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 March 31, 2000

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.)

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

(914) 460-1600
(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 April 17, 2000 there were outstanding 18,931,706 shares of the Company's common stock, $.0001 par value per share ("Common Stock").

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	MARCH 31, 2000	DECEMBER 31, 1999
ASSETS	(UNAUDITED)	
CURRENT ASSETS		
Cash and cash equivalents	$ 20,677	$ 15,306
Investment securities	5,986	5,033
Receivables, less allowance for doubtful accounts of $8,377 and $8,576 at March 31, 2000 and December 31, 1999, respectively	57,225	62,919
Inventory	1,147	777
Prepaid expenses and other current assets	1,377	1,347
Total current assets	86,412	85,382
Other investments	2,347	2,347
Property and equipment, net	6,374	5,942
Due from affiliate and officer, less allowance for doubtful accounts of $403 at March 31, 2000 and December 31, 1999, respectively	1,993	1,849
Other assets, net	769	202
Intangible assets, net	19,704	19,961
TOTAL ASSETS	$ 117,599	$ 115,683
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of capital lease obligations	$ 509	$ 514
Current portion of long-term debt	284	493
Accounts payable	5,046	5,039
Claims payable	38,745	39,702
Payables to plan sponsors and others	27,812	24,171
Accrued expenses	6,195	6,468
Total current liabilities	78,591	76,387
Capital lease obligations, net of current portion	564	718
Long-term debt, net of current portion	1,191	2,279
Minority interest	1,112	1,112
STOCKHOLDERS' EQUITY		
Preferred stock, $.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	0	0
Common stock, $.0001 par value; 40,000,000 shares authorized, 18,931,706 and 18,829,198 shares issued and outstanding at March 31, 2000 and December 31, 1999, respectively	2	2
Treasury stock at cost	(338)	(338)
Additional paid-in-capital	91,854	91,614
Accumulated deficit	(53,850)	(54,575)
Stockholder notes receivable	(1,527)	(1,516)
Total stockholders' equity	36,141	35,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 117,599	$ 115,683

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

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

	THREE MONTHS ENDED MARCH 31,	
	2000	1999
	(UNAUDITED)	
Revenue	$ 89,104	$ 74,915
Cost of revenue	82,293	66,733
Gross profit	6,811	8,182
Selling, general and administrative expenses	6,219	7,512
Amortization of goodwill and other intangibles	258	250
Income from operations	334	420
Interest income, net	391	196
Other	0	(12)
Net income	$ 725	$ 604
Basic income per common share	$ 0.04	$ 0.03
Diluted income per common share	$ 0.04	$ 0.03
Weighted average common shares used in computing basic income per share	18,753	18,422
Weighted average common shares used in computing diluted income per share	19,425	18,910

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

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

	THREE MONTHS ENDED MARCH 31, 2000	1999
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 725	$ 604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other	992	626
Provision for losses on receivables	(199)	-
Changes in assets and liabilities:		
Receivables	5,893	7,583
Inventory	(370)	163
Prepaid expenses and other current assets	(30)	(44)
Accounts payable	7	(1,683)
Deferred revenue	35	-
Claims payable	(957)	(9,722)
Payables to plan sponsors and others	3,641	4,231
Accrued expenses	(308)	(212)
Net cash provided by operating activities	9,429	1,546
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,167)	(784)
Loans to affiliate and officer, net	(144)	20
Stockholder loans, net	(11)	234
Purchase of investment securities	(2,000)	-
Maturities of investment securities	1,047	2,819
Decrease (increase) in other assets	(567)	127
Net cash (used in) provided by investing activities	(2,842)	2,416
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(159)	(210)
(Decrease) increase in debt	(1,297)	(4,164)
Exercise of stock options	240	8
Purchase of treasury stock	-	(338)
Net cash used in financing activities	(1,216)	(4,704)
Net decrease in cash and cash equivalents	5,371	(742)
CASH AND CASH EQUIVALENTS--BEGINNING OF PERIOD	$ 15,306	$ 4,495
CASH AND CASH EQUIVALENTS--END OF PERIOD	$ 20,677	$ 3,753
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 41	$ 86
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Equipment acquired under capital lease obligations	$ -	$ 933

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

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements of MIM Corporation and its subsidiaries (the "Company") have been prepared 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 three months ended March 31, 2000, are not necessarily indicative of the results of operations or cash flows which may be reported for the remainder of 2000.

These unaudited 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, 1999, filed with the Commission (the "Form 10-K").

The accounting policies followed 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:

	Three Months Ended March 31,	
	2000	1999
Numerator:		
Net (loss) income	$ 725	$ 604
Denominator - Basic:		
Weighted average number of common shares outstanding	18,753	18,422
Basic income per share	$ 0.04	$ 0.03
Denominator - Diluted:		
Weighted average number of common shares outstanding	18,753	18,422
Common share equivalents of outstanding stock options	672	488
Total shares outstanding	19,425	18,910
Diluted income per share	$ 0.04	$ 0.03

NOTE 3--COMMITMENTS AND CONTINGENCIES

On March 31, 1999, the State of Tennessee, (the "State"), and Xantus Healthplans of Tennessee, Inc. ("Xantus"), entered into a consent decree under which Xantus was placed in receivership under the laws of the State of

Tennessee. On September 2, 1999, the Commissioner of the Tennessee Department of Commerce and Insurance (the "Commissioner"), acting as receiver of Xantus, filed a proposed plan of rehabilitation (the "Plan"), as opposed to a liquidation of Xantus. A rehabilitation under receivership, similar to a reorganization under federal bankruptcy laws, was approved by the Chancery Court (the "Court") of the State of Tennessee, would allow Xantus to remain operating as a TennCare MCO, providing full health care related services to its enrollees. Under the Plan, the State, among other things, agreed to loan to Xantus approximately $30,000 to be used solely to repay pre-petition claims of providers, which claims aggregate approximately $80,000. Under the Plan, the Company received $4,200, including $600 of unpaid rebates to Xantus, which the Company was allowed to retain under the terms of the preliminary rehabilitation plan for Xantus. A plan for the payment of the remaining amounts has not been finalized and the recovery of any additional amounts is uncertain. The Company recorded a special charge in 1999 of $2,700 for the estimated loss on the remaining amounts owed, net of the unpaid amounts to network pharmacies.

