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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2003

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-28740

MIM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

05-0489664
(I.R.S. Employer Identification No.)

100 Clearbrook Road, Elmsford, NY 10523
(Address of principal executive offices)

(914) 460-1600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 120-2 of the Exchange Act). Yes No

On August 12, 2003, there were outstanding 22,343,499 shares of the Company's common stock, \$.0001 par value per share.

INDEX

PART I FINANCIAL INFORMATION

	Page Number
Item 1. Financial Statements	
Consolidated Balance Sheets at June 30, 2003 (unaudited) and December 31, 2002	1

Unaudited Consolidated Statements of Income for the three and six months ended June 30, 2003 and 2002	2
Unaudited Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and 2002	3
Notes to the Unaudited Consolidated Interim Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosure About Market Risk	17
Item 4. Controls and Procedures	18
PART II OTHER INFORMATION	
Item 4. Submission of Matters to a Vote of Security Holders	19
Item 6. Exhibits and Reports on Form 8-K	20
SIGNATURES	21

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

MIM CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (In thousands, except share amounts)

	June 30, 2003	December 31, 2002
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,420	\$ 5,751
Receivables, less allowance for doubtful accounts of \$3,846 and \$3,483 at June 30, 2003 and December 31, 2002, respectively	75,693	75,512
Inventory	6,649	9,320
Prepaid expenses and other current assets	1,950	2,104
	<hr/>	<hr/>
Total current assets	89,712	92,687
Property and equipment, net	6,390	7,388
Deferred income tax	2,310	3,046
Other assets, net	430	704
Goodwill, net	61,085	61,085
Intangible assets, net	16,517	17,321
	<hr/>	<hr/>
Total assets	\$ 176,444	\$ 182,231
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	\$ 621	\$ 634
Line of credit	-	4,608
Accounts payable	17,005	17,302
Claims payable	35,977	34,869
Payables to plan sponsors	16,657	23,921
Accrued expenses and other current liabilities	9,370	6,252
	<hr/>	<hr/>
Total current liabilities	79,630	87,586
Capital lease obligations, net of current portion	123	430
Other non current liabilities	-	7
	<hr/>	<hr/>
Total liabilities	79,753	88,023

Stockholders' equity:		
Common stock, \$.0001 par value; 40,000,000 shares authorized, 21,978,830 and 22,744,694 shares outstanding at June 30, 2003, and December 31, 2002, respectively	2	2
Treasury stock, 2,198,076 and 1,398,183 shares at cost at June 30, 2003, and December 31, 2002, respectively	(8,002)	(2,934)
Additional paid-in capital	121,281	120,651
Accumulated deficit	(16,590)	(23,511)
	<hr/>	<hr/>
Total stockholders' equity	96,691	94,208
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 176,444	\$ 182,231
	<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements.

Page 1

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
Revenue	\$ 161,230	\$ 135,732	\$ 323,381	\$ 287,383
Cost of revenue	141,955	118,284	285,505	253,906
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	19,275	17,448	37,876	33,477
Selling, general and administrative expenses	12,753	11,123	24,981	21,053
TennCare reserve adjustment	-	-	-	(851)
Amortization of intangibles	447	321	893	577
	<hr/>	<hr/>	<hr/>	<hr/>
Income from operations	6,075	6,004	12,002	12,698
Interest (expense) income, net	(215)	(248)	(467)	(433)
	<hr/>	<hr/>	<hr/>	<hr/>
Income before provision for income taxes	5,860	5,756	11,535	12,265
Provision for income taxes	2,344	1,151	4,614	2,453
	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$ 3,516	\$ 4,605	\$ 6,921	\$ 9,812
	<hr/>	<hr/>	<hr/>	<hr/>
Basic income per common share	\$ 0.16	\$ 0.20	\$ 0.31	\$ 0.43
	<hr/>	<hr/>	<hr/>	<hr/>
Diluted income per common share	\$ 0.16	\$ 0.19	\$ 0.31	\$ 0.41
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average common shares used in computing basic income per common share	21,969	22,931	22,263	22,732
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average common shares used in computing diluted income per common share	22,459	24,063	22,680	24,024
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements.

Page 2

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30,	
	2003	2002
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 6,921	\$ 9,812
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,745	2,232
Amortization	946	864
TennCare reserve adjustment	-	(851)
Non cash compensation expense	201	73
Provision for losses on receivables	845	511
Changes in assets and liabilities, net of acquired assets:		
Receivables, net	(1,026)	(1,566)
Inventory	2,671	(4,488)
Prepaid expenses and other current assets	1,211	(573)
Accounts payable	(297)	1,299
Claims payable	1,108	4,725
Payables to plan sponsors	(7,264)	(533)
Accrued expenses and other current and non current liabilities	3,110	1,101
	10,181	12,606
Cash flows from investing activities:		
Purchase of property and equipment, net of disposals	(756)	(1,391)
Cost of acquisitions, net of cash acquired	-	(34,851)
Decrease in due from affiliates	-	2,132
Decrease (increase) in other assets	133	(20)
	(623)	(34,130)
Cash flows from financing activities:		
Net borrowings on line of credit	(4,608)	11,704
Purchase of treasury stock	(5,068)	-
Proceeds from exercise of stock options	107	1,477
Principal payments on capital lease obligations	(320)	(276)
	(9,889)	12,905
Net decrease in cash and cash equivalents	(331)	(8,619)
Cash and cash equivalents--beginning of period	5,751	12,487
Cash and cash equivalents--end of period	\$ 5,420	\$ 3,868

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

Page 3

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)
(In thousands)

	Six Months Ended June 30,	
	2003	2002
	(Unaudited)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 482	\$ 479
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION:		
Stock issued in connection with acquisition	\$ -	\$ 10,355

MIM CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1 - BASIS OF PRESENTATION

These unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements, notes and information included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (the "Form 10-K") of MIM Corporation ("MIM") and subsidiaries (collectively with MIM, the "Company") filed with the U.S. Securities and Exchange Commission ("the Commission"). The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the consolidated balance sheets and statements of income and cash flows for the periods presented have been included. Operating results for the three and six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. The accounting policies followed for interim financial reporting are similar to those disclosed in Note 2 of Notes to Consolidated Financial Statements included in Form 10-K. These accounting policies are described further below:

Consolidation

The consolidated financial statements include the accounts of MIM and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, overnight investments and money market accounts with maturities of 90 days or less.

Receivables

Receivables include amounts due from plan sponsors under the Company's pharmacy benefit management ("PBM") agreements, amounts due from pharmaceutical manufacturers for rebates, service fees resulting from the distribution of certain drugs through retail pharmacies and amounts due from certain third party payors.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory consists principally of purchased prescription drugs.

Claims Payable

The Company is responsible for covered prescriptions provided to plan members during the contract period. Claims payable includes estimates of certain prescriptions that were dispensed to members for whom the related claims had not yet been submitted.

Payables to Plan Sponsors

Payables to plan sponsors represents the sharing of pharmaceutical rebates with the plan sponsors and, on a limited basis, profit sharing plans with certain capitated contracts.

The Company estimates the portion of those pharmacy rebates that are shared with plan sponsors and adjusts pharmacy rebates payable to plan sponsors when the amounts are paid typically on a quarterly basis, or as significant events occur. These estimates are accrued periodically based on actual and estimated claims data and agreed upon contractual rebate sharing rates. The Company adjusts these estimates on a periodic basis based on

changing circumstances such as contract modifications, product mix subject to rebates, and changes in the applicable formulary.

Revenue Recognition

The Company generates revenue principally through the sale of prescription drugs, which are dispensed either through a pharmacy participating in the Company's retail pharmacy network or a pharmacy owned by the Company. Revenue is derived under: (i) fee-for-service agreements and (ii) capitated agreements.

Fee-For-Service Agreements. Fee-for-service agreements include: (i) specialty and mail service agreements, where the Company dispenses prescription medications through its own pharmacy facilities and (ii) PBM agreements, where prescription medications are dispensed through pharmacies participating in the Company's retail pharmacy network as well as the Company's mail service facility. Under fee-for-service agreements, revenue is recognized either: (a) when the pharmacy services are reported to the Company through the point of sale ("POS") claims processing system and the drug is dispensed to the member, in the case of a prescription filled through a pharmacy participating in the Company's retail pharmacy network, or (b) at the time the drug is dispensed, in the case of a prescription filled through a pharmacy owned by the Company.

