FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 1998

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	05-0489664
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Blue Hill Plaza, Pearl River, New York 10965
(Address of principal executive offices)

(914) 735-3555
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year if changed since last report)

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 _X_   No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

On August 5, 1998, there were outstanding 13,842,000 shares of the Company's $.0001 par value per share common stock ("Common Stock").

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PART 1
FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 1998	December 31, 1997
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,583	$ 9,593
Investment securities	20,715	19,235
Receivables, less allowance for doubtful accounts of $1,439 and $1,386 at June 30, 1998 and December 31, 1997, respectively	41,005	23,666
Prepaid expenses and other current assets	1,222	888
Total current assets	65,525	53,382
Investment securities, net of current portion	351	3,401
Other investments	2,300	2,300
Property and equipment, net	3,832	3,499
Due from affiliates, less allowance for doubtful accounts of $2,360, in 1998 and 1997	--	--
Other assets, net	353	145
Total assets	$ 72,361	$ 62,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of capital lease obligations	231	$ 222
Accounts payable	1,042	931
Deferred revenue	--	2,799
Claims payable	31,829	26,979
Payables to plan sponsors and others	13,073	10,839
Accrued expenses	4,105	2,279
Total current liabilities	50,280	44,049
Capital lease obligations, net of current portion	639	756
Commitments and contingencies		
Minority interest	1,112	1,112
Stockholders' equity		
Preferred stock, $.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	--	--
Common stock, $.0001 par value; 40,000,000 shares authorized, 13,732,000 and 13,335,120 shares issued and outstanding at June 30, 1998 and December 31, 1997, respectively	1	1
Additional paid-in capital	73,603	73,585
Accumulated deficit	(51,536)	(55,061)
Stockholder notes receivable	(1,738)	(1,715)
Total stockholders' equity	20,330	16,810
Total liabilities and stockholders' equity	$ 72,361	$ 62,727

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

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

	Three months ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
	(Unaudited)		(Unaudited)	
Revenue	$ 109,878	$ 45,833	$ 207,841	$ 116,644
Cost of revenue	103,660	41,972	196,044	108,801
Gross profit	6,218	3,861	11,797	7,843
Selling, general and administrative expenses	4,811	3,994	9,261	7,903
Income from operations	1,407	(133)	2,536	(60)
Interest income, net	483	548	990	1,171
Income before minority interest	1,890	415	3,526	1,111
Minority interest	(1)	3	(1)	5
Net income	$ 1,889	$ 418	$ 3,525	$ 1,116
Basic earnings per share	$ 0.14	$ 0.03	$ 0.26	$ 0.09
Diluted earnings per share	$ 0.12	$ 0.03	$ 0.23	$ 0.07
Weighted average shares outstanding used in computing basic earnings per share	13,594	12,154	13,471	12,119
Weighted average shares outstanding used in computing diluted earnings per share	15,489	15,163	15,467	15,163

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

MIM CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Cash flows from operating activities:		
Net income	$ 3,525	$ 1,116
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Net income (loss) allocated to minority interest	1	(5)
Depreciation and amortization	721	513
Stock option charges	14	121
Provision for losses on receivables and loans to affiliates	53	570
Changes in assets and liabilities:		
Receivables	(17,392)	(2,284)
Prepaid expenses and other assets	(334)	(25)
Accounts payable	111	(949)
Deferred revenue	(2,799)	--
Claims payable	4,850	(6,942)
Payables to plan sponsors and others	2,234	2,274
Accrued expenses	1,826	(215)
Net cash used in operating activities	(7,190)	(5,826)
Cash flows from investing activities:		
Purchase of property and equipment	(1,051)	(710)
Purchase of investment securities	(16,855)	(17,933)
Proceeds from maturities of investment securities	18,425	25,262
Increase in other assets	(211)	(179)
Stockholder loans, net	(23)	(47)
Loans to affiliates, net	--	347
Net cash used in investing activities	285	6,740
Cash flows from financing activities:		
Principal payments on capital lease obligations	(108)	(107)
Proceeds from exercise of stock options	3	--
Net cash used in financing activities	(105)	(107)
Net increase (decrease) in cash and cash equivalents	(7,010)	807
Cash and cash equivalents--beginning of period	9,593	1,834
Cash and cash equivalents--end of period	$ 2,583	$ 2,641
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	$ --	$ --
Interest	$ 37	$ 22
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Equipment acquired under capital lease obligations	$ --	$ --
Distribution to stockholder through the cancellation of stockholder notes receivable	$ --	$ --

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

MIM CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "Commission"). Pursuant to such rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements, primarily consisting of normal recurring adjustments, have been included. The results of operations and cash flows for the six months ended June 30, 1998 are not necessarily indicative of the results of operations or cash flows which may be reported for the remainder of 1998.

These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements, notes and information included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, as amended by the amendments thereto on Forms 10-K/A, filed with the Commission (as amended, the "Form 10-K").

The accounting policies following for interim financial reporting are the same as those disclosed in Note 2 to the consolidated financial statements included in the Form 10-K.

