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SYNCOR INTERNATIONAL CORP /DE/
Form 425
November 20, 2002

Filed by Syncor International Corporation
Pursuant to Rule 425 under the Securities Act of 1933
Subject Company: Syncor International Corporation
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Syncor logo
The word for trust.
Worldwide.

NASDAQ: SCOR

FOR IMMEDIATE RELEASE

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SYNCOR FILES FORM 10-Q AND REPORTS
STRONG THIRD-QUARTER FINANCIAL RESULTS
FOR ITS U.S. PHARMACY SERVICES BUSINESS

COMPANY REPORTS ON STATUS OF SPECIAL COMMITTEE INVESTIGATION

WOODLAND HILLS, California, November 19, 2002 - Syncor International Corporation (Nasdaq: SCOR) today announced that it has filed with the SEC its Form 10-Q for the quarter ended September 30, 2002. The filing shows a 28 percent increase in net sales from continuing operations and a 53 percent increase in operating income of its core U.S. pharmacy services business from the same period last year.

According to the 10-Q, Syncor's net sales from continuing operations in the quarter increased 28.3 percent to \$192.2 million, compared to \$149.8 million for the same period of the prior year.

The Company generated sufficient cash flow during the quarter to repay Company debt in the amount of \$12 million.

U.S. Pharmacy Services Business

For the third quarter ended September 30, 2002, sales increased by 28.0 percent to \$181.9 million, compared to \$142.1 million for the same period of the prior year. Syncor continues to realize strong Cardiolite(R) sales, which increased 22.3 percent as compared to the same period of the prior year due to improved pricing as well as volume increases.

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Operating income for the third quarter of 2002 increased by 53.3 percent to \$23.9 million, compared to \$15.6 million for the same period of the prior year.

Special Charges

As previously reported as a subsequent event in our Form 10-K/A-1 for the year ended December 31, 2001 and our Forms 10-Q/A-1 for the quarters ended March 31, 2002 and June 30, 2002, each filed with the SEC on October 11, 2002, the Company recorded a special charge to earnings net after-tax of \$31.3 million or (\$1.14) per fully diluted share in the third quarter ended September 30, 2002. The Company took the asset impairment charge based on its review of the offers it received from potential buyers for Comprehensive Medical Imaging, Inc. (CMI), the Company's discontinued medical imaging segment, and the Company's assessment of the probable loss to the Company upon the sale of CMI. The Company announced on June 14, 2002 that it is discontinuing the CMI operations and is entertaining bids for the sale of CMI.

Update on Special Committee Investigation and Discussions with the DOJ and SEC

As reported in the Form 10-Q, a special committee of the Board of Directors of Syncor, working together with outside counsel and an independent forensic accounting firm, believes it has substantially completed its gathering of facts in connection with the previously-announced investigation of all of Syncor's foreign operations (other than Israel where Syncor has only a licensing arrangement and no operations). The special committee also is investigating certain limited aspects of Syncor's domestic U.S. operations. The investigation has included on-site reviews by representatives of the special committee in every foreign country in which Syncor has operations. The special committee is also investigating the knowledge and/or involvement of certain employees of Syncor and its subsidiaries, including Monty Fu and Moses Fu, in the matters subject to the investigation. Analysis of the information gathered is continuing.

The following is a summary of the findings of the special committee to date based on the information it has gathered at this time. The investigation is continuing and there can be no assurance that additional issues will not be found or that the findings below will be confirmed.

- o The special committee has found that questionable payments have been made over a substantial period of time to customers in Taiwan, including state-owned and private healthcare facilities and certain of their employees. Based on information gathered to date, some or all of the payments appear to have violated U.S. law, including various provisions of the Foreign Corrupt Practices Act of 1977 (the "FCPA"). In addition, some or all of the payments appear to have violated local Taiwan law. Over the past five years, these payments to state-owned facilities and certain of their employees appear to have totaled an estimated \$500,000.
- o The special committee has also found questionable payments and other

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transactions at Syncor operations in at least six other countries in Asia, Latin America and Europe that also may have violated U.S. law, including the payment, record-keeping and controls provisions of the FCPA. In addition, some or all of these payments appear to have violated local laws in the relevant jurisdiction.

