MIM CORP
Form S-4
September 17, 2004

As filed with the Securities and Exchange Commission on September 17, 2004
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MIM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	6411	05-0489664
(State or Other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

100 Clearbrook Road
Elmsford, New York 10523
(914) 460-1600
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Barry A. Posner, Esq.
MIM Corporation
100 Clearbrook Road
Elmsford, New York 10523
(914) 460-1600
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

E. William Bates, II, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, New York 10036
(212) 556-2100

Kenneth S. Guenthner, Esq.
Chronimed Inc.
10900 Red Circle Drive
Minnetonka, Minnesota 55343
(952) 979-3600

Jean M. Davis, Esq.
Mark D. Williamson, Esq.
Gray, Plant, Mooty, Mooty & Bennett, P.A.
500 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402
(612) 632-3000

Approximate date of commencement of proposed sale to the public: Upon completion of the merger referred to herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of	Amount to be	Proposed Maximum Offering	Proposed Maximum Aggregate	Amount of Registration

Securities to be Registered	Registered (2)	Price Per Share	Offering Price (3)	Fee
Common Stock, par value $0.0001 per share, including the associated series A junior participating preferred stock purchase rights (1)	15,668,000	N/A	$97,611,640	$12,368

(1) This Registration Statement also covers the associated series A junior participating preferred stock purchase rights, referred to as the rights, issued pursuant to a Rights Agreement dated as of November 24, 1998 between MIM Corporation and American Stock Transfer and Trust Company, as rights agent, as amended to date. Until the occurrence of certain events, the rights will not be exercisable for or evidenced separately from shares of common stock, par value $0.0001 per share of MIM Corporation, a Delaware corporation.

(2) Based on the estimated maximum number of shares of MIM Corporation common stock expected to be issued in connection with the merger described in this registration statement, calculated as the sum of (1) the product of (a) the aggregate number of shares of Chronimed Inc. common stock outstanding as of August 31, 2004 and (b) 1.025, as set forth in the merger agreement, and (2) the product of (a) the aggregate number of shares of Chronimed Inc. common stock issuable upon the exercise of Chronimed Inc. options outstanding as of August 31, 2004 and (b) 1.025, as set forth in the merger agreement.

(3) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rule 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of Chronimed Inc. common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (1) $6.23, the average of the high and low prices per share of Chronimed Inc. common stock on September 10, 2004, as quoted on the Nasdaq National Market, multiplied by (2) the sum of (a) the aggregate number of shares of Chronimed Inc. common stock outstanding as of August 31, 2004 and (b) the aggregate number of shares of Chronimed Inc. common stock issuable upon the exercise of Chronimed Inc. options outstanding as of August 31, 2004.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8 may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. MIM Corporation may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy statement/prospectus is a part, is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities nor the solicitation of any offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated September 17, 2004

[MIM Logo] [Chronimed Logo]

MERGER PROPOSEDYOUR VOTE IS VERY IMPORTANT

We are pleased to inform you that the boards of directors of MIM Corporation and Chronimed Inc. have each unanimously approved a strategic merger combining MIM and Chronimed. Upon consummation of the merger, Chronimed will become a wholly owned subsidiary of MIM, MIM will change its name to BioScrip, Inc. and MIMs stock will be quoted on the Nasdaq National Market under the symbol BIOS. In the merger, Chronimed stockholders will receive 1.025 shares of MIM common stock for each share of Chronimed common stock. Cash will be paid only for fractional shares. Following the completion of the merger, MIM stockholders will own approximately 63% of the combined company and former Chronimed stockholders will own approximately 37%.

Completion of the transaction is subject to satisfaction of several conditions, including the approval by the stockholders of MIM and Chronimed. A special meeting of Chronimed stockholders has been scheduled to approve the merger. A special meeting of MIM stockholders has been scheduled to approve the issuance of the shares of MIM common stock in the merger as well as adopting the amended and restated certificate of incorporation to change the name of MIM to BioScrip, Inc. and to increase the total number of authorized shares of MIM common stock. Each of these special meetings will take place on ________ , 2004.

After careful consideration, the MIM and Chronimed boards of directors each unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable to MIM and Chronimed, respectively. The MIM board of directors unanimously recommends that the MIM stockholders vote FOR the proposals to issue shares of MIM common stock in the merger and adopt the amended and restated certificate of incorporation. The Chronimed board of directors unanimously recommends that the Chronimed stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

MIM common stock and Chronimed common stock are quoted on the Nasdaq National Market under the symbols MIMS and CHMD, respectively. On September 16, 2004, the last sale price of MIM common stock as quoted on the Nasdaq National Market was $6.03 per share and the last sale price of Chronimed common stock as quoted on the Nasdaq National Market was $6.16 per share.

Your vote is very important. Whether or not you plan to attend your special meeting, please take the time to vote by completing and mailing the enclosed proxy card, by telephone or by using the Internet, following the instructions included with the enclosed proxy card.

MIM and Chronimed encourage you to read carefully this entire joint proxy statement/prospectus (and the annexes and information incorporated by reference), including the section entitled Risk Factors beginning on page 22A copy of the merger agreement is included as Annex A to this joint proxy statement/prospectus.

We look forward to the successful combination of MIM and Chronimed.

Sincerely,	Sincerely,
____________________	____________________
Richard H. Friedman	Henry F. Blissenbach
Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
MIM Corporation	Chronimed Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this joint proxy statement/prospectus or the securities to be issued pursuant to the merger or determined that this joint proxy statement/prospectus is accurate or

complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [ ], 2004 and is first being mailed to the stockholders of MIM and Chronimed on or about [ ], 2004.

[MIM Corporation Logo]
100 Clearbrook Road Elmsford, New York 10523
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [ ], 2004

Dear Stockholders of MIM Corporation:

We are pleased to invite you to attend a special meeting of the stockholders of MIM Corporation, a Delaware corporation, which will be held on [ ], 2004 beginning at [ ] a.m., Eastern Standard Time, at [ ], for the following purposes:

To approve the issuance of MIM common stock pursuant to the Agreement and Plan of Merger, dated as of August 9, 2004, by and among MIM Corporation, Corvette Acquisition Corp., a wholly owned subsidiary of MIM, and Chronimed Inc., a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, pursuant to which Chronimed will become a wholly owned subsidiary of MIM;

To adopt the amended and restated certificate of incorporation of MIM to change MIMs name to BioScrip, Inc. and to increase the number of authorized shares of MIM common stock from 40 million shares to 75 million shares; and

To approve any motion to adjourn or postpone the MIM special meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to establish a quorum or to obtain additional votes in favor of the foregoing proposals.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the MIM special meeting.

The close of business on [ ], 2004 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the MIM special meeting or any adjournments or postponements thereof. Only holders of record of MIM common stock at the close of business on the record date are entitled to notice of, and to vote at, the MIM special meeting. A complete list of stockholders entitled to vote at the MIM special meeting will be available for examination by any of our stockholders at our headquarters, 100 Clearbrook Road, Elmsford, New York for purposes pertaining to the MIM special meeting, during normal business hours for a period of 10 days prior to the MIM special meeting, and at the time and place of the MIM special meeting.

In order to complete the merger:

the holders of a majority of the shares of MIM common stock present in person or represented by proxy and entitled to vote at the MIM special meeting must approve the issuance of MIM common stock to Chronimed stockholders (assuming a quorum is present at the MIM special meeting); and

the holders of a majority of the shares of MIM common stock outstanding on the record date for the MIM special meeting must vote to adopt the amended and restated certificate of incorporation of MIM.

Your vote is important. Whether or not you expect to attend the MIM special meeting in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card; (2) calling the toll-free number specified on your proxy card; or (3) signing, dating and mailing the enclosed proxy card so that your shares may be represented and voted at the MIM special meeting. A self-addressed, postage prepaid envelope is enclosed for your convenience. You have the unconditional right to revoke your proxy at any time prior to its use at the special meeting by following the procedures set forth in the accompanying joint proxy statement/prospectus.

The MIM board of directors unanimously recommends that you vote to approve the issuance of MIM common stock in the merger and to adopt the amended and restated certificate of incorporation of MIM as described in the accompanying joint proxy statement/prospectus.

By order of the Board of Directors,

Barry A. Posner
Executive Vice President,
Secretary and General Counsel

[ ], 2004

[Chronimed Logo]

10900 Red Circle Drive
Minnetonka, Minnesota 55343

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [ ], 2004

Dear Stockholders of Chronimed Inc.:

We are pleased to invite you to attend a special meeting of the stockholders of Chronimed Inc., a Minnesota corporation, which will be held on [ ], 2004 beginning at [ ] a.m., Central Standard Time, at [ ], for the following purposes:

To approve and adopt the Agreement and Plan of Merger, dated as of August 9, 2004, by and among MIM Corporation, Corvette Acquisition Corp., a wholly owned subsidiary of MIM Corporation, and Chronimed Inc., and approve the merger contemplated by the merger agreement, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, pursuant to which Chronimed will become a wholly owned subsidiary of MIM Corporation and the stockholders of Chronimed will receive 1.025 shares of MIM common stock for each outstanding share of Chronimed common stock owned immediately prior to the effective time of the merger; and

To approve any motion to adjourn or postpone the Chronimed special meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to establish a quorum or to obtain additional votes in favor of the foregoing proposal.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the Chronimed special meeting.

The close of business on [ ], 2004 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Chronimed special meeting or any adjournments or postponements of the Chronimed special meeting. Only holders of record of common stock at the close of business on the record date are entitled to notice of, and to vote at, the Chronimed special meeting.

In order to complete the merger, the holders of a majority of the shares of Chronimed common stock outstanding on the record date for the Chronimed special meeting must vote to approve and adopt the merger agreement and approve the merger.

Your vote is important. Whether or not you expect to attend the Chronimed special meeting in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card; (2) calling the toll-free number specified on your proxy card; or (3) signing, dating and mailing the enclosed proxy card so that your shares may be represented and voted at the Chronimed special meeting. A self-addressed, postage prepaid envelope is enclosed for your convenience. You have the unconditional right to revoke your proxy at any time prior to its use at the special meeting by following the procedures set forth in the accompanying joint proxy statement/prospectus.

The Chronimed board of directors unanimously recommends that you vote to approve and adopt the merger agreement and approve the merger as described in the accompanying joint proxy statement/prospectus.

By order of the Board of Directors

Kenneth S. Guenthner
General Counsel and Secretary

[ ], 2004

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THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about MIM Corporation and Chronimed Inc. from other documents filed with the Securities and Exchange Commission, referred to as the SEC, that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference in this joint proxy statement/prospectus, see the section entitled Where You Can Find More Information beginning on page 117.

You can obtain documents incorporated by reference into this joint proxy statement/prospectus, other than certain exhibits or schedules to those documents, without charge, by making a request in writing or by telephone from the appropriate company at the following addresses:

MIM Corporation	Chronimed Inc.
100 Clearbrook Road	10900 Red Circle Drive
Elmsford, New York 10523	Minnetonka, Minnesota 55343
Attn: Investor Relations	Attn: Investor Relations
Telephone: (914) 460-1600	Telephone: (952) 979-3600

IN ORDER FOR YOU TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS BEFORE THE MIM SPECIAL MEETING OR THE CHRONIMED SPECIAL MEETING, MIM OR CHRONIMED MUST RECEIVE YOUR REQUEST NO LATER THAN [ ], 2004.

QUESTIONS AND ANSWERS

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger. MIM and Chronimed urge you to read carefully this joint proxy statement/prospectus, including its annexes and the documents incorporated by reference, in its entirety because the information in this section does not provide all the information that might be important to you with respect to the merger.

Q: What is the proposed merger?

A: In the proposed merger, Chronimed will become a wholly owned subsidiary of MIM. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

Q: Why are MIM and Chronimed proposing this merger?

A: The MIM and Chronimed boards of directors believe that the merger will provide substantial strategic and financial benefits to both companies and that through the merger the combined company will be able to expand its national and local distribution platform and deliver medications to treat a wider range of diseases with more comprehensive patient and physician service capabilities than either MIM or Chronimed can presently achieve alone.

Q: Does the board of directors of MIM recommend voting in favor of the issuance of MIM common stock in connection with the merger, the adoption of the amended and restated certificate of incorporation of MIM and the other proposal contained in the MIM notice of special meeting?

A: Yes. After careful consideration, MIMs board of directors unanimously recommends that MIMs stockholders vote ***FOR*** the issuance of shares of MIM common stock in connection with the merger, ***FOR*** the adoption of the amended and restated certificate of incorporation of MIM and ***FOR*** the other proposal contained in the MIM notice of special meeting.

Q: Does the board of directors of Chronimed recommend voting in favor of the merger agreement and the merger and the other proposal contained in the Chronimed notice of special meeting?

A: Yes. After careful consideration, Chronimeds board of directors unanimously recommends that Chronimeds stockholders vote ***FOR*** the approval and adoption of the merger agreement and approval of the merger and ***FOR*** the other proposal contained in the Chronimed notice of special meeting.

Q: What will I receive in the merger?

A: *MIM Stockholders*. MIM stockholders will not receive any new or additional shares of common stock as a result of the merger. Each share of MIM common stock held prior to the merger will continue to represent one share of MIM common stock after the merger.

Chronimed Stockholders. Chronimed stockholders will receive, in exchange for each Chronimed share, 1.025 shares of MIM common stock and cash for fractional shares.

As a result of the issuance of MIM common stock to the Chronimed stockholders in the merger, former Chronimed stockholders will own approximately 37% of the combined company and MIM stockholders will own approximately 63%.

Q: What proposals are MIM stockholders being asked to consider?

A: MIM stockholders are being asked to:

- approve the issuance of shares of MIM common stock pursuant to the merger;
- adopt the amended and restated certificate of incorporation of MIM to change MIMs name to BioScrip, Inc. and increase the number of authorized shares of MIM common stock from 40 million shares to 75 million shares; and
- approve any motion to adjourn or postpone the MIM special meeting to another time or place to permit, among other things, further solicitation of proxies, if necessary, to establish a quorum or to obtain additional votes in favor of the foregoing proposals.

Q: What proposals are Chronimed stockholders being asked to consider?

A: Chronimed stockholders are being asked to:

- approve and adopt the merger agreement and approve the merger; and
- approve any motion to adjourn or postpone the Chronimed special meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to establish a quorum or to obtain additional votes in favor of the foregoing proposals.

Q: Why is MIM proposing to amend and restate its certificate of incorporation to change MIMs name to BioScrip, Inc. and to increase the number of authorized shares of MIM common stock?

