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CURATIVE HEALTH SERVICES INC

Form 8-K

February 18, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 12, 2003

CURATIVE HEALTH SERVICES, INC.  
(Exact name of registrant as specified in its charter)

Minnesota	000-19370	41-1503914
State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

150 Motor Parkway  
Hauppauge, New York 11788-5145  
(Address of principal executive offices)

(631) 232-7000  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report.)

Item 5. Other Events and Regulation FD Disclosure

On February 12, 2003, Curative Health Services, Inc. (the "Company") issued a press release announcing its earnings for the fourth quarter and full year ended December 31, 2002. A copy of the press release is attached as Exhibit 99.1, which is incorporated herein by reference under this Item 5.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired

Not required.

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(b) Pro Forma Financial Information

Not required.

(c) Exhibits

Exhibit	Description of Exhibit
99.1	Press Release dated February 12, 2003, relating to the Company's results for the fourth quarter and full year ended December 31, 2002.

Signature

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

CURATIVE HEALTH SERVICES, INC.

Date: February 18, 2003

By: /s/ Thomas Axmacher

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Thomas Axmacher  
Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE

Contact:  
Scott Eckstein  
Investor Relations  
Curative Health Services  
631-232-7044  
seckstein@curativehealth.com

CURATIVE HEALTH SERVICES REPORTS RECORD  
FOURTH QUARTER 2002 RESULTS

Fourth Quarter Revenues of \$47.7 Million, Net Income \$0.36 Per Share,  
Before One-Time Gain of \$0.09 Per Share

Hauppauge, New York - February 12, 2003 - Curative Health Services, Inc., (Nasdaq: CURE), announced today fourth quarter and full-year financial results for the period ended December 31, 2002. Total revenues for the fourth quarter were \$47.7 million, compared with \$20.4 million reported in the fourth quarter of 2001, an increase of 134%. Net income for the fourth quarter was \$5.8 million or \$0.45 per diluted share, compared with a net loss of \$22.9 million or (\$3.12) per share, for the fourth quarter of 2001. Fourth quarter 2002 results include a one-time gain of \$0.09 per diluted share from the Company recording the sale of its venture capital interest in Accordant Health Services, Inc. ("Accordant"),

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as part of the sale of Accordant to AdvancePCS. Excluding the Accordant gain, net income for the fourth quarter 2002 was \$4.6 million or \$0.36 per diluted share. Operating cash flow for the fourth quarter was \$7.5 million, excluding the gain from Accordant.

For the year ended December 31, 2002, the Company reported total revenues of \$139.2 million, compared with \$81.6 million in 2001. Total net income for the full-year ended December 31, 2002 was \$14.6 million or \$1.20 per diluted share, including the gain from Accordant, \$13.4 million or \$1.10 per diluted share excluding the Accordant gain, compared with a net loss of \$22.2 million or (\$3.09) per share for 2001.

"This past year marked our emergence as an important competitor in the Specialty Pharmacy distribution space," said Joseph Feshbach, Curative's Chairman and Chief Executive Officer. "The combination of accretive acquisitions, strong organic growth in our Hemophilia and IVIG businesses and good cost controls all contributed to our record financial performance. Our balance sheet and cash flow remain strong allowing us to continue to execute on the acquisition portion of our strategy."

During the fourth quarter 2002, Curative acquired the specialty pharmacy business and certain related assets of Home Care of New York, Inc., for a total consideration of approximately \$12 million. In addition, the Company entered into an agreement to purchase certain assets of Home Care of New York, Inc. related to its home health agency business, subject to applicable governmental approvals.

Also during the fourth quarter, Curative completed the acquisition of OptCare Plus, Inc. ("OptCare") for approximately \$10.5 million in cash. OptCare is a specialty pharmacy dispensing biological medications such as Hemophilia clotting factors. In addition, OptCare coordinates infusion nursing and provides complete pharmacy services, clinical and reimbursement support services to chronic disease communities. OptCare's service area primarily focuses on the populations of Virginia, Maryland and District of Columbia.

More recently, Curative completed the acquisition of MedCare, Inc. ("MedCare") on February 3, 2003 for approximately \$6.6 million in cash. MedCare is a specialty pharmacy with locations in Alabama, Mississippi, West Virginia and Florida.

### Fiscal 2003 Guidance

For the full year 2003, the Company now anticipates revenues of approximately \$237 to \$247 million and earnings per diluted share to be in the range of \$1.50 - \$1.56. For the first quarter of 2003, the Company expects revenues of approximately \$59 million and earnings of approximately \$0.38 per diluted share. These projections include the expected results of MedCare.

Curative Health Services, Inc. will hold a conference call to discuss the Company's fourth quarter and full-year financial results, recent developments, business strategy and outlook, today at 11:00 a.m. Eastern Time. To participate in the conference call, dial 1-800-915-4836 approximately 10 minutes prior to the scheduled start time.