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- o During the course of its investigation of Syncor's foreign operations, the special committee identified a number of additional instances where activities of Syncor or of its subsidiaries or representatives may have constituted violations of local laws and regulations relating to, among other things, tax, competition and regulatory matters.

While the special committee and its advisors are continuing the investigation, based on the information available at this time, Syncor does not expect that any of these payments, transactions or other matters will be material to the financial results of Syncor or will result in an adjustment or restatement of Syncor's historical financial statements. The special committee intends to complete the investigation as promptly as practicable. A final determination as to the full impact of the investigation on Syncor and Syncor's financial statements is subject to the completion of the investigation.

Syncor has been cooperating fully with the Securities and Exchange Commission (the "SEC") and the U.S. Department of Justice (the "DOJ") regarding the matters that have been the subject of its internal investigation. At this time, Syncor is in advanced discussions with the SEC staff concerning resolution of the potential claims that the SEC may have against Syncor regarding the matters that are the subject of the investigation. Any resolution with the staff would be subject to SEC approval. Syncor is also in advanced discussions with the DOJ concerning a resolution of these matters. Syncor is seeking to resolve these matters with the SEC and the DOJ as promptly as practicable although there can be no assurance that such discussions will result in a satisfactory resolution of these matters. At this time Syncor cannot predict the extent to which the SEC, the DOJ or any other governmental authorities will pursue administrative, civil injunctive or criminal proceedings, the imposition of fines or penalties or other remedies or sanctions. However, based on the current status of the discussions with the SEC and the DOJ, Syncor has accrued \$2.5 million for estimated potential fines and other penalties that may be imposed by the SEC and the DOJ in connection with this matter. There can be no assurance that this reserve will be sufficient to address any such fines or other penalties actually imposed by the SEC, the DOJ or any other governmental authorities. At this time, Syncor also cannot predict what impact such discussions with or actions by the SEC, the DOJ or any other governmental authorities may have on Syncor.

Additional information is included in the Form 10-Q and you are urged to read the relevant disclosure in its entirety.

Acquisition of Syncor by Cardinal Health

On June 14, 2002, the Company announced that it had entered into a

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definitive agreement with Cardinal Health providing for the acquisition of Syncor. As previously announced, Syncor has postponed its special meeting of stockholders, which is now scheduled for December 6, 2002, to consider approval of the merger agreement. The exact time and place of the postponed special meeting will be included in an amended notice of meeting and supplemental proxy materials that will be mailed to stockholders as soon as they are available.

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The acquisition of Syncor by Cardinal Health is subject to the satisfaction or waiver of a number of conditions, including Syncor stockholder approval. Based on the information Syncor has reviewed as of the date hereof with respect to the matters currently under investigation by the special committee, and subject to the terms of any resolution of these matters with the DOJ and SEC, Syncor believes that the information it has learned in the investigation would not result in Syncor's failure to satisfy the conditions to the acquisition. However, no definitive determination as to the impact on the acquisition can be made pending completion of the investigation and resolution of Syncor's discussions with the DOJ and SEC. Moreover, Cardinal Health has previously stated that it has not yet concluded whether the conditions to the transaction will be satisfied and that "there can be no assurance that the transaction involving the acquisition of Syncor by Cardinal Health will be completed."

About Syncor

Syncor International Corporation is a leading provider of high technology health care services concentrating on nuclear pharmacy services, medical imaging, niche manufacturing and radiotherapy. In the nuclear pharmacy services business, Syncor compounds and dispenses radiopharmaceuticals for diagnostic and therapeutic use by nuclear medicine departments in hospitals and outpatient clinics. Syncor distributes these time-critical pharmaceuticals to more than 7,000 U.S.-based customers through an integrated network of 130 domestic and 19 international nuclear pharmacies. Medical imaging services are provided through an integrated network of 73 domestic and 19 internationally owned or operated facilities. Syncor announced on June 14, 2002 that it intends to exit the U.S. medical imaging business. Syncor also owns or operates ten domestic and two international production facilities for positron emission tomography (PET) radiopharmaceuticals, and is a party to a series of agreements to make PET technology more accessible to healthcare providers and patients nationwide. For more information visit www.syncor.com.