A: MIM is proposing to change its name in connection with the merger so that the combined company can improve the brand recognition of its products and services through the creation of a single brand name, BioScrip, Inc. MIM is proposing to increase the number of authorized shares of MIM common stock to provide the sufficient shares for issuance in connection with the merger and for reservation against the number shares that may be issued under currently outstanding options that are being assumed in the merger. In addition, the proposed number of authorized shares will provide greater flexibility in the capital structure of the combined company following the merger.

Q: Should I send in my stock certificates now?

A: *MIM Stockholders*. No. You are not required to take any action with respect to your MIM stock certificates in connection with the merger. Your stock certificates will continue to represent your stock interest in MIM after the merger and name change.

Chronimed Stockholders. No. You should not send in your Chronimed stock certificates now. After the merger is completed, MIMs exchange agent will send you written instructions explaining what you must do to exchange your Chronimed stock certificates for MIM stock certificates.

Q: What will happen to outstanding Chronimed stock options?

A: Each option to purchase Chronimed common stock outstanding immediately before the completion of the merger will be accelerated and become fully vested, and will be assumed by MIM upon the same terms and conditions that were applicable to the option immediately prior to the effective time of the merger, except that the number of shares of MIM common stock purchasable upon exercise of the option, and the exercise price of the option, will be adjusted to reflect the exchange ratio. After the merger, MIM will send instructions to the Chronimed option holders explaining how to exchange Chronimed stock options for MIM stock options.

Q: What votes are required for approval of the merger and other proposals?

A: *MIM stockholders*

Assuming a quorum is present at the MIM special meeting, approval of the issuance of MIM common stock to Chronimed stockholders in connection with the merger requires the affirmative vote of the holders of a majority of the shares of MIM common stock present in person or represented by proxy at the MIM special meeting and entitled to vote.

Adoption of the amended and restated certificate of incorporation of MIM requires the affirmative vote of the holders of a majority of the shares of MIM common stock outstanding on the record date for the MIM special meeting.

Approval of any adjournment proposal will require the affirmative vote of the holders of a majority of the shares of MIM common stock present in person or represented by proxy at the MIM special meeting and entitled to vote.

Chronimed stockholders

Approval and adoption of the merger agreement and approval of the merger will require the affirmative vote of a majority of the shares of Chronimed common stock outstanding on the record date for the Chronimed special meeting.

Approval of any adjournment proposal will require the affirmative vote of the holders of a majority of the shares of Chronimed common stock present in person or represented by proxy at the Chronimed special meeting and entitled to vote.

Q: How do I vote?

A: You may vote (1) in person by attending your special meeting, (2) via the Internet or by telephone by following the instructions included on the enclosed proxy card or (3) by completing, signing, dating and mailing the enclosed proxy card. A self-addressed, postage prepaid envelope is enclosed for your convenience.

Q: How do I vote my shares if they are held in street name through a broker, bank or other financial institution?

A: If your shares are held in street name through a broker, bank or other financial institution and you wish to vote on the proposals described in this joint proxy statement/prospectus, you must instruct your financial institution how to vote your shares with respect to the proposals.

Q: Can I change my vote even after returning a proxy card?

A: Yes. You can change your vote at any time before your proxy is voted. You can change your vote in one of four ways: (1) you can send a signed notice of revocation to your corporate secretary; (2) you can send a completed proxy to your company bearing a later date than your original proxy; (3) you can log on to the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or call the telephone number on your proxy card for your company; or (4) you can attend your special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given. If you choose any of the first three methods, you must submit your notice of revocation or your new proxy to your corporate secretary no later than the beginning of your special meeting.

If your shares are held in street name by a broker, bank or other financial institution, you must contact your financial institution to change your vote.

Q:

What do I need to do now?

A: You should read and consider the information contained in this joint proxy statement/prospectus, including its annexes and documents incorporated by reference, carefully and then complete, date, sign and mail the enclosed proxy card in the return envelope provided or vote by telephone or by using the Internet, following the instructions included on the enclosed proxy card.

Q: When do you expect to complete the merger?

A: MIM and Chronimed are working to complete the merger as quickly as practicable. Although MIM and Chronimed cannot predict the exact timing of completion of the merger, we hope to do so in December 2004 promptly following receipt of the required stockholder approvals described in this joint proxy statement/prospectus.

Q: Are there conditions to completion of the merger?

A: Yes. Completion of the merger is subject to satisfaction or waiver of the conditions specified in the merger agreement, including receipt of (1) approval by the MIM stockholders of the issuance of shares of MIM common stock to Chronimed stockholders in the merger, (2) approval and adoption of the merger agreement and approval of the merger by the Chronimed stockholders and (3) regulatory approvals of the merger specified in the merger agreement. In addition, the approval by the MIM stockholders of the amended and restated certificate of incorporation is necessary to provide sufficient authorized common stock for issuance in the merger and for reservation against the number of shares that may be issued under currently outstanding options that are being issued in the merger. The merger will be completed as soon as practicable after receipt of the necessary approvals or waivers. See the section entitled The Merger Agreement beginning on page 68.

Q: Am I entitled to dissenters or appraisal rights in connection with the merger?

A: No. MIM and Chronimed stockholders are not entitled to dissenters or appraisal rights in connection with the merger or the other proposals described in this joint proxy statement/prospectus.

Q: Did MIMs and Chronimeds financial advisors render fairness opinions in connection with the merger?

A: Yes.

The MIM board of directors considered the oral opinion of its financial advisor, Lehman Brothers Inc., referred to as Lehman Brothers, given on August 6, 2004 and confirmed in writing on August 9, 2004 to the MIM board of directors, to the effect that, as of such dates, and based upon and subject to the factors and assumptions set forth in the written opinion and decribed at the meeting of the board of directors on August 6, 2004, the exchange ratio to be paid by MIM pursuant to the merger was fair, from a financial point of view, to MIM.

The Chronimed board of directors considered the oral opinion of its financial advisor, Banc of America Securities, LLC, referred to as Banc of America Securities, given on August 6, 2004 and subsequently confirmed in writing to the Chronimed board of directors, to the effect that, as of such date, and based upon and subject to the factors and assumptions set forth in the written opinion and decribed at the meeting of the board of directors on August 6, 2004, the exchange ratio to be received by the Chronimed stockholders pursuant to the merger was fair, from a financial point of view, to the Chronimed stockholders.

The full text of the written opinions of the financial advisors are attached as Annex B and Annex C to this joint proxy statement/prospectus, and should be read carefully in their entirety to understand the assumptions made, matters considered and limitations on the review undertaken in providing the opinions.

Q: What are the U.S. federal income tax consequences of the merger to Chronimed stockholders?

A: If, as MIM and Chronimed expect, the merger qualifies as a reorganization for U.S. federal income tax purposes, Chronimed stockholders generally will not recognize any gain or loss upon the exchange of Chronimed shares for MIM common stock, except with respect to cash received for fractional shares of MIM common stock. **The tax consequences to you will depend on the facts and circumstances of your own situation. Please consult your tax advisor for a full understanding of the tax consequences of the merger to you.**

For a more complete description of the material U.S. federal income tax consequences of the merger, see the section entitled Material U.S. Federal Income Tax Consequences on page 65.

Q: Will the composition of the board of directors and executive officers change as a result of the merger?

A: Yes. After the merger, Richard H. Friedman, Chairman and Chief Executive Officer of MIM, will serve as chairman of the board of directors of the combined company and Henry F. Blissenbach, Chairman and Chief Executive Officer of Chronimed, will serve as chief executive officer and president of the combined company. The combined companys board of directors will consist of nine directors, four of whom will be designated by MIM, four of whom will be designated by Chronimed, and one of whom will be a new director to be designated by MIM, in consultation with Chronimed, subject to Chronimeds approval not to be unreasonably withheld. The directors are expected to be Mr. Friedman, Mr. Blissenbach, [ ]. The other executive officers are expected to be [ ].

Q: Will the rights of Chronimed stockholders change as a result of the merger?

A: Yes. Currently, Chronimed stockholder rights are governed by Minnesota law and Chronimeds articles of incorporation and bylaws. After the merger, Chronimed stockholders will become stockholders of MIM, and therefore their rights will be governed by Delaware law and MIMs certificate of incorporation and bylaws. For a summary of certain differences between the rights of Chronimed stockholders and the rights of MIM stockholders, see the section entitled Comparison of Rights of MIM and Chronimed Stockholders beginning on page 102.

Q: Who can answer my questions?

A: If you have additional questions about the merger or about the solicitation of your proxy, you should contact MacKenzie Partners, Inc., the companies proxy solicitor, at (212) 929-5500 (collect) or (800) 322-2885 (toll-free).

SUMMARY

This summary highlights selected information contained in this joint proxy statement/prospectus and may not contain all the information that is important to you. MIM and Chronimed urge you to read carefully the remainder of this joint proxy statement/prospectus in its entirety. Additional important information is also contained in the annexes and the documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information beginning on page 117.

The Companies

MIM

MIM Corporation
100 Clearbrook Road
Elmsford, New York 10523
Telephone: (914) 460-1600

MIM, a pharmaceutical healthcare organization, provides innovative pharmacy benefit management, specialty pharmaceutical management and distribution and other pharmacy-related healthcare solutions. MIM combines clinical management expertise, sophisticated data management and therapeutic fulfillment capabilities to serve the particular needs of our customers. MIM provides a broad array of pharmacy-related products and services to individual patients or enrollees receiving health benefits, principally through health insurers, including HMOs, indemnity plans and PPOs, managed care organizations, other insurance companies and, to a lesser extent, labor unions, self-funded employer groups, government agencies and other self-funded plan sponsors.

Chronimed

Chronimed Inc.
10900 Red Circle Drive
Minnetonka, Minnesota 55343
Telephone: (952) 979-3600

Chronimed, a specialty pharmacy services provider, distributes prescription drugs, coordinates customer benefits and provides specialized therapy management services for people with certain health conditions, including HIV/AIDS, organ transplants and other conditions treated with biotech injectable medications. Chronimed works with patients, physicians and other health care providers, pharmaceutical manufacturers, health plans and insurers, and government agencies to improve clinical and economic outcomes. It distributes prescription drugs nationally through its Chronimed mail service and StatScript Pharmacy community-based pharmacies. Chronimeds patients typically have conditions that are generally not being served by traditional pharmacies, require high-cost, complex medications and have complex reimbursement characteristics.

The MIM Special Meeting and the Chronimed Special Meeting

The MIM Special Meeting

The special meeting of MIM stockholders, referred to as the MIM special meeting, will be held at [ ] at [ ] a.m., Eastern Standard Time, on [ ], 2004. At the MIM special meeting, stockholders will be asked to:

approve the issuance of MIM common stock pursuant to the merger agreement in order to effect the merger;

adopt the amended and restated certificate of incorporation of MIM to change MIMs name to BioScrip, Inc. and to increase the number of authorized shares of MIM common stock from 40 million shares to 75 million shares; and

approve any motion to adjourn or postpone the MIM special meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to establish a quorum or to obtain additional votes in favor of the foregoing proposals.

The Chronimed Special Meeting

The special meeting of Chronimed stockholders, referred to as the Chronimed special meeting, will be held at [ ] at [ ] a.m., Central Standard Time, on [ ], 2004. At the Chronimed special meeting, stockholders will be asked to:

approve and adopt the merger agreement and approve the merger; and

approve any motion to adjourn or postpone the Chronimed special meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to establish a quorum or to obtain additional votes in favor of the foregoing proposal.

Record Date; Quorum

MIM

Only MIM stockholders of record at the close of business on [ ], 2004, referred to as the MIM record date, will be entitled to notice of, and to vote at, the MIM special meeting.

On the MIM record date, there were [ ] shares of MIM common stock entitled to vote at the MIM special meeting. The presence of the holders of a majority of MIM common stock outstanding on the MIM record date, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the MIM special meeting.

Chronimed

Only Chronimed stockholders of record at the close of business on [ ], 2004, which is referred to as the Chronimed record date, will be entitled to notice of, and to vote at, the Chronimed special meeting.

On the Chronimed record date, there were a total of [ ] shares of Chronimed common stock entitled to vote at the Chronimed special meeting. The presence of the holders of a majority of Chronimed common stock outstanding on the Chronimed record date, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the Chronimed special meeting.

Required Vote

MIM

MIM stockholders will have one vote for each share of MIM common stock that they owned on the MIM record date. The affirmative vote of the holders of a majority of all shares of MIM common stock present in person or represented by proxy and entitled to vote at the MIM special meeting, assuming that there is a quorum at the MIM special meeting, is required to approve the issuance of shares of MIM common stock to Chronimed stockholders in the merger. The affirmative vote of the holders of a majority of the shares of MIM common stock outstanding on the MIM record date is required to adopt the amended and restated certificate of incorporation of MIM. Approval of any proposal to adjourn or postpone the special meeting, if necessary for the purpose of establishing a quorum or soliciting additional proxies, requires the affirmative vote by the holders of a majority of the shares of MIM common stock represented at the special meeting, whether or not a quorum is present.

Chronimed

Chronimed stockholders will have one vote for each share of Chronimed common stock that they owned on the Chronimed record date. The affirmative vote of the holders of a majority of the shares of Chronimed common stock outstanding on the Chronimed record date is required to approve and adopt the merger agreement and approve the merger. Approval of any proposal to adjourn or postpone the special meeting, if necessary, for the purpose of establishing a quorum or soliciting additional proxies requires the affirmative vote by the holders of a majority of the shares of Chronimed common stock represented at the special meeting, whether or not a quorum is present.

Voting by Directors and Executive Officers

MIM

On [ ], 2004, directors and executive officers of MIM and their affiliates owned and were entitled to vote [ ] shares of MIM common stock, or approximately [ ]% of the shares of MIM common stock outstanding on that date.

Chronimed

On [ ], 2004, directors and executive officers of Chronimed and their affiliates owned and were entitled to vote [ ] shares of Chronimed common stock, or approximately [ ]% of the shares of Chronimed common stock outstanding on that date.

The Merger

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. MIM and Chronimed encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

Form of Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware and Minnesota law, at the effective time of the merger, Corvette Acquisition Corp., a wholly owned subsidiary of MIM, referred to as Merger Sub, will be merged with and into Chronimed. Chronimed will survive the merger as a wholly owned subsidiary of MIM.

Consideration to be Received in the Merger by Chronimed Stockholders

Upon completion of the merger, each share of Chronimed common stock outstanding immediately prior to the effective time of the merger will be cancelled and automatically converted into the right to receive 1.025 shares of MIM common stock.