NOTE 2 - EARNINGS PER SHARE

The following table sets forth the computation of Basic Earnings per Share and Diluted Earnings per Share: (In thousands, except for per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Numerator:				
Net income	$ 1,889	$ 418	$ 3,525	$ 1,116
Denominator:				
Weighted average number of common shares outstanding	13,594	12,154	13,601	12,119
Basic Earnings per Share	$ .14	$ .03	$ .26	$ .09
Denominator:				
Weighted average number of common shares outstanding	13,594	12,154	13,471	12,119
Common share equivalents of outstanding stock options	1,895	3,009	1,996	3,044
Total shares outstanding	15,489	15,163	15,467	15,163
Diluted Earnings per Share	$ .12	$ .03	$ .23	$ .07

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

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements, the related Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Form 10-K as well as the unaudited consolidated interim financial statements and the related notes thereto included in Item 1 of this Report.

Certain statements contained in this report are not purely historical and are considered forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding the Company's expectations, hopes, intentions or strategies regarding the future, as well as statements which are not historical fact. Forward looking statements may include statements relating to business development activities, future capital expenditures, the effects of regulation and competition on the Company's business, future operating performance of the Company and the results and/or effect of legal proceedings or investigations and/or the resolution or settlement thereof. Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. These factors include, among other things, risks associated with capitated (i.e., risk-based) contracts, increased government regulation related to the health care industry in general and more specifically, pharmacy benefit management organizations, increased competition from the Company's competitors, including competitors which are vertically integrated with pharmaceutical manufacturers, and the existence of complex laws and regulations relating to the Company's business. This Report and the Form 10-K contain information regarding important factors which could cause such differences. MIM does not undertake any obligation to publicly release the results of any revisions to these forward looking statements that may be made to reflect any future events or circumstances.

Overview

A majority of the Company's revenues to date have been derived from operations in the State of Tennessee in conjunction with RxCare of Tennessee, Inc. ("RxCare"), a pharmacy services administrative organization owned by the Tennessee Pharmacists Association. The Company assisted RxCare in defining and marketing pharmacy benefit services to private health plan sponsors on a consulting basis in 1993, but did not commence substantial operations until January 1994 when RxCare began servicing health plan sponsors involved in the newly instituted TennCare(R) state health program. At June 30, 1998, the Company provided pharmacy benefit management services to 47 health plan sponsors with an aggregate of approximately 2.0 million plan members. TennCare(R) represented eight health plans with approximately 1.3 million plan members.

The Company intends to offset, against profit sharing amounts, if any, due RxCare in the future under the Company's contract with RxCare, approximately $2.6 million, representing RxCare's share of the Company's cumulative losses and amounts previously advanced or paid to RxCare as of June 30, 1998.

The contract with RxCare expires on December 31, 1998. In total, this contract accounted for 74.2% of the Company's revenues for the six months ended June 30, 1998. While this contract expires by its terms on December 31, 1998, it automatically renews for a one year period ending December 31, 1999 unless a termination notice is given by either party on or before October 3, 1998. While management believes that this contract will be renewed, there can be no assurance that it will be renewed at all or on terms as favorable as those currently in effect. Failure to renew this contract in total or on terms as favorable as those currently in effect could have a material adverse effect on the Company's business and results of operations.

Results of Operations

Three months ended June 30, 1998 compared to three months ended June 30, 1997

For the three months ended June 30, 1998, the Company recorded revenue of $109.9 million compared with revenue of $45.8 million for the three months ended June 30, 1997, an increase of $64.1 million. Approximately $23.0 million of the increase in revenues resulted from servicing 12 new commercial plans covering approximately 404,000 lives throughout the United States as well as increased enrollment of approximately 102,000 lives in existing commercial plans. Certain plans managed by Sierra Health Services Inc. (the "Sierra Plans"), enrolled in October 1997, accounted for $11.7 million of the $23.0 million increase in commercial revenues. TennCare(R) sponsors were responsible for the remaining $41.1 million increase of revenue. Approximately $25.1 million of this increase in revenues from TennCare(R) contracts was attributable to new contracts entered into in the fourth quarter of 1997 with one TennCare(R) behavioral health organization ("BHO") and one TennCare(R) managed care organization ("MCO") to which the Company previously provided pharmacy benefit management services (the "New TennCare(R) Contracts"). In addition, contract renewals on more favorable terms since the beginning of the year and increased enrollment in existing TennCare(R) sponsors increased revenues by $16.0 million. During the three months ended June 30, 1998, approximately 35% of the Company's revenues were generated from risk - based (capitated) contracts, compared to 50% during the three months ended June 30, 1997.

Effective July 1, 1998, the Tennessee Department of Health assumed financial responsibility for the TennCare(R) behavioral health pharmacy program and the costs associated therewith. All of the Company's BHO contracts together provided $29.1 million of revenues for the three months ended June 30, 1998. Failure to renew these contracts at all or on terms as favorable as those currently in effect could have a material adverse effect on the Company's business and results of operations.

Cost of revenue for the three months ended June 30, 1998 increased to $103.7 million from $42.0 million for the three months ended June 30, 1997, an increase of $61.7 million. New commercial contracts together with increased enrollment in existing commercial plans accounted for $24.4 million of this increase in cost of revenue (including costs of $11.7 million attributable to the Sierra Plans). TennCare(R) contracts were responsible for the remaining $37.3 million of increased cost of revenue. Costs relating to the two New TennCare(R) Contracts accounted for $22.3 million of such increase and eligibility increases in existing plans, increased drug prices and increased utilization of prescription drugs under TennCare(R) contracts accounted for the remaining $15.0 million of such increase in cost of revenue. As a percentage of revenue, cost of revenue increased to 94.3% for the three months ended June 30, 1998 from 91.6% for the three months ended June 30, 1997 primarily due to higher than expected utilization under certain risk-based contracts and continued increases in drug costs under risk-based contracts.