Capitated Agreements. Capitated agreements with plan sponsors require the Company to provide covered pharmacy services to plan sponsors' members in return for a fixed fee per member per month paid by the plan sponsor. Capitated contracts have terms varying from six months to three years. At such time as management estimates that a contract will sustain losses over its remaining contractual life, a reserve is established for these estimated losses. There are no expected loss contracts. The Company's largest capitated contract expired March 31, 2003 and the customer has been serviced under fee-for-service terms since that time.

Gross Vs. Net Revenue Recognition For Certain PBM Agreements. Revenue generated under PBM agreements is classified as gross or net by the Company based on whether it is acting as a principal or an agent in the fulfillment of prescriptions through its retail pharmacy network. In making this determination, the Company evaluates each contract using the indicators set forth in Emerging Issues Task Force No. 99-19, "Reporting Gross Revenue as a Principal vs. Net as an Agent" ("EITF 99-19"). When the Company independently has a contractual obligation to pay a network pharmacy provider for benefits provided to its plan sponsors' members, and has other indicators of risk and reward, the Company includes payments from these plan sponsors as revenue and payments to the network pharmacy providers as cost of revenue in accordance with EITF 99-19, as these transactions require the Company to assume credit risk and act as a principal. If the Company merely acts as an agent, and consequently administers plan sponsors' network pharmacy contracts, the Company does not assume credit risk and records only the administrative fees as revenue.

Co-payments. When prescriptions are filled and the Company is the participating pharmacy, the Company is entitled to collect and retain co-payments from plan sponsors' members and record these co-payments as revenue when the amounts are deemed collectible and reasonably estimable. When prescriptions are filled through its retail pharmacy networks, the Company is not entitled to retain these amounts and accordingly does not account for co-payments in its financial statements. These amounts are never billed or collected by the Company and it has no legal right or obligation to receive any co-payments collected by the pharmacies in its retail network.

Cost of Revenue

Cost of revenue includes pharmacy claims, fees paid to pharmacies and other direct costs associated with pharmacy management, claims processing operations and mail order services, offset by volume rebates received from pharmaceutical manufacturers. The Company does not maintain cost of revenue information with respect to product sales.

Income Taxes

The Company accounts for income taxes under the asset and liability method and deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities at currently enacted tax laws and rates.

Disclosure of Fair Value of Financial Instruments

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable and short-term debt. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate fair value due to their short-term nature.

Accounting for Stock-Based Compensation

The Company accounts for employee stock and stock-based compensation plans through the intrinsic value method in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Stock-based compensation granted to non-employees are accounted for using the fair value method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," as well as Emerging Issues Task Force No. 96-18 "Accounting for Equity Instruments That Are Issued To Other Than Employees for Acquiring, or In Conjunction with Selling, Goods or Services" ("EITF 96-18").

The fair value of the Company's compensation cost for stock option plans for employees and directors, had it been determined, in accordance with SFAS 123, would have been as follows for the three and six months ended:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income, as reported	\$ 3,516	\$ 4,605	\$ 6,921	\$ 9,812
Add: Stock award-based employee compensation included in reported net income, net of related tax effect	\$ 32	\$ 0	\$ 32	\$ 0
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	\$ (1,077)	\$ (1,148)	\$ (1,764)	\$ (1,956)
Pro forma net income	\$ 2,471	\$ 3,457	\$ 5,189	\$ 7,856
Earnings per share:				
Basic - as reported	\$ 0.16	\$ 0.20	\$ 0.31	\$ 0.43
Basic - pro forma	\$ 0.11	\$ 0.15	\$ 0.23	\$ 0.35
Diluted - as reported	\$ 0.16	\$ 0.19	\$ 0.31	\$ 0.41
Diluted - pro forma	\$ 0.11	\$ 0.14	\$ 0.23	\$ 0.33

As pro forma compensation expense for options granted would be recorded over the vesting period, future pro forma compensation expense may be greater as additional options are granted.

Page 7

NOTE 2 - EARNINGS PER SHARE

The following table sets forth the computation of basic income per common share and diluted income per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Numerator:				
Net income	\$ 3,516	\$ 4,605	\$ 6,921	\$ 9,812
Denominator - Basic:				
Weighted average number of common shares outstanding	21,969	22,931	22,263	22,732
Basic income per common share	\$ 0.16	\$ 0.20	\$ 0.31	\$ 0.43
Denominator - Diluted:				
Weighted average number of common shares outstanding	21,969	22,931	22,263	22,732
Common share equivalents of outstanding stock options	490	1,132	417	1,292
Total diluted shares outstanding	22,459	24,063	22,680	24,024
Diluted income per common share	\$ 0.16	\$ 0.19	\$ 0.31	\$ 0.41

NOTE 3 - OPERATING SEGMENTS

The Company operates in two segments: (1) Specialty Management and Delivery Services, which is comprised of specialty pharmacy distribution and clinical management services; and (2) PBM Services, which is comprised of fully integrated pharmacy benefit management and mail services.

The accounting policies applied to the business segments are the same as those described in the summary of significant accounting policies as disclosed in Note 2 of Notes to Consolidated Financial Statements in the Form 10-K.

Page 8

Segment Reporting Information

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenues:				
PBM Services	\$ 114,993	\$ 93,316	\$ 223,031	\$ 211,994
Specialty Management and Delivery Services	46,237	42,416	100,350	75,389
Total	\$ 161,230	\$ 135,732	\$ 323,381	\$ 287,383
Depreciation expense:				
PBM Services	\$ 657	\$ 969	\$ 1,518	\$ 2,038
Specialty Management and Delivery Services	184	176	236	194
Total	\$ 841	\$ 1,145	\$ 1,754	\$ 2,232
Income from operations:				
PBM Services	\$ 2,137	\$ 1,427	\$ 4,442	\$ 4,747
Specialty Management and Delivery Services	3,938	4,577	7,560	7,951
Total	\$ 6,075	\$ 6,004	\$ 12,002	\$ 12,698
Total assets:				
PBM Services			\$ 77,156	\$ 85,897
Specialty Management and Delivery Services			99,287	100,095
Total			\$ 176,444	\$ 185,992
Capital expenditures:				
PBM Services	\$ (45)	\$ 319	\$ 359	\$ 573
Specialty Management and Delivery Services	(3)	392	397	818
Total	\$ (48)	\$ 711	\$ 756	\$ 1,391

NOTE 4 - ACQUISITIONS

On January 31, 2002, the Company acquired all of the issued and outstanding capital stock of Vitality Home Infusion Services, Inc. ("Vitality"). Vitality is a New York-based provider of specialty pharmaceutical services. Vitality provides such services on a national basis to chronically ill and genetically impaired patients, particularly focusing on oncology, infectious disease, immunology and rheumatary disease.

NOTE 5 - TENNCARE[®] RESERVE ADJUSTMENTS

There were no TennCare[®] reserve adjustments in the quarter or six month period ended June 30, 2003. The TennCare[®] reserve adjustment of \$851 in the first quarter of 2002 resulted from the collection of receivables from Xantus Healthplans of Tennessee, Inc., which were previously reserved.

NOTE 6 - TREASURY STOCK

On February 27, 2003, the Executive Committee of the Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to an aggregate of \$10,000 of its Common Stock in open market or private transactions. As of June 30, 2003, the Company has repurchased 799,893 shares of its Common Stock in the open market at an aggregate purchase price of \$5,068. The Company made no repurchases in the second quarter of 2003.

NOTE 7 - SEVERANCE COSTS

On June 23, 2003, the Company notified 28 employees employed in the PBM Services segment that their employment with the Company would be involuntarily terminated. The terminations are effective at various times between the period of July 1 and August 30. As of August 11, 2003, 22 of these 28 employees are no longer

employed by the Company. These severance costs were incurred in connection with the loss of TennCare as disclosed in the "Other Matters" section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

As a result, the Company's PBM Services segment recorded \$617 of selling, general and administrative expenses for employee separation costs, primarily severance, in connection with the termination of these employees. The Company does not expect to incur additional charges relating to those terminated employees.