Chronimed stockholders will receive cash for any fractional shares that they would otherwise receive in the merger. The amount of cash for fractional shares will be calculated by multiplying the fractional share interest to which each stockholder would be entitled by the per share closing sale price of shares of MIM common stock as quoted on the Nasdaq National Market, referred to as Nasdaq, on the business day immediately prior to the effective time of the merger.

The formula above will result in holders of Chronimeds outstanding common stock owning approximately 37% of the combined company after the merger and the holders of MIMs outstanding common stock owning approximately 63%.

Conditions to Completion of the Merger

MIM and Chronimed are required to complete the merger only if specific conditions in the merger agreement are satisfied or waived, including those summarized below:

- receipt of required approvals from MIMs and Chronimeds stockholders;
- absence of any law, regulation or order making the merger illegal or otherwise prohibiting the merger;
- receipt of antitrust approvals;
- receipt of opinions by MIM and Chronimed from their respective tax counsel that the merger will qualify as a reorganization for federal income tax purposes;
- accuracy of each partys respective representations and warranties in the merger agreement;
- material compliance by each party with its covenants in the merger agreement; and
- absence of a material adverse effect on MIM or Chronimed from August 9, 2004 to completion of the merger.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to completion of the merger by the mutual consent of MIM and Chronimed. Under certain circumstances specified in the merger agreement, either MIM or Chronimed may terminate the merger agreement if:

- the merger is not completed by December 31, 2004;
- any court or other governmental authority has issued a final, non-appealable order or ruling or has taken any other final action permanently restraining or otherwise prohibiting the merger;
- the required approvals of the MIM stockholders or Chronimed stockholders have not been obtained;

the other party has materially breached its representations, warranties or covenants in the merger agreement and has not cured such breach; or

the board of directors of the other party has withdrawn or adversely modified its recommendation of the merger agreement or the merger, has recommended to its stockholders an acquisition proposal other than the merger or has violated or breached any of its no solicitation obligations.

Recommendation of the Boards of Directors

MIM

After careful consideration, on August 6, 2004, the MIM board of directors unanimously approved the merger agreement and the merger. In reaching its decision, the MIM board of directors consulted with its management team and advisors and independently considered the proposed merger and the transactions contemplated by the merger agreement. For the factors considered by the MIM board of directors in reaching its decision to approve the merger agreement and the merger, see the section entitled The MergerMIM Reasons for the Merger beginning on page 39. The MIM board of directors unanimously recommends that MIM stockholders vote FOR the proposals to approve the issuance of MIM common stock in connection with the merger and to adopt the amended and restated certificate of incorporation of MIM.

Chronimed

After careful consideration, on August 6, 2004, the Chronimed board of directors unanimously approved the merger agreement. In reaching its decision, the Chronimed board of directors consulted with its management team and advisors and independently considered the proposed merger and the transactions contemplated by the merger agreement. For the factors considered by the Chronimed board of directors in reaching its decision to approve the merger agreement and the merger, see the section entitled The MergerChronimed Reasons for the Merger beginning on page 48. The Chronimed board of directors unanimously recommends that Chronimed stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

Opinions of Financial Advisors

MIM

On August 6, 2004, Lehman Brothers delivered its oral opinion, which was subsequently confirmed in writing on August 9, 2004, to the MIM board of directors that as of such dates and, based upon and subject to the factors and assumptions stated in the opinion, the exchange ratio to be paid by MIM pursuant to the merger agreement was fair, from a financial point of view, to MIM. The full text of Lehman Brothers written opinion, which includes a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion, is attached as Annex B. Stockholders are urged to read the opinion in its entirety. **Lehman Brothers opinion was provided to the MIM board of directors in connection with its consideration of the proposed transaction. The Lehman Brothers opinion was not intended to be and does not constitute a recommendation to any stockholder of MIM or Chronimed as to how such stockholder should vote in connection with the proposed transaction.** Lehman Brothers was not requested to opine as to, and the Lehman Brothers opinion does not address, MIMs underlying business decision to proceed with or effect the merger.

Chronimed

On August 6, 2004, Banc of America Securities delivered its oral opinion, which was subsequently confirmed in writing, to the Chronimed board of directors that, as of that date and subject to the various assumptions and limitations stated in the opinion, the exchange ratio to be received by the Chronimed stockholders in the proposed merger was fair from a financial point of view to the Chronimed stockholders. The Chronimed board of directors did not limit the investigations made or procedures followed by Banc of America Securities in rendering its opinion. The full text of Banc of America Securities’ written opinion, dated August 6, 2004, to the Chronimed board of directors is attached as Annex C. You should read this opinion carefully and in its entirety in connection with this joint proxy statement/prospectus. **Banc of America Securities’ opinion was directed to the Chronimed board of directors. It does not constitute a recommendation as to how the stockholders of Chronimed or MIM should vote in connection with the proposed transaction.** The opinion addresses only the fairness from a financial point of view to the Chronimed stockholders of the exchange ratio proposed to be received by such stockholders in the proposed merger. The opinion does not address the relative merits of the merger or any alternatives to the merger, the underlying decision of the Chronimed board of directors to proceed with or effect the merger or any other aspect of the merger.

Consequences of Merger Not Being Approved

If either the MIM or the Chronimed stockholders fail to approve the proposals required to effect the merger at their respective special meetings, or if the merger is not otherwise completed, the operations of each of MIM and Chronimed could be disrupted and their ongoing businesses may suffer. Additionally, both parties will have incurred costs associated with the merger without realizing the benefits of having the merger completed. See the sections entitled “Risk Factors—Failure to complete the merger could negatively impact the stock prices and the future business and financial results of MIM and Chronimed” beginning on page 23 and “Risk Factors—Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of MIM and Chronimed, which could have an adverse effect on their respective businesses, financial results and stock prices” beginning on page 24.

Risks Associated with the Merger

While the merger is pending and if the merger is completed, stockholders of MIM and Chronimed will be subject to a number of risks to which they are not currently subject. For a discussion of risks relating to the merger, see the section entitled “Risk Factors” beginning on page 22.

Interests of Chronimed Directors and Officers in the Merger

In considering the recommendation of the Chronimed board of directors with respect to the merger, you should be aware that certain members of the Chronimed board of directors and certain Chronimed executive officers have interests in the transactions contemplated by the merger agreement that are different from, or in addition to, the interests of Chronimed stockholders generally. The Chronimed board of directors was aware of these interests and considered them among other matters in making its recommendation. The following is a summary of those interests:

- Mr. Blissenbach will be employed by MIM after the merger as its chief executive officer and president.

- Under provisions in Chronimed’s current employment agreement with Mr. Blissenbach, severance compensation is payable if Mr. Blissenbach’s employment is terminated without cause or by delivery of a non-renewal notice or if Mr. Blissenbach terminates his employment for good reason. Mr. Blissenbach has entered into an agreement with Chronimed and MIM that provides that his employment by MIM as its chief executive officer and president will not constitute good reason for him to terminate his employment agreement and that MIM will assume his current employment agreement. As a result, completion of the merger will not trigger the payment of any severance to Mr. Blissenbach.

Under provisions in Chronimed's employment agreement with Anthony J. Zappa, an executive officer of Chronimed, severance compensation is payable if his employment is terminated without cause or by delivery of a non-renewal notice or if he terminates his employment for good reason.

Severance compensation may be payable to five other executive officers of Chronimed, Kenneth S. Guenthner, Colleen M. Haberman, Gregory H. Keane, Brian J. Reagan and Thomas A. Staloch, under change of control severance agreements that may be triggered by the merger. Under each agreement, severance compensation is payable if the executive officer is not given an offer to remain employed with Chronimed or become employed with MIM after the merger, or if the executive officer rejects such offer. In addition, severance compensation is payable if the executive officer accepts an offer to remain employed with Chronimed or become employed with MIM after the merger, and within one year of completion of the merger, the executive officer terminates his or her employment for good reason or Chronimed or MIM, as the case may be, terminates the executive officer's employment without cause.

Immediate vesting and exercisability of stock options held by Chronimed's directors and executive officers that will occur upon completion of the merger.

Mr. Blissenbach, a director and executive officer of Chronimed, and Mr. Keane, Mr. Reagan and Mr. Guenthner, each an executive officer of Chronimed, all participated on behalf of Chronimed in the merger negotiations with MIM.

Regulatory Approvals

The merger is subject to review by the United States Department of Justice and the United States Federal Trade Commission to determine whether the merger complies with applicable antitrust laws. Under the provisions of the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, referred to as the HSR Act, the merger may not be completed until after each of MIM and Chronimed have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and a required waiting period has expired or been terminated. MIM filed the required notification and report forms with the Department of Justice and the Federal Trade Commission on September 3, 2004, and Chronimed filed the required notification and report forms with the Department of Justice and the Federal Trade Commission on September 7, 2004.

Accounting Treatment

The merger will be accounted for using the purchase method of accounting with MIM being considered the acquirer of Chronimed for accounting purposes. This means that MIM will allocate the purchase price to the fair value of assets acquired and liabilities assumed from Chronimed at the effective time of the merger, with the excess purchase price being recorded as goodwill. Under the purchase method of accounting, goodwill is not amortized but is tested for impairment at least annually.

Expenses

Chronimed and MIM have agreed to share the costs and expenses of this joint proxy statement/prospectus (including SEC filing fees) and the HSR Act filing fee. All other fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses.

Termination Fees

The merger agreement provides that, under specified circumstances, MIM or Chronimed may be required to pay a termination fee equal to $4.0 million. See the section entitled “The Merger Agreement—Termination Fees” on page 79 for a complete discussion of the circumstances under which expenses and termination fees will be required to be paid.

COMPARATIVE PER SHARE INFORMATION (UNAUDITED)

The following tables show per share data regarding earnings from continuing operations and book value per share for MIM and Chronimed on a historical, pro forma combined and pro forma equivalent basis. The pro forma book value per share information was computed as if the merger had been completed on June 30, 2004. The pro forma earnings from continuing operations information was computed as if the merger had been completed on January 1, 2003. The Chronimed pro forma equivalent information was calculated by multiplying the corresponding pro forma combined data by the exchange ratio of 1.025 to 1.0. This information shows how each share of Chronimed common stock would have participated in MIMs earnings from continuing operations and book value per share if the merger had been completed on the relevant dates. These amounts do not necessarily reflect future per share amounts of earnings from continuing operations and book value per share of MIM. Neither MIM nor Chronimed has ever paid any dividends on its common stock.

The following unaudited comparative per share data is derived from the historical consolidated financial statements of MIM and the historical consolidated financial statements of Chronimed. You should read the information below in conjunction with the financial statements and accompanying notes of MIM and Chronimed, which are incorporated by reference in this joint proxy statement/prospectus. You should also read the section Unaudited Pro Forma Condensed Consolidated Financial Information beginning on page 96 of this joint proxy statement/prospectus.

	As of and for the Six Months Ended June 30, 2004	As of and for the Year Ended December 31, 2003
MIM Historical:		
Book value per share	$5.04	$4.85
Earnings per share from continuing operations:		
Basic	$0.19	$0.41
Diluted	$0.18	$0.40
Chronimed Historical(1):		
Book value per share	$7.38	$7.08
Earnings per share from continuing operations:		
Basic	$0.28	$0.48
Diluted	$0.27	$0.47
MIM Pro Forma Consolidated:		
Book value per share	$6.02	$5.90
Earnings per share from continuing operations:		
Basic	$0.21	$0.40
Diluted	$0.20	$0.40
Chronimed Pro Forma Equivalent(1)(2):		
Book value per share	$5.87	$5.76
Earnings per share from continuing operations:		
Basic	$0.20	$0.39
Diluted	$0.20	$0.39

(1) Chronimed amounts have been aligned with MIMs December 31 fiscal year.

(2) Chronimed pro forma amounts represent the amount of the pro forma company's book value and earnings per share from continuing operations attributable to shares of Chronimed common stock based on the exchange ratio.

COMPARATIVE STOCK PRICES AND DIVIDENDS

Stock Prices

The table below presents the last quoted sales price of MIM common stock, as quoted on Nasdaq under the symbol MIMS, the last quoted sales price of Chronimed common stock, as quoted on Nasdaq under the symbol CHMD, and the market value of a share of Chronimed common stock on an equivalent per share basis. These prices are presented on two dates:

August 6, 2004, the last trading day before the public announcement of the signing of the merger agreement; and

[ ], 2004, the latest practicable date before the date of this joint proxy statement/prospectus.

	MIM Common Stock	Chronimed Common Stock	Equivalent Per Share Data (1)
August 6, 2004	$7.27	$7.78	$7.45
[ ], 2004	$ [ ]	$ [ ]	$ [ ]

(1) The equivalent per share data for Chronimed common stock has been determined by multiplying the last reported sale price of a share of MIM common stock on each of the dates by the exchange ratio of 1.025.

Dividends

MIM has never paid any cash dividends on its common stock and does not intend to do so in the foreseeable future. Chronimed has never paid any cash dividends on its common stock and does not intend to do so in the foreseeable future.

SELECTED HISTORICAL FINANCIAL DATA OF MIM

The following table sets forth selected historical financial data for MIM. The following data at and for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 have been derived from MIM’s audited consolidated financial statements. The statement of operations data for the six months ended June 30, 2004 and 2003, and the balance sheet data as of June 30, 2004 and 2003 have been derived from MIM’s unaudited condensed consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. You should read the following information together with MIM’s audited and unaudited consolidated financial statements and the notes related thereto, which are incorporated by reference in this joint proxy statement/prospectus. The information set forth below is not necessarily indicative of the results of future operations.

(in thousands, except per share amounts)	**Six Months Ended June 30,**		**Years Ended December 31,**				
	2004	**2003**	**2003**	**2002**	**2001**	**2000**	**1999**
Statement of Operations Data:							
Revenues(1)(7)(8)	$ 302,178	$ 323,381	$ 588,770	$ 576,596	$ 456,646	$ 338,171	$ 350,693
Special charges and TennCare reserve(2)	—	—	—	(851)	(2,476)	—	6,029
Net income (loss)(3)(4)(9)(10)	4,126	6,921	9,130	18,685	14,202	(1,823)	(3,785)
Net income (loss) per basic share	0.19	0.31	0.41	0.83	0.67	(0.09)	(0.20)
Net income (loss) per diluted share(5)	0.18	0.31	0.40	0.79	0.64	(0.09)	(0.20)
Weighted average shares outstanding used in computing basic income (loss) per share .	22,187	22,263	22,164	22,616	21,273	19,930	18,660
Weighted average shares outstanding used in computing diluted income (loss) per share(5)	22,724	22,680	22,640	23,563	22,289	19,930	18,660
Balance Sheet Data:							
Cash and cash equivalents	2,499	5,420	9,428	5,751	$ 12,487	1,290	15,306
Investment securities	—	—	—	—	—	—	5,033
Working (deficit) capital	12,565	10,082	20,283	5,101	9,307	(11,184)	8,995
Total assets	179,851	176,444	171,191	182,231	139,819	120,401	115,683
Capital lease obligations, net of current portion	—	123	35	430	1,031	1,621	718
Long-term debt, net of current portion(6)	—	—	—	—	—	—	2,279
Stockholders’ equity	112,242	96,691	107,202	94,208	60,296	39,505	35,187

(1) Beginning in 2001, as required by EITF No. 02-16, MIM adopted a new method of recording rebates received from manufacturers as a reduction of cost of revenue and rebates shared with plan sponsors as a reduction of revenue. Prior to 2001 MIM recorded the difference between rebates billed and the rebates shared with customers as a reduction of cost of revenue. For comparative purposes, the years 2000 and 1999 have been reclassified to give effect to this change.