As part of the Company's normal review process, the Company determined that each of the Company's agreements (collectively, the "Agreements") with Tennessee Health Partnership ("THP") and Preferred Health Partnership of Tennessee, Inc. ("PHP"), were not achieving profitability projections. As a result thereof, in the first quarter of 1999, and in accordance with the terms of the Agreements, the Company exercised its right to terminate the Agreements effective on September 28, 1999. Through a negotiated extension with THP and PHP, the Company continued to provide PBM services to their respective members through December 31, 1999.

Despite the negotiated extension, there still exist disputes with respect to unpaid fees and other amounts between the Company and THP. On October 20, 1999, the Company demanded arbitration against THP with respect to approximately $2,300 inappropriately withheld from the Company by THP during 1998. On February 15, 2000, THP responded by filing a motion to dismiss the arbitration, which was denied and the arbitration panel scheduled the arbitration to take place in late August 2000. While the Company intends to vigorously pursue this claim, at this time, the Company is unable to assess the likelihood that it will prevail in its claim.

On February 22, 2000, THP and PHP jointly demanded arbitration against the Company alleging that the Company overbilled THP and PHP, and THP and PHP overpaid the Company, in the approximate amounts of $1,300 and $1,000, respectively. On March 20, 2000, the Company filed its answer and counterclaim and asserted that all amounts billed to, and paid by, THP and PHP were proper under the Agreements and that THP and PHP improperly withheld payments in the approximate amount of $500 and $480, respectively. The Company believes that it is owed these amounts from THP and intends to pursue vigorously its counterclaims. However, at this time, the Company is unable to assess the likelihood that it will prevail.

In 1999, the Company recorded a special charge of $3,300 for estimated future losses related to these disputes.

On May 4, 2000, the Company reached a negotiated settlement with PHP, under which, among other things, the Company retained rebates that would have otherwise been due and owing PHP, PHP paid the Company an additional $850,000 and the respective parties released each other from any and all liability with respect to past or future claims. This agreement will not have a material effect on the Company's results of operations or financial position.

In 1998, the Company recorded a $2,200 non-recurring charge against earnings in connection with an agreement in principle with respect to a civil settlement of the Federal and State of Tennessee investigation in connection with the conduct of two former officers of a subsidiary prior to the Company's initial public offering. This settlement is subject to several conditions, including the execution of a definitive agreement. The Company anticipates that the investigation will be fully resolved with this settlement.

* * * *

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 Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (the "Form 10-K"), as well as the unaudited consolidated interim financial statements and the related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2000 filed with the Commission (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, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding the Company's expectations, hopes, beliefs, intentions or strategies regarding the future. Forward looking statements may include statements relating to the Company's business development activities, sales and marketing efforts, the status of material contractual arrangements including the negotiation or re-negotiation of such arrangements, future capital expenditures, the effects of regulation and competition on the Company's business, future operating performance of the Company and the results, the benefits and risks associated with integration of acquired companies, the likely outcome of, and the effect of legal proceedings or investigations on the Company and its business and operations 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, 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 risk-based or "capitated" contracts, increased government regulation related to the health care and insurance industries in general and more specifically, pharmacy benefit management organizations, increased competition from the Company's competitors, including competitors with greater financial, technical, marketing and other resources, and the existence of complex laws and regulations relating to the Company's business. This Report contains information regarding important factors that could cause such differences. The Company 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 and circumstances.

OVERVIEW

The Company is an independent pharmacy benefit management, specialty pharmaceutical and private label e-commerce and fulfillment organization that partners with organizations and healthcare providers to control prescription drug costs. MIM's innovative pharmacy benefit products and services use clinically sound guidelines to ensure cost control and quality care. MIM's e-commerce and fulfillment pharmacy specializes in serving individuals afflicted with chronic diseases, particularly diabetes and AIDS, which require long-term maintenance medications. MIM's online pharmacy service, www.MIMRx.com, creates private label websites for affinity groups to offer innovative, customized, health information services and products on the Internet provided for their members. A majority of the Company's revenues to date have been derived from providing PBM services in the State of Tennessee to MCO's participating in the State of Tennessee's TennCare program. At March 31, 2000, the Company provided PBM services to 119 health plan sponsors with an aggregate of approximately 3.1 million plan members, of which TennCare represented five MCO's with approximately 1.1 million plan members. The TennCare Contracts accounted for 49.5% of the Company's revenues at March 31, 2000, and 47.4% of the Company's revenues at March 31, 1999.