NOTE 8 - LITIGATION MATTERS

On May 14, 2003, E. David Corvese, a founder and former officer and director of the Company, filed a suit against the Company in Delaware Chancery Court seeking indemnification of \$2,400 he paid to settle certain claims and charges of the federal government and State of Tennessee. He also seeks a declaration that he is not obligated to repay the Company for legal fees, costs and expenses previously advanced by the Company to him to defend those claims and charges. The Company answered the complaint denying that Mr. Corvese is entitled to indemnification and seeking repayment of the advanced fees, costs and expenses if it is ultimately determined that he is not entitled to indemnification. The Company intends to defend the suit vigorously and believes that the resolution of the suit will not have a material adverse effect on its financial position.

NOTE 9 - SUBSEQUENT EVENTS

The Company extended its \$45,000 Facility (as defined herein) with HFG through November 1, 2006 with automatic one year extensions unless either party gives notice not less than 90 days prior to the expiration of the initial term or any renewal term of its intention not to renew the Facility. The extension was effective as of June 30, 2003. The Facility, as extended, permits the Company to request an increase in the amount available for borrowing to up to \$100,000, as well as to convert a portion of any outstanding borrowings from a Revolving Loan into a Term Loan. In connection with the extension, the Company is required to pay HFG a renewal fee of \$315 on or prior to October 31, 2003. Borrowings under the Facility are at LIBOR plus 2.4%.

* * * *

Page 10

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the audited consolidated financial statements, including the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (the "Form 10-K") of MIM Corporation ("MIM") and subsidiaries (collectively with MIM, the "Company") filed with the U.S. Securities and Exchange Commission (the "Commission"), as well as the Company's unaudited consolidated interim financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 (this "Report").

This Report contains statements not purely historical and which may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Company's expectations, hopes, beliefs, intentions or strategies regarding the future. These forward-looking statements may include statements relating to the Company's business development activities; sales and marketing efforts; the status of material contractual relationships and the expenditures associated with one or more of them; the effect of regulation and competition on our business; future operating performance and results of the company; the benefits and risks associated with the integration of acquired companies; and the likely outcome and effect of legal proceedings on the company and its business and operations and/or the resolution or settlement thereof. Although we believe any and all of these statements should be based on reasonable assumptions, there is no way to guarantee that we will always be able to meet the expectations arising from those forward-looking statements and their underlying assumptions. Actual results may differ materially from those implied in the forward-looking statements because of the various factors enumerated in our periodic filings with the Commission. These factors include, among other things, the status of contract negotiations; increased government regulation relating to the health care and insurance industries in general, and more specifically, pharmacy benefit management, mail service and specialty pharmaceutical distribution organizations; the existence of complex laws and regulations relating to the Company's business; increased competition from the Company's competitors, including those competitors with greater financial, technical, marketing and other resources, and risks associated with risk-based or capitated contracts. This Report contains information regarding important factors that could cause such differences. The Company does not undertake any obligation to supplement these forward looking statements to reflect any future events and circumstances.

Business Overview

The Company is a pharmaceutical healthcare organization which delivers specialty pharmaceutical management and distribution, innovative pharmacy benefit management, and other pharmacy-related healthcare solutions. The Company combines its clinical management expertise, sophisticated data management and therapeutic fulfillment capabilities to serve the particular needs of each of its customers and respective pharmacy benefit recipients covered by a customer's pharmacy-related health benefits. The Company provides a broad array of pharmacy benefits and pharmacy products and services to individual enrollees ("Members") receiving health benefits, principally through health insurers, including managed care organizations ("MCOs") and other insurance

companies, and, to a lesser extent, labor unions, self-funded employer groups, government agencies, and other self-funded plan sponsors, directly or indirectly through third party administrators (collectively, "Plan Sponsors"). These services are organized under two reportable operating segments: Specialty Management and Delivery Services and PBM Services.

Through its BioScrip[®] specialty injectable and infusion therapy programs, the Company distributes high-cost pharmaceuticals and provides clinically focused case and disease management programs to Members afflicted with chronic illnesses or genetic impairments. The disease states or conditions for which the Company has such programs include HIV/AIDS, oncology, hemophilia, multiple sclerosis, growth hormone deficiency, Gaucher's disease, rheumatoid arthritis, infertility, respiratory syncytial virus (RSV), hepatitis C, Crohn's disease and transplants. The specialty drugs distributed through the BioScrip programs are dispensed and serviced from the Company's various dispensing locations in Columbus, Ohio; Livingston, New Jersey; and Roslyn Heights, New York.

The Company offers Plan Sponsors a broad range of PBM Services designed to promote the cost-effective delivery of clinically appropriate pharmacy benefits through its network of retail pharmacies and its own mail service distribution facility.

Depending on the goals and objectives of its Plan Sponsor customers, the Company provides some or all of the following clinical services to each Plan Sponsor as part of its Specialty Management and Delivery Services and PBM Services: pharmacy case management, therapy assessment, compliance monitoring, health risk assessment, patient education and drug usage and interaction evaluation, pharmacy claims processing, mail services and related prescription distribution, benefit design consultation, drug utilization review, formulary management and consultation, drug data analysis, drug interaction management, patient compliance, program management and pharmaceutical rebate administration.

Critical Accounting Policies

Revenue Recognition

The Company generates revenue principally through the sale of prescription drugs, which are dispensed either through a pharmacy participating in the Company's retail pharmacy network or a pharmacy owned by the Company. Revenue is derived under two types of agreements: (i) fee-for-service agreements, which accounted for 99.6%, or \$160.6 million, of the Company's revenues for the three months ended June 30, 2003, and 95.1%, or \$307.4 million, of the Company's revenues for the six months ended June 30, 2003, and (ii) capitated agreements, which accounted for 0.4%, or \$0.7 million, of the Company's revenues for the three months ended June 30, 2003, and 4.9%, or \$15.9 million, of the Company's revenues for the six months ended June 30, 2003.

Fee-For-Service Agreements. Fee-for-service agreements include: (i) specialty and mail service agreements, where the Company dispenses prescription medications through its own pharmacy facilities and (ii) PBM agreements, where prescription medications are dispensed through pharmacies participating in the Company's retail pharmacy network as well as the Company's mail service facility. Under fee-for-service agreements, revenue is recognized either: (a) when the pharmacy services are reported to the Company through the point of sale ("POS") claims processing system and the drug is dispensed to the Member, in the case of a prescription filled through a pharmacy participating in the Company's retail pharmacy network, or (b) at the time the drug is dispensed, in the case of a prescription filled through a pharmacy owned by the Company.

Capitated Agreements. The Company's capitated agreements with Plan Sponsors require the Company to provide covered pharmacy services to Plan Sponsors' Members in return for a fixed fee per Member per month paid by the Plan Sponsor. Capitated contracts have terms varying from six months to three years. At such time as management estimates that a contract will sustain losses over its remaining contractual life, a reserve is established for these estimated losses. There are currently no expected loss contracts. The Company's largest capitated contract expired March 31, 2003 and the customer has been serviced under fee-for-service terms since that time.

Allowance for Doubtful Accounts

Allowances for doubtful accounts are based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances.

Rebates

Manufacturers' rebates are recorded as estimates until such time as the rebate monies are received. These estimates are based on historical results and trends and are revised on a regular basis depending on the Company's forecasts. In January 2001, the Company adopted Emerging Issues Task Force Issue No. 00-22 ("EITF 00-22"), "Accounting for 'Points' and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 states, among other things, that rebates received from pharmaceutical manufacturers should be recognized as a reduction of cost of revenue and rebates

Purchase Price Allocation

The Company accounts for its acquisitions under the purchase method of accounting. Accordingly, any assets acquired and liabilities assumed are recorded at their respective fair values. The recorded values of assets and liabilities are based on third party estimates and independent valuations. The remaining values are based on management's judgments and estimates. Accordingly, the Company's financial position or results of operations may be affected by changes in estimates and judgments.

Income Taxes

As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which it operates. This process involves estimating actual current tax expense as well as assessing temporary differences resulting from differing treatment of items for book and tax purposes. These timing differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheet. A valuation allowance is recorded against deferred tax assets when, in the opinion of the Company's management, it is uncertain whether the Company will be able to realize the benefit from its deferred tax assets.