(2) In 1999, MIM recorded $6,029 of TennCare reserve adjustments for estimated losses on contract receivables relating to Tennessee Health Partnership, referred to as THP, Preferred Health Plans and Xantus Health Plans of Tennessee, Inc., referred to as Xantus, as further described in Note 11 of the Notes to Consolidated Financial Statements included in MIMs Annual Report on Form 10-K for the fiscal year ended December 31, 2003. During 2001, MIM recorded a reserve adjustment credit of $980 to reflect a favorable settlement with THP relative to the amount initially reserved in 1999. In the third quarter of 2001 and the first quarter of 2002, MIM recorded TennCare reserve adjustments of $1,496 and $851, respectively, as a result of the collection of receivables from Xantus, which were previously reserved in 1999. There have been no changes in 2003 and the reserve remains $357.

(3) Net income (loss) includes legal expenses advanced for the defense of two former officers for the years 2000 and 1999, in the amounts of $2,700 and $1,400, respectively.

(4) In the fourth quarter of 2000, MIM recorded a provision for loss of $2,300 on its investment in Wang Healthcare Information Systems.

(5) The net loss per common share for the years 2000 and 1999 excludes the effect of common stock equivalents, as their inclusion would be antidilutive.

(6) This amount represents long-term debt assumed by MIM in connection with its acquisition of Continental Managed Pharmacy Services, Inc. and its subsidiaries.

(7) Revenue includes TennCare revenue of $67,817, $140,190, $141,903, $130,388 and $174,797, respectively, for the years ended 2003, 2002, 2001, 2000 and 1999. Revenue also includes Synagis revenue of $13,739, $14,644, $3,685 and $631 for the years ended December 31, 2003, 2002, 2001 and 2000, respectively. Both of these revenue sources ended in 2003.

(8) Revenue includes Value Options revenue of $10,655, $9,903, $20,839, $18,345, $17,689, $10,752 and $3,231, respectively, for the periods ended June 30, 2004 and 2003 and the years ended December 31, 2003, 2002, 2001, 2000 and 1999.

(9) Net income for the six months ended June 30, 2003 includes a restructuring charge of $617. Net income for the year ended December 31, 2003 includes a restructuring charge of $1,506 and a $950 charge related to a settlement with the founder, E. David Corvese.

(10) The effective tax rates were as follows:

2003	2002	2001	2000	1999
40%	20%	6.2%	0%	0%

SELECTED HISTORICAL FINANCIAL DATA OF CHRONIMED

The following table sets forth selected historical financial data for Chronimed. The following data at and for each of the five full fiscal years ended July 2, 2004 have been derived from Chronimeds audited consolidated financial statements. You should read the following information together with Chronimeds consolidated financial statements and the notes related thereto, which are incorporated by reference in this joint proxy statement/prospectus. The information set forth below is not necessarily indicative of the results of future operations.

Financial Results (in thousands, except per share data)	**Fiscal Years Ended** July 2, 2004(1)	June 27, 2003	June 28, 2002(2)	June 29, 2001(3)	June 30, 2000(4)
Revenue(5)	$559,964	$435,713	$397,437	$297,925	$222,497
Gross profit	62,929	53,122	47,732	35,693	36,891
Selling, general and administrative expense	(49,007)	(42,191)	(42,370)	(34,327)	(33,352)
Bad debt expense	(3,961)	(3,204)	(3,504)	(7,140)	(7,154)
Income (loss) from continuing operations	9,961	7,727	1,858	(5,774)	(9,115)
Interest income (expense), net	228	311	104	568	(191)
Other income (loss)	150	-	3,906	(1,837)	-
Income tax (expense) benefit	(3,328)	(3,053)	(2,131)	2,585	3,398
Net income (loss) from continuing operations	7,011	4,985	3,737	(4,458)	(5,908)
Income from discontinued operations, net of tax	-	-	-	15,235	1,840
Net income (loss)	$7,011	$4,985	$3,737	$10,777	$(4,068)
Diluted earnings (loss) per share:					
Income (loss) from continuing operations	$0.54	$0.40	$0.30	$(0.37)	$(0.49)
Income from discontinued operations	-	-	-	1.25	0.15
Net income (loss) per share	$0.54	$0.40	$0.30	$0.88	$(0.34)
Weighted average shares outstanding -- diluted	13,000	12,512	12,342	12,206	12,116
Financial Position (in thousands)					
Working capital	$56,980	$51,685	$43,850	$36,982	$36,393
Total assets	114,554	110,000	99,495	98,993	78,430
Stockholders equity	94,611	85,513	79,401	75,502	63,057

(1) Fiscal 2004 results include the following:

A $597 income tax benefit resulting from a reduction in income tax liabilities associated with prior tax years audited and closed in the fiscal year.

An additional week of revenue and expenses compared to the other fiscal years. See Note 1 of the Notes to Chronimeds Consolidated Financial Statements on Form 10-K for the fiscal year ended July 2, 2004.

(2) Fiscal 2002 results include the following charge and gain:

Pre-tax charges of $3,524 related to the StatScript retail business for the costs of transferring the Kansas City retail headquarters to Minneapolis, store closing costs and costs associated with the fiscal 2001 financial restatement.

A $3,797 pre-tax gain on the June 2002 collection of a previously reserved note receivable from the buyer of Home Service Medical (HSM), included in Other Income.

(3) Fiscal 2001 results include the following gain and loss:

A $13,769 after tax gain on the sale of MEDgenesis, Inc. in January 2001, included in discontinued operations.

A loss on the sale of available for sale securities of $1,829 (pre-tax).

(4) Fiscal 2000 results include the following charges (pre-tax) to operating expense:

Write down of $5,500 investment in Clinical Partners, an HIV case management business.

Expenses of $931 related to the retention of an investment banker in the review of corporate strategic alternatives.

Charges of $530 relating to the contemplated spin off of MEDgenesis, Inc.

(5) Revenue includes Aetna revenue of $111,754, $105,905, $103,354, $100,020 and $58,430 for the fiscal years ended 2004, 2003, 2002, 2001 and 2000, respectively.

SUMMARY UNAUDITED PRO FORMA FINANCIAL DATA

The following summary unaudited pro forma condensed consolidated financial information is designed to provide stockholders with information showing how MIMs acquisition of Chronimed might have affected historical financial statements if the acquisition had been consummated at an earlier time. The following summary unaudited pro forma condensed consolidated financial information was prepared based on the historical financial results reported by MIM and Chronimed in their filings with the SEC. The following should be read in connection with the section entitled Unaudited Pro Forma Condensed Consolidated Financial Information beginning on page 96 and the MIM and Chronimed audited and unaudited financial statements incorporated by reference in this joint proxy statement/prospectus.

The pro forma balance sheets assume that the merger took place on June 30, 2004 and combine MIMs June 30, 2004 unaudited consolidated balance sheet with Chronimeds July 2, 2004 audited consolidated balance sheet. The unaudited pro forma statements of operations for the six months ended June 30, 2004 and the year ended December 31, 2003 give effect to the merger as if it occurred on January 1, 2003. Because MIM and Chronimed have two different fiscal years, and the combined company will adopt the fiscal year of MIM, pro forma operating results are presented on a December 31 fiscal year basis.

The summary unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during these periods. In particular, the pro forma condensed consolidated financial statements include revenues MIM received under a contract with TennCare and Value Options, Inc., referred to as Value Options, and revenues Chronimed received under a contract with Aetna Inc., referred to as Aetna. MIM recently received a notice of termination of its contract with Value Options, and Aetna recently announced that it intends to move all of its specialty pharmacy business from Chronimed to a new entity to be named Aetna Specialty Management.

	MIM and Chronimed Pro Forma	
(in thousands, except for per share amounts)	**Six Months Ended June 30, 2004**	**Year Ended December 31, 2003**
Statement of Operations Data:		
Net revenue	$602,004	$1,075,553
Income from continuing operations	$7,303	$14,245
Average number of shares of common stock outstanding basic	35,312	35,289
Average number of shares of common stock outstanding diluted	36,080	35,997
Earnings per share:		
Basic	$0.21	$0.40
Diluted	$0.20	$0.40

	June 30, 2004
Balance Sheet Data:	
Cash, cash equivalents and short term investments	$10,040
Working capital	66,350
Total assets	296,925
Long-term debt (net of current portion)	-
Total stockholders equity	$212,968

RISK FACTORS

In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Regarding Forward-Looking Statements, you should carefully consider the following risks before deciding whether to vote for adoption and approval of the merger agreement and approval of the merger in the case of Chronimed stockholders, or for approval of the issuance of shares of MIM common stock in the merger and adoption of the amended and restated certificate of incorporation of MIM in the case of MIM stockholders. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information beginning on page 117.

The exchange ratio is fixed and will not be adjusted in the event of any change in either MIMs or Chronimeds stock price.

Under the merger agreement, Chronimed stockholders will receive, upon completion of the merger, 1.025 shares of MIM common stock for each share of Chronimed common stock. The 1.025 to 1 exchange ratio was established when the merger agreement was signed on August 9, 2004 and will not be adjusted due to any increases or decreases in the price of shares of MIM or Chronimed common stock.

The closing price of MIM common stock on Nasdaq on August 9, 2004 was $6.12 per share. From August 9, 2004 through the date of this joint proxy statement/prospectus, the trading price of MIM common stock ranged from a high of $[ ] per share to a low of $[ ] per share.

The market price of MIM common stock at the time of completion of the merger may vary significantly from the price on August 9, 2004 or from the price on either the dates of the MIM special meeting and the Chronimed special meeting or the effective time of the merger. These variations may be caused by a variety of factors, including:

- changes in the business, operations and prospects of MIM or Chronimed;
- changes in market assessments of the business, operations and prospects of the combined company;
- market assessments of the likelihood that the merger will be completed, including related considerations regarding regulatory approval of the merger;
- interest rates, general market and economic conditions and other factors generally affecting the price of MIM common stock and Chronimed common stock; and
- federal, state and local legislation, governmental regulation and legal developments in the businesses in which MIM and Chronimed operate.

If the price of MIM common stock declines relative to the price of Chronimed common stock between the date the merger agreement was signed or the date of the Chronimed special meeting and the effective time of the merger, including for any of the reasons described above, Chronimed stockholders will receive less value for their shares upon completion of the merger than they would have received based on the value calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the Chronimed special meeting.

If the price of MIM common stock increases relative to the price of Chronimed common stock between the date the merger agreement was signed or the date of the MIM special meeting and the effective time of the merger, MIM will pay more for shares of Chronimed common stock than the value calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the MIM special meeting.

If the merger is completed, the combined company may be unable to integrate successfully the businesses of MIM and Chronimed and realize the anticipated benefits of the merger.

The merger involves the combination of two companies that currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating its business practices and operations. Potential difficulties the combined company may encounter in the integration process include the following:

- the inability of the combined company to achieve the cost savings and operating synergies anticipated in the merger, including synergies relating to increased purchasing efficiencies and a reduction in costs associated with the merger;

- complexities associated with managing the business from different locations, including having the chief executive officer and president and other officers located in Minnetonka, Minnesota and the chairman and some officers located at the Elmsford, New York headquarters;

- complexities associated with managing the geographic separation of the combined businesses and consolidating multiple physical locations where management may determine consolidation is desirable;

- integrating personnel from diverse corporate cultures while maintaining focus on providing consistent, high quality customer service; and

- potential unknown liabilities and increased costs associated with the merger.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the combined company's business or the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business and financial results of the combined company after the merger. The actual integration may result in additional and unforseen expenses, and the anticipated benefits of such integration plans may not be realized.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of MIM and Chronimed.

Although MIM and Chronimed have agreed to use their reasonable efforts to obtain stockholder approval, there is no assurance that these proposals will be approved. On August 9, 2004, the day the merger was publicly announced, share prices for both MIM common stock and Chronimed common stock dropped by more than 15%; that decline may evidence stockholder dissatisfaction with the terms of the merger. If the merger is not completed for any reason, the ongoing businesses of MIM or Chronimed may be adversely affected and MIM and Chronimed will be subject to several risks, including the following:

- being required, under certain circumstances, to pay the other party a termination fee of $4.0 million;

- having to pay certain costs relating to the merger, such as legal, accounting, financial advisor and printing fees; and
- having had the focus of management of each of the companies directed toward the merger instead of on its core business and other opportunities that could have been beneficial to the companies,

in each case, without realizing any of the benefits of having completed the transaction. If the merger is not completed, MIM and Chronimed cannot ensure their respective stockholders that these risks will not materialize and will not materially affect the business, financial results and stock prices of MIM or Chronimed.

If the merger is completed and the combined company is unable to manage its growth profitably, its business, financial results and stock price could suffer.

The combined company's future financial results will depend in part on its ability to profitably manage its growth on a combined basis. Management will need to maintain existing customers and attract new customers, recruit, train, retain and effectively manage employees as well as expand operations, customer support and financial control systems. If the combined company is unable to manage its growth profitably, its business, financial results and stock price could suffer.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of MIM and Chronimed, which could have an adverse effect on their respective businesses, financial results and stock prices.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of MIM and Chronimed. Specifically:

- current and prospective MIM and Chronimed employees may experience uncertainty about their future roles with the combined company, which might adversely affect MIM's and Chronimed's ability to retain key managers and other employees;
- the attention of management of each of MIM and Chronimed may be directed toward the completion of the merger; and
- current or potential MIM or Chronimed customers may delay or modify decisions regarding new programs or changes in pharmacy benefit management services, referred to as PBM services, products or providers.