Business

The Company operates a single segment business with several components and derives its revenues primarily from agreements to provide pharmacy benefit management ("PBM") services to various health plan sponsors in the United States. As part of its operations, the Company has mail order and e-commerce business components. Net sales and operating contribution for these components for the three months ended March 31, 2000 and 1999, respectively, are presented below:

NET SALES BY COMPONENT

Component	March 31, 2000 Sales	March 31, 2000 Percent of Total	March 31, 1999 Sales	March 31, 1999 Percent of Total
PBM	$ 79,077	89%	$ 65,080	87%
Mail Order and E-Commerce	9,897	11%	9,623	13%
Corporate and All Others	130	0%	212	0%
Total Sales	$ 89,104	100%	$ 74,915	100%

OPERATING CONTRIBUTION BY COMPONENT

Component	March 31, 2000 Operating Profit	March 31, 1999 Operating Profit
PBM	$ 1,979	$ 2,126
Mail Order and E-Commerce	259	197
Corporate and All Others	(1,904)	(1,903)
Total Operating Profit	$ 334	$ 420

RESULTS OF OPERATIONS

Three months ended March 31, 2000 compared to three month ended March 31, 1999

For the months ended March 31, 2000, the Company recorded revenues of $89.1 million compared with $74.9 million for the same period in 1999, an increase of $14.2 million. Contracts with TennCare sponsors accounted for increased revenues of $8.6 million, while commercial revenue increased $5.6 million.

Cost of revenue for the three months ended March 31, 2000 increased to $82.2 million from $66.7 million for the same period in 1999, an increase of $15.5 million. Cost of revenue with respect to contracts with TennCare sponsors increased $9.0 million, while the commercial costs increased $6.5 million. As a percentage of revenue, cost of revenue increased to 92.4% for the three months ended March 31, 2000, from 89.1% for the three months ended March 31, 1999, an increase of 3.3%, due to increased pharmaceutical utilization in the Company's capitated contracts.

For the three months ended March 31, 2000, 34.5% of the Company's revenues were generated from capitated contracts, compared to 27.8% for the same period a year ago, an increase of 6.7%. In the first quarter of 1999 the Company did not process pharmacy claims for one TennCare MCO. We were retained and began processing again for that MCO in May of 1999. This MCO accounts for the majority of the difference in the percentage of capitated contracts. Based upon its present contracted arrangements, the Company anticipates that approximately 25% of its revenues for the remainder of 2000 will be derived from capitated or other risk-based contracts.

General and administrative expenses were $6.2 million for the three months period ended March 31, 2000, as compared to $7.5 million for the three months ended March 31, 1999, a decrease of $1.3 million. This decrease was primarily a result of our re-engineering efforts during 1999. Although the Company experienced increased costs associated with the sales force as well as in the legal area due to our indemnification responsibilities of certain former employees, we were able to achieve offsetting operational efficiencies. As a percentage of revenue, general and administrative expenses decreased to 7% for the three months ended March 31, 2000, from 10% for the same period for 1999.

On March 31, 1999, the State of Tennessee, (the "State"), and Xantus Healthplans of Tennessee, Inc. ("Xantus"), entered into a consent decree under which Xantus was placed in receivership under the laws of the State of Tennessee. On September 2, 1999, the Commissioner of the Tennessee Department of Commerce and Insurance (the "Commissioner"), acting as receiver of Xantus, filed a proposed plan of rehabilitation (the "Plan"), as opposed to a liquidation of Xantus. A rehabilitation under receivership, similar to a reorganization under federal bankruptcy laws, was approved by the Chancery Court (the "Court") of the State of Tennessee, would allow Xantus to remain operating as a TennCare MCO, providing full health care related services to its enrollees. Under the Plan, the State, among other things, agreed to loan to Xantus approximately $30 million to be used solely to repay pre-petition claims of providers, which claims aggregate approximately $80 million. Under the Plan, the Company received $4.2 million, including $0.6 million of unpaid rebates to Xantus, which the Company was allowed to retain under the terms of the preliminary rehabilitation plan for Xantus. A plan for the payment of the remaining amounts has not been finalized and the recovery of any additional amounts is uncertain. The Company recorded a special charge in 1999 of $2.7 million for the estimated loss on the remaining amounts owed, net of the unpaid amounts to network pharmacies. The Company does not believe that the failure to collect such amounts will have a material adverse effect on the Company's business or operations.

The Company has been disputing several improper reductions of payments by Tennessee Health Partnership ("THP"). These reductions relate to an alleged coordination of benefits issue raised by THP related to services provided in prior years for which the Company was not the processor. There also exists a dispute over items allowed to be billed in addition to the Company's capitated rate under the contracts with THP and Preferred Health Plans ("PHP"). The contracts with these organizations require the disputes be arbitrated. While the Company believes that it is owed these amounts from THP and intends to pursue vigorously its counterclaims, at this time, the Company is unable to assess the likelihood that it will prevail. In 1999, the Company recorded a special charge of $3.3 million for estimated future losses related to these disputes.

On May 4, 2000, the Company reached a negotiated settlement with PHP, under which, among other things, the Company retained rebates that would have otherwise been due and owing PHP, PHP paid the Company an additional $0.8 million and the respective parties released each other from any and all liability with respect to past or future claims. This agreement will not have a material effect on the Company's results of operations or financial position.

For the three months ended March 31, 2000 and 1999, the Company recorded amortization of goodwill and other intangibles of $0.3 million in connection with its acquisition of Continental.

For the three months ended March 31, 2000, the Company recorded interest income of $0.4 million compared to $0.2 million for the three months ended March 31, 1999, an increase of $0.2 million, primarily due to additional interest earned on monies derived from the Company's increased collection efforts, resulting in higher cash balances.

