



News Release

Kroger Announces Merger with Axiom Pharmacy

Enters High-Growth Specialty Pharmacy Market

CINCINNATI and LAKE MARY, Fla., Nov. 15, 2012 /PRNewswire/ -- The Kroger Co. (NYSE: KR) today announced it will acquire the outstanding shares of Axiom Pharmacy Holdings, Inc., a leading specialty pharmacy, to create a merger of the two companies.

Founded in 2000, Axiom provides drug therapies and patient-support services to treat chronic, genetic and other complex medical conditions such as cancer, Hepatitis C, Rheumatoid Arthritis, Multiple Sclerosis and numerous other chronic care conditions. This partnership gives Kroger significantly enhanced capabilities to serve customers who require complex drug therapies, and to deliver those therapies at greater value to customers and insurance payers. Financial terms were not disclosed.

"Kroger and Axiom are a strategic fit as we look to enter the high-growth specialty pharmacy business," said Lincoln Lutz, Kroger's vice president of corporate pharmacy. "The combination of Axiom's expertise and Kroger's 1,950 pharmacy locations, 91 Little Clinic locations, and pharmacists who provide health coaching, biometric screening and other wellness services will deliver positive health outcomes for our patients, cost savings for insurance payers, and unique services for physicians."

Strong Growth Opportunity

Specialty pharmacy is the primary area of growth in pharmaceuticals. Revenue for specialty drugs has grown from \$17 Billion in 2000 to \$104 Billion in 2011, and is projected to grow to \$135 Billion in 2014. In 2011, 80% of new drugs approved by the FDA were specialty drugs. Currently more than 700 specialty drugs are in the pipeline for approval.

"This partnership supports Kroger's long-term growth plans, with strong return on invested capital," said Rodney McMullen, Kroger's president and chief operating officer.

[Kroger announced a new long-term growth strategy at an investor's conference in October.](#)

Axiom Healthcare Pharmacy

Headquartered in Lake Mary, Florida, Axiom is one of the nation's largest independent providers of specialty pharmacy services, offering a range of clinical services to patients with complex chronic conditions. Through its additional pharmacy locations in Puerto

Rico, Tennessee and Mississippi, Axiom provides comprehensive specialty pharmacy services to patients throughout the United States and Puerto Rico.

Axiom seamlessly addresses the clinical, administrative and financial needs of patients, referring

physicians, insurance payers and pharmaceutical manufacturers.

For **patients**, Axiom increases medication adherence and enhances the overall quality of patient care through personalized education and treatment, 24/7/365 clinical support and side effect management;

For **insurance payers**, Axiom delivers cost effective care management programs and data-driven clinical outcomes;

For **manufacturers**, Axiom provides product training for patients, side effect interventions and reporting, and increased medication adherence; and

For **physicians**, Axiom improves coordination of patient care through insurance eligibility verification, product consultation, patient monitoring, and clinical interventions to minimize side effects and avoid adverse drug interactions.

Axiom will continue to operate as an independent company within the Kroger family.

"We are excited to partner with Kroger to deliver specialty pharmacy services to their customers," said Mark Montgomery, Axiom's president and chief executive officer. "We believe this relationship will create efficiencies that will reduce costs, drive growth and improve the overall quality of our combined healthcare services."

Mr. Montgomery will continue to lead Axiom. He has been with the company for nine years, the last six as president and CEO. With more than 25 years of healthcare leadership experience, he has held instrumental management roles with multiple leading nationwide specialty pharmacy providers.

"We are very excited to welcome Axiom's leadership team and all 160 current associates to the Kroger family," said Mr. Lutz. "Mark and the team have built a great company that is positioned for growth."

The transaction is contingent on typical conditions of closing, including any required approval of regulatory authorities. Edge Healthcare Partners, LLC served as Axiom's financial advisor for the pending merger.

Kroger, one of the world's largest retailers, employs more than 339,000 associates who serve customers in 2,425 supermarkets and multi-department stores in 31 states under two dozen local banner names including Kroger, City Market, Dillons, Jay C, Food 4 Less, Fred Meyer, Fry's, King Soopers, QFC, Ralphs and Smith's. The company also operates 788 convenience stores, 342 fine jewelry stores, 1,124 supermarket fuel centers and 37 food processing plants in the U.S.

Recognized by Forbes as the most generous company in America, Kroger supports hunger relief, breast cancer awareness, the military and their families, and more than 30,000 schools and grassroots organizations. Kroger contributes food and funds equal to 160 million meals a year through more than 80 Feeding America food bank partners. A leader in supplier diversity, Kroger is a proud member of the *Billion Dollar Roundtable* and the U.S. Hispanic Chamber's *Million Dollar Club*.
SOURCE The Kroger Co.

Media: Keith Dailey, +1-513-762-1304, Investors: Cindy Holmes, +1-513-762-4969, both of Kroger