Selling, general and administrative expenses were $4.8 million for the three months ended June 30, 1998 compared to $4.0 million for the three months ended June 30, 1997, an increase of $0.8 million. These increased expenses reflect the Company's continuing commitment to enhance its ability to manage efficiently its growth in pharmacy benefits by investing in additional operational and clinical personnel as well as information technology systems to support new and existing customers. In addition, the Company incurred additional legal costs primarily in connection with the final settlement of its dispute with Sierra. As a percentage of revenue, selling, general and administrative expenses decreased to 4.4% for the three months ended June 30, 1998 from 8.7% for the three months ended June 30, 1997.

For the three months ended June 30, 1998, the Company recorded net income of $1.9 million, or $0.14 per basic share. This compares with net income of $0.4 million, or $0.03 per basic share, for the three months ended June 30, 1997. This increase is due largely to the above-described changes in revenue and cost of revenue.

Six months ended June 30, 1998 compared to six months ended June 30, 1997

For the six months ended June 30, 1998, the Company recorded revenue of $207.8 million compared with revenue of $116.6 million for the six months ended June 30, 1997, an increase of $91.2 million. Approximately $40.5 million of the increase in revenues resulted from servicing 12 new commercial plans covering approximately 404,000 lives throughout the United States as well as increased enrollment of approximately 102,000 lives in existing commercial plans. The Sierra Plans accounted for $21.8 million of the $40.5 million increase in commercial revenues. TennCare(R) sponsors were responsible for the remaining $50.7 million increase in revenue. Approximately $46.0 million of the increase in revenues from TennCare(R) contracts was attributable to the New TennCare(R) Contracts. In addition, contract renewals on more favorable terms during the first six months of 1998 and increased enrollment in other existing TennCare(R) sponsors increased revenues by $30.5 million. These increases in TennCare(R) revenues were partially offset by a decrease of $25.8 million from the restructuring in April 1997 of a major TennCare(R) contract. The contract was restructured from a risk-based (capitated) arrangement to a non-risk (fee-for-service) arrangement, although the Company continued to provide essentially the same services under the restructured contract. During the six months ended June 30, 1998, approximately 37% of the Company's revenues were generated from risk-based (capitated) contracts, compared to 61% during the six months ended June 30, 1997.

Effective July 1, 1998, the Tennessee Department of Health assumed financial responsibility for the TennCare(R) behavioral health pharmacy program and the costs associated therewith. All of the Company's BHO contracts together provided $53.9 million of revenues for the six months ended June 30, 1998. Failure to renew these contracts at all or on terms as favorable as those currently in effect could have a material adverse effect on the Company's business and results of operations.

Cost of revenue for the six months ended June 30, 1998 increased to $196.0 million from $108.8 million for the six months ended June 30, 1997, an increase of $87.2 million. New commercial contracts together with increased enrollment in existing commercial plans accounted for $42.7 million of such increase in cost of revenue (including costs of $21.7 million attributable to the Sierra Plans). TennCare(R) contracts were responsible for the remaining $44.5 million of increased cost of revenue. Costs relating to the two New TennCare(R) Contracts accounted for $42.3 million of such increase and eligibility increases in existing plans, increased drug prices and increased utilization of prescription drugs under TennCare(R) contracts accounted for the remaining $27.5 million of such increased cost of revenue. These costs were offset by the above-mentioned restructuring of a major TennCare(R) contract, which resulted in a decrease in cost of revenue of $25.3 million. As a percentage of revenue, cost of revenue increased to 94.3% for the six months ended June 30, 1998 from 93.3% for the six months ended June 30, 1997 primarily due to higher than expected utilization under certain risk-based contracts and continued increases in drug costs under risk-based contracts.

At December 31, 1997, a reserve of $4.1 million was established for anticipated losses in connection with the Sierra Plans. These losses are expected to result from unfavorable factors, including higher pharmacy utilization rates than contained in Sierra's historic claims data, higher than expected inflation in drug costs and the inability to restrict the formularies under certain Sierra Plans, resulting in higher than anticipated drug costs. For the six months ended June 30, 1998, $3.4 million of this $4.1 million reserve was utilized. Management believes that the remaining reserve is adequate to cover any further losses in connection with the Sierra Plans. The Company's contract covering the Sierra Plans terminated on August 6, 1998. This termination is expected to reduce revenues by approximately $3.5 million per month, but will have no impact on net income in 1998 as the Company reserved for all anticipated losses in connection with the Sierra Plans at December 31, 1997.

Selling, general and administrative expenses were $9.3 million for the six months ended June 30, 1998 compared to $7.9 million for the six months ended June 30, 1997, an increase of $1.4 million. These increased expenses reflect the Company's continuing commitment to enhance its ability to efficiently manage its growth in pharmacy benefits by investing in additional operational and clinical personnel as well as information technology systems to support new and existing customers. In addition, the Company incurred additional legal costs primarily in connection with the final settlement of its dispute with Sierra. As a percentage of revenue, selling, general and administrative expenses decreased to 4.5% for the six months ended June 30, 1998 from 6.8% for the six months ended June 30, 1997.

