Cardinal Health To Acquire Assuramed

Cardinal Health today announced plans to acquire privately held AssuraMed, a leading provider of medical supplies to patients in the home, for $2.07 billion, or $1.94 billion, net of the present value of tax benefits. The acquisition will be financed with a combination of $1.3 billion in new senior unsecured notes and the remainder in cash. The transaction is expected to close by early April 2013.

"AssuraMed is a natural extension of the Cardinal Health businesses and of our mission to be essential to care. The acquisition of this industry leader allows us to serve the growing number of Americans treated in home settings – particularly those patients recovering from acute episodes and those suffering with chronic diseases. This is a platform opportunity for Cardinal Heal th products and services which will be increasingly important as the delivery of care migrates to more cost-effective settings," said George Barrett, chairman and chief executive officer of Cardinal Health.

"It has been a central component of our strategy to help enable the health care system by serving patients throughout the continuum of care. This acquisition further aligns us with key trends including demographic shifts and increased consumerism," Barrett noted. "AssuraMed has an outstanding management team, a mission closely aligned with ours, and a track record of extraordinary customer service and outstanding financial performance. We will be very excited to welcome the AssuraMed team to the Cardinal Health organization."

Assuming the transaction closes by early April 2013, Cardinal Health expects accretion of $.02 - $.03 to its existing non-GAAP fiscal 2013 earnings per share guidance range. For fiscal 2014, the company estimates no n-GAAP EPS accretion of at least $.18 per share, including the cost of an incremental $.08 - $.09 per share of interest expense associated with financing the transaction. The company did not provide the preliminary estimates of the impact of the transaction on fiscal 2013 and 2014 GAAP EPS since the impact is dependent on the timing of the closing and final valuation of intangible assets. Cardinal Health expects the amortization of acquisition-related intangible assets, which are excluded from its non-GAAP EPS, to be a significant expense in fiscal 2013 and 2014.

With annual sales in calendar year 2012 of approximately $1 billion, which includes the sales of the recently acquired Invacare Supply Group, AssuraMed currently serves more than 1 million patients nationally with more than 30,000 products. The company operates through two separate businesses, Independence Medical and Edgepark Medical Supplies. In addition to broadening Cardinal Heath’s reach into the home, AssuraMed’s expertise in products for specific disease categories and small parcel logistics will significantly enhance Cardinal Health’s ability to service customers across the broad ambulatory care channel, including care sites such as physician offices and in support of home health agencies. This will also allow Cardinal Health to provide a comprehensive solution for integrated delivery

network, retail pharmacy and medical equipment provider customers, who are currently delivering services to the home. The AssuraMed acquisition will also bring additional value to these customers through medical billing expertise and a comprehensive set of relationships with commercial and government payors.

"We are very excited about becoming part of Cardinal Health. Cardinal Health has a long and successful tradition in providing health care solutions to its customers and we know this expertise will enable AssuraMed to move even farther and faster in building out o ur home care business," said Michael Petras, AssuraMed CEO.

After the transaction is complete, Cardinal Health will supply the home health care channel with product lines including ostomy, diabetes, insulin therapy, urological, wound care and incontinence. The company also expects to use this acquisition as a platform to begin offering a variety of its current product offerings in the direct-to-home channel.

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