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Except for historical information, all other information in this news release consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are described in Syncor's Form 10-K, Form 8-K and Form 10-Q reports (including all amendments to those reports) and exhibits to those reports, and include (but are not limited to) the costs, difficulties, and uncertainties related to the integration of acquired businesses, the loss of one or more key customer or supplier relationships, changes in the distribution patterns or reimbursement rates for health-care products and/or services, the costs and other effects of governmental regulation and legal and administrative proceedings, and general economic and market conditions. Syncor undertakes no obligation to update or revise any forward-looking statements.

Information regarding the identity of the persons who may, under SEC rules, be deemed to be participants in the solicitation of stockholders of Syncor International Corporation ("Syncor") in connection with the proposed merger, and their interests in the solicitation, is set forth in the definitive proxy statement/prospectus dated October 16, 2002 mailed to Syncor shareholders on October 17, 2002 and filed with the SEC. Cardinal Health, Inc. ("Cardinal Health") has filed a registration statement on Form S-4 in connection with the transaction. Investors and security holders of Syncor are urged to read the definitive proxy statement/prospectus because it contains important information about Cardinal Health, Syncor and the transaction. Investors and security holders may obtain a free copy of the proxy statement/prospectus at the SEC's web site at www.sec.gov. A free copy of the proxy statement/prospectus may also be obtained from Cardinal Health or Syncor. Cardinal Health and Syncor and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of Syncor in favor of the transaction. In addition to the registration statement on Form S-4 filed by Cardinal Health in connection with the transaction, and the proxy statement/prospectus mailed to the stockholders of Syncor in connection with the transaction, each of Cardinal and Syncor file annual, quarterly and special reports, proxy and information statements, and other information with the SEC. Investors may read and copy any of these reports, statements and other information at the SEC's public reference room located at 450 5th Street, N.W., Washington, D.C., 20549. Investors should call the SEC at 1-800-SEC-0330 for further information. The reports, statements and other information filed by Cardinal Health and Syncor with the SEC are also available for free at the SEC's web site at www.sec.gov. A free copy of these reports, statements and other information may also be obtained from Cardinal Health or Syncor. Investors should read the proxy statement/prospectus carefully before making any voting or investment decision.

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SYNCOR INTERNATIONAL CORPORATION
Goodwill Impact
(\$ in 000's)

Nine Months Ended
September 30, 2001

Three Months Ended
September 30, 2001

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First Quarter, 2001	\$1,530	\$0
Second Quarter, 2001	\$1,548	\$0
Third Quarter, 2001	\$1,372	\$1,372
	-----	-----
Total Goodwill Expense	\$4,450	\$1,372
Tax Effect	0.60	0.60
	-----	-----
Net Income Effect	\$2,670	\$823
	=====	=====
Estimated Impact on EPS		
Without Goodwill Amortization:		
Basic Shares Outstanding	\$0.11	\$0.03
Diluted Shares Outstanding	\$0.10	\$0.03
Weighted Average Number of		
Common Shares Outstanding:		
Basic	24,494	24,603
Diluted	27,047	27,024

SYNCOR INTERNATIONAL CORPORATION
Selected Balance Sheet Data
(\$ in 000's)

	Sept 30, 2002	June 30, 2002
	-----	-----
Continuing Operations:		
Cash, Cash Equiv. and Marketable Securities	\$38,662	\$17,262
Accounts Receivables, net	\$106,715	\$113,057
Inventory	\$28,875	\$28,224
Total Current Assets	\$197,566	\$180,141
Total Assets	\$346,093	\$327,640
Accounts Payable	\$65,204	\$67,549
Other Current Liabilities (includes short-term debt)	\$50,611	\$69,769
	-----	-----
Total Current Liabilities	\$115,815	\$137,318
Debt (short term and long term):		
Credit Line	\$9,625	\$7,520
Other Debt (includes short-term debt)	\$11,238	\$25,870
	-----	-----
Total Outstanding Debt	\$20,863	\$33,390
Total Stockholders' Equity	\$223,361	\$230,336