For the six months ended June 30, 1998, the Company recorded interest income of $1.0 million, a decrease of $0.2 million. The decrease in interest income resulted from a reduced level of investments due to additional working capital needs of the Company. The level of invested funds decreased $1.6 million to $23.4 million.

For the six months ended June 30, 1998, the Company recorded net income of $3.5 million, or $0.26 per basic share. This compares with net income of $1.1 million, or $0.09 per basic share, for the six months ended June 30, 1997. This increase is due largely to the above-described changes in revenue and cost of revenue.

Liquidity and Capital Resources

For the six months ended June 30, 1998, net cash used in operating activities totaled $7.2 million, primarily due to increases in receivables of approximately $17.4 million. The increase in accounts receivable resulted primarily from a proportionate increase in pharmacy benefit management business during the period. In addition, the timing of billing and collection for certain TennCare(R) clients previously being processed by an outside vendor changed after the Company began processing these claims in-house. This transition initially caused a delay in billing and collections for these clients. Such uses were partially offset by increases in claims payable of approximately $4.9 million.

At June 30, 1998, the Company had working capital of $15.2 million, compared to $9.3 million at December 31, 1997. Cash and cash equivalents decreased to $2.6 million at June 30, 1998 compared with $9.6 million at December 31, 1997, primarily for the reasons described above. The Company had investment securities held to maturity of $21.1 million and $22.6 million at June 30, 1998 and December 31, 1997, respectively.

At June 30, 1998, the Company had, for tax purposes, unused net operating loss carryforwards of approximately $18.3 million which will begin expiring in 2008. As it is uncertain whether the Company will realize the full benefit from its deferred tax assets, the Company has recorded a valuation allowance for the same amount. The Company will assess the need for a valuation allowance at each balance sheet date. The amount of net operating loss carryforwards which may be utilized in any given year may become limited by the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, if a cumulative change in ownership of more than 50% occurs within a three year period.

The Company believes that its financial condition and capital structure as a result of its initial public offering (the "Offering") has enhanced its ability to negotiate and obtain additional contracts with plan sponsors and other potential customers. The Company believes that it has sufficient cash on hand or available to fund the Company's anticipated working capital and other cash needs for at least the next 12 months.

As part of its continued efforts to expand its pharmacy management business, the Company expects to incur additional sales and marketing expenses. The Company also may pursue joint venture arrangements, business acquisitions and other transactions designed to expand its pharmacy management business, which the Company would expect to fund from cash on hand or future indebtedness or, if appropriate, the sale or exchange of equity securities of the Company.

Other Matters

The Company's pharmaceutical claims costs historically have been subject to a significant increase over annual averages from October through February, which the Company believes is due to increased medical problems during the colder months. Non-risk contracts represented approximately 63% of the Company's revenue for the six months ended June 30, 1998. Under non-risk contracts, seasonally higher utilization no longer materially adversely effects the Company's gross margin.

Changes in prices charged by manufacturers and wholesalers for pharmaceuticals, a component of pharmaceutical claims, have historically affected the Company's cost of revenue. The Company believes that it is likely for prices to continue to increase which could have an adverse effect on the Company's gross profit. To the extent such cost increases adversely effect the Company's gross profit, the Company may be required to increase contract rates on new contracts and upon renewal of existing contracts. However, there can be no assurance that the Company will be successful in obtaining these increased rates.

The TennCare(R) program has been controversial since its inception and has generated federal and state government investigations and adverse publicity. There can be no assurances that the Company's association with the TennCare(R) program will not adversely affect the Company's business or results of operations in the future.

The so-called "year 2000 problem," which is common to many companies, concerns the inability of information systems, primarily computer software programs, to recognize properly and process date sensitive information as the year 2000 approaches. The Company believes that it does not and will not have any material year 2000 problems. This belief is based upon a review of its internally-generated programs, representations made by external software program and hardware suppliers, experience processing information with dates on or after the year 2000 and the known availability of software which the Company may utilize and which is free of year 2000 problems.

On January 27, 1998, the Company and its wholly owned subsidiary, CMP Acquisition Corp. ("CMP"), entered into an Agreement and Plan of Merger with Continental Managed Pharmacy Services, Inc. ("Continental") and certain of its principal shareholders. Upon consummation of the merger (the "Merger"), CMP and Continental would merge, whereupon Continental would be the surviving corporation and the separate corporate existence of CMP would terminate. As a result thereof, Continental would become a wholly-owned subsidiary of the Company.

The Merger is subject to a number of customary conditions to closing. While it is anticipated that the Merger will occur during the third quarter of 1998, there can be no assurances that the Merger will occur at such time or at all.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable

PART II
OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

From August 14, 1996 through June 30, 1998, the $46,788,000 net proceeds from the Offering, pursuant to a Registration Statement assigned file number 333-05327 by the Securities and Exchange Commission (the "Commission") and declared effective by the Commission on August 14, 1996, have been applied in the following approximate amounts:

Construction of plant, building and facilities	$ --
Purchase and installation of machinery and equipment	$ 2,686,000
Purchases of real estate	$ --
Acquisition of other business	$ 2,300,000
Repayment of indebtedness	$ --
Working capital	$18,153,000
Temporary investments:	
Marketable securities	$21,066,000
Overnight cash deposits	$ 2,583,000

To date the Company has expended a relatively insignificant portion of the Offering proceeds on expansion of the Company's "preferred generics" business although, at the time of the Offering as disclosed in the prospectus related thereto, the Company intended to apply approximately $18.6 million of Offering proceeds to fund such expansion. As of the date of this filing, the Company has not determined the ultimate amount or timing of application of Offering proceeds to such use.

