	\$ 18,685
Weighted average number of shares outstanding:		
Basic	22,155	22,616
Diluted	22,618	23,563
Earnings per share (basic)	\$ 0.44	\$ 0.83
Earnings per share (diluted)	\$ 0.43	\$ 0.79

MIM Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	For the years ended December 31,	
	2003	2002
	(Unaudited)	
Cash flows from operating activities:		
Net Income	\$ 9,700	\$ 18,685
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,081	6,064
TennCare reserve adjustment	-	(851)
Non cash compensation	289	145
Provision for losses on receivables	1,713	1,193
Changes in assets and liabilities, net of acquired assets:		
Receivables, net	12,938	142
Inventory	767	(2,040)
Prepaid expenses and other current assets	(57)	(554)
Accounts payable	(445)	6,902
Claims payable	(7,510)	(11,696)
Payables to plan sponsors and others	(12,694)	2,859
Accrued expenses	4,567	2
Non-current liabilities	(7)	(50)
Net cash provided by operating activities	14,342	20,801
Cash flows from investing activities:		
Purchases of property and equipment, net of disposals	(961)	(2,101)
Costs of acquisitions, net of cash acquired	-	(34,851)
Decrease in due from affiliates	-	2,132
Decrease in other assets	(20)	1,555
Net cash used in investing activities	(981)	(33,265)
Cash flows from financing activities:		
Borrowings on line of credit	(4,607)	4,608
Purchase of treasury stock	(5,068)	-
Proceeds from exercise of stock options	622	1,680
Principal payments on capital lease obligations	(631)	(560)
Net cash (used in) provided by financing activities	(9,684)	5,728
Net increase (decrease) in cash and cash equivalents	3,677	(6,736)
Cash and cash equivalents—beginning of period	5,751	12,487
Cash and cash equivalents—end of period	\$ 9,428	\$ 5,751

MIM Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

For the years ended December 31.

2003 2002

(Unaudited)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest	\$ 851	\$ 853
Cash paid during the period for income taxes	<u>\$ 1,678</u>	<u>\$ 3,071</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION:

Increase in equity from stock issued in connection with acquisition and deferred tax assets	<u>\$ 4,363</u>	<u>\$ 13,401</u>
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Supplemental Data
(In thousands, except per Rx amounts)

	Three months ended December 31,	
	<u>2003</u>	<u>2002</u>
PBM pharmacy network claims processed	2,320	3,260
Mail (adjusted) and specialty pharmacy prescriptions dispensed internally	763	645
Gross profit per Adj Rx	\$4.95	\$4.91
Revenue per Adj Rx	\$44.03	\$38.59

	Twelve months ended December 31,	
	<u>2003</u>	<u>2002</u>
PBM pharmacy network claims processed	11,349	15,153
Mail (adjusted) and specialty pharmacy prescriptions dispensed internally	2,901	2,277
Gross profit per Adj Rx	\$4.81	\$4.05
Revenue per Adj Rx	\$41.32	\$33.08

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Three Months Ended December 31, 2003

	As Reported	TennCare Adjustment	Synagis Adjustment	Subtotal	Acquisition Expense (1)	Adjusted
Revenue						
Specialty	\$ 48,264	\$ -	\$ -	\$ 48,264	\$ -	\$ 48,264
PBMM/Mail	\$ 87,480	\$ -	\$ -	\$ 87,480	\$ -	\$ 87,480
Total Revenue	\$ 135,745	\$ -	\$ -	\$ 135,745	\$ -	\$ 135,745
Cost of Revenue						
Specialty	\$ 38,977	\$ -	\$ -	\$ 38,977	\$ -	\$ 38,977
PBMM/Mail	\$ 81,517	\$ -	\$ -	\$ 81,517	\$ -	\$ 81,517
Total Cost of Revenue	\$ 120,494	\$ -	\$ -	\$ 120,494	\$ -	\$ 120,494
Gross Profit						
Specialty	\$ 9,287	\$ -	\$ -	\$ 9,287	\$ -	\$ 9,287
GP%	19.2%					19.2%
PBMM/Mail	\$ 5,963	\$ -	\$ -	\$ 5,963	\$ -	\$ 5,963
GP%	6.8%					6.8%
Total Gross Profit	\$ 15,251	\$ -	\$ -	\$ 15,251	\$ -	\$ 15,251
GP%	11.2%					11.2%
Selling, general & administrative expenses	\$ 12,114	\$ -	\$ -	\$ 12,114	\$ (507)	\$ 11,607
TennCare reserve expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ 463	\$ -	\$ -	\$ 463	\$ -	\$ 463
Income from operations	\$ 2,674	\$ -	\$ -	\$ 2,674	\$ 507	\$ 3,181
Interest income (expense)	\$ (124)	\$ -	\$ -	\$ (124)	\$ -	\$ (124)
Income before taxes	\$ 2,550	\$ -	\$ -	\$ 2,550	\$ 507	\$ 3,056
Taxes	\$ 1,020	\$ -	\$ -	\$ 1,020	\$ 203	\$ 1,223
%	40%			40%	40%	40%
Net income	\$ 1,530	\$ -	\$ -	\$ 1,530	\$ 304	\$ 1,833
Earnings per share (basic)	\$ 0.07			\$ 0.07		\$ 0.08
Earnings per share (diluted)	\$ 0.07			\$ 0.07		\$ 0.08

