

BioScrip, Inc.
Form DEFA14A
January 26, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-12))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-11(c) or § 140.14a-12

BIOSCRIP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Filed by BioScrip, Inc. Pursuant to Rule 14a-12
Under the Securities Exchange Act of 1934

Q&A for BioScrip Employees

1. Who is Critical Homecare Solutions (CHS)

CHS is one of the largest providers of home infusion services in the country generating about \$250 million in revenues with a operating income margin of 18%. CHS operates 68 branch locations in 22 states, primarily in Eastern United States, including 35 infusion pharmacies (of which 16 contain ambulatory treatment centers) and 33 home health nursing offices. CHS utilizes a local business model that emphasizes customized patient care.

CHS is majority owned by Kohlberg & Company, L.L.C., a leading U.S. private equity firm which invests in and acquires middle market companies.

2. How does this acquisition fit into BioScrip s growth strategy?

Over the past years, our stated goal has been to become the industry s clinical leader in specialty pharmacy services with the focus on establishing our centers of excellence model across multiple therapeutic categories including infusion, oral and injectable technologies. The acquisition of CHS accelerates our progress toward this goal.

3. What are the benefits of this transaction?

Ability to cross-sell all services on a national basis, enabling accelerated pull-through opportunities;

Expanded national footprint with strong regional and local management leadership;

A focus on traditional higher margin therapies resulting in higher operating income and overall increased margins

Broadened clinical expertise

Comprehensive nursing component to better manage the chronically ill

Allows accelerated conversion of our existing stores to an infusion model

Access to 450 additional payor relations

4. Why is the home nursing a critical asset for BioScrip?

CHS's home nursing capability utilizes a dedicated sales staff focused on promoting its disease management programs, clinical outcomes and has a highly trained and proficient nursing staff. It is a significant growth opportunity for BioScrip.

5. How will this acquisition affect me as a BioScrip employee?

When this acquisition is completed, BioScrip will be a stronger, more broadly based company with a significantly expanded footprint and managed care relationships which will allow us to better service our patients and enhance growth opportunities going forward. Of course this transaction will require a smooth integration. You can look forward to regular updates on how the integration process is progressing.

6. When will the transaction close?

The acquisition requires the approval of BioScrip's stockholders and is subject to regulatory approvals and other closing conditions, including the expiration of the waiting period under the Hart-Scott-Rodino. The transaction is expected to close in March 31, 2010.

7. Will there be any management result of this transaction?

Rich, Rick and Stan will remain in place as CEO, President and CFO, respectively. The executive management at CHS will depart after a transition period.

8. What additional revenue will CHS bring to BioScrip? EBITDA?

CHS is a leading provider of home infusion services generating approximately \$252.0 million of revenue and approximately \$39.0 million, or 15% of adjusted EBITDA for the twelve months ended September 30, 2009. On a combined basis, BioScrip will have pro forma revenues and adjusted EBITDAO of \$1.6 billion and \$73.4 million, respectively.

9. What are the details of the transaction?

Under the terms of the agreement, BioScrip will acquire CHS for a total of \$343.2 million. The consideration will include cash of \$242.0 million (including approximately \$132.0 million to repay CHS debt) and the issuance of \$101.2 million of common stock, or approximately 12.94 million shares, (based on BioScrip's closing stock price of \$7.82 on Friday, January 22, 2010). BioScrip will also issue 3.40 million warrants, with a \$10.00 exercise price and five-year term.

10. Will this transaction result in any change of ownership in BioScrip? Any change to the BioScrip Board of Directors?

Given that part of this transaction will be funded with BioScrip common stock, Kohlberg will, on a pro forma basis, hold approximately 24% of our common stock and will be entitled to nominate two directors to join our Board.

11. What impact will the financing have on our liquidity and ability to continue to invest in future growth opportunities?

Given the significant increase in our combined EBITDAO and the improved operating margins, we will generate enough cash to both service the additional debt we are incurring plus make the necessary investments in our business to continue on this growth trajectory.

12. When can we start working together with our new CHS associates?

Information sharing for the purpose of integration planning is OK. However, it's important that we don't share detailed information before the transaction is finalized.

Additional Information and Where to Find it

BioScrip, Inc. intends to file with the Securities and Exchange Commission (the SEC) a proxy statement regarding the issuance of stock in connection with the proposed transaction. The proxy statement will be mailed to the stockholders of BioScrip. INVESTORS AND STOCKHOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER RELEVANT MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT BIOSCRIP AND THE PROPOSED TRANSACTION. Investors and stockholders may obtain free copies of these documents (when they are available) and other documents filed with the SEC at the SEC's web site at www.sec.gov. In addition, the documents filed by BioScrip with the SEC may be obtained free of charge by contacting BioScrip, Inc., Investor Relations, 100 Clearbrook Road, Elmsford, NY 10523 or contacting BioScrip, Inc. Investor Relations at 914-460-1600.

Participants in the Solicitation

BioScrip and its officers and directors may be deemed to be participants in the solicitation of proxies from BioScrip's stockholders with respect to the issuance of stock in connection with the proposed transaction. Information about BioScrip's executive officers and directors and their ownership of BioScrip's stock is set forth in the proxy statement for BioScrip's 2009 Annual Meeting of Stockholders, which was filed with the SEC on March 27, 2009. Investors and stockholders may obtain more detailed information regarding the direct and indirect interests of BioScrip and its respective executive officers and directors in the proposed transaction by reading the preliminary and definitive proxy statements regarding the issuance of stock in connection with the proposed transaction, which will be filed with the SEC.

Safe Harbor Statement

This communication includes forward-looking statements regarding the proposed acquisition and related transactions that are not historical or current facts and deal with potential future circumstances and developments, in particular information regarding growth opportunities, expected synergies from the acquisition, and whether and when the transactions contemplated by the merger agreement will be consummated. Forward-looking statements are qualified by the inherent risk and uncertainties surrounding future expectations generally and may materially differ from actual future experience. Risks and uncertainties that could affect forward-looking statements include: the failure to realize synergies as a result of operational efficiencies, purchasing volume discounts, cross-selling of services, streamlined distribution and general and administrative reductions in the timeframe expected or at all; unexpected costs or liabilities; the result of the review of the proposed transaction by certain regulatory agencies, and any conditions imposed in connection with the consummation of the transaction; approval of issuance of BioScrip's stock in connection with the transaction by the stockholders of BioScrip and satisfaction of various other conditions to the closing of the transaction contemplated by the merger agreement; and the risks that are described from time to time in BioScrip's reports filed with the Securities and Exchange Commission (SEC), including BioScrip's annual report on Form 10-K for the year ended December 31, 2008 and quarterly report on Form 10-Q for the quarter ended September 30, 2009, as amended. This communication speaks only as of its date, and BioScrip disclaims any duty to update the information herein.