Item 5. Other Information

On January 27, 1998, the Company and its wholly owned subsidiary, CMP Acquisition Corp. ("CMP"), entered into an Agreement and Plan of Merger with Continental Managed Pharmacy Services, Inc. ("Continental") and certain of its principal shareholders. Upon consummation of the merger (the "Merger"), CMP and Continental would merge, whereupon Continental would be the surviving corporation and the separate corporate existence of CMP would terminate. As a result thereof, Continental would become a wholly-owned subsidiary of the Company. The Merger is subject to a number of customary conditions to closing. While it is anticipated that the Merger will occur during the third quarter of 1998, there can be no assurances that the Merger will occur at such time or at all.

Effective July 6, 1998, the Company consummated a stock option repricing program. Each then current employee of the Company holding options under the Company's 1996 Stock Incentive Plan was offered an opportunity to reprice the exercise price of not less than all options granted at a particular exercise price to an exercise price of $6.50 per share. In consideration of receiving repriced options, each employee agreed that all such repriced options, including those already vested, would become unvested and exercisable in three equal installments on the first three anniversaries of the date of the repricing.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description
10.49	Employment Agreement dated April 17, 1998 between MIM Corporation and Scott R. Yablon.
10.50	Amendment No. 1 to Employment Agreement dated as of May 15, 1998 between MIM Corporation and Barry A. Posner.
27	Financial Data Schedule

(b) Reports on Form 8-K

The registrant did not file any Reports on Form 8-K during the quarter for which this Report is filed.

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 10, 1998

/s/ Scott R. Yablon

Scott R. Yablon
President, Chief Operating Officer, Chief Financial Officer and Director
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of April 17, 1998, by and between MIM Corporation with its principal place of business at One Blue Hill Plaza, 15th Floor, P.O. Box 1670, Pearl River, New York 10965-8670 (hereinafter referred to as the "Company"), and Scott R. Yablon residing at 6 Palmer Place, Armonk, NY 10504 (hereinafter referred to as the "Executive").

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer, on the terms set forth below;

Accordingly, the parties hereto agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, commencing as of the date hereof and ending April 30, 2001, unless sooner terminated in accordance with the provisions of Section 4 or Section 5 (the period during which the Executive is employed hereunder being hereinafter referred to as the "Term").

2. Duties. The Executive, in his capacity as Chief Financial Officer and Chief Operating Officer of the Company, shall faithfully perform for the Company the duties of said offices and such other duties of an executive, managerial, or administrative nature as shall be specified and designated from time to time by the Board of Directors of the Company (the "Board") and the Chief Executive Officer of the Company. The Executive shall devote substantially all of his business time and effort to the performance of his duties hereunder. Notwithstanding anything to the contrary contained herein, the Executive's titles of Chief Financial Officer and Chief Operating Officer shall not be effective until May 15, 1998.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term an initial salary at the rate of $325,000 per annum (the "Annual Salary"), in accordance with the customary payroll practices of the Company applicable to senior executives, in installments not less frequently than monthly.

3.2 Benefits - In General. The Executive shall be permitted during the Term to participate in any group life, hospitalization or disability insurance plans, health programs, pension and profit sharing plans, salary reviews, and similar benefits (other than bonuses and stock options or other equity-based compensation, which are provided for under Section 3.3 and 3.4, or severance, displacement or other similar benefits) which are of a type available from time to time to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.3 Specific Benefits. Without limiting the generality of Section 3.2, the Executive during the Term shall (i) be eligible to participate in the Company's Executive Bonus Program established for the benefit of senior officers in accordance with its terms as amended from time to time (at levels consistent with the Executive's position relative to other members of senior management), (ii) be

entitled to receive up to $3,000 towards the premium of a life insurance policy with a face value of $1,000,000 and (iii) be eligible for director and officer liability insurance to the extent provided to other senior executives of the Company generally.

3.4 Grant of Option. The Executive shall be granted an option, which shall not be qualified as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended, to purchase 1,000,000 shares of common stock of the Company, par value .0001 per share, at a per-share price equal to the closing sales price per share on the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") on April 17, 1998, the date on which the Company and the Executive executed a letter of intent with respect to the matters contemplated by this Agreement. Subject to Section 5 hereof and the applicable award agreement (i) 500,000 of such options shall be fully vested on the date the Executive commences his employment hereunder, and (ii) one half of the remaining 500,000 options shall vest and become exercisable, on each of the first and second anniversaries of the date hereof. The option shall be subject to the terms of a definitive stock option agreement to be provided by the Company.

3.5 Vacation. The Executive shall be entitled to vacation of 15 business days per year, increasing to 20 business days per year on the first anniversary of the date hereof, to be accrued and available in accordance with the policies applicable to senior executives of the Company generally.

3.6 Automobile. The Company will provide the Executive a monthly allowance of $1,000 for the use of an automobile.

3.7 Expenses. The Company shall pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement including, but not limited to, business travel expenses; provided that the Executive submits proof of such expenses, with the properly completed forms as prescribed from time to time by the Company, in accordance with the policies applicable to senior executives of the Company generally.