If you are unable to participate, a digital replay of the call will be available from Wednesday, February 12, 2003 at 1:00 p.m. Eastern Time until 12:00 AM Eastern Time on February 19th, by dialing 1-800-428-6051 with passcode # 278938. The live broadcast of Curative Health Services' quarterly conference call will be available online by going to [www.curative.com](http://www.curative.com) and selecting the Investor Relations link, on [www.streetevents.com](http://www.streetevents.com) and on [www.companyboardroom.com](http://www.companyboardroom.com). An online replay will be available shortly after the call at those sites.

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### About Curative Health Services

Curative Health Services delivers superior clinical outcomes and unmatched patient satisfaction for patients experiencing serious medical conditions through two unique business units.

Curative's Specialty Pharmacy Services business unit provides services to help patients manage the health care process, and offers related pharmacy products to patients for chronic and critical disease states including Hemophilia, Immune System Disorders, Respiratory Syncytial Virus (RSV), Multiple Sclerosis and Rheumatoid Arthritis.

(more)

Curative's Specialty Healthcare Services ("SHS") business unit is an industry leader in chronic wound care management, consistently achieving an outcome success rate of more than 80 percent. SHS provides a broad continuum of services to health care providers through a nationwide network. This national network of hospital-based Wound Care Center(R) programs has offered comprehensive treatment to over 375,000 patients, achieving more than a 94 percent patient satisfaction rate.

For more information, visit [www.curative.com](http://www.curative.com)

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This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Factors that might cause such differences include, but are not limited to, the termination or non-renewal of a material number of contracts, an inability to obtain new contracts, changes in the government regulations relating to the Company's Specialty Healthcare Services or Specialty Pharmacy Services business units, changes in the regulations governing third party reimbursements for the Company's services, manufacturing shortages of products sold by Curative's Specialty Pharmacy Services business unit, and the other risks and uncertainties detailed in the Company's filings with the Securities and Exchange Commission. Readers of this release are referred to the Company's Quarterly Report on Form 10Q for the quarter ended September 30, 2002 and Form S-3 filed on February 4, 2003, for further discussion of these and other factors that could affect future results.

(Tables Follow)

CURATIVE HEALTH SERVICES, INC.  
Selected Financial Information

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Condensed Consolidated Statements of Operations

(In thousands, except for per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
Revenues	\$ 47,694	\$ 20,386	\$ 139,229	\$ 81,638
Cost and expenses:				
Cost of product sales and services	31,724	13,489	89,297	55,666
Selling, general & administrative	7,782	33,202	26,401	51,466
Total costs and expenses	39,506	46,691	115,698	107,132
Income (loss) from operations	8,188	(26,305)	23,531	(25,494)
Interest income	13	50	70	816
Other income	1,907	-	1,907	-
Interest expense	506	-	1,181	-
Income (loss) before income taxes	9,602	(26,255)	24,327	(24,678)
Income taxes	3,772	(3,372)	9,682	(2,473)
Net income (loss)	\$ 5,830	\$ (22,883)	14,645	\$ (22,205)
Net income (loss) excluding Accordant gain	\$ 4,632	\$ -	\$ 13,447	\$ -
Net income (loss) per common share, basic	\$ 0.48	\$ (3.12)	\$ 1.30	\$ (3.09)
Net income (loss) per common share, diluted	\$ 0.45	\$ (3.12)	\$ 1.20	\$ (3.09)
Net income (loss) per common share, excluding Accordant gain, diluted	\$ 0.36	\$ -	\$ 1.10	\$ -
Denominator for basic earnings per share, weighted average common shares	12,088	7,346	11,280	7,193
Denominator for diluted earnings per share, weighted average common shares assuming conversions	12,897	7,346	12,207	7,193

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CURATIVE HEALTH SERVICES, INC.  
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Condensed Consolidated Balance Sheets  
(Dollars in thousands)

Assets	December 31, 2002	December 31, 2001
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Current assets:		
Cash and cash equivalents	\$ 2,643	\$ 12,264
Accounts receivable, net	36,438	13,139
Deferred tax assets	2,155	6,265
Inventories	12,766	4,547
Prepays and other assets	2,212	745
	-----	-----
Total current assets	56,214	36,960
Property and equipment, net	3,284	3,795
Goodwill and intangibles	125,165	34,787
Other long-term assets	3,236	1,385
	-----	-----
Total assets	\$187,899	\$ 76,927
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 21,786	\$ 9,249
Accrued expenses	10,647	25,186
Current portion long term liabilities	6,102	0
	-----	-----
Total current liabilities	38,535	34,435
Long-term liabilities	26,076	6,000
Stockholders' equity	123,288	36,492
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Total liabilities and stockholders' equity	\$187,899	\$ 76,927
	=====	=====

Editors Note: This release is also available on the Internet over the World Wide Web at <http://www.curative.com>

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