

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) **February 17, 2005**

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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Section Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b)).
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

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Item 2.02 Results of Operations and Financial Condition.

On February 17, 2005, MIM Corporation issued a press release reporting its earnings for the year ended December 31, 2004. The press release, which is attached hereto as Exhibit 99.1, includes “non-GAAP financial measures” as defined by SEC rules.

The Reconciliation Table presented in the press release demonstrates the differences between the non-GAAP financial measures and the most directly comparable GAAP financial measures. As required by Regulation G, the Company has provided a quantitative comparison between the GAAP and disclosed non-GAAP financial measures. We believe that the non-GAAP financial measures presented provide important insight into our 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 that reason, we believe that investors may find it useful to see the financial results without the effects of the lost TennCare PBM and Synagis business so that they may evaluate the Company’s business comparatively while giving consistent effect to material occurrences.

In accordance with paragraph B.2. of the General Instructions to Form 8-K, the information contained in this report is to be considered filed under the Securities Exchange Act of 1934, as amended.

Item 9.01 Financial Statements and Exhibits.

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

99.1 Press Release of MIM Corporation dated February 17, 2005.

In accordance with paragraph B.2. of the General Instructions to Form 8-K, Exhibit 99.1 to this report is to be considered filed under the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

Date: February 17, 2005

MIM CORPORATION

By: /s/ Barry A. Posner
Barry A. Posner,
Executive Vice President, Secretary and General Counsel



MIM Reports 23% Increase in Net Income for Fourth Quarter 2004; Specialty Revenues Increase 40%

Merger Expected to Close by Mid-March

ELMSFORD, NY — February 17, 2005 — MIM Corporation (NASDAQ:MIMS) (CBOE:OQX) (PCX:OQX), a pharmaceutical healthcare organization, today reported fourth quarter and 2004 results.

Financial Highlights

- Fourth quarter net income increased 23% over 4Q03 on a reported basis
- Fourth quarter total revenues increased 23% over 4Q03
- Fourth quarter Specialty revenues increased 40% over 4Q03
- Fourth quarter total prescriptions dispensed increased 26% over 4Q03

Richard H. Friedman, Chairman and Chief Executive Officer commented, “We delivered a strong quarter in an environment challenged by reimbursement pressure. We continue to grow our revenue base through expanded customer relationships and increased penetration in existing accounts.”

Revenues for fourth quarter 2004 increased 23% to \$166.8 million compared to \$135.7 million in fourth quarter 2003. Fourth quarter Specialty revenues grew 40% to \$67.7 million compared to \$48.3 million for the same period last year. PBM Services revenues for the quarter, which include traditional mail service, increased 13% to \$99.1 million compared to \$87.5 million for the same period last year. Fourth quarter 2004 total adjusted prescriptions dispensed increased 26% to 962,000 over fourth quarter 2003.

Gross profit for the quarter was \$17.6 million, or 10.6% compared to \$15.3 million, or 11.2% a year ago. The decrease in gross profit percentage reflects pricing pressures experienced generally, and particularly in IVIG.

Selling, general and administrative expenses were \$14.9 million for fourth quarter 2004 compared to \$13.1 million for the same period a year ago. Excluding the one-time items referred to in the reconciliation tables, selling, general and administrative expenses for fourth quarter 2004 and 2003 were \$13.9 million and \$11.6 million, respectively. ⁽¹⁾

The Company recently announced its settlement with Value Options of Texas, Inc., a former PBM customer. As a result of that settlement, MIM recorded a one-time after tax charge of approximately \$535,000 or \$0.02 per diluted share in its fourth quarter and 2004 results.

Operating income for fourth quarter increased 11% to \$1.9 million compared to \$1.7 million a year ago.

Net income for fourth quarter increased 23% to \$1.2 million or \$0.05 per diluted share compared to \$1.0 million or \$0.04 per diluted share for fourth quarter 2003. Excluding the Value Options settlement and non-capitalizable acquisition costs, net income for fourth quarter 2004 was \$1.8 million, or \$0.08 per diluted share. ⁽¹⁾

2004 revenues increased 7% to \$630.5 million compared to \$588.8 million for the prior year. Excluding the loss of TennCare PBM and Synagis distribution revenues, 2004 revenues increased 24% over the prior year. ⁽¹⁾

2004 Specialty revenues increased 30% to \$251.5 million from \$193.2 million for 2003. Adjusted for the loss of Synagis distribution revenues, 2004 Specialty revenues increased 40% over 2003. ⁽¹⁾ This increase includes 11 months of revenues associated with the Company's acquisition of Natural Living.