These disruptions could be exacerbated by a delay in the completion of the merger or termination of the merger agreement and could have an adverse effect on the business, financial results or stock price of MIM or Chronimed if the merger is not completed or on the combined company if the merger is completed after significant delay.

The commencement of the legal proceeding against Chronimed and its board of directors could adversely affect Chronimed's and MIM's respective businesses, financial results and stock prices or delay or prevent completion of the merger.

The commencement of the legal proceeding against Chronimed and its board of directors relating to the merger could cause disruptions in the businesses of Chronimed and MIM, negatively impact their businesses and financial results and delay or prevent completion of the merger. Specifically:

- the attention of management of Chronimed and MIM may be directed toward the litigation;
- the litigation may delay or prevent completion of the merger; and
- Chronimed or the combined company may incur substantial costs in defending the litigation.

A delay in the completion of the merger or termination of the merger agreement could have an adverse effect on the businesses, financial results and stock prices of Chronimed and MIM whether or not the merger is completed. Chronimed may incur substantial costs in defending the litigation, which could have an adverse effect on the business, financial results or stock price of Chronimed if the merger is not completed or of the combined company if the merger is completed. For a description of the legal proceeding, see the section entitled The MergerCertain Litigation beginning on page 63.

The price of the combined companys common stock may decline as a result of the disposition of a substantial number of shares of stock after completion of the merger.

If MIMs or Chronimeds executive officers, directors, any of their affiliates or any other significant stockholders sell a substantial portion of their stock in the combined company following completion of the merger, or there is a perception that such sales may occur or are occurring shortly after completion of the merger, the price of the combined companys common stock may decline. As of the record date, Chronimeds executive officers and directors, and certain of their affiliates, beneficially owned approximately (1) [ ] shares of Chronimed common stock, which represented approximately [ ]% of the outstanding shares of Chronimed common stock, and (2) options to purchase approximately [ ] shares of Chronimed common stock, which represented approximately [ ]% of the outstanding shares of Chronimed common stock. In connection with the merger, all of these options to purchase shares of Chronimed common stock will accelerate and become vested and fully exercisable. Additionally, MIM will not have lock-up or similar arrangements with these stockholders in place following completion of the merger.

Obtaining regulatory approvals may delay or prevent completion of the merger or reduce the benefits of the merger to stockholders. Any significant delay in completing the merger could adversely affect the combined company.

Completion of the merger is conditioned upon, among other things, the receipt of all material governmental authorizations, consents, orders and approvals, including the expiration or termination of the applicable waiting period, and any extension of the waiting period, under the HSR Act. As a result, MIM and Chronimed stockholders face the following risks:

- The requirement for obtaining these approvals could delay the completion of the merger for a significant period of time after MIM and Chronimed stockholders have approved the merger at their respective stockholders meetings.
- MIM and Chronimed could agree to restrictions imposed by federal or state authorities in order to obtain regulatory approval.

MIM and Chronimed cannot assure that the merger will be completed, that there will not be a delay in the completion of the merger, that the merger will be completed on the terms contemplated by the merger agreement and as described in this joint proxy statement/prospectus or that the benefits of the merger will be the same as those described in this joint proxy statement/prospectus. Any delay could also, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the merger.

Chronimed directors and executive officers have interests that are different from, or in addition to, interests of Chronimed stockholders generally.

When considering the recommendation of Chronimeds board of directors to approve the merger, Chronimed stockholders should be aware that members of the board of directors and the executive officers of Chronimed have interests in the transactions contemplated by the merger agreement that are different from, or in addition to, interests of Chronimed stockholders generally. These interests include, among other things:

Mr. Blissenbachs employment after the merger as the chief executive officer and president of MIM.

Severance compensation and other benefits under employment agreements and change of control severance agreements that may be triggered in connection with the merger. If the employment of Chronimeds executive officers under those agreements (other than Mr. Blissenbach, whose arrangements are described in the section entitled Interests of Chronimed Directors and Officers in the Merger beginning on page 59) is terminated after the merger under circumstances entitling the executive officers to severance compensation under their respective agreements, the aggregate amount of cash severance that would be payable to them would be approximately $1.5 million.

The accelerated vesting and exercisability of Chronimed stock options issued and outstanding under Chronimeds equity compensation plans. At August 6, 2004, the date that the merger agreement was approved by the Chronimed board of directors, Chronimeds directors and executive officers held stock options exercisable for approximately 699,000 shares of Chronimed common stock, which will vest and become fully exercisable as a result of the merger. All of these Chronimed stock options will be exchanged for fully vested and exercisable MIM stock options.

As of the record date, Chronimed directors and executive officers beneficially owned approximately __________ shares of Chronimed common stock (excluding stock options to purchase shares of Chronimed common stock), which represents approximately ____% of the outstanding shares of Chronimed common stock entitled to vote at the Chronimed special meeting.

As a result, Chronimeds directors and executive officers may be more likely to vote to approve and adopt the merger agreement and approve the merger than if they did not have such interests. For a more detailed description of these interests, see the section entitled The Merger Interests of Chronimed Directors and Officers in the Merger beginning on page 59.

Loss of key management as a result of the merger could adversely affect the combined company's business.

If the merger is approved and completed, the success of the combined company will be materially dependent upon the continued service of its key managers. Some key managers may be unwilling to relocate as necessary in connection with the combination of the combined company's headquarters and operations. The combined company's future business and financial results could be adversely affected if for any reason the services of key managers cease to be available.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference in this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, plans and objectives of management of each of MIM and Chronimed, the merger and markets for the MIM and Chronimed common stock and other matters. Statements in this joint proxy statement/prospectus and the documents incorporated by reference herein that are not historical facts are hereby identified as “forward-looking statements” for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act. These forward-looking statements, including those relating to anticipated synergies, the future business prospects, revenues and income relating to MIM and Chronimed, wherever they occur in this joint proxy statement/prospectus or the documents incorporated by reference herein, are necessarily estimates reflecting the best judgment of the respective management of MIM and Chronimed and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in and incorporated by reference in this joint proxy statement/prospectus.

Words such as “estimate,” “project,” “plan,” “intend,” “expect,” “anticipate,” “believe,” “would,” “should,” “could” expressions are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this joint proxy statement/prospectus, including in the section entitled “Risk Factors,” and the documents incorporated by reference herein. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus, or in the case of documents incorporated by reference, as of the date of those documents. Neither MIM nor Chronimed undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

THE MERGER

The following discussion contains material information pertaining to the merger. This discussion is subject to, and qualified in its entirety by reference to, the merger agreement and the opinions of MIM and Chronimeds financial advisors attached as Annexes A, B and C, respectively, to this joint proxy statement/prospectus.

Background of the Merger

As participants in the specialty pharmaceutical distribution and management healthcare business, MIM and Chronimed are generally familiar with each others businesses. Members of management of MIM and Chronimed have met from time to time at industry conferences and similar events. Over the course of these meetings, Mr. Friedman and Mr. Blissenbach at times discussed their respective business philosophies and the state of the specialty pharmaceutical industry generally.

In the summer of 2003, Mr. Friedman and Mr. Blissenbach met at an industry conference. They briefly discussed the possibility of MIM and Chronimed engaging in a strategic transaction. Mr. Friedman and Mr. Blissenbach noted that the industry was consolidating, primarily because of the need for greater scale. These discussions, however, did not move beyond a very preliminary stage.

On June 17, 2003, the Chronimed board of directors and members of Chronimeds management held a strategic planning meeting. At this meeting, Chronimeds management presented an overview of Chronimeds current business opportunities, risks to the business and business strategy for the future. During this meeting, Chronimeds management emphasized the importance of revenue growth and, because of reimbursement pressures, overall business scale as a key competitive asset and an important aspect of profitability. In addition, management presented the importance of acquisitions as a strategy to achieve this growth and scale. Throughout the fall of 2003, Chronimed continued to seek acquisition opportunities to strengthen its market position.

In November 2003, Mr. Friedman and Mr. Blissenbach spoke to each other again at an industry conference. After the conference, on November 19, 2003, Brian J. Reagan, Vice President of Corporate Development of Chronimed, telephoned Mr. Friedman. Mr. Reagan stated that Chronimed was still interested in the possibility of a strategic transaction with MIM and arranged for a meeting between the chief executive officers of MIM and Chronimed.

Also in November 2003, Chronimed received an inquiry from a third party about a possible acquisition of Chronimed. In early December 2003, Chronimed signed a confidentiality agreement with the third party, and preliminary discussions between members of Chronimeds management and representatives of the third party occurred in December 2003. On December 26, 2003, Mr. Blissenbach made a presentation to the board regarding the third partys inquiry and strategic initiatives to grow Chronimeds business. His presentation included case studies regarding possible acquisitions by Chronimed or a strategic merger of Chronimed with an organization such as MIM. The board authorized Chronimed to engage in limited due diligence with the third party.

On December 4, 2003, Mr. Friedman and Mr. Blissenbach met in New York City. Mr. Reagan also attended that meeting. During the meeting, Mr. Friedman and Mr. Blissenbach spoke about the state of the industry and of a potential strategic transaction. Nothing came from that preliminary discussion.

On December 19, 2003, Mr. Friedman met with the chief executive officer of a potential strategic acquiror of MIM. The chief executive officer expressed his companys interest in acquiring MIM. He followed this meeting with occasional telephone calls to Mr. Friedman to say that his company was still interested in acquiring MIM. These contacts were very brief and preliminary in nature, and no substantive agreement, either preliminary or definitive, came from these discussions.

On January 12, 2004, Chronimed retained Banc of America Securities to serve as Chronimeds financial advisor with respect to the evaluation of various strategic opportunities, including the possible transaction with the third party.

On February 2, 2004, Banc of America Securities and Chronimeds management presented to Chronimeds board of directors an analysis of various strategic alternatives for Chronimed to consider to grow its business, including the possible transaction with the third party. At that presentation, Banc of America Securities identified several companies, including MIM, as possible parties for a strategic alliance with Chronimed. After analyzing the information presented at the meeting, the Chronimed board of directors concluded that the proposed transaction with the third party was not in the best interests of Chronimed and its stockholders and decided against pursuing the transaction.

In early March 2004, Mr. Friedman spoke with Lehman Brothers about the possibility of assisting MIM in analyzing its strategic objectives and evaluating transactions to enhance stockholder value, including a possible sale of MIM.

On March 19, 2004, Chronimed met with representatives of a healthcare insurance company that indicated its possible interest in acquiring Chronimed. The insurance companys representatives made another visit to Chronimed on May 17, 2004 to discuss, among other things, its possible acquisition of Chronimed. An offer to acquire Chronimed was never formalized, and discussions between the two companies never advanced beyond very preliminary discussions. On August 2, 2004, the insurance company announced its intention to form a specialty pharmacy business jointly with another healthcare company.

On March 26, 2004, MIM engaged Lehman Brothers as its financial advisor to explore its strategic alternatives, including a possible sale of its business. On March 29, 2004, Lehman Brothers began contacting potential acquirors of MIM. Lehman Brothers made initial contacts with several companies in or interested in the specialty distribution, pharmacy benefit management, managed healthcare and other pharmaceutical healthcare businesses determined by Lehman Brothers and MIM to be potential purchasers of MIMs business. Beginning in April 2004, MIM entered into confidentiality agreements with a number of companies interested in investigating the possibility of acquiring or entering into a strategic combination with MIM. After receipt of executed confidentiality agreements from possible acquirors, beginning in early April 2004, Lehman Brothers provided them with copies of selected confidential information regarding MIM.

On or about March 29, 2004, Banc of America Securities contacted Chronimed and indicated that MIM was pursuing strategic alternatives, including a possible sale. As noted above, MIM was a company that Chronimed had previously identified as a possible strategic partner or acquisition target. Chronimeds management directed Banc of America Securities to pursue a possible transaction with MIM. At the same time, Chronimeds management began analyzing a possible transaction with MIM. Also on or about March 29, 2004, Mr. Blissenbach telephoned Mr. Friedman to inform him of Chronimeds preliminary interest in acquiring MIM. Shortly after that phone call, Mr. Blissenbach was contacted by a representative of Lehman Brothers to confirm Chronimeds preliminary interest in acquiring MIM. Mr. Blissenbach confirmed Chronimeds interest and indicated that Lehman Brothers should contact Chronimeds financial advisor to address due diligence and the potential sale process. Shortly after that phone call, a representative of a private equity firm contacted Mr. Blissenbach to inquire if Chronimed would be interested in a financial partnership with the private equity firm to acquire MIM.

Lehman Brothers contacted Banc of America Securities on March 29, 2004 to explain the process for a potential transaction. In April 2004, at a trade convention in San Francisco, California, Mr. Friedman had separate conversations with Mr. Blissenbach and the chief executive officer of another potential strategic bidder. Mr. Blissenbach informed Mr. Friedman of Chronimeds continued preliminary interest in possibly acquiring MIM. Chronimed entered into a confidentiality agreement with MIM on April 7, 2004.

In early April 2004, Banc of America Securities considered and identified possible financing sources for Chronimed. On April 12 and 13, 2004, members of Chronimeds management met with several potential private equity sponsors in New York City. Negotiations with these private equity sponsors then proceeded in mid-April 2004.

On April 13, 2004, Lehman Brothers, on behalf of MIM, sent a letter to each of the companies that signed a confidentiality agreement, including Chronimed. The letter, which stated that no decision to effect a sale of MIM had been made, included a copy of MIMs confidential information memorandum and requested that written indications of interest be submitted to Lehman Brothers by April 28, 2004.

On several occasions between April 13, 2004 and April 29, 2004, Lehman Brothers spoke, on behalf of MIM, with potential purchasers and their respective financial advisors, including Banc of America Securities, regarding the submission of indications of interest for acquiring MIM.

At a Chronimed board meeting held on April 20, 2004, management presented its analysis of the MIM opportunity. The presentation included background on the opportunity and profiled MIM, its operations and financial performance. Comparative company valuations and benefits that could be achieved through a combination were discussed. The significance of the opportunity and the benefits of scale in a consolidating industry were discussed. Preliminary deal structure and enterprise value were also addressed. The board directed management to continue pursuing the opportunity.

Between April 20 and 28, 2004, Banc of America Securities continued discussions with Lehman Brothers regarding the terms of a possible bid for MIM. During this time, Banc of America Securities also continued to pursue financing sources for Chronimeds proposed acquisition of MIM. On April 28, 2004, Chronimed submitted its preliminary indication of interest for acquiring MIM, including a proposed financing plan for the acquisition. The letter mentioned discussions with a number of financial sponsors. MIM reviewed the preliminary indications of interest received, including the one received from Chronimed, with Lehman Brothers and narrowed the list of potential acquirors to those with the best potential offers.