Impairment of Long Lived Assets

The Company evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long lived assets, including intangible assets, may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on the present value of the cash flows using discount rates that reflect the inherent risk of the underlying business. It is the Company's belief that no such impairment existed as of June 30, 2003.

Accounting for Stock-Based Compensation

The Company accounts for employee stock and stock-based compensation plans through the intrinsic value method in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Stock-based compensation granted to non-employees are accounted for using the fair value method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," as well as Emerging Issues Task Force No. 96-18 "Accounting for Equity Instruments That Are Issued To Other Than Employees for Acquiring, or In Conjunction with Selling, Goods or Services" ("EITF 96-18").

Results of Operations*Specialty Management and Delivery Services*

The following table provides details for the Specialty Management and Delivery Services segment for the three and six month periods ended June 30, 2003 and 2002:

	Specialty Management and Delivery Services					
	(\$ in thousands)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Inc	2003	2002	% Inc
Revenues	\$ 46,237	\$ 42,416	9.0%	\$ 100,350	\$ 75,389	33.1%
Cost of revenues	36,115	32,574	10.9%	80,064	58,203	37.6%
Gross profit	\$ 10,122	\$ 9,842	2.8%	\$ 20,286	\$ 17,186	18.0%
Gross profit percentage	21.9%	23.2%		20.2%	22.8%	

Specialty Management and Delivery Services revenues increased \$3.8 million in the second quarter of 2003 to \$46.2 million, compared to revenues of \$42.4 million for the same period last year. For the first six months of 2003, revenues increased \$25.0 million to \$100.4 million, compared to revenues of \$75.4 million for the same period in 2002. This increase was due to continued growth in the Company's injectable and infusion therapy programs.

Cost of revenues increased \$3.5 million in the second quarter of 2003 and \$21.9 million for the first six

months of 2003 compared to the same periods in 2002, respectively. Gross profit increased \$0.3 million for the second quarter of 2003 and \$3.1 million for the first half of 2003 compared to the same periods in 2002. Gross profit percentage declined in the second quarter and first six months of 2003 compared to the same periods in 2002, respectively, as a result of increased revenues in lower margin injectable therapy programs. In 2002, a higher percentage of revenue in the Specialty Management and Delivery Services segment was generated from infusion therapy.

PBM Services

The following table provides details for the PBM Services segment for the three month and six month periods ended June 30, 2003 and 2002:

	PBM Services					
	(\$ in thousands)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Inc	2003	2002	% Inc
Revenues	\$ 114,993	\$ 93,316	23.2%	\$ 223,031	\$ 211,994	5.2%
Cost of revenues	105,840	85,710	23.5%	205,441	195,704	5.0%
Gross profit	\$ 9,153	\$ 7,606	20.3%	\$ 17,590	\$ 16,290	8.0%
Gross profit percentage	8.0%	8.2%		7.9%	7.7%	

PBM Services revenues increased \$21.7 million to \$115.0 million for the second quarter of 2003 compared to revenues of \$93.3 million for the second quarter of 2002. This increase is a result of new contract awards and increased utilization of plan sponsor enrollees on existing contracts. For the first six months of 2003, PBM revenues increased \$11.0 million to \$223.0 million compared to revenues of \$212.0 million for the same period in 2002. In the second quarter of 2002, the Company changed the terms of its agreements with some of its PBM customers, where the Company no longer accepted the credit risk on these customers. Based on these changes, the Company began recording revenue earned on these contracts on a net basis.

Cost of revenues increased \$20.1 million in the second quarter of 2003 and \$9.7 million for the first six months of 2003. Gross profit increased \$1.5 million in the second quarter of 2003 compared to the same period in 2002 and \$1.3 million for the first six months of 2003 compared to 2002. The gross profit percentage remained level.

Consolidated Results

Selling, General and Administrative Expenses. For the three months ended June 30, 2003, selling, general and administrative expenses ("SG&A") increased to \$12.7 million from \$11.1 million compared to the same period a year ago. As a percentage of revenues, SG&A declined from 8.2% to 7.9%. For the six months ended June 30, 2003, SG&A increased \$3.9 million, or 18.5%, to \$25.0 million from \$21.1 million for the same period a year ago. As a percentage of revenues, SG&A increased from 7.3% to 7.9%. The increase in SG&A for the three and six months ended June 30, 2003 was a result of increased investment in sales resources and expanded management to support the growth of the Company's Specialty Management and Delivery Services business and a severance related charge of \$0.6 million associated with the termination of 28 employees in the PBM Services segment (see Note 7 of Notes to the Unaudited Consolidated Financial Statements).

TennCare® Reserve Adjustments. There were no TennCare reserve adjustments during the second quarter of 2003. The TennCare reserve adjustment of \$0.9 million in the first quarter of 2002 was the result of the collection of receivables from Xantus Healthplans of Tennessee, Inc., which were previously reserved.

Amortization of Intangibles. For the second quarter and first half of 2003, the Company recorded amortization of \$0.4 million and \$0.9 million, respectively, compared to \$0.3 million and \$0.6 million for the same periods in 2002. The increase in 2003 was the result of a change in the amortizable life of certain of the identifiable intangibles resulting from the acquisition of Vitality on January 31, 2002.

Net Interest Expense. Net interest expense was \$0.2 million for the three months ended June 30, 2003, and \$0.5 million for the six months ended June 30, 2003, compared to \$0.2 million and \$0.4 million of net interest expense for the same periods in 2002.

Provision for Income Taxes. Tax expense for the second quarter and first six months of 2003 was \$2.3 million and \$4.6 million, respectively, compared to \$1.2 million and \$2.5 million for the same periods last year. The effective tax rate for the second quarter and first half of 2003 was 40.0% compared to 20.0% for the same periods last year. At December 31, 2002, the Company had remaining federal net operating losses ("NOLs") of approximately \$21.5 million, which will begin expiring in 2009. Compared to the Company's federal NOLs that reduced the effective tax rate in 2002 and 2001, the remaining federal NOLs will be recorded directly in

stockholders' equity when utilized rather than as a reduction of tax expense since they were generated primarily as a result of the exercise of non-qualified stock options in prior years. However, the Company will receive a cash flow benefit from the reduction in its income tax liability as the remaining NOLs are utilized.

Net Income and Earnings Per Share. Net income for the second quarter of 2003 was \$3.5 million, or \$0.16 per diluted share, compared to net income of \$4.6 million, or \$0.19 per diluted share, for the same period last year. Net income for the six months ended June 30, 2003, was \$6.9 million, or \$0.31 per diluted share, compared to net income of \$9.8 million, or \$0.41 per diluted share, for the same period in 2002. For the three and six months ended 2003, net income includes an after tax charge of \$0.4 million related to severance payments. Average diluted shares outstanding for the second quarter of 2003 decreased by 1.6 million to 22.5 million shares and for six months decreased by 1.3 million to 22.7 million shares, compared to the same periods of 2002, primarily due to the Company's repurchase of its stock.

Liquidity and Capital Resources

The Company utilizes both funds generated from operations and available credit under its Facility (as defined below) for acquisitions, capital expenditures and general working capital needs.

For the six months ended June 30, 2003, net cash provided by operating activities totaled \$10.2 million compared to \$12.6 million for the same period last year.

Net cash used in investing activities during the six months ended June 30, 2003 was \$0.6 million, consisting of property and equipment purchases, compared to \$34.1 million used in the same period in 2002. The \$34.1 million use of cash for the six months ended June 30, 2002 was a result of \$35 million paid in cash to acquire Vitality, partially offset by the repayment in full, in March 2002, the balance of a \$2.1 million officer loan.

For the six months ended June 30, 2003, net cash used in financing activities was \$9.9 million compared to net cash provided by financing activities of \$12.9 million for the same period in 2002. There were no outstanding bank borrowings under the Company's \$45 million revolving credit facility (the "Facility") with HFG Healthco-4 LLC, an affiliate of Healthcare Finance Group, Inc. ("HFG"), at June 30, 2003, an \$11.7 million decrease from the same period in 2002. Outstanding bank borrowings decreased as a result of operating cash generated by the Company's business and operations. The reduction in outstanding debt was achieved after the use of approximately \$5.1 million for the repurchase of Company stock under its stock repurchase program.