2004 revenues from PBM Services, which include mail service, decreased 4% overall, primarily due to the loss of TennCare PBM revenues. 2004 PBM Services revenues were \$379.0 million compared to \$395.5 million in 2003. 2003 TennCare PBM revenues were \$67.8 million. That revenue loss was offset by a \$51.3 million increase in the Company's 2004 PBM Services business. Revenues from PBM Services grew 16% in fiscal 2004, excluding the results of TennCare PBM revenues in 2003. ⁽¹⁾

Gross profit for fiscal 2004 was \$68.2 million, or 10.8% compared to \$68.5 million, or 11.6% in 2003. Excluding the results from the loss of TennCare PBM and Synagis distribution revenues, gross profit for 2004 and 2003 were \$67.9 million or 10.8% and \$62.0 million or 12.2%, respectively. ⁽¹⁾

Selling, general and administrative expenses for 2004 were \$52.8 million compared to \$50.6 million for 2003. Excluding the one-time items referred to in the reconciliation tables, selling, general and administrative expenses for 2004 and 2003 were \$51.9 million and \$47.5 million, respectively. ⁽¹⁾

Operating income for 2004 was \$12.3 million compared to \$16.0 million for 2003. Excluding one-time items, adjusted operating income for 2004 and 2003 were \$13.0 million and \$12.7 million, respectively. ⁽¹⁾

Net income for 2004 was \$7.0 million, or \$0.31 per diluted share compared to \$9.1 million, or \$0.40 per diluted share for the prior year. Excluding the one-time items referred to in the reconciliation tables, adjusted net income for 2004 and 2003 were \$7.5 million, or \$0.33 per diluted share and \$7.1 million, or \$0.31 per diluted share, respectively. ⁽¹⁾

Days sales outstanding decreased to 36 days at December 31, 2004 from 37 days at September 30, 2004.

The Company generated \$3.3 million in operating cash flow for the year. Stockholders' equity as of December 31, 2004 increased to \$115.7 million from \$107.2 million at the end of 2003. MIM reduced the outstanding balance on its line of credit to \$7.3 million from \$8.2 million at September 30, 2004.

“We are entering into the Chronimed merger with a strong business,” concluded Mr. Friedman. “We are confident that the combination of our complementary models will provide an ideal platform for continued growth. We will be well positioned to leverage our scale and aggressively pursue market opportunities.”

It is anticipated that MIM’s merger with Chronimed will close on March 11, 2005, subject to shareholder approval.

MIM Corporation will host a conference call to discuss results today at 10:00 AM ET. Interested parties may participate in the conference call by dialing 800-288-8961 (US), or 612-332-0636 (International), 5-10 minutes prior to the start of the call. A replay of the conference call will be available from 1:30 PM ET on February 17 through 11:59 PM ET on February 24, by dialing 800-475-6701 (US), or 320-365-3844 (International), and entering access code 768144. 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.

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- (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, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,957	\$ 9,428
Receivables, less allowance for doubtful accounts of \$3,240 and \$3,870 at December 31, 2004 and December 31, 2003, respectively	65,439	60,861
Inventory	11,897	8,553
Prepaid expenses and other current assets	2,112	2,160
Short term deferred taxes	2,798	3,235
Total current assets	85,203	84,237
Property and equipment, net	4,300	5,247
Long term deferred taxes, net	2,383	4,554
Other assets and investments	427	514
Goodwill, net	74,874	61,085
Intangible assets, net	19,285	15,554
Total assets	\$ 186,472	\$ 171,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of capital lease obligations	\$ 35	\$ 399
Line of credit	7,303	—
Accounts payable	20,012	16,857
Claims payable	28,659	27,359
Payables to plan sponsors	2,217	11,228
Accrued expenses and other current liabilities	12,563	8,111
Total current liabilities	70,789	63,954
Capital lease obligations, net of current portion and other current liabilities	—	35
Total liabilities	70,789	63,989
Stockholders' equity		
Common stock, \$.0001 par value; 40,000,000 shares authorized, 22,306,658 and 22,101,827 shares issued and outstanding at December 31, 2004, and December 31, 2003, respectively	2	2
Treasury stock, 2,198,076 shares at cost at December 31, 2004 And December 31, 2003	(8,002)	(8,002)
Additional paid-in capital	131,031	129,583
Accumulated deficit	(7,348)	(14,381)
Total stockholders' equity	115,683	107,202
Total liabilities and stockholders' equity	\$ 186,472	\$ 171,191

MIM Corporation and Subsidiaries
Consolidated Statements of Operations

(In thousands, except per share amounts)