MIM received seven preliminary indications of interest ranging in price (to be paid in cash, stock or a combination of cash and stock) from approximately $8.76 to $12.00 per share for MIM common stock. MIM reviewed the preliminary indications of interest with Lehman Brothers and narrowed the list of potential acquirors with the best potential offers. Chronimed was one of those potential acquirors, submitting a preliminary indication of interest with a price range between $10.00 and $12.00 in cash and Chronimed common stock for each share of MIM common stock. Chronimeds indication of interest was subject to, among other things, satisfactory completion of due diligence, obtaining debt and equity financing on terms acceptable to Chronimed and completion of a mutually agreed upon acquisition agreement between MIM and Chronimed. Of particular concern was the need for significant financing from private equity sponsors.

Beginning on April 29, 2004, Lehman Brothers organized site visits, data room visits and management presentations for the potential acquirors. MIM made management presentations to five potential acquirors or strategic partners.

During May, Chronimed continued its due diligence and evaluation of the MIM opportunity, including analyses of cost savings, synergies and other opportunities that could be achieved by combining the two companies, and Chronimed’s potential private equity sponsors performed due diligence on Chronimed. Negotiations then proceeded with the private equity sponsors and Chronimed regarding the financial sponsorship of the transaction. During the same time period, Banc of America Securities continued discussions with Lehman Brothers regarding the terms of, and timing for, a possible bid.

On May 25, 2004, Mr. Friedman briefed the MIM board of directors on the status of the engagement of Lehman Brothers, the acquisition process, and Mr. Friedman’s contacts with potential acquirors. After substantial discussion, the MIM board of directors instructed Mr. Friedman to continue to explore potential strategic alternatives for MIM, including a possible sale of MIM.

On May 26, 2004, Mr. Friedman and other members of MIM’s management made a presentation to Chronimed, Banc of America Securities and selected private equity sponsors. During the presentation, MIM management provided background information on, among other things, MIM’s specialty management and delivery services, pharmacy benefits management and mail service, sales and marketing, pharmaceutical relations, financial information, information technology and systems and legal issues.

On May 27, 2004, Lehman Brothers sent a letter, on behalf of MIM, to the potential acquirors remaining in the process, which included a draft merger agreement for a possible transaction. The letter requested that each potential acquiror submit a written, binding proposal for a strategic transaction with MIM. The letter requested, among other things, that each proposal state the purchase price for MIM common stock and form of consideration and include any required modification to the merger agreement, description of financing, description of material conditions and approvals affecting timely execution of a definitive agreement or consummation of a transaction, and proposed timing for satisfaction of all conditions and obtaining all required approvals for such execution of a definitive agreement and consummation of the transaction.

Throughout June 2004, Lehman Brothers had numerous telephonic conversations with Mr. Blissenbach and Mr. Reagan regarding the proposed financing and transaction structure in connection with the proposed acquisition of MIM by Chronimed.

About this time, MIM was engaged in discussions with three parties, including Chronimed, concerning a possible acquisition of MIM.

From June 11, 2004 through the week of June 14, 2004, legal counsel for the private equity sponsors and Chronimed negotiated the terms and conditions of a term sheet outlining the terms of the private equity sponsors’ proposed financing and transaction structure for Chronimed’s proposed acquisition of MIM. At the same time, Chronimed, Banc of America Securities and the private equity sponsors were developing the terms of a bid that would be submitted to MIM. Chronimed also made comments on MIM’s merger agreement.

On June 14, 2004, Chronimed’s compensation committee met and approved a one-year severance arrangement to apply in certain circumstances for members of senior management at Chronimed (see the section entitled “Interests of Chronimed Directors and Officers in the Merger — Change of Control Severance Agreements” beginning on page 59). Among other reasons, this arrangement was approved to assure that, in light of the transaction being considered by Chronimed, members of management would have reasonable security in the event a transaction took place, and therefore would be incentivized to continue their services for Chronimed, rather than looking for another position.

On June 15, 2004, the Chronimed board of directors met in Minnetonka, Minnesota to consider Chronimed’s proposed bid for MIM and the terms of the financing transaction proposed by the private equity sponsors. Representatives of Banc of America Securities and Chronimed’s legal counsel attended the meeting. Banc of America Securities provided the Chronimed board of directors with an extensive presentation that addressed, among other things, due diligence, evolution of the transaction structure into a proposed merger financed by the private equity sponsors and other lenders, synergies, integration and marketplace opportunities and challenges. Chronimed’s legal counsel reviewed the board’s duties and responsibilities in considering a strategic transaction such as the transaction proposed with MIM. Representatives of Banc of America Securities reviewed its analysis of the MIM transaction, which included, among other things, financial projections for MIM by business segment. The Chronimed board of directors discussed these matters at length. The board meeting was adjourned with arrangements made for a follow-up telephonic meeting to continue discussions of the transaction.

Negotiations between Chronimed and the private equity sponsors continued on June 16 and 17, 2004 on a revised term sheet the private equity sponsors presented to Chronimed. During this time Chronimed learned that it would not be able to obtain the entire amount of the debt required for the transaction through a senior debt facility. This in turn meant that a second tier of subordinated financing would be required, which would be at a significantly higher interest rate.

On June 17, 2004, the Chronimed board of directors held a telephonic board meeting to continue consideration of the MIM opportunity and the proposed transaction with the private equity sponsors. The board discussed changes made in the proposal from the private equity sponsors, as reflected in the revised term sheet, which had been received the preceding evening. The board discussed various provisions of the revised term sheet and various points that were being negotiated in the term sheet. Banc of America Securities updated Chronimed’s board of directors on the status of the proposed bank debt and described the requirement for subordinated debt, which would be at a significantly higher cost. The terms of the proposal to be submitted to MIM also were discussed.

On June 18, 2004, the Chronimed board of directors held an additional telephonic meeting to continue consideration of whether to submit a proposal to acquire MIM. At the meeting, management advised the Chronimed board of directors that they could not recommend the transaction to acquire MIM in the form proposed by the private equity sponsors. The principal reasons cited by management were the substantial debt load the combined company would have after the transaction, which would include a subordinated portion at a higher interest rate, and the terms of the transaction proposed by the private equity sponsors. Because the private equity sponsors would be holding preferred stock, the risks of adverse performance by the combined company would be borne primarily by the common stockholders. After a discussion of management’s recommendations regarding the MIM transaction and the alternatives available to Chronimed if it did not proceed with the transaction with the private equity sponsors, the board unanimously voted not to pursue the acquisition of MIM in partnership with the private equity sponsors.

Prior to the Chronimed board meeting on June 18, 2004, Mr. Blissenbach contacted one of the private equity sponsors to say that management could not recommend the transaction in the form proposed and could not support Chronimed submitting a binding proposal for an acquisition of MIM. That potential private equity sponsor then informed Mr. Friedman that Chronimed would not be pursuing the acquisition of MIM. Later that same day, and during the Chronimed board meeting, Mr. Friedman contacted Mr. Blissenbach to discuss the status of Chronimed’s interest in pursuing a transaction with MIM. Mr. Blissenbach informed Mr. Friedman that while Chronimed was extremely interested in acquiring MIM, Chronimed could not reach favorable terms with private equity sources for an equity investment, which would be required for an acquisition of MIM involving cash. Accordingly, Mr. Blissenbach informed Mr. Friedman that Chronimed would not be submitting a proposal to acquire MIM.

Mr. Friedman then raised the possibility of a strategic merger between MIM and Chronimed. Mr. Friedman and Mr. Blissenbach discussed the potential strategic fit of MIM and Chronimed, the complementary nature of their service offerings and the fact that a strategic merger without the private equity sources would avoid a company encumbered by debt and the private equity sources preferred position over the common stockholders. Mr. Friedman and Mr. Blissenbach discussed the potential for synergies that might be derived from a business combination.

Also during the June 18, 2004 Chronimed board meeting, Mr. Blissenbach reported that he had contacted the third party that had indicated an interest in acquiring Chronimed in November 2003 to determine if it still might be interested in a transaction. The third party stated that it still might be interested and that it would perform a review about a possible transaction.

Mr. Blissenbach contacted Mr. Friedman later in the day on June 18, 2004 to inform him that the Chronimed board of directors had authorized Mr. Blissenbach to proceed with a possible stock-for-stock transaction with MIM.

Discussions between various members of MIM management and the two other potential acquirors, who were now proposing a joint acquisition of distinct business segments of MIM, continued on and after June 19, 2004.

Near daily discussions ensued between Mr. Friedman and Mr. Blissenbach through June 21, 2004 as well as near daily discussions between Lehman Brothers and Banc of America Securities. Lehman Brothers was at the same time engaged in discussions, on behalf of MIM, with representatives of the two other potential acquirors.

On June 20 and 21, 2004, Lehman Brothers and Banc of America Securities engaged in discussions regarding the possible business combination, including discussions about financial matters, management structure of the combined company, recent and historic stock prices of MIM and Chronimed and the contributions that each company would make to the combined entity. As part of these discussions, Lehman Brothers and Banc of America Securities reviewed the averages of stock prices of Chronimed and MIM over recent times as well as the contributions that each of the two companies would be making to the combined entity.

On June 22, 2004, the executive committee of the MIM board of directors met. Mr. Friedman and Lehman Brothers briefed the executive committee on the process and negotiations with Chronimed and the two other interested acquirors.

On June 23, 2004, Lehman Brothers, on behalf of MIM, delivered a preliminary term sheet for a strategic merger to Chronimed. The preliminary term sheet provided for an as yet unspecified fixed exchange ratio based on stock prices one day prior to the announcement of a transaction, pursuant to which MIM stockholders would own between 65% and 70% of the common stock of the combined entity. In addition, under the preliminary term sheet: (1) the board of directors of the combined entity would be comprised of nine directors, six of whom would be nominated by MIM and three of whom would be nominated by Chronimed; (2) Mr. Friedman would be chairman of the board of directors of the combined entity and Mr. Blissenbach would be its chief executive officer and president; (3) the company headquarters would be in Elmsford, New York; and (4) the company's name would be changed to BioScrip, Inc. Following delivery of the preliminary term sheet, discussion on the terms of the transaction occurred between Chronimed and MIM and their respective financial advisors over the next several days.

On June 24, 2004, Mr. Friedman and Lehman Brothers flew to Minnetonka, Minnesota to meet with Mr. Blissenbach and other members of Chronimed's management. Mr. Friedman reviewed financial information regarding Chronimed and expected synergies that could be achieved in a transaction between MIM and Chronimed. Mr. Friedman and Mr. Blissenbach also discussed the proposed structure for a strategic merger, the range for a possible exchange ratio and management structure, and possible timing for completing due diligence and negotiating, executing and announcing a definitive merger agreement.

On June 28, 2004, Mr. Blissenbach sent Mr. Friedman a memorandum addressing certain issues for a possible transaction structure. The memorandum reviewed management issues for the combined entity in the event of a possible strategic merger and proposed that, after the merger, the headquarters would be in Minnesota. The memorandum also described additional due diligence procedures necessary to be able to determine whether a merger would be possible.

Between June 28 and June 30, 2004, Lehman Brothers and Banc of America Securities engaged in numerous discussions, primarily focused on the financial terms of a possible business combination of MIM and Chronimed, as well as issues relating to the combined company's management team on a going forward basis. In discussions that occurred on or about June 30, 2004, Lehman Brothers, on behalf of MIM, proposed to Banc of America Securities that the exchange ratio should be 0.91, so that each Chronimed stockholder would receive 0.91 of a share of MIM common stock for each share of Chronimed common stock held. During the same time period, Chronimed proposed, among other things, that the board of directors of the combined entity be composed of four members designated by each of Chronimed and MIM and a ninth member jointly designated by Chronimed and MIM.

MIM's legal counsel delivered an initial draft of the merger agreement on June 30, 2004 to Chronimed and its advisors. Discussions between the parties continued after delivery of the draft. Chronimed's legal counsel delivered a responsive draft on July 7, 2004 to MIM and its advisors that reflected a number of Chronimed's positions in the negotiations, including Chronimed's proposal for the board composition (four members designated by each of MIM and Chronimed and one member to be jointly agreed upon), and that the corporate headquarters location was an open point that needed to be agreed upon by the parties.

Between June 30, 2004 and July 13, 2004, members of management of MIM and Chronimed, including their respective advisors, met to continue their respective due diligence of each other's companies. Also during those weeks, discussions continued and additional drafts of the merger agreement were exchanged. Chronimed and MIM also continued to develop the financial models for the operations of the combined company, reflecting anticipated savings to be realized in the transaction and the effects of combining the two companies.

On July 8, 2004, Mr. Friedman and Mr. Blissenbach met in New York to discuss open issues for a potential transaction. Mr. Friedman later telephoned certain members of the MIM board of directors to discuss the status of a potential strategic transaction involving MIM.

On July 9, 2004, Mr. Friedman briefed the executive committee of the MIM board of directors. Lehman Brothers also updated the committee members on the process and status of negotiations. Between July 9, 2004 and July 27, 2004, Mr. Friedman had discussions every few days with members of the MIM executive committee to keep them apprised of the process and the status of negotiations.

On July 13 and July 14, 2004, Lehman Brothers continued discussions with Banc of America Securities. Chronimed and MIM narrowed the range of exchange ratios under discussion to 1.00 to 1.05 shares of MIM common stock for each share of Chronimed common stock.

On July 14 and 15, 2004, legal counsel for MIM and Chronimed met in Minnetonka, Minnesota to negotiate terms of the draft merger agreement.

From July 14 through July 19, 2004, Mr. Friedman and Mr. Blissenbach continued discussions, together with their advisors, on an appropriate exchange ratio and on management issues. In these same discussions, Mr. Friedman informed Mr. Blissenbach that the MIM board of directors insisted that the headquarters of the combined company be located in New York. On July 19, 2004, Mr. Friedman and Mr. Blissenbach tentatively agreed that, subject to being able to reach agreement on a definitive agreement and approval by the MIM board and Chronimed board, the appropriate exchange ratio would be 1.025 shares of MIM common stock for each share of Chronimed common stock and the headquarters of the combined company would be in New York.

Telephonic conversations continued daily among legal counsel for MIM and Chronimed from mid-July 2004 until August 5, 2004, to finalize the merger agreement, which included several exchanges of revised drafts of the merger agreement. During those discussions, Chronimed and MIM addressed severance payments that could be triggered under the respective employment agreements of Mr. Blissenbach and Mr. Friedman due to proposed new officer positions for each of them with the combined entity. Both Mr. Blissenbach and Mr. Friedman agreed to enter into agreements that their rights to payments would not be triggered by these changes, and work began on drafting those agreements. Discussions also began between Chronimed and MIM addressing the specifics of the one-year severance provisions that the Chronimed board had approved for certain executives of Chronimed while the deal with the private equity sponsors was being negotiated.