For the three months ended March 31, 2000, the Company recorded net income of $0.7 million or $0.04 per share. This compares with net income of $0.6 million, or $0.03 per share for the three months ended March 31, 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company utilizes both funds generated from operations, if any, and funds raised in the Offering for capital expenditures and working capital needs. For the three months ended March 31, 2000, net cash provided to the Company by operating activities totaled $9.4 million primarily due to an increase in payables to plan sponsors and others of $3.6 million, and a decrease in accounts receivable of $5.9 million. The increase in payables to plan sponsors and others reflects increased manufacturer's rebates, which are shared with certain clients. The decrease in accounts receivable is a result of the Company's heightened collection efforts and a higher percentage of capitated contracts in the first quarter of 2000.

Net cash used in investing activities was $2.8 million, which was generated from proceeds of maturities of investment securities of $1.0 million, offset by the purchases of $2.0 million. This was further offset by the purchase of $1.2 million in equipment. (A portion of these purchases was for computer software for the Company's MIMRx.com operations.)

For the three months ended March 31, 2000, net cash of $1.2 million was used for financing activities. Debt acquired with the Continental acquisition decreased by $1.3 million.

At March 31, 2000, the Company had working capital of $7.8 million compared to $9.0 million at December 31, 1999. Cash and cash equivalents increased to $20.7 million at March 31, 2000, compared with $15.3 million at December 31, 1999. Investment securities held to maturity increased to $6.0 million at March 31, 2000, compared to $5.0 million at December 31, 1999.

On February 4, 2000, the Company, through its principal pharmacy benefit management operating subsidiary, MIM Health Plans, Inc. ("Health Plans"), secured a $30.0 million revolving credit facility (the "Facility"). The Facility will be used by the Company for general working capital purposes, capital expenditures and for future acquisitions. In addition, a portion of the Facility is available to the Company for the further development of the Company's e-commerce business and operations. The Facility has a three year term and provides for borrowing of up to $30.0 million at a rate of interest selected by the Company equal to the Index Rate (defined as the base rate on corporate loans at large U.S. money center commercial banks, as quoted in the Wall Street Journal) plus a margin, or a London InterBank Offered Rate plus a margin. Health Plans' obligations under the Facility are secured by a first priority security interest in all of Health Plans' receivables as well as other related collateral. Health Plans' obligations under the Facility are guaranteed by the Company.

From time to time, the Company may be a party to legal proceedings or involved in related investigations, inquiries or discussions, in each case, arising in the ordinary course of the Company's business. Although no assurance can be given, management does not presently believe that any current matters would have a material adverse effect on the liquidity, financial position or results of operations of the Company.

At December 31, 1999, the Company had, for tax purposes, unused net operating loss carry forwards of approximately $43.0 million which will begin expiring in 2009. As it is uncertain whether the Company will realize the full benefit from these carryforwards, the Company has recorded a valuation allowance equal to the deferred tax asset generated by the carryforwards. The Company assesses the need for a valuation allowance at each balance sheet date. The Company has undergone a "change in control" as defined by the Internal Revenue Code of 1986, as amended ("Code"), and the rules and regulations promulgated thereunder. The amount of net operating loss carryforwards that may be utilized in any given year will be subject to a limitation as a result of this change. The annual limitation is approximately $2.7 million. Actual utilization in any year will vary based on the Company's tax position in that year.

As the Company continues to grow, it anticipates that its working capital needs will also continue to increase. 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.

The Company also may pursue joint venture arrangements, business acquisitions and other transactions designed to expand its PBM, e-commerce or specialty pharmacy businesses, which the Company would expect to fund from cash on hand, the Facility, other future indebtedness or, if appropriate, the sale or exchange of equity securities of the Company.

OTHER MATTERS

On November 30, 1999, the Governor of the State of Tennessee announced a series of proposed reforms for the TennCare and TennCare Partners programs (the "TennCare reforms"), one of which was to have the State of Tennessee assume responsibility for the provision of pharmacy benefits to TennCare and TennCare Partners program recipients, effective July 1, 2000. In connection with that proposal, on December 15, 1999, the State of Tennessee issued a Request for Proposal (the "RFP") for the provision of such benefits. The Company was a recipient of the RFP and responded to it. On April 13, 2000, the State of Tennessee withdrew the RFP and issued a new RFP for the TennCare Partners behavioral health and long-term care pharmacy benefits program. The Company does not currently service the behavioral health program. The Company has responded to the new RFP. Given the reduced scope of the RFP, contrary to the Company's previous disclosure in its Annual Report Form 10-K, the Company no longer believes that the failure to be awarded the RFP would have a material adverse effect on the Company.

The implementation of all or a portion of these proposed TennCare reforms requires both legislative and regulatory approval. Which reforms will actually be implemented and the timing thereof has not been determined.

As a result of providing capitated PBM services to certain TennCare MCO's, the Company's pharmaceutical claims costs historically have been subject to significant increases from October through February, which the Company believes is due to the need for increased medical attention to, and intervention with, MCO's members during the colder months. The resulting increase in pharmaceutical costs impacts the profitability of capitated contracts and other risk-based arrangements. Risk-based business represented approximately 35% of the Company's revenues while non-risk business (including mail order services) represented approximately 65% of the Company's revenues for the three months ended March 31, 2000, compared to the same period in 1999, which had approximately 28% of risk-based generated revenue and approximately 72% non-risk (including mail order services) generated revenue. Non-risk arrangements mitigate the adverse effect on profitability of higher pharmaceutical costs incurred under risk-based contracts, as higher utilization positively impacts profitability under fee-for-service (or non-risk-based) arrangements. The Company presently anticipates that approximately 25% of its revenues in fiscal 2000 will be derived from risk-based arrangements.