	Three months ended December 31,	
	2004	2003
	(Unaudited)	(Unaudited)
Revenue	\$ 166,840	\$ 135,745
Cost of revenue	149,232	120,494
Gross profit	17,608	15,251
Selling, general & administrative expenses	14,898	13,064
Amortization of intangibles	795	463
Income from operations	1,915	1,724
Interest income (expense), net	(176)	(124)
Income before taxes	1,739	1,600
Provision for income taxes	554	640
Net income	\$ 1,185	\$ 960
Weighted average number of shares outstanding:		
Basic	22,307	22,096
Diluted	22,626	22,539
Earnings per share (basic)	\$ 0.05	\$ 0.04
Earnings per share (diluted)	\$ 0.05	\$ 0.04

MIM Corporation and Subsidiaries
Consolidated Statements of Operations

(In thousands, except per share amounts)

	Twelve months ended December 31, 2004 (Unaudited)	2003
Revenue	\$ 630,516	\$ 588,770
Cost of revenue	562,360	520,249
Gross profit	68,156	68,521
Selling, general & administrative expenses	52,843	50,633
Amortization of intangibles	3,019	1,863
Income from operations	12,294	16,025
Interest income (expense), net	(808)	(808)
Income before taxes	11,486	15,217
Provision for income taxes	4,453	6,087
Net income	<u>\$ 7,033</u>	<u>\$ 9,130</u>
Weighted average number of shares outstanding:		
Basic	22,245	22,164
Diluted	22,702	22,640
Earnings per share (basic)	\$ 0.32	\$ 0.41
Earnings per share (diluted)	\$ 0.31	\$ 0.40

MIM Corporation and Subsidiaries
Consolidated Statements of Cash Flows

(In thousands)

	Twelve months ended December 31,	
	2004 (Unaudited)	2003
Cash flows from operating activities:		
Net Income	\$ 7,033	\$ 9,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,025	5,081
Issuance of stock to employees	93	289
Provision for losses on receivables	1,908	1,713
Changes in assets and liabilities, net of acquired assets:		
Receivables, net	(3,818)	12,938
Inventory	(2,559)	767
Prepaid expenses and other current assets	136	(56)
Accounts payable	25	4,692
Claims payable	1,300	(7,510)
Payables to plan sponsors and others	(9,011)	(12,694)
Accrued expenses and other current and non current liabilities	3,162	(7)
Net cash provided by operating activities	<u>3,294</u>	<u>14,343</u>
Cash flows from investing activities:		
Purchases of property and equipment, net of disposals	(1,058)	(961)
Costs of acquisitions, net of cash acquired	(14,256)	—
Increase in other assets	(1,764)	(20)
Net cash used in investing activities	<u>(17,078)</u>	<u>(981)</u>
Cash flows from financing activities:		
Borrowings on line of credit	7,303	(4,608)
Purchase of treasury stock	—	(5,068)
Proceeds from exercise of stock options	876	622
Principal payments on short term debt	(467)	—
Principal payments on capital lease obligations	(399)	(631)
Net cash provided by (used in) financing activities	<u>7,313</u>	<u>(9,685)</u>
Net (decrease) increase in cash and cash equivalents	<u>(6,471)</u>	<u>3,677</u>
Cash and cash equivalents—beginning of period	<u>9,428</u>	<u>5,751</u>
Cash and cash equivalents—end of period	<u><u>\$ 2,957</u></u>	<u><u>\$ 9,428</u></u>

MIM Corporation and Subsidiaries
Consolidated Statements of Cash Flows

(In thousands)

	Twelve months ended December 31,	
	2004	2003
	(Unaudited)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 727	\$ 421
Cash paid during the period for income taxes	\$ 3,349	\$ 1,836

Supplemental Data

(In thousands, except per Rx amounts)

	<u>Three months ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
PBM pharmacy network claims processed	2,653	2,320
Mail (adjusted) and specialty pharmacy prescriptions dispensed internally	962	763
Gross profit per Adjusted Rx	\$ 4.87	\$ 4.95
Revenue per Adjusted Rx	\$ 46.15	\$ 44.03

	<u>Twelve months ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
PBM pharmacy network claims processed	9,777	11,349
Mail (adjusted) and specialty pharmacy prescriptions dispensed internally	3,646	2,901
Gross profit per Adjusted Rx	\$ 5.08	\$ 4.81
Revenue per Adjusted Rx	\$ 46.97	\$ 41.32

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Three Months Ended December 31, 2004