A special meeting of the MIM board of directors was held on July 27, 2004, during which Mr. Friedman and other members of MIMs senior management and its legal counsel and financial advisor reviewed with the MIM board the status of discussions with the other potential acquirors and Chronimed. At the meeting, the MIM board of directors was informed about the draft merger agreement being negotiated by MIM and Chronimed, and the MIM board of directors discussed with MIMs senior management, legal counsel and financial advisor the issues raised by the draft agreement, the potential strategic benefits of the business combination and the risks associated with the potential transaction, including the possible loss by Chronimed of the Aetna contract. At the meeting, the MIM board of directors discussed with MIMs senior management and its legal counsel and financial advisor the need to resolve a number of outstanding threshold issues with the other potential acquirors. With respect to the Chronimed transaction, the MIM board of directors also discussed the composition of the board of directors and the need for the MIM board of directors to have the ability to nominate five directors, one of whom would be nominated in consultation with (but without the approval of) Chronimed, with the remaining four directors to be nominated by the Chronimed board of directors. In addition, the MIM board of directors instructed Mr. Friedman to arrange meetings between the MIM directors and Mr. Blissenbach and other members of senior management of Chronimed in order for the MIM board of directors to assess the management members for the combined company.

At the conclusion of the meeting, the MIM board of directors authorized management to continue discussions with Chronimed in an attempt to seek to resolve these threshold issues. The MIM board of directors also instructed management to inform the other interested potential acquirors that an acceptable bid would have to be submitted by August 9, 2004.

On July 27, 2004, the Chronimed board of directors met in Minneapolis, Minnesota with representatives of Chronimeds financial advisor and legal counsel, and members of Chronimeds senior management, to consider the most current draft of the merger agreement and a transaction summary book prepared by Banc of America Securities analyzing the transaction, copies of which were distributed prior to the meeting. Mr. Blissenbach reviewed the events leading up to the meeting and the status of the negotiations and summarized management□s rationale for recommending the proposed transaction with MIM. He also reported that the third party who had indicated an interest in acquiring Chronimed in November 2003 had completed some additional limited due diligence and was no longer interested in pursuing a transaction with Chronimed. Banc of America Securities discussed and reviewed its financial analysis of the transaction, and reviewed the strategic benefits of the proposed MIM transaction. The principal financial analysis assumed no revenues from the Aetna contract after its expiration in December 2004. Chronimed□s legal counsel reviewed the terms of the current draft of the merger agreement, including management arrangements, board structure and the treatment of options (noting that all options would fully vest and be converted to options to acquire MIM common stock), and described the discussions relating to change of control severance agreements for certain of Chronimed□s executive officers. The termination fee of $4.0 million payable by Chronimed and MIM under certain circumstances was also discussed. Chronimed□s legal counsel advised the Chronimed board of directors that the fee was in a normal range for transactions of this size, and Banc of America Securities confirmed it was consistent with recent market terms for these types of transactions. Chronimed□s legal counsel also discussed and answered questions regarding the legal duties and responsibilities of the board of directors in evaluating the proposed transaction. The board of directors was also advised that the transaction was expected to be treated as a tax-free reorganization.

The Chronimed board of directors also evaluated the proposed management arrangements and board structure for the combined company, requiring assurance that Mr. Blissenbach, as chief executive officer of the combined company, would have appropriate authority to manage the business of the combined company. A particular concern was that an effective management structure with proper personnel would be in place. The board of directors was also advised that Mr. Blissenbach and Mr. Friedman were amending their employment agreements so that their rights to severance payments after a change of control would not be triggered by the proposed changes in their positions. The board of directors inquired about the due diligence that Chronimed had conducted on MIM and the content of MIM□s draft disclosure letter. Management indicated that materials they had reviewed and information set forth in MIM□s disclosure letter were consistent with management□s earlier review and their expectations. The board of directors also considered and discussed alternatives to the proposed MIM transaction. Following the presentations and discussion, the board of directors met in executive session. After a thorough discussion and a consideration of the risks associated with the proposed transaction, the Chronimed board of directors voted unanimously to authorize management to proceed with finalizing and executing the merger agreement subject to the receipt of a fairness opinion letter from Banc of America Securities.

Following the Chronimed and MIM board meetings on July 27, 2004, Chronimed and MIM continued to finalize and complete their respective disclosure letters and to discuss the remaining open items. In this time period, the amendment to Mr. Blissenbach□s employment agreement was finalized in consultation with Mr. Blissenbach□s legal counsel. In addition, changes were also made to the change of control severance agreements for Chronimed executives based on comments received from MIM.

During the week of August 2, 2004, additional discussions regarding the merger agreement continued primarily dealing with Mr. Blissenbach□s reporting structure and the selection process for the ninth board member of the combined company.

On August 4, 2004, four members of Chronimed□s board of directors met with Mr. Friedman. During that meeting, the Chronimed board members and Mr. Friedman discussed Mr. Blissenbach□s reporting structure and the selection process for the ninth board member.

On August 4, 2004, Lehman Brothers had discussions with the other interested potential acquirors, during which they informed Lehman Brothers that they could not satisfy the conditions set by the MIM board of directors for a transaction, including timing and assurances of certainty of closing.

On August 5, 2004, Mr. Blissenbach, Mr. Reagan and Mr. Zappa made presentations to seven members of the MIM board of directors (with two participating by telephone) regarding Chronimed, its management, its operations and its strategic initiatives. The MIM directors also asked questions about the experience and background of Mr. Blissenbach, Mr. Reagan, Mr. Zappa and other members of Chronimed senior management. The MIM directors also asked questions about Mr. Blissenbach's management and strategic plans for the combined company if the merger were to proceed. The MIM board of directors and Mr. Blissenbach discussed the respective responsibilities that he and Mr. Friedman would have in the combined company. At the conclusion of the discussions, the MIM directors advised Mr. Friedman to proceed with the negotiations with Chronimed.

Following these discussions, Mr. Blissenbach called Mr. Friedman to discuss the still unresolved issue of the composition of the board of directors of the combined company and the number of nominees each company would initially have. Mr. Friedman and Mr. Blissenbach subsequently agreed to propose to their respective boards that the ninth director would be designated by MIM in consultation with Chronimed and would be subject to Chronimed's approval, which could not be unreasonably withheld.

The MIM board of directors met on August 6, 2004 to evaluate the possible business combination with Chronimed. Prior to the meeting, the MIM board of directors was provided with materials, including drafts of the merger agreement and related documents. During this meeting, MIM's general counsel and King & Spalding LLP reviewed with the MIM board of directors its legal duties and responsibilities in connection with the possible transaction and reviewed the material terms and conditions of the merger agreement. MIM senior management then reviewed with the MIM board of directors the strategic benefits of the possible transaction, the results of the due diligence review of Chronimed and the risks of the possible transaction. Lehman Brothers reviewed with the MIM board of directors financial aspects of the transaction. Lehman Brothers discussed and reviewed its financial analysis of the transaction. The principal financial analysis assumed no revenues from the Aetna contract after its expiration in December 2004. In addition, Lehman Brothers rendered to the MIM board of directors its oral opinion, subsequently confirmed in writing on August 9, 2004 that, as of such date and subject to the factors and assumptions set forth in the written opinion (which were discussed at the meeting), the exchange ratio to be paid by MIM was fair to MIM from a financial point of view. A thorough discussion took place among the members of the MIM board of directors concerning the possible transaction, including a discussion of the strategic benefits of the business combination, the risks of the transaction, the financial aspects of the transaction, the litigation and regulatory issues concerning the transaction and the anticipated synergies to be derived from the proposed business combination. At the conclusion of the meeting, the MIM board of directors unanimously approved and adopted the merger, the merger agreement and the related transactions and authorized senior management to conclude negotiations and execute the merger agreement with Chronimed.

The Chronimed board of directors held a telephonic meeting on August 6, 2004. At the meeting, the Chronimed board of directors discussed the final resolution that had been reached on the designation of the ninth board member. Mr. Blissenbach indicated that his reporting structure had been satisfactorily resolved. The Chronimed board of directors discussed the significance of these provisions with its legal counsel and Chronimed's management. Management advised the Chronimed board of directors that all the strategic rationales for the transaction remained valid and that MIM's disclosure letter continued to be consistent with management's expectations. Banc of America Securities confirmed that its analysis presented to the Chronimed board of directors at the July 27, 2004 meeting was still effective and delivered its oral opinion, which was subsequently confirmed in writing, to the Chronimed board of directors that, as of that date and subject to various assumption and limitations set forth in the written opinion, the exchange ratio to be received by the Chronimed stockholders in the proposed merger was fair, from a financial point of view, to the Chronimed stockholders. Banc of America Securities also confirmed that if the Chronimed board of directors approved the transaction, it would deliver its written confirmation of its oral fairness opinion dated as of August 6, 2004, the date the Chronimed board of directors approved the merger agreement. Banc of America Securities presented the basis for its fairness opinion and answered questions from the Chronimed board of directors on the fairness opinion. At the conclusion of the discussions and deliberations of the Chronimed board of directors concerning the transaction, including a consideration of the risks associated with the transaction, the Chronimed board of directors unanimously approved the merger with MIM, the merger agreement and the related transactions, and authorized management to take all steps necessary and appropriate to execute and deliver the merger agreement, consummate the merger and announce the transaction.

MIM Reasons for the Merger

The MIM board of directors believes that the terms of the merger are advisable, and in the best interests of, MIM and has unanimously approved the merger agreement and the merger and unanimously recommends that the MIM stockholders vote FOR the proposal to approve the issuance of MIM common stock to Chronimed stockholders in the merger and FOR the proposal to adopt the amended and restated certificate of incorporation of MIM to change MIMs name to BioScrip, Inc. and increase the number of authorized shares of MIM common stock from 40 million shares to 75 million shares.

In reaching its conclusion, the MIM board of directors consulted with MIMs management, as well as with its legal counsel and financial advisor, and considered a variety of factors weighing favorably towards the merger including the following:

- The creation of a more substantial national platform in order to achieve greater operating leverage and economies of scale, thereby enabling it to compete more effectively with larger competitors in the pharmaceutical healthcare industry.

- Access to local urban markets throughout the United States through Chronimeds retail distribution channel.

- Expanded disease state opportunities through Chronimeds transplant and HIV/AIDS market prominence.

- The complementary operations and capabilities of the combined company with the increased scale, strong financial base and diversified customer portfolio necessary to enhance customer care and increase cost efficiencies. Specifically, it was anticipated that the merger would allow the combined company to:

  - strengthen its position in the specialty sector, including payor contracting, physician sales, manufacturing services and clinical management and fulfillment;

  - combine forces and expertise in HIV/AIDS, post-organ transplant medications, oncology, IVIG and other blood products, hepatitis C, arthritis, multiple sclerosis and other specialty injectable products;

  - create an excellent balance of community-based care on a national level with centralized, nationwide capabilities and access to individuals with chronic conditions through expanded local distribution;

  - achieve enhanced growth opportunities;

achieve operating leverage by purchasing additional output at the Columbus, Ohio distribution facility, thereby lowering the average cost of pharmaceuticals and enabling the company to be more competitive in the marketplace for national distribution;

procure better purchasing terms from its pharmaceutical wholesalers as a result of increased purchasing volume;

improve its ability to leverage pharmaceutical manufacturer relationships as a result of the above factors;

improve its ability to compete for contracts with larger payor organizations; and

improve brand recognition of the products and services of MIM and Chronimed through the creation of the single consolidated brand name BioScrip, Inc.

The expected combination benefits, including an estimated $10.0 million in achievable annual cost savings that management expects to be achieveable beginning twelve months after completion of the merger, which are expected to occur as a result of more efficient operations, including the streamlining of distribution, support functions, purchasing efficiencies and sales related activities, as well as the elimination of duplicative corporate and administrative positions, programs and facilities. See the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" beginning on pages 28 and 22, respectively.

The structure of the transaction as a "reorganization" for U.S. federal income tax purposes. See the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 65.

Significant cross-selling opportunities with a larger and more efficient sales process due to expanded disease capabilities, StatScript community-based pharmacies, broader payor contract coverage and more expansive pharmaceutical manufacturer relationships, highlighted by the limited overlap of MIM's and Chronimed's existing customers.

Chronimed's leading position in the distribution of HIV/AIDS and post-organ transplant medications in the United States.

The opportunity to deliver expanded national coverage and a wider range of disease therapies, more comprehensive physician and patient service and enhanced clinical strength.

The oral opinion of Lehman Brothers given on August 6, 2004, and confirmed in writing on August 9, 2004 to the MIM board of directors, to the effect that as of such dates and based on and subject to the facts and assumptions described at the meeting of the MIM board of directors on August 6, 2004 and set forth in its written opinion, the exchange ratio to be paid by MIM pursuant to the merger agreement was fair, from a financial point of view, to MIM. See the section entitled "—Opinion of Financial Advisor to MIM Board of Directors" beginning on page 41.

The terms of the merger agreement relating to third-party offers, including:

the limitations on the ability of both parties to solicit offers for alternative business combinations; and

the ability of each party's board of directors, under certain circumstances, to withhold its recommendation with respect to their respective stockholders' approval of the merger in the event of receipt of a third-party superior proposal.

See the section entitled The Merger Agreement beginning on page 68.

The MIM board of directors weighed these advantages and opportunities against a number of other factors identified in its deliberations weighing negatively against the merger, including:

- the challenges inherent in the combination of the businesses and integration of the management teams of MIM and Chronimed and the possible diversion of management attention for an extended period of time;
- the different geographic locations of the companies management teams and operations;
- the risk of not realizing all the anticipated synergies between MIM and Chronimed relating to enhanced purchasing efficiencies, elimination of duplication and the risk that other anticipated benefits might not be realized;
- uncertainty as to the outcome of certain investigations involving Chronimed that could adversely impact the business and prospects of the combined company; and
- the conditions to the merger agreement requiring receipt of certain regulatory approvals and clearances. See the section entitled Regulatory Approvals Required for the Merger beginning on page 61.

After consideration of these factors, the MIM board of directors determined that these risks were significantly outweighed by the potential benefits of the merger.