For the Three Months Ended December 31, 2002

	As Reported	TennCare Adjustment	Synagis Adjustment	Subtotal	Acquisition Expense (1)	Adjusted
Revenue						
Specialty	\$ 50,409	\$ -	\$ (8,406)	\$ 42,003	\$ -	\$ 42,003
PBMM/Mail	\$ 100,274	\$ (34,823)	\$ -	\$ 65,451	\$ -	\$ 65,451
Total Revenue	\$ 150,684	\$ (34,823)	\$ (8,406)	\$ 107,454	\$ -	\$ 107,454
Cost of Revenue						
Specialty	\$ 39,854	\$ -	\$ (7,784)	\$ 32,070	\$ -	\$ 32,070
PBMM/Mail	\$ 91,672	\$ (32,327)	\$ -	\$ 59,345	\$ -	\$ 59,345
Total Cost of Revenue	\$ 131,526	\$ (32,327)	\$ (7,784)	\$ 91,415	\$ -	\$ 91,415
Gross Profit						
Specialty	\$ 10,555	\$ -	\$ (622)	\$ 9,933	\$ -	\$ 9,933
GP%	20.9%					23.6%
PBMM/Mail	\$ 8,603	\$ (2,497)	\$ -	\$ 6,106	\$ -	\$ 6,106
GP%	8.6%					5.7%
Total Gross Profit	\$ 19,158	\$ (2,497)	\$ (622)	\$ 16,039	\$ -	\$ 16,039
GP%	12.7%					14.9%
Selling, general & administrative expenses	\$ 13,092	\$ -	\$ -	\$ 13,092	\$ -	\$ 13,092
TennCare reserve expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ 451	\$ -	\$ -	\$ 451	\$ -	\$ 451
Income from operations	\$ 5,614	\$ (2,497)	\$ (622)	\$ 2,496	\$ -	\$ 2,496
Interest income (expense)	\$ (137)	\$ -	\$ -	\$ (137)	\$ -	\$ (137)
Income before taxes	\$ 5,477	\$ (2,497)	\$ (622)	\$ 2,538	\$ -	\$ 2,358
Taxes	\$ 1,095	\$ (499)	\$ (124)	\$ 472	\$ -	\$ 472
%	20%			20%		20%
Taxes adjusted to 40%	\$ -	\$ (499)	\$ (124)	\$ 472	\$ -	\$ 472
Net income	\$ 4,382	\$ (1,498)	\$ (373)	\$ 1,415	\$ -	\$ 1,415
Earnings per share (basic)	\$ 0.19			\$ 0.06		\$ 0.06
Earnings per share (diluted)	\$ 0.19			\$ 0.06		\$ 0.06

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Twelve Months Ended December 31, 2003

	As Reported	TennCare Adjustment	Synagis Adjustment	Subtotal	Acquisition Expense (1)	Adjusted
Revenue						
Specialty	\$ 193,243	\$ -	\$ (13,740)	\$ 179,504	\$ -	\$ 179,504
PBM/Mail	\$ 395,527	\$ (67,814)	\$ -	\$ 327,712	\$ -	\$ 327,712
Total Revenue	\$ 588,770	\$ (67,814)	\$ (13,740)	\$ 507,216	\$ -	\$ 507,216
Cost of Revenue						
Specialty	\$ 154,966	\$ -	\$ (12,833)	\$ 142,133	\$ -	\$ 142,133
PBM/Mail	\$ 365,283	\$ (62,238)	\$ -	\$ 303,045	\$ -	\$ 303,045
Total Cost of Revenue	\$ 520,249	\$ (62,238)	\$ (12,833)	\$ 445,178	\$ -	\$ 445,178
Gross Profit						
Specialty	\$ 38,278	\$ -	\$ (907)	\$ 37,371	\$ -	\$ 37,371
GP%	19.8%					20.8%
PBM/Mail	\$ 30,244	\$ (5,577)	\$ -	\$ 24,667	\$ -	\$ 24,667
GP%	7.6%					7.5%
Total Gross Profit	\$ 68,522	\$ (5,577)	\$ (907)	\$ 62,038	\$ -	\$ 62,038
GP%	11.6%					12.2%
Selling, general & administrative expenses	\$ 49,683	\$ -	\$ -	\$ 49,683	\$ (507)	\$ 49,177
TennCare reserve expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ 1,863	\$ -	\$ -	\$ 1,863	\$ -	\$ 1,863
Income from operations	\$ 16,975	\$ (5,577)	\$ (907)	\$ 10,492	\$ 507	\$ 10,998
Interest income (expense)	\$ (808)	\$ -	\$ -	\$ (808)	\$ -	\$ (808)
Income before taxes	\$ 16,167	\$ (5,577)	\$ (907)	\$ 9,684	\$ 507	\$ 10,191
Taxes	\$ 6,467	\$ (2,231)	\$ (363)	\$ 3,873	\$ 203	\$ 4,076
%	40%	40%	40%	40%	40%	40%
Net income	\$ 9,700	\$ (3,346)	\$ (544)	\$ 5,810	\$ 304	\$ 6,114
Earnings per share (basic)	\$ 0.44			\$ 0.26		\$ 0.28
Earnings per share (diluted)	\$ 0.43			\$ 0.26		\$ 0.27