	As Reported	TennCare	Synagis	Acquisition Costs	Restructuring/ Settlement	As Adjusted
Revenue						
Specialty	\$ 67,745	\$ —	\$ —	\$ —	\$ —	\$ 67,745
PBM/Mail	\$ 99,095	\$ (2)	\$ —	\$ —	\$ —	\$ 99,093
Total Revenue	\$ 166,840	\$ (2)	\$ —	\$ —	\$ —	\$ 166,838
Cost of Revenue						
Specialty	\$ 57,591	\$ —	\$ —	\$ —	\$ —	\$ 57,591
PBM/Mail	\$ 91,641	\$ —	\$ —	\$ —	\$ —	\$ 91,641
Total Cost of Revenue	\$ 149,232	\$ —	\$ —	\$ —	\$ —	\$ 149,232
Gross Profit						
Specialty	\$ 10,154	\$ —	\$ —	\$ —	\$ —	\$ 10,154
GP%	15.0%					15.0%
PBM/Mail	\$ 7,454	\$ (2)	\$ —	\$ —	\$ —	\$ 7,452
GP%	7.5%					7.5%
Total Gross Profit	\$ 17,608	\$ (2)	\$ —	\$ —	\$ —	\$ 17,606
GP%	10.6%					10.6%
Selling, general & administrative expenses	\$ 14,898	\$ —	\$ —	\$ (75)	\$ (874)	\$ 13,949
TennCare reserve expense	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization	\$ 795	\$ —	\$ —	\$ —	\$ —	\$ 795
Income from operations	\$ 1,915	\$ (2)	\$ —	\$ 75	\$ 874	\$ 2,862
Interest income (expense)	\$ (176)	\$ —	\$ —	\$ —	\$ —	\$ (176)
Income before taxes	\$ 1,739	\$ (2)	\$ —	\$ 75	\$ 874	\$ 2,686
Taxes	\$ 554	\$ (1)	\$ —	\$ 29	\$ 339	\$ 921
%	31.85%	38.77%	38.77%	38.77%	38.77%	34.29%
Net income	\$ 1,185	\$ (1)	\$ —	\$ 46	\$ 535	\$ 1,765
Earnings per share (basic)	\$ 0.05					\$ 0.08
Earnings per share (diluted)	\$ 0.05					\$ 0.08

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Three Months Ended December 31, 2003

	As Reported	TennCare	Synagis	Acquisition Costs	Restructuring/ Settlement	As Adjusted
Revenue						
Specialty	\$ 48,265	\$ —	\$ —	—	—	\$ 48,265
PBM/Mail	\$ 87,480	\$ —	\$ —	\$ —	\$ —	\$ 87,480
Total Revenue	\$ 135,745	\$ —	\$ —	\$ —	\$ —	\$ 135,745
Cost of Revenue						
Specialty	\$ 38,977	\$ —	\$ —	\$ —	\$ —	\$ 38,977
PBM/Mail	\$ 81,517	\$ —	\$ —	\$ —	\$ —	\$ 81,517
Total Cost of Revenue	\$ 120,494	\$ —	\$ —	\$ —	\$ —	\$ 120,494
Gross Profit						
Specialty	\$ 9,288	\$ —	\$ —	\$ —	\$ —	\$ 9,288
GP%	19.2%					19.2%
PBM/Mail	\$ 5,963	\$ —	\$ —	\$ —	\$ —	\$ 5,963
GP%	6.8%					6.8%
Total Gross Profit	\$ 15,251	\$ —	\$ —	\$ —	\$ —	\$ 15,251
GP%	11.2%					11.2%
Selling, general & administrative expenses	\$ 13,064	\$ —	\$ —	\$ (590)	\$ (867)	\$ 11,607
TennCare reserve expense	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization	\$ 463	\$ —	\$ —	\$ —	\$ —	\$ 463
Income from operations	\$ 1,724	\$ —	\$ —	\$ 590	\$ 867	\$ 3,181
Interest income (expense)	\$ (124)	\$ —	\$ —	\$ —	\$ —	\$ (124)
Income before taxes	\$ 1,600	\$ —	\$ —	\$ 590	\$ 867	\$ 3,057
Taxes	\$ 640	\$ —	\$ —	\$ 236	\$ 347	\$ 1,223
%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Net income	\$ 960	\$ —	\$ —	\$ 354	\$ 520	\$ 1,834
Earnings per share (basic)	\$ 0.04					\$ 0.08
Earnings per share (diluted)	\$ 0.04					\$ 0.08

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Twelve Months Ended December 31, 2004