This discussion of the information and factors considered by the MIM board of directors includes all of the material positive and negative factors considered by the MIM board of directors, but it is not intended to be exhaustive and may not include all the factors considered by the MIM board of directors. In reaching its determination to approve and recommend the issuance of shares of MIM common stock in the merger, the MIM board of directors did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the merger agreement and the merger are advisable and in the best interests of MIM and its stockholders. Rather, the MIM board of directors viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it. In addition, individual members of the MIM board of directors may have given differing weights to different factors.

Recommendation of the MIM Board of Directors

After careful consideration, on August 6, 2004, the MIM board of directors unanimously approved the merger agreement and the merger. For the factors considered by the MIM board of directors in reaching its decision to approve the merger agreement and the merger, see the section entitled MIM Reasons for the Merger beginning on page 39.**The MIM board of directors unanimously recommends that the MIM stockholders vote FOR the proposal to approve the issuance of MIM common stock in the merger and FOR the proposals to adopt the amended and restated certificate of incorporation of MIM to change MIMs name to BioScrip, Inc. and to increase the number of authorized shares of MIM common stock from 40 million shares to 75 million shares.**

Opinion of Financial Advisor to MIM Board of Directors

On August 6, 2004, Lehman Brothers delivered its oral opinion, which was subsequently confirmed in writing on August 9, 2004, to the MIM board of directors to the effect that as of such dates and, based upon and subject to factors and assumptions described at the meeting of the MIM board of directors on August 6, 2004 and set forth in the written opinion, the exchange ratio to be paid by MIM pursuant to the merger agreement was fair, from a financial point of view, to MIM.

The full text of Lehman Brothers opinion, dated August 9, 2004, is attached as Annex B. Stockholders are urged to read this opinion for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion. The following is a summary of the Lehman Brothers opinion and the methodologies that Lehman Brothers used to render its fairness opinion.

Lehman Brothers advisory services and opinion were provided for the information and assistance of the MIM board of directors in connection with its consideration of the proposed transaction. The Lehman Brothers opinion is not intended to be and does not constitute a recommendation to any stockholder of MIM or Chronimed as to how such stockholder should vote in connection with the proposed transaction. Lehman Brothers was not requested to opine as to, and the Lehman Brothers opinion does not address, MIMs underlying business decision to proceed with or effect the merger.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

- the merger agreement, and the specific terms of the proposed transaction (including with respect to governance of the combined company);

- publicly available information concerning MIM that Lehman Brothers believed to be relevant to its analysis, including MIMs Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2004;

- publicly available information concerning Chronimed that Lehman Brothers believed to be relevant to its analysis, including Chronimeds Annual Report on Form 10-K for the fiscal year ended June 27, 2003 and Chronimeds Quarterly Reports on Form, 10-Q for the quarters ended September 26, 2003, December 26, 2003 and March 26, 2004;

- financial and operating information with respect to the business, operations and prospects of MIM furnished to Lehman Brothers by MIM, including financial projections for MIM prepared by MIMs management, referred to as the MIM projections;

- financial and operating information with respect to the business, operations and prospects of Chronimed furnished to Lehman Brothers by Chronimed, including financial projections for Chronimed prepared by Chronimeds management (which exclude any contribution from Chronimeds contract with Aetna), referred to as the Chronimed projections;

- the trading histories of MIM common stock and Chronimed common stock from August 4, 2003 to August 5, 2004 (the day prior to Lehman Brothers rendering its oral opinion to MIMs board of directors) and a comparison of those trading histories with each other and with those of other companies and indices that Lehman Brothers deemed relevant;

- a comparison of the historical financial results and present financial condition of MIM with those of other companies that Lehman Brothers deemed relevant;

- a comparison of the historical financial results and present financial condition of Chronimed with those of other companies that Lehman Brothers deemed relevant;

the cost savings, operating synergies and other strategic benefits that managements of MIM and Chronimed estimate will result from the combination of the businesses of MIM and Chronimed, referred to as the expected synergies;

the potential pro forma effect of the proposed transaction on the future financial performance of MIM, taking into account the expected synergies and the anticipated impact of the proposed transaction on MIMs pro forma earnings per share;

the relative financial contributions of MIM and Chronimed to the historical and future financial performance of the combined company on a pro forma basis;

the results of Lehman Brothers prior efforts to solicit indications of interest and proposals from third parties with respect to a combination with MIM; and

a comparison of the financial terms of the proposed transaction with the financial terms of certain other transactions that Lehman Brothers deemed relevant.

In addition, Lehman Brothers had discussions with the managements of MIM and Chronimed concerning their respective businesses, operations, assets, financial conditions and prospects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and further relied upon the assurances of management of MIM that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to MIMs projections, upon advice of MIM, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of MIM as to the future financial performance of MIM and that it will perform in accordance with such projections. With respect to Chronimeds projections, upon advice of Chronimed, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Chronimed as to the future financial performance of Chronimed and that Chronimed will perform in accordance with such projections. Upon the advice of MIM and Chronimed, Lehman Brothers also assumed that the expected synergies will be realized substantially in accordance with such estimates. In arriving at its opinion, Lehman Brothers conducted only a limited physical inspection of the properties and facilities of MIM and Chronimed and did not make or obtain any evaluations or appraisals of the assets or liabilities of MIM or Chronimed. The Lehman Brothers opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of Lehman Brothers opinion.

Lehman Brothers expressed no opinion as to the prices at which shares of MIM common stock will trade at any time following the announcement or the consummation of the proposed transaction. Although Lehman Brothers evaluated the fairness, from a financial point of view, of the exchange ratio, Lehman Brothers was not requested to, and did not, recommend the specific exchange ratio to be paid in the proposed transaction, which was determined through negotiations between MIM and Chronimed.

In connection with rendering its opinion, Lehman Brothers performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Lehman Brothers did not ascribe a specific range of values to MIM or Chronimed, but rather made its determination as to the fairness, from a financial point of view, to MIM of the exchange ratio to be paid by MIM on the basis of the financial, comparative and other analyses performed. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of MIM and Chronimed. None of MIM, Chronimed, Lehman Brothers or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to the board of directors of MIM. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the results of the Lehman Brothers opinion.

Stock Trading History

Lehman Brothers considered historical data with regard to the trading prices of MIM common stock and Chronimed common stock for the period from August 4, 2003 to August 5, 2004 and the relative stock price performances during this same period of the Russell 2000 Index, an index of Large-Capitalization Specialty Distribution Companies (comprised of Accredo Health, Inc. and Priority Healthcare Corp.) and an index of Small-Capitalization Specialty Distribution Companies (comprised of Curative Health Services, Inc. and Option Care, Inc.). Lehman Brothers noted that during this time period, the share price of MIM increased 2.5%, which outperformed the Small-Capitalization Specialty Distribution Index, as well as the share price of Chronimed, which declined 38.1%.

Historical Exchange Ratio Analysis

Lehman Brothers compared the historical share prices of MIM and Chronimed during different periods during the period from August 4, 2003 to August 5, 2004, in order to determine the implied average exchange ratios that existed for those periods. Lehman Brothers noted that the exchange ratio for the proposed transaction of 1.025x is within the one-year high and one-year low and below the one-year average. The following table sets forth the exchange ratio of shares of MIM common stock for each share of Chronimed common stock for the periods indicated:

	Exchange Ratio
August 5, 2004	0.912x
30-day Average	0.940x
180-day Average	0.983x
1-Year Average	1.128x
One-year High	1.586x
One-year Low	0.804x
Proposed Transaction	1.025x

Comparable Company Analysis

Lehman Brothers reviewed and compared specific financial and operating data relating to MIM and Chronimed and the four companies in the Large-Capitalization and Small-Capitalization Specialty Distribution indices. Using the MIM projections for MIM, the Chronimed projections for Chronimed, and publicly available information for the other companies, Lehman Brothers calculated and analyzed the ratios of each company's August 5, 2004 stock price to its projected calendar year, referred to as CY, earnings per share, referred to as a price earnings ratio, or P/E, for 2004 and 2005 and the ratios of each company's enterprise value to certain historical financial criteria, including the latest twelve months, referred to as LTM, earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, and projected CY 2004 EBITDA. The enterprise value of each company was obtained by adding its short and long-term debt to the sum of the market value of its diluted common equity as of August 5, 2004, the value of any preferred stock (at liquidation value), the book value of any minority interest and the value of any material debt-equivalent liabilities. The following presents the results of this analysis:

	Enterprise value as a multiple of:		P/E	
	LTM EBITDA	Projected 2004 EBITDA	Projected CY 2004	Projected CY 2005
Comparable Companies:				
High	12.1x	10.7x	20.1x	17.4x
Mean	11.2x	9.9x	17.1x	14.0x
Median	11.2x	9.9x	17.6x	15.0x
Low	10.1x	8.9x	12.9x	8.4x

Lehman Brothers noted that MIM's CY 2004 and CY 2005 P/E multiples were within the range of the comparable companies' P/Es and in excess of the mean and median. Lehman Brothers also noted that the implied transaction multiples for Chronimed were within the range of LTM and 2004 EBITDA multiples when viewed without the expected synergies and below the range when viewed with a pro rata portion (equal to Chronimed's implied pro forma percentage ownership) of the expected synergies as well as the full amount of expected synergies.

Given the inherent differences between the business, operations and prospects of MIM and Chronimed and the business, operations and prospects of the companies included in the comparable company analysis, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis and accordingly also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of MIM and Chronimed and the companies included in the comparable company analysis that would affect the public trading values of each.

Comparable Transaction Analysis

Lehman Brothers reviewed seven recent acquisitions of companies that Lehman Brothers deemed comparable to the proposed transaction. Set forth below are the announcement date and parties to those transactions:

Announcement Date	Acquiror	Target
June 4, 2004	Accredo Health, Inc.	Hemophilia Resources of America, Inc.
February 25, 2004	Curative Health Services, Inc.	Critical Care Systems, Inc.
December 22, 2003	Express Scripts, Inc.	CuraScript
September 22, 2003	Highmark, Inc.	Fisher's SPS
December 31, 2002	AmerisourceBergen Corp.	US Bioservices Corp
January 2, 2002	Accredo Health, Inc.	SPS division of Gentiva Health Services, Inc.
August 1, 2001	AdvancePCS	TheraCom Inc.

Using the MIM projections for MIM, the Chronimed projections for Chronimed, and publicly available information for the targets, Lehman Brothers considered the enterprise values as a multiple of LTM (immediately prior to the date the acquisition was announced) EBITDA and 1-year forward projected EBITDA. Lehman Brothers compared these results to the values implied by the proposed transaction. The following table sets forth the results of this analysis:

	High	Mean	Median	Low
Enterprise value as a multiple of:				
LTM EBITDA	20.0x	12.7x	11.2x	8.0x
1-Year Forward EBITDA	9.8x	9.0x	9.2x	7.5x

Lehman Brothers noted that the implied transaction LTM EBITDA and 1-year forward multiples were within the range of comparable transactions and lower than the mean of the comparable transactions.

Because of the inherent differences between the business, operations and prospects of Chronimed and the business, operations and prospects of the acquired companies included in the comparable transaction analysis, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable transaction analysis and accordingly also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Chronimed and the companies included in the comparable transaction analysis that would affect the transaction values of each.

Discounted Cash Flow Analysis

Lehman Brothers performed a discounted cash flow analysis to calculate the estimated present value of MIM common stock and Chronimed common stock. The estimated present value of MIM common stock and Chronimed common stock was calculated by adding the present value of the estimated free cash flow projections for the fiscal years 2004 through 2009, included in the MIM projections, for MIM and fiscal years 2005 through 2009 for Chronimed, referred to as the Chronimed projections. Using a range of terminal value multiples based on fiscal 2009 EBITDA of 7.0x to 10.0x and discount rates ranging from 9.0% to 12.0%, Lehman Brothers calculated implied per share values for both MIM and Chronimed. Based on these implied per share values, this analysis indicated the following implied exchange ratio range, as compared to the exchange ratio in the proposed transaction:

Implied Exchange Ratios	0.987x - 1.044x
Proposed Transaction	1.025x

Contribution Analysis

Using the MIM projections for MIM and the Chronimed projections for Chronimed, Lehman Brothers analyzed the respective contributions of MIM and Chronimed to certain income statement metrics for the combined company for the LTM period, CY 2004 and CY 2005 before taking into account the expected synergies. The proportionate contributions were calculated taking into account MIMs and Chronimeds respective debt and cash levels and compared to the ownership of the MIM and Chronimed stockholders in the proposed transaction. This analysis indicated that the contribution from MIM was consistent with the implied ownership of the combined company in the proposed transaction. The following table sets forth the results of this analysis:

	Contribution to Combined Company		**Implied Exchange Ratio**
	MIM	**Chronimed**	
Revenue:			
LTM	51%	49%	1.706x
Projected CY 2004	51%	49%	1.713x
Projected CY 2005	51%	49%	1.724x
EBITDA:			
LTM	68%	32%	0.859x
Projected CY 2004	65%	35%	0.965x
Projected CY 2005	61%	39%	1.152x
Net Income:			
Projected CY 2004	70%	30%	0.749x
Projected CY 2005	65%	35%	0.955x
Mean	60%	40%	1.228x
Proposed Transaction	63%	37%	1.025x

Pro Forma Analysis

Lehman Brothers analyzed the pro forma effect of the proposed transaction on the earnings per share of MIM. For the purposes of this analysis, Lehman Brothers utilized the MIM projections, the Chronimed projections as well as the expected synergies that managements of MIM and Chronimed estimate will result from a combination of the businesses of MIM and Chronimed. For illustrative purposes, Lehman Brothers also assumed the full year pro forma impact on CY 2004 and CY 2005. This analysis indicated that the proposed transaction would be accretive to MIMs CY 2004 and CY 2005 earnings per share. The financial forecasts and assumptions that underlie this analysis are subject to substantial uncertainty and exclude one-time costs that may be incurred in connection with the implementation of the expected synergies and, therefore, actual results may be substantially different.

Miscellaneous

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. MIMs board of directors selected Lehman Brothers because of its expertise, reputation and

familiarity with MIM and the healthcare distribution industry generally, and because its investment banking professionals have substantial experience in transactions comparable to the transaction.

As compensation for its services in connection with the proposed transaction, MIM has agreed to pay Lehman Brothers a fee of $1,875,000, of which $500,000 was paid to Lehman Brothers upon delivery of its opinion and the remainder is payable at closing. In addition, MIM has agreed to reimburse Lehman Brothers for reasonable out-of-pocket expenses incurred in connection with the proposed transaction and to indemnify Lehman Brothers for certain liabilities that may arise out of its engagement by MIM and the rendering of the Lehman Brothers opinion.

In the ordinary course of its business, Lehman Brothers may actively trade in the equity securities of MIM and Chronimed for its own account and for the accounts of it