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Current Ratio	1.71	1.31
DSO	50.52	54.34
Discontinued Operations:		
Accounts Receivables, net	\$45,247	\$50,016
Inventory	\$1,315	\$1,431
Total Current Assets	\$71,054	\$68,673
Total Assets	\$235,794	\$283,541
Accounts Payable	\$2,519	\$3,352
Other Current Liabilities (includes short-term debt)	\$52,045	\$30,762
Total Current Liabilities	\$54,564	\$34,114
Debt (short term and long term):		
Credit Line	\$130,638	\$141,080
Other Debt (includes short-term debt)	\$46,167	\$33,020
Total Outstanding Debt	\$176,805	\$174,100
Total Stockholders' (Deficit) Equity	(\$52,621)	\$(20,278)
Current Ratio	1.30	2.01
DSO	99.29	116.81

SYNCOR INTERNATIONAL CORPORATION
Selected Cash Flow Data For Continuing Operations
(\$ In 000's)

	Nine Months Ended,	
	Sept 30, 2002	Sept 30,
Net Cash Provided By (Used In) Operations	\$54,260	
Less:Capital Additions	\$20,741	
Free Cash Flow	\$33,519	
Acquisition of Businesses, Net of Cash Acquired	\$6,446	
Total	\$27,073	

SYNCOR INTERNATIONAL CORPORATION
Segment Operating Results - From Continuing Operations
(\$ in 000's)

For The Three Months Ended September 30,

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	SPS			Q3 2001
	Q3 2002	Q3 2001	% Change	
Net Sales	\$181,877	\$142,101	28.0%	\$1
Cost of Sales	126,582	100,710	25.7%	
Gross Profit	55,295	41,391	33.6%	
% of Net Sales	30.4%	29.1%		
Operating, Selling and Administrative Expenses	28,863	23,834	21.1%	
Depreciation & Amortization	2,538	1,970	28.8%	
Total Expenses	31,401	25,804	21.7%	
% of Net Sales	17.3%	18.2%		
Operating Income (Loss)	\$23,894	\$15,587	53.3%	(\$
% of Net Sales	13.1%	11.0%		-

Note -- the totals from this schedule will not agree to Syncor's Consolidated Statements of Income due to Unallocated Corporate expenses

Reclassifications - certain items have been reclassified in Q3 2001 business unit results to conform to the current year's presentation; there is not an impact on overall consolidated operating results.

SYNCOR INTERNATIONAL CORPORATION
Segment Operating Results - From Continuing Operations
(\$ in 000's)

For The Nine Months Ended September 30,

	SPS			YTD Q3 2001
	YTD Q3 2002	YTD Q3 2001	% Change	
Net Sales	\$524,004	\$412,941	26.9%	\$
Cost of Sales	360,918	290,804	24.1%	
Gross Profit	163,086	122,137	33.5%	

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% of Net Sales	31.1%	29.6%	
Operating, Selling and Administrative Expenses	83,016	60,470	37.3%
Depreciation & Amortization	7,227	5,160	40.1%
	-----	-----	
Total Expenses	90,243	65,630	37.5%
	-----	-----	
% of Net Sales	17.2%	15.9%	
Operating Income (Loss)	\$72,843	\$56,507	28.9%
	=====	=====	
% of Net Sales	13.9%	13.7%	

Note -- the totals from this schedule will not agree to Syncor's Consolidated Statements of Income due to Unallocated Corporate expenses

Reclassifications - certain items have been reclassified in Q3 2001 business unit results to conform to the current year's presentation; there is not an impact on overall consolidated operating results.

SYNCOR INTERNATIONAL CORPORATION
Three Months Ended September 30, 2002
Pro Forma Financial Statements
(\$ in 000's)

	Q3 2002 Actual	Q3 2001 Actual
	-----	-----
Net Sales	\$192,212	\$
	-----	-----
Less: Cost of Goods Sold	133,458	
	-----	-----
Gross Profit	58,754	
	-----	-----
% of Sales	30.6%	
Operating, Selling and Admin. Expenses	39,834	
Depreciation Expense	5,007	
Special Charges:		
Transaction Costs	2,270	
	-----	-----
Total Operating Expenses	47,111	
% of Sales	24.5%	
Operating Income	11,643	
% of Sales	6.1%	