4. Termination upon Death or Disability.

4.1 Termination upon Death. If the Executive dies during the Term, the obligations of the Company to or with respect to the Employee shall terminate in their entirety except as otherwise provided under this Section 4. Upon death, (i) the Executive's estate or beneficiaries shall be entitled to receive any Annual Salary and other benefits (including bonuses awarded but not yet paid) earned and accrued under this Agreement prior to the date of termination and reimbursement for expenses incurred prior to the date of termination as set forth in Section 3.7, and (ii) the Executive's estate and beneficiaries shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

4.2 Termination upon Disability. If the Executive by virtue of ill health or other disability is unable to perform substantially and continuously the duties assigned to him for more than 180 consecutive or non-consecutive days out of any consecutive twelve-month period, the Company shall have the right, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive; provided that the Company will have no right to terminate the Executive's employment if, in the opinion of a qualified physician reasonably acceptable to the Company, it is reasonably certain that the Executive will be able to resume the Executive's duties on a regular full-time basis within 30 days of the date the Executive receives notice of such termination. Upon a termination of employment by virtue of disability, (i) the Executive shall receive Annual Salary and other benefits (including bonuses awarded but not yet paid) earned and accrued under this Agreement prior to the effective date of the termination of employment and reimbursement for expenses incurred prior to the effective date of the termination of employment as set forth in Section 3.7; (ii) the Executive shall receive for a period of one year after termination of employment (A) the Annual Salary that the Executive was receiving at the time of such termination of employment, payable in accordance with Section 3.1 and (B) such continuing coverage under the benefit plans and programs the Executive would have received under this Agreement as would have applied in the absence of such termination; it being expressly understood and agreed that nothing in this clause (ii) shall restrict the ability of the Company to amend or terminate such plans and programs from time to time in its sole discretion; provided, however, that the Company shall in no event be required to provide any coverage after such time as the Executive becomes entitled to coverage under the benefit plans and programs of another employer or recipient of the Executive's services (and provided, further, that such entitlement shall be determined without regard to any individual waivers or other arrangements); and (iii) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5. Certain Terminations of Employment.

5.1 Termination for Cause; Termination of Employment by the Executive without Good Reason.

(a) For purposes of this Agreement, "Cause" shall mean

(i) the Executive's conviction of a felony or a crime of moral turpitude; or

(ii) the Executive's commission of unauthorized acts intended to result in the Executive's personal enrichment at the material expense of the Company; or

(iii) the Executive's material violation of the Executive's duties or responsibilities to the Company which constitute willful misconduct or dereliction of duty, or the material breach of the covenants contained in Section 6; or

(iv) the Executive's other material breach of this Agreement which breach shall have continued unremedied for 10 days after written notice by the Company to the Executive specifying such breach.

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate his employment upon written notice to the Company which specifies an effective date of termination of employment not less than 30 days from the date of such notice. If the Company terminates the Executive for Cause, or the Executive terminates his employment and the termination by the Executive is not covered by Section 4, 5.2, or 5.3, (i) the Executive shall receive Annual Salary and other benefits (including bonuses awarded but not yet paid) earned and accrued under this Agreement prior to the effective date of the termination of employment (and reimbursement for expenses incurred prior to the effective date of the termination of employment as set forth in Section 3.7); and (ii) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5.2 Termination Without Cause; Termination for Good Reason.

(a) For purposes of this Agreement, "Good Reason" shall mean the existence of any one or more of the following conditions that shall continue for more than 45 days following written notice thereof by the Executive to the Company:

(i) the material reduction of the Executive's authority, duties and responsibilities, or the assignment to the Executive of duties materially inconsistent with the Executive's position or positions with the Company;

(ii) the failure by the Company to obtain an agreement in form and substance reasonably satisfactory to the Executive from any successor to the business of the Company upon a Change of Control (as defined below) to assume and agree to perform this Agreement; or

(iii) the Company's material and continuing breach of this Agreement.

(b) The Company may terminate the Executive's employment at any time for any reason and the Executive may terminate the Executive's employment with the Company for Good Reason. If the Company terminates the Executive's employment and the termination is not covered by Section 4, 5.1 or 5.3, or the Executive terminates his employment for Good Reason and the termination by the Executive is not covered by Section 5.3, (i) the Executive shall receive Annual Salary and other benefits (including bonuses awarded but not yet paid) earned and accrued under this Agreement prior to the effective date of the termination of employment (and reimbursement for expenses incurred prior to the effective date of the termination of employment as set forth in Section 3.7); (ii) the Executive shall receive for a period of one year after termination of employment (A) the Annual Salary that the Executive was receiving at the time of such termination of employment, payable in accordance with Section 3.1 and (B) such continuing coverage under the benefit plans and programs the Executive would have received under this Agreement as would have applied in the absence of such termination; it being expressly understood and agreed that nothing in this clause (ii) shall restrict the ability of the Company to amend or terminate such plans and programs from time to time in its sole discretion; provided, however, that the Company shall in no event be required to provide any coverage after such time as the Executive becomes entitled to coverage under the benefit plans and programs of another employer or recipient of the Executive's services (and provided, further, that such entitlement shall be determined without regard to any individual waivers or other arrangements); (iii) all outstanding unvested options held by the Executive shall vest and become immediately exercisable and shall otherwise be exercisable in accordance with their terms and the Executive shall become vested in any pension or other deferred compensation other than pension or deferred compensation under a plan intended to be qualified under Section 401(a) or 403(a) of the Internal Revenue Code of 1986, as amended; and (iv) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5.3 Certain Terminations after Change of Control.