Changes in prices charged by manufacturers and wholesalers or distributors for pharmaceuticals, a component of pharmaceutical claims costs, directly affects the Company's cost of revenue. The Company believes that it is likely that prices will continue to increase, which could have an adverse effect on the Company's gross profit on risk-based arrangements. Because plan sponsors are responsible for the payment of prescription costs in non risk-based arrangements, the Company's gross profit is not adversely affected by changes in pharmaceutical prices. To the extent such cost increases adversely effect the Company's gross profit, the Company may be required to increase risk-based contract rates on new contracts and upon renewal of existing risk-based contracts. However, there can be no assurance that the Company will be successful in obtaining these rate increases.

Generally, loss contracts arise only on capitated or other risk-based contracts and primarily result from higher than expected pharmacy utilization rates, higher than expected inflation in drug costs and the inability of the Company to restrict its MCO clients' formularies to the extent anticipated by the Company at the time contracted PBM services are implemented, thereby resulting in higher than expected drug costs. 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 loss contracts and management does not believe that there is an overall trend towards losses on its existing capitated contracts.

Previously the Company announced that it was exploring with several investment banking firms, various alternatives for maximizing growth potential of MIMRx.com. Among these alternatives was splitting MIMRx.com off as a separate company and commencing a public offering. We have decided, with our financial advisors and bankers that it is not the right time. We will continue to grow our business with priority in E-Commerce and Specialty Pharmaceuticals. At the appropriate time we will make our decision on a possible spin off, based on long-term share appreciation. We cannot speculate today on when this will occur or what the structure may look like.

* * * *

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk represents the only market risk exposure applicable to the Company. The Company's exposure to market risk for changes in interest rates relate primarily to the Company's investments in marketable securities. All of these instruments are classified as held-to-maturity on the Company's consolidated balance sheet and were entered into by the Company solely for investment purposes and not for trading purposes. The Company does not invest in or otherwise use derivative financial instruments. The Company's investments consist primarily of corporate debt securities, corporate preferred stock and State and local governmental obligations, each rated AA or higher. The table below presents principal cash flow amounts and related weighted average effective interest rates by expected (contractual) maturity dates for the Company's financial instruments subject to interest rate risk:

	2000	2001	2002	2003	2004	THEREAFTER
Short-term investments:						
Fixed rate investments	6,000	-	-	-	-	-
Weighted average rate	4.99%	-	-	-	-	-
LONG-TERM INVESTMENTS:						
Fixed rate investments	-	-	-	-	-	-
Weighted average rate	-	-	-	-	-	-
LONG-TERM DEBT:						
Variable rate instruments	284	1,191	-	-	-	-
Weighted average rate	5.57%	8.42%	-	-	-	-

In the table above, the weighted average interest rate for fixed and variable rate financial instruments in each year was computed utilizing the effective interest rate for that instrument at March 31, 2000, and multiplying by the percentage obtained by dividing the principal payments expected in that year with respect to that instrument by the aggregate expected principal payments with respect to all financial instruments within the same class of instrument.

At March 31, 2000, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, claims payable and payables to plan sponsors and others 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 risk as appropriate.

* * * *

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On March 31, 1999, the State of Tennessee, (the "State"), and Xantus Healthplans of Tennessee, Inc. ("Xantus"), entered into a consent decree under which Xantus was placed in receivership under the laws of the State of Tennessee. On September 2, 1999, the Commissioner of the Tennessee Department of Commerce and Insurance (the "Commissioner"), acting as receiver of Xantus, filed a proposed plan of rehabilitation (the "Plan"), as opposed to a liquidation of Xantus. A rehabilitation under receivership, similar to a reorganization under federal bankruptcy laws, was approved by the Chancery Court (the "Court") of the State of Tennessee, would allow Xantus to remain operating as a TennCare MCO, providing full health care related services to its enrollees. Under the Plan, the State, among other things, agreed to loan to Xantus approximately $30 million to be used solely to repay pre-petition claims of providers, which claims aggregate approximately $80 million. Under the Plan, the Company received $4.2 million, including $0.6 million of unpaid rebates to Xantus, which the Company was allowed to retain under the terms of the preliminary rehabilitation plan for Xantus. A plan for the payment of the remaining amounts has not been finalized and the recovery of any additional amounts is uncertain.

As part of the Company's normal review process, the Company determined that each of the Company's agreements (collectively, the "Agreements") with Tennessee Health Partnership ("THP") and Preferred Health Partnership of Tennessee, Inc. ("PHP"), were not achieving profitability projections. As a result thereof, in the first quarter of 1999, and in accordance with the terms of the Agreements, the Company exercised its right to terminate the Agreements effective on September 28, 1999. Through a negotiated extension with THP and PHP, the Company continued to provide PBM services to their respective members through December 31, 1999.

Despite the negotiated extension, there still exist disputes with respect to unpaid fees and other amounts between the Company and THP. On October 20, 1999, the Company demanded arbitration against THP with respect to approximately $2.3 million inappropriately withheld from the Company by THP during 1998. On February 15, 2000, THP responded by filing a motion to dismiss the arbitration, which was denied and the arbitration panel scheduled the arbitration to take place in late August 2000. While the Company intends to vigorously pursue this claim, at this time, the Company is unable to assess the likelihood that it will prevail in its claim.