For the Twelve Months Ended December 31, 2002

	As Reported	TennCare Adjustment	Synagis Adjustment	Subtotal	Acquisition Expense (1)	Adjusted
Revenue						
Specialty	\$ 169,503	\$ -	\$ (14,644)	\$ 154,859	\$ -	\$ 154,859
PBM/Mail	\$ 407,094	\$ (140,190)	\$ -	\$ 266,903	\$ -	\$ 266,903
Total Revenue	\$ 576,596	\$ (140,190)	\$ (14,644)	\$ 421,762	\$ -	\$ 421,762
Cost of Revenue						
Specialty	\$ 130,990	\$ -	\$ (13,561)	\$ 117,430	\$ -	\$ 117,430
PBM/Mail	\$ 375,008	\$ (128,575)	\$ -	\$ 246,433	\$ -	\$ 246,433
Total Cost of Revenue	\$ 505,998	\$ (128,575)	\$ (13,561)	\$ 363,863	\$ -	\$ 363,863
Gross Profit						
Specialty	\$ 38,513	\$ -	\$ (1,084)	\$ 37,429	\$ -	\$ 37,429
GP%	22.7%					24.2%
PBM/Mail	\$ 32,086	\$ (11,616)	\$ -	\$ 20,470	\$ -	\$ 20,470
GP%	7.9%					7.7%
Total Gross Profit	\$ 70,598	\$ (11,616)	\$ (1,084)	\$ 57,899	\$ -	\$ 57,899
GP%	12.2%					13.7%
Selling, general & administrative expenses	\$ 45,878	\$ -	\$ -	\$ 45,878	\$ -	\$ 45,878
TennCare reserve expense	\$ (851)	\$ 851	\$ -	\$ -	\$ -	\$ -
Amortization	\$ 1,424	\$ -	\$ -	\$ 1,424	\$ -	\$ 1,424
Income from operations	\$ 24,147	\$ (12,467)	\$ (1,084)	\$ 10,597	\$ -	\$ 10,597
Interest income (expense)	\$ (792)	\$ -	\$ -	\$ (792)	\$ -	\$ (792)
Income before taxes	\$ 23,355	\$ (12,467)	\$ (1,084)	\$ 9,805	\$ -	\$ 9,805
Taxes	\$ 4,671	\$ (2,493)	\$ (217)	\$ 1,961	\$ -	\$ 1,961
%	20%	20%	20%	20%		20%
Taxes adjusted to 40%	\$ -	\$ (2,493)	\$ (217)	\$ 1,961	\$ -	\$ 1,961
Net income	\$ 18,684	\$ (7,480)	\$ (650)	\$ 5,883	\$ -	\$ 5,883
Earnings per share (basic)	\$ 0.83			\$ 0.26		\$ 0.26
Earnings per share (diluted)	\$ 0.79			\$ 0.25		\$ 0.25

Specialty Management & Delivery Services GAAP Revenue Reconciliation

	For the Twelve Months Ended December 31,		For the Three Months Ended December 31,	
	2003	2002	2003	2002
Reported Specialty Management & Delivery Services Revenue	\$ 193,243,454	\$ 169,502,881	\$ 48,264,227	\$ 50,409,365
Wholesale Oncology Revenue	\$ (4,351,538)	\$ (7,741,872)	\$ (1,240,103)	\$ (1,388,492)
Synagis Revenue	\$ (13,739,526)	\$ (14,644,182)	\$ -	\$ (8,406,460)
Adjusted	\$ 175,152,391	\$ 147,116,827	\$ 47,024,124	\$ 40,614,413
Growth		\$ 28,035,564		\$ 6,409,711
%		19%		16%