At June 30, 2003, the Company had working capital of \$10.1 million compared to \$5.1 million at December 31, 2002. This increase is primarily the result of continued strong operating cash generated by the Company's business and operations which allowed the full repayment of all outstanding borrowings under the Facility at June 30, 2003, totaling \$4.6 million at December 31, 2002.

On November 1, 2000 the Company entered into the Facility. The Facility had a three-year term secured by the Company's receivables with interest paid monthly. It provided for borrowing of up to \$45 million at the London Inter-Bank Offered Rate (LIBOR) plus 2.1%. The Facility contained various covenants that, among other things, required the Company to maintain certain financial ratios, as defined in the agreements governing the Facility. As of June 30, 2003, there were no outstanding borrowings under the Facility. The Facility was scheduled to terminate on October 31, 2003. The Company extended the Facility with HFG through November 1, 2006 at LIBOR plus 2.4%. The contract governing the Facility provides for automatic one year extensions unless either party gives notice not less than 90 days prior to the expiration of the initial term or any renewal term of its intention not to renew the Facility. The extension was effective as of June 30, 2003. The Facility, as extended, permits the Company to request an increase in the amount available for borrowing to up to \$100 million, as well as converting a portion of any outstanding borrowings from a Revolving Loan into a Term Loan. The borrowing base utilizes receivables balances, among other things, as collateral. In connection with the extension, the Company is required to pay HFG a renewal fee of \$315,000 on or prior to October 31, 2003.

As the Company continues to grow, it anticipates that its working capital needs will also continue to increase. The Company believes that its cash on hand, together with funds available under the Facility and cash expected to be generated from operating activities will be sufficient to fund the Company's anticipated working capital and other cash needs for at least the next 12 months.

The Company also may pursue joint venture arrangements, business acquisitions and other transactions designed to expand its Specialty Management and Delivery Services and PBM Services businesses, which the Company would expect to fund from cash on hand, borrowings under the Facility, other future indebtedness or, if appropriate, the private and/or public sale or exchange of equity securities of the Company.

At December 31, 2002, the Company had Federal net operating loss carry forwards ("NOLs") of approximately \$21.5 million, which will begin expiring in 2009. As of December 31, 2002, these NOLs were offset by a full valuation allowance. Compared to the Company's NOLs that reduced the effective tax rate in 2002 and 2001, the current federal NOLs will be recorded directly in stockholders' equity when utilized rather than as a reduction of tax expense as they were generated primarily as a result of the exercise of stock options in prior years. However, the Company will receive the cash flow benefit from the reduction in its income tax liability when the remaining federal NOLs are utilized.

The Company expects its 2003 annual effective tax rate to be approximately 40%. This rate differs from the federal statutory rate of 35% primarily due to state taxes. The Company did not have tax expense in 2000 because it did not have any taxable income.

Other Matters

On June 30, 2003, the Company received a notification from MedImmune, Inc., the manufacturer of Synagis[®], that MIM was not selected for a membership position in the 2003/04 Synagis[®] Distribution Network. The Company is currently pursuing alternative supply-channels however, this notification could limit the Company's ability to purchase Synagis[®] for distribution. Any potential financial impact would be notable on a revenue basis, but minimal from an operating and net income perspective, due to the product's modest profit margin. Synagis currently represents less than 5% of the Company's total revenue.

TennCare Relationship

On April 7, 2003, the State of Tennessee Bureau of TennCare[®] notified all TennCare MCOs that effective July 1, 2003, pharmacy benefit management and claims processing services would be consolidated under TennCare management. As such, all TennCare MCOs were instructed by the Bureau of TennCare to terminate their PBM agreements with their current pharmacy benefit managers.

On May 2, 2003, the Bureau of TennCare requested that the Company and other PBM organizations each submit a proposal (i) to provide clinical pharmacy management PBM services (but not claims processing services) directly to the State of Tennessee through the Bureau of TennCare from July 1, 2003 through December 31, 2003; and (ii) to provide both claims processing and clinical management PBM services to the State of Tennessee with respect to all aspects of the TennCare pharmacy program, including TennCare and the TennCare Partners Program, the behavioral health benefit for TennCare enrollees, from January 1, 2004 through December 31, 2007. The Company made a presentation to the Bureau of TennCare on May 9, 2003.

On May 27, the Company announced that it was not selected as the single provider of all pharmacy benefits for the State of Tennessee's Bureau of TennCare commencing July 1, 2003. The Company is still providing Specialty Management and Delivery Services to customers in Tennessee and strives to increase penetration in this market. The Company's growth and strategic direction continue to be driven by the Specialty Management and Delivery Services segment. The Company's plans for the future will now focus more intensely on specialty pharmaceuticals where it is believed the Company has the ability to provide efficiency and cost savings that meet current industry needs. The Company's PBM agreements with the TennCare MCOs it services were expected to generate \$85 million in revenue and approximately \$5.5 million in gross profit for the second half of 2003.

Stock Repurchase Program

On February 28, 2003, the Company announced a stock repurchase program pursuant to which it is authorized to purchase up to \$10 million of its common stock from time to time in the open market or in private transactions. As of June 30, 2003, the Company has used, in the aggregate, approximately \$5.1 million of this authorization. The Board's current authorization supersedes the repurchase program adopted by the Company in 2001. The Company made no repurchases in the second quarter of 2003.

Regulatory Matters

On April 18, 2003, the U.S. Department of Health and Human Services, Office of Inspector General ("OIG") released Compliance Program Guidance for Pharmaceutical Manufacturers (the "Guidance") designed to provide voluntary, nonbinding guidance to assist companies that develop, manufacture, market and sell pharmaceutical products or biological products, including PBM's in devising effective compliance programs. The Guidance provides the OIG's view of the fundamental elements of pharmaceutical manufacturer's compliance programs and principles that should be considered when creating and implementing an effective compliance program, or as a benchmark for companies with existing compliance programs. The Company currently maintains a compliance program that includes the key compliance program elements described in the Guidance. The Company's management believes that the fundamental elements of its compliance program are consistent with the principles, policies and intent of the Guidance.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company's exposure to market risk for changes in interest relate primarily to the Company's debt. At June 30, 2003 the Company did not have any long-term debt. The Company does not invest in, or otherwise use, derivative financial instruments.

At June 30, 2003, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, claims payable, payables to plan sponsors and others, and debt approximate fair value due to their short-term nature.

Because management does not believe that its exposure to interest rate market risk is material at this time, the Company has not developed or implemented a strategy to manage this market risk through the use of derivative financial instruments or otherwise. The Company will assess the significance of interest rate market risk from time to time and will develop and implement strategies to manage that market risk as appropriate.

Item 4. Controls and Procedures

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of disclosure controls and procedures has been evaluated as of the end of the period covered by this Quarterly Report on Form 10-Q and, based on that evaluation the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective in timely alerting them to material information required to be included in the Company's annual and periodic reports.

During the most recent fiscal quarter, there has not occurred any change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Stockholders, convened on June 5, 2003 and reconvened on June 19, 2003, the Company's stockholders elected Richard A. Cirillo, Charlotte W. Collins, Louis T. DiFazio, Harold Ford, Sr., Richard H. Friedman, Michael Kooper, Louis A. Luzzi, Jack L. Salzman and Ronald K. Shelp as directors to serve until the Company's next annual meeting.

Stockholders also (i) approved an amendment and restatement of the Company's 2001 Incentive Stock Plan to increase the number of authorized shares of common stock reserved for issuance thereunder by 2,000,000 shares, from 1,750,000 to 3,750,000 shares, and to permit grants of Restricted Stock Units and (ii) ratified the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2003.

Set forth below are the final results of the votes cast for those matters submitted to stockholders:

(a) Election of Directors:

	For	Withheld
Richard A. Cirillo	19,144,467	761,692
Charlotte W. Collins	19,387,408	518,751
Louis T. DiFazio	18,850,720	1,055,439
Harold Ford, Sr.	19,020,179	885,980
Richard H. Friedman	19,315,208	590,951
Michael Kooper	19,056,920	849,239
Louis A. Luzzi	19,181,208	724,951
Jack L. Salzman	19,387,408	518,751
Ronald K. Shelp	18,850,720	1,055,439

(b) Amendment and restatement of the Company's 2001 Incentive Stock Plan

For	Against	Abstain
10,320,582	2,151,282	344,239

(c) Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2003:

For	Against	Abstain

- (d) Not applicable.