On February 22, 2000, THP and PHP jointly demanded arbitration against the Company alleging that the Company overbilled THP and PHP, and THP and PHP overpaid the Company, in the approximate amounts of $1.3 million and $1.0 million, respectively. On March 20, 2000, the Company filed its answer and counterclaim and asserted that all amounts billed to, and paid by, THP and PHP were proper under the Agreements and that THP and PHP improperly withheld payments in the approximate amount of $0.5 million and $0.4 million, respectively. The Company believes that it is owed these amounts from THP and intends to pursue vigorously its counterclaims. However, at this time, the Company is unable to assess the likelihood that it will prevail.

On May 4, 2000, the Company reached a negotiated settlement with PHP, under which, among other things, the Company retained rebates that would have otherwise been due and owing PHP, PHP paid the Company an additional $0.8 million and the respective parties released each other from any and all liability with respect to past or future claims. This agreement will not have a material effect on the Company's results of operations or financial position.

In 1998, the Company reached an agreement in principle with respect to a civil settlement of the Federal and State of Tennessee investigation in connection with the conduct of two former officers of a subsidiary prior to the Company's initial public offering. This settlement is subject to several conditions, including the execution of a definitive agreement. The Company anticipates that the investigation will be fully resolved with this settlement.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

From August 14, 1996 through March 31, 2000, the $46.8 million net proceeds from the Company's underwritten initial public offering of its Common Stock (the "Offering"), affected 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 (in thousands):

onstruction of plant, building and facilities............	$	0
Purchase and installation of machinery and equipment......	$	6,492
Purchases of real estate..................................	$	0
Acquisition of other businesses...........................	$	2,325
Repayment of indebtedness.................................	$	0
Working capital...	$	11,308
Temporary investments:	$	
Marketable securities.............................	$	5,986
Overnight cash deposits...........................	$	20,677

To date, the Company has expended a relatively insignificant portion of the Offering proceeds on expansion of the Company's "preferred generics" business which was described more fully in the Offering prospectus and the Company's Annual Report on Form 10-K for the year ended December 31, 1996. At the time of the Offering however, as disclosed in the prospectus, the Company intended to apply approximately $18.6 million of Offering proceeds to fund such expansion. The Company has determined not to apply any material portion of the Offering proceeds to fund the expansion of this business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the first quarter of fiscal year 2000.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
10.63	Employment Letter Agreement, dated as of March 2, 2000, between the Company and James J. Jones, as amended by amendment letter, dated as of April 6, 2000, between the Company and James J. Jones.*
27	Financial Data Schedule

- --------------------

*Indicates a management contract or compensatory plan or agreement required to be filed as an exhibit pursuant to Item 14 (c) of Form 10-K and Regulation SK-601.

(b) Reports on Form 8-K

Two Current Reports on Form 8-K were filed with the Commission. The first was filed on February 14, 2000, for period ending February 8, 2000, regarding a new revolving credit facility agreement entered into with General Electric Capital Corporation. The second was filed May 2, 2000, regarding the modifications to the State of Tennessee RFP and the Company's belief that the failure to secure the TennCare RFP in light of such modifications would not have a material adverse effect on the Company's business and operations.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on May 11, 2000.

MIM CORPORATION

Date: May 11, 2000

/s/Edward J. Sitar

Edward J. Sitar
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

(Exhibits being filed with this Quarterly Report on Form 10-Q)

EXHIBIT NUMBER	DESCRIPTION
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27	Financial Data Schedule.

- --------------------

*Indicates a management contract or compensatory plan or agreement required to be filed as an exhibit pursuant to Item 14 (c) of Form 10-K and Regulation SK-601.

March 2, 2000

Via Federal Express

Mr. James J. Jones
2715 Laurel Lane
Oak Harbor, WA 98277

Re: MIM Corporation/MIMRx.com

Dear J.J.:

MIM Corporation, a Delaware corporation ("MIM"), is pleased to offer you employment as the President and Chief Operating Officer of its Continental Managed Pharmacy Services, Inc., d/b/a MIMRx.com (the "Company") subsidiary, on the terms and subject to the conditions set forth below. The terms and conditions of your employment, upon your execution and delivery of this letter to us, would be as follows:

1. POSITION AND DUTIES:

President and Chief Operating Officer of the Company, with overall responsibility for the business and operations of the Company and its subsidiaries and affiliates including, but not limited to:

(i) Overall responsibility for sales and marketing plans of the Company's and its subsidiaries' products and services;

(ii) Subject to MIM's senior management, responsibility for the conversion and implementation of the conversion of the Company's business and operations to MIMRx.com, Inc. and the relocation of the Company's operations from Cleveland, Ohio to Columbus, Ohio; and

(iii) the hiring and termination of personnel in support of the Company, subject to the approval of MIM's Chief Executive Officer and Chief Operating Officer.

In such capacity, you shall report to, and shall have such further duties as shall be assigned to you by, MIM's Chief Executive Officer, Richard H. Friedman.

2. TERM:

Subject to the execution and delivery of this letter and the Restrictive Covenants attached hereto as Exhibit A, your employment shall commence and shall continue until terminated by you or the Company. The first year of your employment shall terminate on December 31, 2000. Each year of your employment thereafter shall coincide with the calendar year.

3. BASE COMPENSATION:

Your base salary shall be at the rate of $200,000.00 per calendar year, payable bi-weekly, or at such other times as other employees of the Company are paid generally. Your performance and compensation shall be reviewed twelve (12) months after the commencement of your employment and every twelve (12) months thereafter. However, any increase in your compensation shall be in the Company's sole and absolute discretion.