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Other Income (Expense), net	(2,114)	
Income From Continuing Operations	9,529	
Income Taxes	5,870	
Income From Continuing Operations After Tax	3,659	
Discontinued Operations, net of taxes	(32,150)	
Net Income (Loss), net of taxes	(\$28,491)	
% of Sales	-14.8%	
Basic Earnings (Loss) per Common Share:		
Continuing Operations	\$0.14	
Discontinued Operations	(\$1.25)	
Net Basic Earnings (Loss) per Common Share	(\$1.11)	
Diluted Earnings (Loss) per Common Share:		
Continuing Operations	\$0.13	
Discontinued Operations	(\$1.17)	
Net Diluted Earnings (Loss) per Common Share	(\$1.04)	
Weighted Average Number of Common Shares Outstanding:		
Basic	25,695	
Diluted	27,405	

SYNCOR INTERNATIONAL CORPORATION
 Nine Months Ended September 30, 2002
 Pro Forma Financial Statements
 (\$ in 000's)

	YTD Q3 2002 Actual	YTD Q3 Actual
Net Sales	\$555,112	
Less: Cost of Goods Sold	380,760	
Gross Profit	174,352	

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% of Sales	31.4%	
Operating, Selling and Admin. Expenses	109,202	
Depreciation Expense	14,609	
Special Charges:		
Severance Expense	4,125	
Transaction Costs	3,136	
	-----	-----
Total Operating Expenses	131,072	
% of Sales	23.6%	
Operating Income	43,280	
% of Sales	7.8%	
Other Income (Expense), net	(3,029)	
	-----	-----
Income From Continuing Operations	40,251	
Income Taxes	17,697	
	-----	-----
Income From Continuing Operations After Tax	22,554	
Discontinued Operations, net of taxes	(55,131)	
	-----	-----
Net Income (Loss), net of taxes	(\$32,577)	
	=====	=====
% of Sales	-5.9%	
Basic Earnings (Loss) per Common Share:		
Continuing Operations	\$0.90	
Discontinued Operations	(\$2.20)	
	-----	-----
Net Basic Earnings (Loss) per Common Share	(\$1.30)	
	=====	=====
Diluted Earnings (Loss) per Common Share:		
Continuing Operations	\$0.83	
Discontinued Operations	(\$2.04)	
	-----	-----
Net Diluted Earnings (Loss) per Common Share	(\$1.21)	
	=====	=====
Weighted Average Number of Common Shares Outstanding:		
Basic	25,081	
Diluted	26,993	

SYNCOR INTERNATIONAL CORPORATION
Three Months Ended September 30, 2002
(\$ in 000's)

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	As Reported		
	Before Corporate Charges	Corporate Charges	Total
Net Sales	\$192,212	\$0	\$192,212
Cost of Sales	133,458	-	133,458
Gross Profit	58,754	-	58,754
Operating, Selling and Admin. Depreciation Expense	39,834	-	39,834
Transaction Costs	5,007	-	5,007
	-	2,270	2,270
Total Operating Expenses	44,841	2,270	47,111
Operating Income (Loss)	13,913	(2,270)	11,643
Other Income (Expense), Net	386	(2,500)	(2,114)
Operating Income (Loss)	14,299	(4,770)	9,529
Income Taxes (Benefit)	5,597	273	5,870
Income (Loss) After Tax	\$8,702	(\$5,043)	\$3,659
Fully Diluted Outstanding Shares	27,405	27,405	27,405
Diluted Earnings (Loss)			
Per Common Share	\$0.31	(\$0.18)	\$0.13

[TABLE CONTINUED]

Discontinued Operations					
Restructuring and Other Charges			Results For Three Months		
Seeds	Overseas	Imaging Total	Seeds	Overseas	I