Page 19

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

- Exhibit 3.1 Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, File No. 333-05327)
- Exhibit 3.2 Amended and Restated By-Laws of MIM Corporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 15, 2003)
- Exhibit 4.1 Amended and Restated Rights Agreement, dated as of December 3, 2002 between MIM Corporation and American Stock Transfer and Trust Company (incorporated by reference to Exhibit 4.1 to Post-Effective Amendment No. 3 to the Company's Form 8-A/A dated December 4, 2002)
- Exhibit 10.1 Extension Agreement, dated as of June 30, 2003, to the Receivables Purchase and Transfer Agreement dated as of November 1, 2000, among Scrip Solutions, Inc., each of the parties named on Schedule I to the Original RPTA and MIM Funding LLC and consented to by HFG Healthco-4 LLC
- Exhibit 10.2 Extension Agreement, dated as of June 30, 2003, to the Loan and Security Agreement dated as of November 1, 2000, between MIM Funding LLC and HFG Healthco-4 LLC
- Exhibit 31.1 Certification of Richard H. Friedman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 31.2 Certification of James S. Lusk pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 32 Certification pursuant to 18 U.S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

On May 6, 2003, the Company filed a Form 8-K filing a press release reporting its earnings for the quarter ended March 31, 2003.

Page 20

SIGNATURES

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, thereunto duly authorized.

MIM CORPORATION

Date: August 13, 2003

/s/ James S. Lusk

James S. Lusk
Chief Financial Officer

Page 21

EXTENSION AMENDMENT, dated as of June 30, 2003 ("**Extension Amendment**"), to the **LOAN AND SECURITY AGREEMENT**, dated as of November 1, 2000 (as amended prior to the date hereof, the "**Original LSA**", and as it may be amended, modified or supplemented on and after the date hereof, including by this Extension Amendment, the "**LSA**"), between MIM FUNDING LLC, a Delaware limited liability company (together with its successors and assigns, the "**Purchaser**") and HFG HEALTHCO-4 LLC (the "**Lender**"). Unless otherwise defined herein, terms in the LSA are used herein as therein defined.

The Provider and the Purchaser wish to extend the Original LSA, subject to the amendments contained herein, and the Lender has agreed to consent to such extension and amendments.

Accordingly, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and subject to the fulfillment of the conditions set forth below, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO LSA

Effective as of the Effective Date, the Original LSA is hereby amended as follows:

1.1 Section 1.02(a) of the Original LSA is hereby amended by (i) deleting such subsection in its entirety, and (ii) substituting therefor the following new subsection:

"(a) The Revolving Loan at any time shall not exceed an amount equal to the lesser of (i) \$45,000,000 (such amount, or such other amount after giving effect to any increase pursuant to the provisions of Section 1.02(d) hereof or any decrease pursuant to the provisions of Section 1.02(e) hereof, the "**Revolving Commitment**"), and (ii) the Borrowing Base as of such time minus the portion of the Borrowing Base supporting the Term Loans (the lesser of (i) and (ii) being the "**Borrowing Limit**")."

1.2 Section 1.02 of the Original LSA is hereby adding the following new subsections (d) and (e) at the end of such section:

"(d) The Borrower may request the Lender to increase the Revolving Commitment up to a maximum of \$100,000,000 and the Lender, in its sole discretion upon any such request, may decide to increase the Revolving Commitment. Each such increase shall be in an amount equal to \$5,000,000 or an integral multiple thereof and the Borrower shall, upon the effective date of such increase, pay to the Lender a fee in an amount equal to 0.70% of any increase in the Revolving Commitment (including, without limitation, any increases that occur after a decrease in the Revolving Commitment pursuant to Section 1.02(e) below).

(e) Upon the request of the Borrower, the Lender shall (i) convert a portion of the outstanding Revolving Loan into a term loan (each a "**Term Loan**") and (ii) convert a portion of the then Revolving Commitment into a term loan commitment in an amount equal to such term loan (each a "**Term Loan Commitment**"). Each Term Loan shall mature at the Scheduled Maturity Date at the same interest rate set forth with respect to the Revolving Loan and shall continue to be subject to availability under the Borrowing Base. Any such conversion shall (i) reduce the Revolving Commitment by a corresponding amount and (ii) be made pursuant to documents prepared by counsel to the Lender consistent with the Documents and reasonably acceptable to the Borrower and the Lender."

1.3 Section 1.05(a) of the Original LSA is hereby amended by (i) deleting the figure "2.10%" appearing on the fourth line thereof, and (ii) substituting therefor the figure "2.40%."

1.4 Section 1.05(c) of the Original LSA is hereby amended by (i) deleting such subsection in its entirety, and (ii) substituting therefor the following new subsection:

"(c) **Non-Utilization Fee**. The Borrower shall pay to the Lender on the first Funding Date of each month a fee (the "**Non-Utilization Fee**") equal to 0.50% per annum on the average amount, calculated on a daily basis, by which the Commitment exceeded the sum, during the prior Month, of the Revolving Loan and the aggregate outstanding principal amount of the Term Loans."

1.5 Section 1.05 of the Original LSA is hereby amended by adding new subsections (f) and (g) as follows:

"(f) **Renewal Fee**. In connection with the extension on June 30, 2003 of the Scheduled Maturity Date, the Borrower shall pay to the Program Manager a renewal fee of \$315,000, which amount shall be paid in cash on or prior to October 31, 2003.

(g) **Payments on Due Date**. The Borrower shall on the date when due and payable make payments of any amounts due hereunder in immediately available funds, and if such amounts are not received on the date when due and payable, the Borrower shall have been deemed to have requested a Revolving Advance in such amount, which Revolving Advance, to the extent that conditions precedent have been satisfied with respect thereto, shall be applied by the Lender to satisfy in full such payment obligation."

1.6 Section 5.06 of the Original LSA is hereby amended by adding at the end of such subsection the following:

"Notwithstanding anything to the contrary described herein, from the commencement of discussions with respect to the transactions, each of the Borrower and the Lender, and each of their respective employees, representatives or other agents, are, and hereby confirm that they have been, permitted to disclose to any and all persons, without limitations of any kind, the tax treatment and tax structure of the transactions and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such parties related to such tax treatment and tax structure; *provided, however*, that the foregoing permission to disclose the tax treatment and tax structure does not permit the disclosure of the identity of the parties to the transactions or the amounts paid in connection with the transactions; and provided further, that the tax treatment and tax structure shall be kept confidential to the extent necessary to comply with federal or state securities laws."

1.7 Section 5.07(a) of the Original LSA is hereby amended by (i) deleting such subsection in its entirety, and (ii) substituting therefor the following new subsection:

"5.07. Term and Termination; Early Termination Fee. (a) This Agreement shall have an initial term commencing on the Initial Funding Date and expiring on November 1, 2006 (the "**Initial Term**"). Thereafter, the term of this Agreement shall be automatically extended for annual successive terms (each, a "**Renewal Term**") commencing on the first day following the Initial Term or a Renewal Term, as the case may be, and expiring on the date twelve months thereafter, unless the Lender or the Borrower provides Written Notice not less than 90 days prior to the expiration of the Initial Term or a Renewal Term, as the case may be, that such Person does not intend to extend the term of this Agreement; provided, however, that if an Event of Default shall have occurred and be continuing at the end of the Initial Term or a Renewal Term, as the case may be, this Agreement will not automatically be extended without the prior written consent of the Lender. The Borrower shall pay to the Lender on the first day of each Renewal Term a fee equal to 0.20% of the Commitment then in effect. Upon the payment in full of all Lender Debt, the Lender shall take all actions and deliver all assignments, certificates, releases, notices and other documents, at the Borrower's expense, as the Borrower may reasonably request to effect such termination."

1.8 Section 5.07(c) of the Original LSA is hereby amended by (i) deleting the phrase "2% of the Revolving Commitment then in effect" appearing on the fourth and fifth lines thereof, and (ii) substituting therefor the phrase "the Early Termination Fee".