4. BONUS COMPENSATION:

During your employment, you shall be eligible to receive bonus compensation under the Company's executive bonus program (the "Bonus Program") established for the benefit of senior executives of the MIM and its subsidiaries or any subsequent plan established generally for senior management of the Company. During your first year of employment ending December 31, 2000, you will only be entitled to receive the cash component of the Bonus Program pro-rata based on the number of days you were employed by the Company during the first year of your employment bears to a full calendar year.

Eligibility for the aforementioned bonuses will be premised upon your continuing employment through the end of the calendar year to which the bonus in any year of your employment relates, and will be subject to the terms and conditions of the Bonus Program. The Bonus Program was created to provide senior executives of the Company with cash and equity incentives upon reaching certain predetermined revenue, earnings and share performance goals. The terms and conditions of the Bonus Program shall be subject to the completion of definitive documentation with respect thereto and approval of MIM's compensation committee of its Board of Directors. If there shall exist any conflict between this Agreement (including Exhibit A) and the definitive documentation governing the Bonus Program, the definitive documentation (and not this Agreement) shall control.

All base, bonus or other compensation received shall be subject to applicable federal, state and local withholding and other taxes.

5. TRANSPORTATION ALLOWANCE:

During your employment, the Company will provide you with a monthly allowance of $500 for the use of an automobile.

6. RELOCATION ALLOWANCE:

The Company will provide you with up to a $35,000 relocation allowance for reimbursement of actual expenses incurred by you with respect to your relocation to the Company's chief executive offices located in Elmsford, NY, You will receive your relocation allowance upon the later to occur of the following: (i) the completion of the move to your new primary residence in the Elmsford, NY vicinity, and seven days from and after your first day of employment with the Company. In either case, you would be required to present appropriate invoices evidencing payment or other appropriate documentation in support of such expenses.

You agree that you will repay to the Company all amounts paid to you or on your behalf under Section 6 hereof if you terminate your employment with the Company on or before November 1, 2001. In such event, all such amounts will be repaid by you on or before the last day of your employment.

7. CONDITIONS TO EMPLOYMENT:

Your employment shall be conditioned upon completion by the Company of reference checks with prior employers and others, satisfactory to the Company and MIM in its sole discretion. You agree that the Company has the right to make such inquiries and you acknowledge and agree that the Company may make such inquiries.

8. PARTICIPATION IN HEALTH
BENEFIT PLANS; VACATION:

During your employment with the Company, you shall be permitted, if and to the extent eligible, to participate in all employee health and other related benefit plans, policies and practices now or hereafter maintained by or on behalf of the Company, commensurate with your position with the Company. Nothing in this agreement shall preclude the Company from terminating or amending any such plans or coverage so as to eliminate, reduce or otherwise change any benefit payable thereunder. You will be entitled to four weeks of vacation. All such benefits may be amended or modified from time to time or terminated by the Company in its sole and absolute discretion.

9. EXPENSES:

Subject to such policies as may from time to time be established by the Company's Board of Directors, the Company will pay or reimburse you for all reasonable and necessary expenses actually incurred or paid by you during the term of your employment in the performance of your duties under this agreement, upon submission and approval of expense statements, vouchers or other reasonable supporting information in accordance with the then customary practices of the Company.

10. SEVERENCE; CHANGE OF CONTROL:

If, within the three-month period following a "Change of Control" (as defined below), you are terminated by the Company or a successor entity or you elect to terminate your employment after the Company or such successor entity materially reduces your duties and responsibilities, or assigns you duties materially inconsistent with your position prior to such Change of Control, then you shall be entitled to receive six (6) months salary and other benefits earned and accrued prior to the effective date of the termination of your employment (and reimbursement for expenses incurred prior thereto).

In addition, all outstanding unvested options held by you shall vest and become immediately exercisable and shall otherwise be exercisable in accordance with their terms. In such event, you shall also 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. Thereafter you shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment or other triggering event, or any other rights hereunder.

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 benefits 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 at that time own a majority of the Company's outstanding common stock (the "Common Stock")), 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), and in each case, such merger, consolidation or transaction is not approved by a 2/3 of the Board of Directors of the Company and the MIM.

11. RESTRICTIVE COVENANTS:

Contemporaneously with the commencement of your employment, you shall execute and deliver the Restrictive Covenants substantially in the form attached hereto as Exhibit A, whereby, among other things, you will agree to not compete with the "Business" of the Company (as defined) during the term of your employment and for a period of one year following such termination and to not disclose to any third party any trade secrets or proprietary information relating to the Company, now or hereafter acquired by you.

12. ASSIGNABILITY; BINDING NATURE:

This agreement is binding upon, and will inure to the benefit of the parties hereto and their respective successors, heirs, administrators, executors and assigns. None of your rights or obligations under this agreement may be transferred by will or operation of law. The rights and obligation of the Company under this agreement may be assigned or transferred by operation of law in the event of a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company.

13. ENTIRE AGREEMENT:

This agreement supersedes all prior agreements, together with the Restrictive Covenants attached hereto as Exhibit A, contains the entire agreement between the parties concerning the subject matter hereof.

14. AMENDMENTS AND WAIVERS:

This agreement may not be modified, amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

15. NOTICES:

Any notice given hereunder must be in writing and will be deemed received when delivered personally or by courier, or five (5) days after being mailed, certified or registered mail, return receipt requested and duly addressed to the party concerned at the address indicated above or at such other address as such party may subsequently provide in writing.