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Net Sales	\$0	\$0	\$0	\$0	\$0	\$1,574	\$3
Cost of Sales	-	-	-	-	-	977	1
Gross Profit	-	-	-	-	-	597	2
Operating, Selling and Admin. Depreciation Expense	-	-	-	-	-	579	1
Transaction Costs	-	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	686	2
Operating Income (Loss)	-	-	-	-	-	(89)	-
Other Income (Expense), Net	-	-	(47,519)	(47,519)	-	(175)	(175)
Operating Income (Loss)	-	-	(47,519)	(47,519)	-	(264)	(264)
Income Taxes (Benefit)	-	-	(16,204)	(16,204)	-	17	17
Income (Loss) After Tax	\$0	\$0	(\$31,315)	(\$31,315)	\$0	(\$281)	(\$281)
Fully Diluted Outstanding Shares	27,405	27,405	27,405	27,405	-	27,405	27,405
Diluted Earnings (Loss)							
Per Common Share	\$0.00	\$0.00	(\$1.14)	(\$1.14)	\$0.00	(\$0.01)	(\$0.01)

Note: We have included this schedule to provide more detail of the non-recurring expenses for the period. We have provided the detail of the restructuring charges and discontinued operations. Included in the As Reported reconciliation of the reported results of operations and the non-recurring charges for the period of discontinued operations we have shown a reconciliation of the components of the discontinued operations breaking out the restructuring charges from the discontinued operations results for the period.

SYNCOR INTERNATIONAL CORPORATION
 Nine Months Ended Sept 30, 2002
 Pro Forma Financial Statements
 (\$ in 000's)

As Reported		
Before Corporate	Corporate	Total

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	Charges	Charges	
Net Sales	\$555,112	\$0	\$555,112
Cost of Sales	380,760	-	380,760
Gross Profit	174,352	-	174,352
Operating, Selling and Admin. Depreciation Expense	109,202 14,609	- -	109,202 14,609
Severance Costs		3,604	3,604
Transaction Costs		3,136	3,136
Asset Impairment or write downs	-	521	521
Total Operating Expenses	123,811	7,261	131,072
Operating Income (Loss)	50,541	(7,261)	43,280
Other Income (Expense), Net	(529)	(2,500)	(3,029)
Operating Income (Loss)	50,012	(9,761)	40,251
Income Taxes (Benefit)	19,346	(1,649)	17,697
Income (Loss) After Tax	\$30,666	(\$8,112)	\$22,554
Fully Diluted Outstanding Shares	26,993	26,993	26,993
Diluted Earnings (Loss) Per Common Share	\$1.13	(\$0.30)	\$0.83

[TABLE CONTINUED]

	Discontinued Operations					
	Restructuring and Other Charges			Results For Nine Months		
	Seeds	Overseas	Imaging	Total	Seeds	Overseas
Net Sales	\$0	\$0	(\$2,376)	(\$2,376)	\$120	\$4,817
Cost of Sales	-	-	-	-	180	3,053
Gross Profit	-	-	(2,376)	(2,376)	(60)	1,764
Operating, Selling and Admin. Depreciation Expense	-	-	987	987	95	1,946
	-	-	-	-	21	546

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Severance Costs	125	1,685	6,002	7,812		
Transaction Costs		-		-		
Asset Impairment or write downs	702	13,484	8,784	22,970	-	-
Total Operating Expenses	827	15,169	15,773	31,769	116	2,492
Operating Income (Loss)	(827)	(15,169)	(18,149)	(34,145)	(176)	(728)
Other Income (Expense), Net	-	-	(47,519)	(47,519)	-	83
Operating Income (Loss)	(827)	(15,169)	(65,668)	(81,664)	(176)	(645)
Income Taxes (Benefit)	(318)	(2,003)	(23,191)	(25,512)	(68)	(130)
Income (Loss) After Tax	(\$509)	(\$13,166)	(\$42,477)	(\$56,152)	(\$108)	(\$515)
Fully Diluted Outstanding Shares	26,993	26,993	26,993	26,993	26,993	26,993
Diluted Earnings (Loss)						
Per Common Share	(\$0.02)	(\$0.49)	(\$1.57)	(\$2.08)	(\$0.00)	(\$0.02)

Note: We have included this schedule to provide more detail of the non-recurring expenses for the provide the detail of the restructuring charges and discontinued operations. Included in the As R reconciliation of the reported results of operations and the non-recurring charges for the period operations we have shown a reconciliation of the components of the discontinued operations breaki charges from the discontinued operations results for the period.