1.9 Section 5.07(c) of the Original LSA is hereby further amended by (i) deleting the phrase "the Maturity Date" appearing on the third line thereof, and (ii) substituting therefor the phrase "the Scheduled Maturity Date".

1.10 Exhibit I to the Original LSA is hereby amended by (i) deleting the defined term "Scheduled Maturity Date" and (ii) substituting therefor the following new defined terms:

"Scheduled Maturity Date' means November 1, 2006, as such date may be extended pursuant to Section 5.07(a) hereof."

1.11 Exhibit I to the Original LSA is hereby further amended by adding, following the phrase "Expected Net Value of Eligible Receivables as of such time" appearing on the first and second line of the defined term "Borrowing Base", the following new parenthetical:

"(subject to adjustment upward to 90% upon the request of the Borrower and the approval of the Lender based upon mutually acceptable terms, such approval not to be unreasonably withheld)"

1.12 Exhibit I to the Original LSA is hereby amended by adding the following new defined terms, to be inserted in their appropriate alphabetical order:

"Commitment' means, at any time, the sum of (i) the then Revolving Commitment, plus (ii) the sum of the then Term Loan Commitments; provided, however, in no event shall the Commitment exceed \$100,000,000.

'Early Termination Fee' as a percentage of the Commitment, means (i) from June 30, 2003 until and including October 31, 2003, 2%, (ii) from November 1, 2003 until and including November 1, 2004, 1.5%, (iii) from November 2, 2004 until and including November 1, 2005, 1.0%, (iv) from November 2, 2005 until November 1, 2006, 0.5%, and (v) at all other times, 1.5%; provided, however, if the Lender is provided the opportunity to provide, or participate in, replacement financing for a financing facility on terms similar and no less favorable to the Lender than the facility provided by this Agreement and the other Documents (including, without limitation, with respect to the security interests, creditworthiness and yield of the facility), then the Early Termination Fee shall apply only to that portion of the Commitment not offered for refinancing to the Lender as part of such replacement facility.

'Initial Term' has the meaning set forth in Section 5.07(a).

'Renewal Term' has the meaning set forth in Section 5.07(a).

'Term Loan' has the meaning set forth in Section 1.05(c).

'Term Loan Commitment' has the meaning set forth in Section 1.02(e)."

SECTION 2. CONDITIONS PRECEDENT

This Extension Amendment shall not become effective (the "Effective Date") until the following conditions have been satisfied in full or waived in writing by the Purchaser and the Lender as its assignee:

(a) The Lender shall have received fully executed counterparts of this Extension Amendment; and

(b) The Lender shall have received fully executed counterparts of the amendment to RPTA being executed on the date hereof, together with evidence of the satisfaction of the conditions precedent set forth therein.

SECTION 3. MISCELLANEOUS

3.1 The Borrower hereby certifies, represents and warrants that, except as to the matters previously disclosed in the public filings of MIM Corporation (i) the representations and warranties in the LSA are true and correct, with the same force and effect as if made on such date, except as they may specifically refer to an earlier date, in which case they were true and correct as of such date,(ii) no unwaived Default or Event of Default has occurred or is continuing (nor any event that but for notice or lapse of time or both would constitute a Default or Event of Default, (iii) the Lender has the power and authority to execute and deliver this Extension Amendment, and (iv) no consent of any other person and no action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution and performance of this Extension Amendment, other than such that have been obtained.

3.2 The terms "Agreement", "hereof", "herein" and similar terms as used in the LSA shall mean and refer to,from and after the effectiveness of this Extension Amendment, the LSA as amended by this Extension Amendment, and as it may in the future be amended, restated, modified or supplemented from time to time in accordance with its terms. Except as specifically agreed herein, the LSA is hereby ratified and confirmed and shall remain in full force and effect in accordance with its terms.

3.3 THIS EXTENSION AMENDMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

3.4 This Extension Amendment may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

3.5 Delivery of an executed counterpart of a signature page by telecopier shall be effective as delivery of a manually executed counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Extension Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MIM FUNDING LLC

By: _____

Name:

Title:

Address: 100 Clearbrook Road
Elmsford, NY 10523
Facsimile Number: (914) 460-1670

HFG HEALTHCO-4 LLC

By: HFG Healthco-4, Inc., a member

By: _____

Name:

Title:

c/o Lord Securities Corporation
Two Wall Street
New York, NY 10005
Attention: Dwight Jenkins
Facsimile Number: (212) 346-9012

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MIM Corporation (the "Company") on Form 10-Q for the quarterly period ended June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard H. Friedman, Chairman and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2003

/s/ Richard H. Friedman

Richard H. Friedman

A signed original of this written statement required by Section 906 has been provided to MIM Corporation and will be retained by MIM Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MIM Corporation (the "Company") on Form 10-Q for the quarterly period ended June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James S. Lusk, Executive Vice President and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2003

/s/ James S. Lusk

James S. Lusk

A signed original of this written statement required by Section 906 has been provided to MIM Corporation and will be retained by MIM Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Richard H. Friedman, certify that:

I have reviewed this Quarterly Report on Form 10-Q of MIM Corporation;

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2003

/s/ Richard H. Friedman

Richard H. Friedman,
Chief Executive Officer

CERTIFICATION

I, James S. Lusk, certify that:

I have reviewed this Quarterly Report on Form 10-Q of MIM Corporation;

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2003

/s/ James S. Lusk

James S. Lusk,
Chief Financial Officer

EXTENSION AMENDMENT, dated as of June 30, 2003 ("**Extension Amendment**"), to the **RECEIVABLES PURCHASE AND TRANSFER AGREEMENT**, dated as of November 1, 2000 (as amended prior to the date hereof, the "**Original RPTA**", and as it may be amended, modified or supplemented on and after the date hereof, including by this Extension Amendment, the "**RPTA**"), among SCRIP SOLUTIONS, INC. (as successor by merger to MIM Health Plans, Inc.), a Delaware corporation (together with its corporate successors and assigns, "**Scrip**", and in its capacity as primary servicer thereunder, the "**Primary Servicer**"), each of the parties named on Schedule I to the Original RPTA (each, including Scrip, a "**Provider**" and collectively, the "**Providers**"), and MIM FUNDING LLC, a Delaware limited liability company (together with its successors and assigns, the "**Purchaser**") and consented to by HFG HEALTHCO-4 LLC (the "**Lender**"), as assignee of the Purchaser. Unless otherwise defined herein, terms in the RPTA are used herein as therein defined.

The Providers and the Purchaser wish to extend the Original RPTA, subject to the amendments contained herein, and the Lender has agreed to consent to such extension and amendments.

Accordingly, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and subject to the fulfillment of the conditions set forth below, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO RPTA

Effective as of the Effective Date, the Original RPTA is hereby amended as follows:

1.1 Section 4.04(a) of the Original RPTA is hereby amended by adding, immediately prior to clause (x) contained therein, the following new clause:

"(w) if requested by the Purchaser or Healthco-4, as its assignee, all capital stock of Vitality Home Infusion Services, Inc.,"

1.2 Section 5.06 of the Original RPTA is hereby amended by adding at the end of such subsection the following:

"Notwithstanding anything to the contrary described herein, from the commencement of discussions with respect to the transactions, each Provider, the Primary Servicer, the Purchaser and Healthco-4, and each of their respective employees, representatives or other agents, are, and hereby confirm that they have been, permitted to disclose to any and all persons, without limitations of any kind, the tax treatment and tax structure of the transactions and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such parties related to such tax treatment and tax structure; *provided, however*, that the foregoing permission to disclose the tax treatment and tax structure does not permit the disclosure of the identity of the parties to the transactions or the amounts paid in connection with the transactions; and *provided further*, that the tax treatment and tax structure shall be kept confidential to the extent necessary to comply with federal or state securities laws."

1.3 Exhibit I to the Original RPTA is hereby amended by adding the following new defined terms in their appropriate alphabetical location:

"**'Acquisition'** means the acquisition by a Provider of a business or of businesses through asset purchase, stock purchase, assumption of obligations, merger, consolidation or similar business combination.