	As Reported	TennCare	Synagis	Acquisition Costs	Restructuring/ Settlement	As Adjusted
Revenue						
Specialty	\$ 251,487	\$ —	\$ —	\$ —	\$ —	\$ 251,487
PBM/Mail	\$ 379,029	\$ (2)	\$ —	\$ —	\$ —	\$ 379,027
Total Revenue	\$ 630,516	\$ (2)	\$ —	\$ —	\$ —	\$ 630,514
Cost of Revenue						
Specialty	\$ 209,325	\$ —	\$ —	\$ —	\$ —	\$ 209,325
PBM/Mail	\$ 353,035	\$ 232	\$ —	\$ —	\$ —	\$ 353,267
Total Cost of Revenue	\$ 562,360	\$ 232	\$ —	\$ —	\$ —	\$ 562,592
Gross Profit						
Specialty	\$ 42,162	\$ —	\$ —	\$ —	\$ —	\$ 42,162
GP%	16.8%					16.8%
PBM/Mail	\$ 25,994	\$ (234)	\$ —	\$ —	\$ —	\$ 25,760
GP%	6.9%					6.8%
Total Gross Profit	\$ 68,156	\$ (234)	\$ —	\$ —	\$ —	\$ 67,922
GP%	10.8%					10.8%
Selling, general & administrative expenses	\$ 52,843	\$ —	\$ —	\$ (106)	\$ (874)	\$ 51,863
TennCare reserve expense	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization	\$ 3,019	\$ —	\$ —	\$ —	\$ —	\$ 3,019
Income from operations	\$ 12,294	\$ (234)	\$ —	\$ 106	\$ 874	\$ 13,039
Interest income (expense)	\$ (808)	\$ —	\$ —	\$ —	\$ —	\$ (808)
Income before taxes	\$ 11,486	\$ (234)	\$ —	\$ 106	\$ 874	\$ 12,231
Taxes	\$ 4,453	\$ (91)	\$ —	\$ 41	\$ 339	\$ 4,742
%	38.77%	38.77%	38.77%	38.77%	38.77%	38.77%
Net income	\$ 7,033	\$ (143)	\$ —	\$ 65	\$ 535	\$ 7,490
Earnings per share (basic)	\$ 0.32					\$ 0.34
Earnings per share (diluted)	\$ 0.31					\$ 0.33

Statement of Operations Reconciliation between Non-GAAP and GAAP Measures

For the Twelve Months Ended December 31, 2003

	As Reported	TennCare	Synagis	Acquisition Costs	Restructuring/ Settlement	As Adjusted
Revenue						
Specialty	\$ 193,243	\$ —	\$ (13,740)	\$ —	\$ —	\$ 179,503
PBM/Mail	\$ 395,527	\$ (67,815)	\$ —	\$ —	\$ —	\$ 327,712
Total Revenue	\$ 588,770	\$ (67,815)	\$ (13,740)	\$ —	\$ —	\$ 507,215
Cost of Revenue						
Specialty	\$ 154,966	\$ —	\$ (12,833)	\$ —	\$ —	\$ 142,133
PBM/Mail	\$ 365,283	\$ (62,239)	\$ —	\$ —	\$ —	\$ 303,044
Total Cost of Revenue	\$ 520,249	\$ (62,239)	\$ (12,833)	\$ —	\$ —	\$ 445,177
Gross Profit						
Specialty	\$ 38,277	\$ —	\$ (907)	\$ —	\$ —	\$ 37,370
GP%	19.8%					20.8%
PBM/Mail	\$ 30,244	\$ (5,576)	\$ —	\$ —	\$ —	\$ 24,668
GP%	7.6%					7.5%
Total Gross Profit	\$ 68,521	\$ (5,576)	\$ (907)	\$ —	\$ —	\$ 62,038
GP%	11.6%					12.2%
Selling, general & administrative expenses	\$ 50,633	\$ —	\$ —	\$ (692)	\$ (2,456)	\$ 47,485
TennCare reserve expense	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization	\$ 1,863	\$ —	\$ —	\$ —	\$ —	\$ 1,863
Income from operations	\$ 16,025	\$ (5,576)	\$ (907)	\$ 692	\$ 2,456	\$ 12,690
Interest income (expense)	\$ (808)	\$ —	\$ —	\$ —	\$ —	\$ (808)
Income before taxes	\$ 15,217	\$ (5,576)	\$ (907)	\$ 692	\$ 2,456	\$ 11,882
Taxes	\$ 6,087	\$ (2,231)	\$ (363)	\$ 277	\$ 982	\$ 4,753
%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Net income	\$ 9,130	\$ (3,346)	\$ (544)	\$ 415	\$ 1,474	\$ 7,129
Earnings per share (basic)	\$ 0.41					\$ 0.32
Earnings per share (diluted)	\$ 0.40					\$ 0.31