(a) For purposes of this Agreement, "Change of Control" means the occurrence of one of the following:

(i) a "person" or "group" within the meaning of sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), becomes the "beneficial owner" (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company (including options, warrants, rights and convertible and exchangeable securities) representing 50% or more of the combined voting power of the Company's then outstanding securities in any one or more transactions; provided, however, that purchases by employee benefit plans of the Company and by the Company or its affiliates shall be disregarded; or

(ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the operating assets of the Company; or

(iii)a merger or consolidation, or a transaction having a similar effect unless such merger, consolidation or similar transaction is with a subsidiary of the Company or with another company, a majority of whose outstanding capital stock is owned by the same persons or entities who own a majority of the Company's outstanding common stock (the "Common Stock") at such time, where (A) the Company is not the surviving corporation, (B) the majority of the Common Stock of the Company is no longer held by the stockholders of the Company immediately prior to the transaction, or (C) the Company's Common Stock is converted into cash, securities or other property (other than the common stock of a company into which the Company is merged).

(b) If, within the one-year period commencing upon any Change of Control, the Executive is terminated by the Company or a successor entity and the termination is not covered by Section 4 or 5.1, or, within such period, the Executive elects to terminate his employment after the Company materially reduces the Executive's authority, duties and responsibilities, or assigns the Executive duties materially inconsistent with the Executive's position or positions with the Company prior to such Change of Control, (i) the Executive shall receive Annual Salary and other benefits (including bonuses awarded but not yet paid) earned and accrued under this Agreement prior to the effective date of the termination of employment (and reimbursement for expenses incurred prior to the effective date of the termination of employment as set forth in Section 3.7); (ii) the Executive shall receive for a period of one year after termination of employment (A) the Annual Salary that the Executive was receiving at the time of such termination of employment, payable in accordance with Section 3.1 and (B) such continuing coverage under the benefit plans and programs the Executive would have received under this Agreement as would have applied in the absence of such termination; it being expressly understood and agreed that nothing in this clause (ii) shall restrict the ability of the Company to amend or terminate such plans and programs from time to time in its sole discretion; provided, however, that the Company shall in no event be required to provide any coverage after such time as the Executive becomes entitled to coverage under the benefit plans and programs of another employer or recipient of the Executive's services (and provided, further, that such entitlement shall be determined without regard to any individual waivers or other arrangements); (iii) all outstanding unvested options held by the Executive shall vest and become immediately exercisable and shall otherwise be exercisable in accordance with their terms and the Executive shall become vested in any pension or other deferred compensation other than pension or deferred compensation under a plan intended to be qualified under Section 401(a) or 403(a) of the Internal Revenue Code of 1986, as amended; and (iv) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

6. Covenant of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company is the provision of a broad range of services designed to promote the cost-effective delivery of pharmacy benefits, including pharmacy benefit management services, claims processing and/or the purchasing of pharmaceutical products on behalf of pharmacy networks and long term care facilities (including assisted living facilities and nursing homes) (such business, and any and all other businesses that after the date hereof, and from time to time during the Term, become material with respect to the Company's then-overall business, herein being collectively referred to as the "Business"); (ii) the Company is dependent on the efforts of a certain limited number of persons who have developed, or will be responsible for developing the Company's Business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) At any time during his employment with the Company and ending one year following (i) termination of the Executive's employment with the Company (irrespective of the reason for such termination) or (ii) payment of any Annual Salary in accordance with Section 4 or 5 hereof (unless such termination is by the Company without Cause), whichever occurs last, the Executive shall not engage, directly or indirectly (which includes, without limitation, owning, managing, operating, controlling, being employed by, giving financial assistance to, participating in or being connected in any material way with any person or entity other than the Company), anywhere in the United States in (i) the Business and (ii) any component of the Business; provided, however, that the Executive's ownership as a passive investor of less than two percent (2%) of the issued and outstanding stock of a publicly held corporation shall not be deemed to constitute competition.

(b) During and after the period during which the Executive is employed, the Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), including, without limitation, information with respect to (i) the strategic plans, budgets, forecasts, intended expansions of product, service, or geographic markets of the Company and its affiliates, (ii) sales figures, contracts, agreements, and undertakings with or with respect to customers, (iii) profit or loss figures, and (iv) customers, clients, suppliers, sources of supply and customer lists, and shall not disclose such Confidential Company Information to anyone outside of the Company except with the Company's express written consent and except for Confidential Company Information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement. Notwithstanding the foregoing, this Section 6.1(b) shall not apply to the extent that the Executive is acting to the extent necessary to comply with legal process; provided that in the event that the Executive is subpoenaed to testify or to produce any information or documents before any court, administrative agency or other tribunal relating to any aspect pertaining to the Company, he shall immediately notify the Company thereof.

