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UPDATED: Reeves-Sain Drug Store sells to Fred's for \$66M

MURFREESBORO - Reeves-Sain Drug Store will remain the same under a deal with discount retailer Fred's Inc. to buy the storefront and pharmacy for \$66 million, co-owner Rick Sain said.

"They are going to be keeping the cooks that make the chicken salad and keeping the contract for the post office," Sain said in an interview with The Daily News Journal.

And mostly importantly, the milkshake recipe is staying the same, Sain said.

"Reeves-Sain Drug Store plans to make no changes due to this partnership," co-owner Shave Reeves said. "Customers can expect the same staff, products and love for faith, family and community that has been part of our heritage for 35 years."

News of the deal came Thursday morning from Fred's corporate office in Memphis.

According to Memphis-based Fred's, the acquisition includes both EntrustRx, a specialty pharmacy operation that has a strong regional presence in the Southeast serviced from facilities in Spring Hill, Tennessee and Columbus, Mississippi, as well as the single Reeves-Sain Drug Store in Murfreesboro.

Sain explained the sale was more about EntrustRx and the retail store than the rest of Reeves-Sain Family of Medical Services.

"The driving force was EntrustRx," Sain said.

Fred's CEO Jerry Shore said the EntrustRx acquisition will offer additional advantages to his company, including accreditation and access to expanded specialty networks, expertise in different disease states, access to limited-distribution medications, and a model for a scalable retail experience providing clinical services, immunizations, compounding, and hospice medications.

"It offers a strong strategic fit to our current specialty pharmacy operations. We welcome the skilled and valued EntrustRx and Reeves-Sain Drug Store employees to the Fred's team and know that they will make great contributions to the future our pharmacy operations," Shore said.

Three years ago, Reeves-Sain opened the new division in Spring Hill that focuses on disease-specific specialty drugs.

"It grew beyond our wildest dreams," Sain said, adding 50 percent to 60 percent of the company's business is produced by the specialty drug trade.

Licensed in all 50 states, EntrustRx is not open to the public, but works with caregivers, patients and doctors to provide treatment for long-term, chronic diseases, Sain explained. Its main therapy lines include hepatitis C, cancer treatments, growth hormones, multiple sclerosis, and rheumatology.

"It grew so much we started looking for a partner. It was too much for just Reeves-Sain," he said.

Then Rick Chambers, a friend of Sain's from pharmacy school, reached out about buying the drug store on Memorial Boulevard in Murfreesboro.

"We said if we have to change anything in that store we won't do it," Sain said.

Fred's agreed.

"They will not change the name, the store, the people. We wanted to stay who we are," Sain said.

Fred's agreed to keep all the pharmacy programs, residency program, compounding services, and the soda shop, he said.

The biggest change is Sain's title.

Now he will be Fred's senior vice president of retail pharmacy development.

"I want to take the best of what Reeves-Sain does and help them grow it," Sain said.

As for the rest of the family of Reeve-Sain services, they all stay in Murfreesboro under the leadership of Reeves. Those services include the MediPACK, Extended Care, respiratory services, IV therapy, and medical supplies and equipment, Reeves said.

Under the terms of the agreement, Fred's will acquire EntrustRx and the Reeves-Sain retail pharmacy for approximately \$66 million, comprising \$53 million in cash and a \$13 million note payable. The transaction is expected to be completed in April.

Fred's, Inc. operates 661 discount general merchandise stores, including 19 franchised Fred's stores, in the southeastern United States.

The company also operates more than 360 pharmacies, which will improve Reeves-Sain's purchasing power with pharmaceutical companies and negotiating power with insurance companies, Sain said.

Reeves-Sain was opened in 1980 as Reeves-Powell Saveway Drug Store by Richard Reeves and Ron Powell. The soda shops was added in 1989. In 1995, Shane Reeves and Rick Sain bought a majority share in the business.