16. GOVERNING LAW :

The agreement will be governed by, and construed and interpreted in accordance with the laws of the State of New York.

If you are in agreement with the terms and conditions of your employment pursuant to this letter agreement, kindly execute this letter agreement in the space provided below and return it to the undersigned.

Sincerely yours,

MIM Corporation

By: /s/ Richard H. Friedman

Name:
Title:

AGREED TO AND ACCEPTED BY:

/s/ James J. Jones
- --
Name: Mr. James J. Jones

Exhibit A

RESTRICTIVE COVENANTS

Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company is the provision of a broad range of mail order and internet based sales of pharmaceutical products, including health and beauty aids, prescription drugs, vitamins, nutrients, over the counter drugs and other goods and products typically found in drug stores and other e-commerce pharmacy web (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"); provided, however, that Business shall not include any areas of business and/or services that the Company is not engaged in at such time that the Company is sold, merged, consolidated or any other event that would constitute a "Change of Control" (as defined in Section 9 of the Agreement), regardless of whether the successor or acquiring entity is then engaged in such other areas of business and/or services; (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 these Restrictive Covenants are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into the Agreement (as defined below) but for the covenants and agreements set forth herein. 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 severance, 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 material 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 these Restrictive Covenants or the Agreement. Notwithstanding the foregoing, this section (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, (i) 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, or (ii) solicit, contact, market to, work for, or assist others in soliciting any customer or client of the Company with whom the Company was in contact with or was providing goods and services to at the time of the Executive's termination of employment with the Company. 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.

Rights and Remedies upon Breach of Restrictive Covenants.

(a) The Executive acknowledges and agrees that any breach by him of any of the provisions of sections (a) through (d) above (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 Restrictive Covenants, 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 these Restrictive Covenants are unreasonable or otherwise unenforceable. The existence of any claim or cause of action by the Executive, whether predicated on the Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

Agreed to and accepted by:

/s/ James J. Jones
- -----------------------------

James J. Jones

ANNUAL CASH BONUS	Target: Up to 40% of annual salary (At plan:1/2on corporate financial results; 1/2 on individual results)	$______
GRANTS OF LONG-TERM INCENTIVES:	Deferred compensation performance units (Target value: $25 in 2002)	_______ units
	Performance shares (Target share price for early vesting: $25-$30)	_______ shares
	Subject to the terms and conditions 200,000 shares of a stock option agreement options to purchase the common stock, par value $0.0001 per share of the Company, subject, however, to adjustment prior to the granting thereof, at the good faith discretion of the Company's Chief Executive Officer, based on the revised capitalization structure of the Company expected to occur sometime during the next four month. The options shall vest in three equal annual installments commencing on the first anniversary date of the Executive's employment with the Company, at an exercise price equal to the average of the bid and asked on the date the Executive commences employment with the Company.	

May 9, 2000

By Hand Delivery

Mr. James J. Jones
2715 Laurel Lane
Oak Harbor, WA 98277

Re: <u>MIM Corporation/MIMRx.com</u>

Dear J.J.:

MIM Corporation, a Delaware corporation ("MIM"), would like to amend the letter of employment between you and MIM, dated as of March 2, 2000 (the "March 2 Employment Letter"), as follows:

1. Paragraph 3 of the March 2 Employment Letter is deleted and replaced in its entirety with the following:

"3. <u>BASE COMPENSATION:</u>

Your base salary shall be at the rate of $225,000.00 per calendar year, payable bi-weekly, or at such other times as other employees of the Company are paid generally. Your performance and compensation shall be reviewed twelve (12) months after the commencement of your employment and every twelve (12) months thereafter. However, any increase in your compensation shall be in the Company's sole and absolute discretion."

Such amendment shall be retroactive to your start date with the Company.

2. A new Paragraph 4 entitled "Options to Purchase Common Stock" shall be added as follows:

"4. <u>OPTIONS TO PURCHASE</u>
<u>COMMON STOCK:</u>

As further compensation hereunder, effective upon the later to occur of the date you commence your employment with the Company and the date you execute the Option Agreement, the Company would grant to you 225,000 options ("Options") to purchase Company common stock ("Common Stock"), subject, however, to adjustment prior to the granting thereof, at the good faith discretion of the Company's Chief Executive Officer, based on the revised capitalization structure of the Company expected to occur sometime during the next four months. In no event would you receive less Options than other employees at your level (being President of an MIM subsidiary). Such Options shall vest in equal installments on the first, second and third anniversary dates of your employment. The grant and vesting of your options would be subject to the terms and conditions set forth in the form of Option Agreement. Such options shall be priced on the later to occur of (i) first day of your employment with the Company, and (ii) the date that the Company's Board of Directors authorizes and approves the plan as contemplated above."

3. Paragraphs 4 - 16 of the March 2 Employment Letter shall be renumbered as appropriate.

4. All capitalized terms not defined herein shall have the meaning assigned thereto in the March 2 Employment Letter.

5. This amendment will be governed by, and construed and interpreted in accordance with the laws of the State of New York.

If you are in agreement with the terms and conditions of your employment pursuant to this letter agreement, kindly execute this letter agreement in the space provided below and return it to the undersigned.

Sincerely yours,

MIM Corporation

By: /s/ Richard H. Friedman

Name:
Title:

AGREED TO AND ACCEPTED BY:

/s/ James J. Jones
- ---------------------------------------
Name: Mr. James J. Jones

5

3-MOS
DEC-31-2000
JAN-1-2000
MAR-31-2000
20,677
5,986
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86,412
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