(c) During the period commencing on the date hereof and ending two years following the date upon which the Executive shall cease to be an employee of the Company or its affiliates, the Executive shall not, without the Company's prior written consent, directly or indirectly, solicit or encourage to leave the employment or other service of the Company or any of its affiliates, any employee or independent contractor thereof or hire (on behalf of the Executive or any other person or entity) any employee or independent contractor who has left the employment or other service of the Company or any of its affiliates within one year of the termination of such employee's or independent contractor's employment or other service with the Company and its affiliates. During such period, the Executive will not, whether for his own account or for the account of any other person, firm, corporation or other business organization, intentionally interfere with the Company's or any of its affiliates' relationship with, or endeavor to entice away from the Company or any of its affiliates, any person who during the Term is or was a customer or client of the Company or any of its affiliates.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof) made, produced or compiled by the Executive or made available to the Executive concerning the Business of the Company and its affiliates shall be the Company's property and shall be delivered to the Company at any time on request.

6.2 Rights and Remedies upon Breach.

(a) The Executive acknowledges and agrees that any breach by him of any of the provisions of Section 6.1 (the "Restrictive Covenants") would result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if the Executive breaches, or threatens to commit a breach of, any of the provisions of Section 6.1, the Company and its affiliates shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company and its affiliates under law or in equity (including, without limitation, the recovery of damages):

(i) The right and remedy to have the Restrictive Covenants specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants.

(ii) The right and remedy to require the Executive to account for and pay over to the Company and its affiliates all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by him as the result of any transactions constituting a breach of the Restrictive Covenants, and the Executive shall account for and pay over such Benefits to the Company and, if applicable, its affected affiliates.

(b) The Executive agrees that in any action seeking specific performance or other equitable relief, he will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable. The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) he has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then, after such determination has become final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdictions. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement that is not resolved by Executive and the Company (or its affiliates, where applicable), other than those arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies provided under Section 6.2, shall be submitted to arbitration in New York, New York in accordance with New York law and the procedures of the American Arbitration Association. The determination of the arbitrator(s) shall be conclusive and binding on the Company (or its affiliates, where applicable) and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction.

7.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

MIM Corporation
One Blue Hill Plaza
15th Floor
P.O. Box 1670
Pearl River, New York 10965-8670
Attention: Richard H. Friedman

with a copy to:

Rogers & Wells
200 Park Avenue - Suite 5200
New York, New York 10166-0153
Attention: Richard A. Cirillo

(ii) If to the Executive, to:

Scott R. Yablon
6 Palmer Place
Armonk, NY 10504

Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company (without limiting the Executive's rights under Section 5.3) may assign this Agreement and its rights hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 6, 7.3 and 7.9, and the other provisions of this Section 7 (to the extent necessary to effectuate the survival of Sections 6, 7.3 and 7.9), shall survive termination of this Agreement and any termination of the Executive's employment hereunder.

7.13 Existing Agreements. Executive represents to the Company that he is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit him from executing this Agreement or limit his ability to fulfill his responsibilities hereunder.

7.14 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.15 Parachutes. If all, or any portion, of the payments provided under this Agreement, either alone or together with other payments and benefits which the Executive receives or is entitled to receive from the Company or an affiliate, would constitute an excess "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the payments and benefits provided under this Agreement shall be reduced to the extent necessary so that no portion thereof shall fail to be tax-deductible under Section 280G of the Code.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

MIM CORPORATION

By: /s/ Barry A. Posner

Barry A. Posner
its Vice President & General Counsel

By: /s/ Scott R. Yablon

Scott R. Yablon

Amendment No. 1 to Employment Agreement

This Amendment No. 1 (this "Amendment") to Employment Agreement is entered into as of May 15, 1998 by and between MIM Corporation, a Delaware corporation (the "Company"), and Barry A. Posner ("Executive").

WHEREAS, the Company and Executive entered into an Employment Agreement dated as of March 26, 1997 (the "Original Agreement");

WHEREAS, the Company and Executive desire to amend the Original Agreement in certain respects;

NOW, THEREFORE, in consideration for the mutual covenants set forth herein and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Original Agreement and all references to the "Agreement" in the Original Agreement shall hereafter mean the Original Agreement as amended by this Amendment.

2. Section 1 of the Original Agreement is hereby amended to read in its entirety as follows: "The Company hereby employs the Executive, and the Executive hereby accepts such employment, commencing as of the date hereof and continuing for a period ending May 15, 2001 or such earlier date as this Agreement shall be terminated pursuant to the provisions of Section 4 or Section 5 hereof (the period during which the Executive is employed hereunder being hereinafter referred to as the "Term")."

3. Section 2 of the Original Agreement is hereby amended to read in its entirety as follows: "The Executive, in his capacity as Vice President, General Counsel and Corporate Secretary, shall faithfully perform for the Company the duties of said offices and such other duties of an executive, managerial, or administrative nature as shall be specified and designated from time to time by the Board of Directors of the Company and the Chief Executive Officer of the Company. The Executive shall devote substantially all of his business time and effort to the performance of his duties hereunder."

4. All references in the Agreement to "Chief Operating Officer" shall be deleted in its entirety.

5. The word "nine" appearing in: (A) clause (ii) of the second sentence of Section 4.2; and (B) clause (ii) of the second sentence of Section 5.2(b) hereof is deleted, and substituted therefor shall be the word "twelve".

6. Expect as modified hereby, the Agreement shall remain unmodified and in full force and effect.

7. This Amendment shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of New York, without giving effect to otherwise applicable principles of conflicts of law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date set forth above.

MIM CORPORATION

By: /s/ Richard H. Friedman

Its: Chief Executive Officer

/s/ Barry A. Posner

Executive

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