"**'Debt/EBITDA Ratio'** means the ratio, as determined as at the end of each fiscal quarter of the Parent, of (x) Debt of the Providers to (y) Consolidated EBITDA for the immediately prior fiscal quarter period considered on an annualized basis (by multiplying such amount by 4); provided that restructuring charges not exceeding the positive difference, if any, between (i) \$5,000,000 minus (ii) restructuring charges excluded from the calculation of the Debt/EBITDA Ratio in the three immediately prior fiscal quarters, shall be added back to Consolidated EBITDA to the extent that such charges had reduced Consolidated EBITDA."

1.4 The defined term "**Permitted Acquisition**" appearing Exhibit I to the Original RPTA is hereby amended by (a)(i) deleting the phrase "the acquisition by a Provider of a business or of businesses or the merger or consolidation of a Provider into or with another Person" appearing on the first and second lines thereof, and (ii) substituting therefor the phrase "an Acquisition", (b)(i) deleting the word "acquisition" appearing on the fifth, sixth, tenth, eleventh, seventeenth and eighteenth lines thereof, and (i) substituting therefor the word "Acquisition", and (c)(i) deleting clauses (8) and (9) of such defined term, and (ii) substituting therefor the following new clauses:

"(8) with respect to any single Acquisition (i) the Total Consideration (as hereinafter defined) does not exceed \$50,000,000 and (ii) the cash paid in connection with such Acquisition, together with any liabilities assumed in connection therewith, does not exceed \$25,000,000, and (9) with respect to any two or more Acquisitions in a 12-month period (i) the aggregate Total Consideration does not exceed \$70,000,000 and (ii) the aggregate cash paid in connection with such Acquisitions, together with any liabilities assumed in connection therewith, does not exceed \$55,000,000. For the purposes hereof, the '**Total Consideration**' of

an Acquisition shall mean the aggregate of all cash paid, liabilities assumed and the fair market value of any equity interests issued as consideration for such Acquisition."

1.5 Exhibit I to the Original RPTA is hereby amended by deleting the phrase "the date twenty-four months after the Initial Transfer Date" in clause (a) of the defined term "**Facility Termination Date**" and substituting therefor the phrase "November 1, 2006".

1.6 Exhibit IV to the Original RPTA is hereby amended by adding a new clause (u) as follows:

"(u) Acquisitions. Each Provider shall provide in a timely manner such information to the Purchaser or Healthco-4, as its assignee, with respect to any proposed Acquisition as the Purchaser or Healthco-4, as the case may be, may reasonably request. Further, each Provider shall, in connection with any such proposed Acquisition, provide a representation to the Purchaser and Healthco-4 as to whether any such Acquisition constitutes a Permitted Acquisition."

1.7 Exhibit V to the Original RPTA is hereby amended by (i) deleting clause (p) contained therein and (ii) substituting therefor the following:

"(p) [Intentionally Omitted]."

1.8 Exhibit V to the Original RPTA is hereby amended by (i) deleting clauses (s) through (v) and clauses (x) through (bb) contained therein and (ii) substituting therefor the following new clauses:

"(s) Consolidated Net Worth. The Consolidated Net Worth, calculated at the end of each fiscal quarter of the Parent, is less than the amount indicated opposite each such fiscal quarter ended as follows (provided, that for the purposes of making the calculation of Consolidated Net Worth, such calculation shall be made without consideration of (i) the cumulative writeoff of intangible assets as set forth in the Parent's June 30, 2003 balance sheet and (ii) any reduction in Consolidated Net Worth resulting from the exercise of the remainder of the stock repurchase program of the Parent as in effect on June 30, 2003):

<u>Fiscal Quarter Ending</u>	<u>Amount</u>
September 30, 2003 through March 31, 2004	\$ 94,500,000
June 30, 2004 through March 31, 2005	\$ 96,500,000
June 30, 2005 through March 31, 2006	\$ 100,500,000
June 30, 2006 through September 30, 2006	\$ 104,500,000

(t) Current Ratio. The ratio of (i) Current Assets plus Availability to (ii) Current Liabilities for each Fiscal Quarter during which the principal amount of the Revolving Loan and all Term Loans (as defined in the Loan Agreement) exceeded 50% of the Borrowing Limit (as defined in the Loan Agreement) at any time, is less 1.20:1.00 (without consideration, in making such calculation, of balance sheet accruals for restructuring charges).

(u) Debt/EBITDA Ratio. The Debt/EBITDA Ratio exceeds 3.00:1.00 as at the end of any fiscal quarter of the Parent.

(v) Negative Pledge. The Parent or any Provider pledges or grants a Lien in the stock or other equity interests in any Provider or any other subsidiary for the benefit of any Person, except in connection with the Documents and with the consent of the Program Manager.

(x) Pledge Agreement. The Providers fail to execute and deliver to the Lender as assignee of the Purchaser a pledge agreement in compliance with clause (w) of Section 4.04 hereof, if requested by the Purchaser, in form and substance prepared by counsel to the Lender and reasonably acceptable to the Providers, together with all other certificates and documents required to be delivered in connection therewith."

SECTION 2. CONDITIONS PRECEDENT

This Extension Amendment shall not become effective (the "Effective Date") until the following conditions have been satisfied in full or waived in writing by the Purchaser and the Lender as its assignee:

(a) The Purchaser and the Lender shall have received fully executed counterparts of this Extension Amendment; and

(b) The Purchaser and the Lender shall have received fully executed counterparts of the amendment to Loan Agreement being executed on the date hereof, together with evidence of the satisfaction of the conditions precedent set forth therein.

SECTION 3. MISCELLANEOUS

3.1 The Providers each hereby certify, represent and warrant that, except as to the matters previously disclosed in the public filings of MIM Corporation (i) the representations and warranties in the RPTA are true and correct, with the same force and effect as if made on such date, except as they may specifically refer to an earlier date, in which case they were true and correct as of such date, (ii) no unwaived Event of Termination, a Group-

Wide Event of Termination, a Servicer Termination Event or a Group-Wide Servicer Event of Termination or would constitute such an Event of Termination, Group-Wide Event of Termination, Servicer Termination Event or Group-Wide Servicer Event of Termination has occurred or is continuing (nor any event that but for notice or lapse of time or both would constitute an Event of Termination, a Group-Wide Event of Termination, a Servicer Termination Event or a Group-Wide Servicer Event of Termination or would constitute such an Event of Termination, Group-Wide Event of Termination, Servicer Termination Event or Group-Wide Servicer Event), (iii) each of the Providers and the Primary Servicer, as applicable has the corporate power and authority to execute and deliver this Extension Amendment, and (iv) no consent of any other person and no action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution and performance of this Extension Amendment, other than such that have been obtained.

3.2 The terms "Agreement", "hereof", "herein" and similar terms as used in the RPTA shall mean and refer to, from and after the effectiveness of this Extension Amendment, the RPTA as amended by this Extension Amendment, and as it may in the future be amended, restated, modified or supplemented from time to time in accordance with its terms. Except as specifically agreed herein, the RPTA is hereby ratified and confirmed and shall remain in full force and effect in accordance with its terms.

3.3 THIS EXTENSION AMENDMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

3.4 This Extension Amendment may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

3.5 Delivery of an executed counterpart of a signature page by telecopier shall be effective as delivery of a manually executed counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Extension Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PROVIDERS:

SCRIPSOLUTIONS, INC. (as successor by merger to MIM Health Plans, Inc.)

By: _____
Name:
Title:

AMERICAN DISEASE MANAGEMENT ASSOCIATES, LLC

By: _____
Name:
Title:

SCRIP PHARMACY, INC. (f/k/a Continental Pharmacy, Inc.)

By: _____
Name:
Title:

VITALITY HOME INFUSION SERVICES, INC.

By: _____
Name:
Title:

PURCHASER:

MIM FUNDING LLC

By: _____
Name:
Title:

PRIMARY SERVICER:

SCRIPSOLUTIONS, INC. (as successor by merger to
MIM Health Plans, Inc.)

By: _____

Name:

Title:

CONSENTED TO:

MIM CORPORATION

By: _____

Name:

Title:

HFG HEALTHCO-4 LLC

By: HFG Healthco-4, Inc., a member

By: _____

Name:

Title: