UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 31, 2014

BioScrip, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**000-28740**	**05-0489664**
(State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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100 Clearbrook Road
Elmsford, New York 10523
(Address of principal executive offices) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Entry into Stock Purchase Agreement

On February 1, 2014, BioScrip, Inc. (“the Company”) entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”) by and among Nebraska Health Care Group, LLC (“NHC”), Illinois Health Care Group, LLC (“IHC”), Kentucky Health Care Group, LLC (“KHC”), Tennessee Health Care Group, LLC (“THC”), Mississippi Health Care Group, LLC (“MHC” and, collectively with NHC, IHC, KHC and THC, the “Buyers”), and LHC Group, Inc., a Delaware corporation (“LHC”), on the one hand, and the Company and Elk Valley Professional Affiliates, Inc. (“EVPA”), South Mississippi Home Health, Inc. (“SMHH”), and Deaconess Homecare, LLC (the “Seller”), on the other hand. Each of the Buyers is a wholly-owned subsidiary of LHC and the Seller is a wholly-owned subsidiary of the Company. The sale of the Company’s Home Health Services segment is in furtherance of the Company’s continuing evaluation of its non-core businesses, and decision to continue to focus its growth initiatives and capital in its Infusion Services segment.

Pursuant to the Stock Purchase Agreement, the Buyers have agreed to acquire substantially all of the Company’s Home Health Services segment (the “Business”), consisting of (1) all of the issued and outstanding shares of capital stock of EVPA owned by the Seller, (2) all of the issued and outstanding shares of capital stock of SMHH owned by the Seller, and (3) all of the issued and outstanding membership interests in three limited liability companies (collectively, the “Holding Newcos”) that will be formed and wholly-owned by the Seller prior to closing to hold indirectly the Seller’s other assets and operating liabilities related to the operation of the Business (the “Transaction”). EVPA, SMHH and the Holding Newcos are referred to collectively as the “Subject Companies.”

The closing of the Transaction is expected to occur on the later of March 31, 2014 or the second business day following the satisfaction or waiver of all closing conditions, other than closing conditions with respect to actions the respective parties will take at the closing itself (such later date, the “Closing Date”). At the closing of the Transaction, the Buyers will pay to the Seller a total cash purchase price of approximately $60.0 million, subject to adjustment based on the total net working capital of the Subject Companies as of the Closing Date. The Transaction and the other transactions contemplated by the Stock Purchase Agreement are subject to customary closing conditions, including compliance with covenants, release and satisfaction of all indebtedness of the Subject Companies, receipt of certain contractual consents and receipt of regulatory approvals.

Pursuant to the Stock Purchase Agreement, the Company has guaranteed to the Buyers the payment in full of all amounts (i) when due and owing by the Seller under the Stock Purchase Agreement, including the Seller’s obligations to indemnify the Buyers, Subject Companies and their affiliates; (ii) incurred in connection with any actions, suits, or proceedings initiated to enforce the provisions of the Company’s guarantee; and (iii) with respect to damages for breach of contract as a result of the Seller failing to consummate the Transaction upon the satisfaction or waiver of its conditions precedent to closing.

The Stock Purchase Agreement contains standard and customary representations, warranties, covenants and indemnification provisions, including indemnification by the Seller with respect to claims related to actions taken or events occurring prior to the Closing Date. The Stock Purchase Agreement may be terminated at any time prior to the Closing Date by, among other things, mutual agreement of the Seller and Buyers, or by either the Seller or the Buyers if the other party fails to satisfy the applicable closing conditions under the Stock Purchase Agreement by July 1, 2014.

The Stock Purchase Agreement has been included to provide our shareholders with information regarding its terms. It is not intended to provide any other factual information about the Buyers, LHC, the Seller or the Company. The Stock Purchase Agreement contains representations and warranties that the parties to the Stock Purchase Agreement made to and solely for the benefit of each other. Moreover, information concerning the subject matter of such representations and warranties may change after the date of the Stock Purchase Agreement, which subsequent information may or may not be reflected in the Company's public disclosures.

A copy of the Stock Purchase Agreement is filed as Exhibit 2.1 to this Current Report on Form 8-K and is incorporated herein by reference. We encourage you to read the Stock Purchase Agreement for a more complete understanding of the Transaction. The foregoing description of the Stock Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Stock Purchase Agreement.

Second Amendment to Senior Credit Facilities

On July 31, 2013,the Company entered into (i) a senior secured first-lien revolving credit facility in an aggregate principal amount of $75.0 million (the "Revolving Credit Facility"), (ii) a senior secured first-lien term loan B in an aggregate principal amount of $250.0 million (the "Term Loan B Facility") and (iii) a senior secured first-lien delayed draw term loan B in an aggregate principal amount of $150.0 million (the "Delayed Draw Term Loan Facility" and, together with the Revolving Credit Facility and the Term Loan B Facility, the "Senior Credit Facilities") with SunTrust Bank, Jefferies Finance LLC and Morgan Stanley Senior Funding, Inc.

Subsequently, on December 23, 2013, the Company entered into a first amendment to the Senior Credit Facilities (the "First Amendment"), pursuant to which the Company obtained the consent of the required lenders under the Senior Credit Facilities to finalize the terms of the previously-disclosed settlement with the United States Department of Justice relating to the distribution of the Novartis Pharmaceutical Corporation's product *Exjade*® by the Company's legacy specialty pharmacy division that was divested in May 2012, to enter into definitive documentation for the settlement and to begin making payments under such documentation in accordance with the terms of the settlement. A copy of the First Amendment is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing description of the First Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the First Amendment.

On January 31, 2014, the Company entered into a second amendment to the Senior Credit Facilities (the "Second Amendment"). The Second Amendment, as well as the offering of senior notes discussed below, will provide the Company with the ability to continue investing its capital in its core Infusion Services segment, while allowing it the flexibility to implement any desired alternatives with respect to its non-core business, including the sale of the Home Health segment discussed above. Among other things, the Second Amendment, (i) provided additional flexibility with respect to compliance with the maximum net leverage ratio for the fiscal quarters ending December 31, 2013 through and including December 31, 2014, (ii) provided additional flexibility under the indebtedness covenants to permit (x) up to $150 million of second-lien debt and (y) up to $250 million of unsecured bonds, provided that 100% of the net proceeds are applied first to the Revolving Credit Facility, with no corresponding permanent commitment reduction, and then to the Term Loan B Facility, (iii) provided the requisite flexibility to sell non-core assets, subject to the satisfaction of certain conditions and (iv) increased the applicable interest rates for the Senior Credit Facilities until the occurrence of certain triggering events.

A copy of the Second Amendment is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing description of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Second Amendment.

Item 7.01 Regulation FD Disclosure.

On February 3, 2014, the Company issued a press release announcing the entering into of the Stock Purchase Agreement (the "Press Release"). A copy of the Press Release is attached as Exhibit 99.2 hereto and incorporated herein by reference.

Additionally, the Company intends to offer $200 million in aggregate principal amount of senior notes due 2021. The senior notes will be issued by the Company and will be unconditionally guaranteed by certain of the Company's subsidiaries.

The Company intends to use the net proceeds of the offering to pay a portion of the amounts outstanding on its Senior Secured Credit Facilities.

The senior notes will be issued through a private placement and resold by initial purchasers to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), and Regulation S. The senior notes will not be registered under the Securities Act and cannot be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This does not constitute an offer to sell or the solicitation of an offer to buy any security in any jurisdiction in which such offer or sale would be unlawful.

Cautionary Note Regarding Forward-Looking Statements

Except for historical information, all other information in this Form 8-K includes statements that may constitute "forward looking statements." These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks, uncertainties and other factors, including the contemplated size of a note offering, possible completion of a note offering, the prospective impact of a note offering, plans to repay certain indebtedness (including the terms and success of such repayment), and the Company's ability to complete the Transaction, which may cause the actual results to be materially different from those expressed or implied in the forward-looking statements. Other important factors that could cause the statements made in this Form 8-K or the actual results of operations or financial condition of the Company to differ include, without limitation, that the note offering is subject to market conditions and a number of other conditions and approvals and the final terms may vary substantially as a result of market and other conditions. There can be no assurance that the note offering will be completed as described herein or at all. Other important factors are discussed under the caption "Forward-Looking Statements" in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and in subsequent filings made prior to or after the date hereof. The Company does not intend to review or revise any particular forward-looking statement in light of future events.

Certain Information

Attached as Exhibit 99.3 to this Current Report on Form 8-K are selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with the proposed private placement. There can be no assurance that the placement will be completed as described in the offering memorandum or at all.

The information in this Current Report on Form 8-K (including Exhibits 99.2 and 99.3) being furnished pursuant to Item 7.01 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act, or the Exchange Act, except as shall be expressly provided by specific reference in such filing.

Item 8.01 Other Events.

On February 3, 2014, the Company issued a press release announcing the Company had commenced an offering of $200 million aggregate principal amount of senior notes due 2021. A copy of the press release is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated as of February 1, 2014, by and among Elk Valley Professional Affiliates, Inc., South Mississippi Home Health, Inc., Deaconess Homecare, LLC, and the Buyers identified on the signature pages thereto, the Company, and LHC Group, Inc. (Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules and exhibits to this agreement are omitted. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.)
10.1	Second Amendment to the Senior Credit Facilities, dated as of January 31, 2014
99.1	First Amendment to the Senior Credit Facilities, dated as of December 23, 2013
99.2	Press Release, dated February 3, 2014, announcing entry into the Stock Purchase Agreement
99.3	Selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with its proposed private placement.
99.4	Press Release, dated February 3, 2014, announcing the offering of senior notes due 2021.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

BIOSCRIP, INC.

Date: February 3, 2014

By: /s/ Kimberlee C. Seah
Kimberlee C. Seah
Senior Vice President and General Counsel

EXHIBIT INDEX

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10.1	Second Amendment to the Senior Credit Facilities, dated as of January 31, 2014
99.1	First Amendment to the Senior Credit Facilities, dated as of December 23, 2013
99.2	Press Release, dated February 3, 2014, announcing entry into the Stock Purchase Agreement
99.3	Selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with its proposed private placement.
99.4	Press Release, dated February 3, 2014, announcing the offering of senior notes due 2021.

STOCK PURCHASE AGREEMENT

BY AND AMONG

ELK VALLEY PROFESSIONAL AFFILIATES, INC.,
a Tennessee corporation,

SOUTH MISSISSIPPI HOME HEALTH, INC.,
a Mississippi corporation,

DEACONESS HOMECARE, LLC,
a Delaware limited liability company,

BIOSCRIP, INC.
a Delaware corporation,

THE BUYERS IDENTIFIED ON THE SIGNATURE PAGE HERETO,

and

LHC GROUP, INC.
a Delaware corporation

February 1, 2014

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STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** (this "**Agreement**") is entered into as of this 1st day of February, 2014 (the "**Effective Date**"), by and among **ELK VALLEY PROFESSIONAL AFFILIATES, INC.**, a Tennessee corporation ("**EVPA**"), **SOUTH MISSISSIPPI HOME HEALTH, INC.**, a Mississippi corporation ("**SMHH**") , **DEACONESS HOMECARE, LLC**, a Delaware limited liability company ("**Shareholder**"), and the Buyers identified on the signature pages hereto (collectively, the "**Buyer**"), BioScrip, Inc., a Delaware corporation ("**BioScrip**") (solely with respect to Sections 10.4, 10.5, 10.6, 12.2, 12.4 and 15.12), and LHC Group, a Delaware corporation ("**LHC**") (solely with respect to Sections 10.4, 10.6, 12.3 and 15.13).

RECITALS

WHEREAS, SMHH owns all of the issued and outstanding shares of the capital stock of the following: South Mississippi Home Health, Inc. – Region I, a Mississippi corporation, South Mississippi Home Health, Inc. – Region II, a Mississippi corporation, South Mississippi Home Health, Inc. – Region III, a Mississippi corporation, which collectively conduct home health and hospice operations in the State of Mississippi at the locations set forth on Exhibit A hereto;

WHEREAS, EVPA holds all of the membership interests of the following: Cedar Creek Home Health Care Agency, LLC, a Tennessee limited liability company, Elk Valley Health Services, LLC, a Tennessee limited liability company, Gericare, LLC, a Tennessee limited liability company, Elk Valley Home Health Care Agency, LLC, a Tennessee limited liability company, which collectively conduct home health and private duty operations in the State of Tennessee at the locations set forth on Exhibit A hereto;

WHEREAS, Infusion Therapy Specialists, Inc., a Nebraska corporation, Scott-Wilson, Inc., a Kentucky corporation, and Option Health, Ltd., an Illinois corporation (the "**Excluded Companies**"), collectively conduct home health operations in the States of Nebraska, Kentucky and Illinois, respectively, at the locations set forth on Exhibit A hereto;

WHEREAS, prior to the Closing the Shareholder is expected to form three (3) new wholly owned limited liability company subsidiaries in connection with the transactions contemplated hereunder ("**Holding Newcos**");

WHEREAS, prior to the Closing the Holding Newcos are expected to each form a wholly owned limited liability company subsidiary in connection with the transactions contemplated hereunder ("**Operating Newcos**");

WHEREAS, prior to the Closing the assets which are currently solely used in, and the operating liabilities which arose solely from, the operation of the home health businesses currently operated through the Excluded Companies are expected to be transferred to the Operating Newcos;

WHEREAS, Shareholder owns all of the issued and outstanding shares of the capital stock of EVPA and SMHH, and prior to the Closing will own all of the issued and outstanding membership interests of the Holding Newcos (collectively, the "**Shares**"); and

WHEREAS, Buyer desires to purchase from Shareholder, and Shareholder desires to sell to Buyer, the Shares on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the above and the mutual representations, warranties, covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Certain Definitions. In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1, which shall be equally applicable to both the singular and plural forms.

"**Affiliate**" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. For purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to elect at least 50% of the governing board of such Person or to direct or cause the direction of the management and policies of the Person, whether through ownership of voting securities, partnership or limited liability interests, nonprofit membership, contract or otherwise.

"**Buyer Closing Date Transaction**" means any transaction outside of the ordinary course of business engaged in by any Company or any Company Subsidiary on the Closing Date, which occurs after the Closing at the direction of the Buyer, including any transaction engaged in by any Company or any Company Subsidiary in connection with the financing any obligations of the Buyer to make a payment under this Agreement, but not including transactions deemed to occur as a result of a Section 338(h)(10) Election.

"**Closing Date Net Working Capital**" means the Net Working Capital as of the Closing Date as determined in accordance with Section 4.2. For the avoidance of doubt, the Net Working Capital for each Company and each Company Subsidiary will be aggregated, however, any asset or Liability on the balance sheet of either Company related to Company Subsidiaries or any Affiliates shall be disregarded.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Companies' knowledge**", "**knowledge of Companies**" and like phrases mean the actual knowledge of the Companies' and Companies' Subsidiaries' Vice President of Home Care and Vice President Finance and Treasurer, and BioScrip's Senior Vice President Human Resources, Chief Information Officer, Chief Financial Officer, Director of Corporate Development, and those person(s) identified on Schedule 1.1 attached hereto, after such due inquiry as a prudent businessperson would have made or exercised in the management of his or her business affairs.

"**Companies**" means EVPA, SMHH, and Holding Newcos, with each referred to as a "**Company**".

“**Companies’ Subsidiaries**” means Cedar Creek Home Health Care Agency, LLC, a Tennessee limited liability company, Elk Valley Health Services, LLC, a Tennessee limited liability company, Gericare, LLC, a Tennessee limited liability company, Elk Valley Home Health Care Agency, LLC, a Tennessee limited liability company, South Mississippi Home Health, Inc. – Region I, a Mississippi corporation, South Mississippi Home Health, Inc. – Region II, a Mississippi corporation, South Mississippi Home Health, Inc. – Region III, a Mississippi corporation, and the Operating Newcos (once formed).

“**Confidential Information**” means any confidential or proprietary business information, other than Trade Secrets, solely applicable to the Companies or the Companies’ Subsidiaries that is the subject of reasonable efforts to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Companies or the Companies’ Subsidiaries. Confidential Information shall include, but not be limited to, the following to the extent solely applicable to the Companies and the Companies’ Subsidiaries: (i) business or operating plans, strategies, know-how, portfolios, prospects or objectives; (ii) structure, products, product development in progress as of the date hereof, technology, distribution, sales, advertising services, support and marketing plans, practices, and operations; (iii) methods of pricing, costs and details of services; (iv) financial condition and results of operations; (v) the performance of any accounts; (vi) research and development, operations or plans; (vii) lists of patients, and payors (including, without limitation, the identity of patients, addresses, and any other characteristics of such Persons); (viii) information received from third parties under confidential conditions; (ix) management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); (x) personnel and compensation policies; (xi) operating policies and manuals; (xii) financial records and related information; (xiii) computer aided systems, software, strategies and programs; (xiv) financial data, formulas, patterns, compilations, studies, strategies, methods, techniques, processes and system analyses; or (xv) other valuable financial, commercial, business technical and marketing information related to any of the products or services made solely with respect to, the Companies or any of the Companies’ Subsidiaries. This definition shall not limit any definition of “confidential information” or any equivalent term under applicable state or federal law as applied to information which is solely applicable to the Companies or the Companies’ Subsidiaries. “Confidential Information” shall not include information which may also pertain to the Shareholder or its Affiliates (other than the Companies and the Companies’ Subsidiaries).

“**Current Assets**” means all accounts, notes, interest and other receivables of Companies and the Companies’ Subsidiaries, and all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, in any case arising from the rendering of services to patients of the Companies and the Companies’ Subsidiaries, billed and unbilled, recorded and unrecorded, for services provided by Companies and the Companies’ Subsidiaries whether payable by private pay patients, private insurance, third party payors, Medicare, Medicaid, or by any other source (net of reserves for contractual allowances and allowance for doubtful accounts), inventory and prepaid expenses, calculated consistent with past practices.

“**Current Liabilities**” means all accounts payable, accrued Taxes and accrued wages and related liabilities of the Companies and the Companies’ Subsidiaries, calculated consistent with past practices.

“**Dispute**” means any dispute or controversy arising between or among any parties out of or relating to or with respect to any of the provisions contained in this Agreement.

“**EBITDA**” means earnings before interest, income Taxes, depreciation and amortization, all of which shall be determined in accordance with GAAP, calculated consistent with past practices.

“**Employee Benefit Plans**” means each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) and each other material employee benefit plan, program or arrangement that is maintained or contributed to by the Companies or the Companies’ Subsidiaries on behalf of their employees; provided, however, that the definition of “Employee Benefit Plan” shall not be deemed to include employment agreements.

“**Environmental Laws**” means all applicable federal, state, local and foreign Laws concerning emissions, discharges, releases or threatened releases, or the manufacture, transportation, storage or use, of any substance that is or becomes defined as a “hazardous substance,” “hazardous waste,” “hazardous material,” “pollutant,” or “contaminant” under the Comprehensive Environmental Response Compensation and Liability Act; the Emergency Planning and Community Right-To-Know Act; the Toxic Substances Control Act; the Resource Conservation and Recovery Act; the Clean Water Act; the Safe Drinking Water Act; the Clean Air Act; and the Hazardous Materials Transportation Act, each as amended and supplemented as of the Closing Date, any final regulations promulgated pursuant to such Laws, and any analogous and applicable Law, as the foregoing are enacted and in effect on or prior to the Closing Date.

“**GAAP**” means generally accepted accounting principles.

“**Governmental Entity**” means any government or any agency, bureau, board, commission, court, arbitral body, department, division, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

“**Health Care Laws**” means: (i) Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended (the “Stark Law”), 42 U.S.C. § 1395nn; (ii) Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); (iii) the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); (iv) the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 51-58; (v) the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; (vi) the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d-1329d-8 (“HIPAA”) and all applicable implementing regulations, rules, ordinances, judgments, and orders, and any similar state and local statutes, regulations, rules, ordinances, judgments, and orders; (vii) all licensing, certificate of need, regulatory and reimbursement Laws applicable to healthcare service providers providing the items and services that the Companies or the Companies’ Subsidiaries provide, including, without limitation 42 CFR §424.550(b) referenced in Section 5.23.6 below; and (viii) any applicable policies, manuals, transmittals, guidelines of Governmental Entities related to reimbursement, claims submission or claims adjudication (including, without limiting the generality of the foregoing, any of the same, noncompliance with which would reasonably be expected to terminate or disqualify a person’s (including any party hereto) reimbursement or right to payment from, or participation with, any governmental payor).

“**Indebtedness**” means, without duplication, the sum of (i) all obligations of the Companies and the Companies’ Subsidiaries for indebtedness for borrowed money (excluding, for the avoidance of doubt, any trade payables, accounts payable and other similar liabilities) and (ii) all obligations of the Companies and the Companies’ Subsidiaries for any accrued but unpaid interest relating to any of the foregoing; provided that, notwithstanding anything in the foregoing to the contrary, Indebtedness shall not include any (a) liabilities or obligations of the Companies and the Companies’ Subsidiaries in respect of any guarantees, letters of credit, performance bonds, surety bonds, sureties or similar obligations issued by or on behalf of the Companies or the Companies’ Subsidiaries, whether issued in connection with any customer or supplier contracts, proposals or otherwise, but in all cases limited to those solely related to the business operations of the Companies and the Companies’ Subsidiaries, (b) intercompany accounts, payables or loans of any kind or nature between or among any of the Companies and the Companies’ Subsidiaries, (c) liabilities or obligations under any lease (including under any capital lease), and (d) liabilities or obligations of the Companies and/or the Companies’ Subsidiaries relating to Buyer’s and/or any of Buyer’s Affiliates’ financing for the transactions contemplated hereby and/or any indebtedness arranged by Buyer and/or any of Buyer’s Affiliates.

“**Independent Auditor**” means BKD, LLP or another independent national or regional accounting firm which is acceptable to the parties and is not the auditor for Buyer, Shareholder or their respective Affiliates.

“**Intellectual Property**” means all (i) patents, patent applications, patent disclosures and inventions, together with all improvements, revisions, extensions and continuations thereof (ii) trademarks, service marks, trade dress, trade names, logos and corporate names (in each case, whether registered or unregistered) and registrations and applications for registration thereof together, to the extent applicable, with all of the goodwill associated therewith, (iii) copyrights (registered or unregistered) and registrations and applications for registration thereof, (iv) computer software, data, data bases and documentation thereof, (v) trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information), (vi) World Wide Web addresses and domain name registrations, (vii) works of authorship including, without limitation, computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, designs, files, records, data and mask works and any rights in semiconductor masks, layouts, architectures or topography, (viii) all advertising and promotional materials, and (ix) all copies and tangible embodiments of any of the above.

“**Law**” means, with respect to any particular Person, any statute, law, ordinance, rule or regulation of a Governmental Entity applicable to such Person, as the case may be.

"**Liability**" means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, known or unknown, liquidated or unliquidated, matured or unmatured, or otherwise.

"**Liens**" means any liens, claims, options, pledges, security interests, encumbrances or restrictions on transfer.

"**Losses**" means losses and out-of-pocket costs, damages, and expenses, including, without limitation, reasonable legal fees, accounting costs, fines, penalties, compliance costs, amounts paid in settlement, court costs, investigation and remediation costs, and consultant, expert, and other professional fees, including any of the above incurred in enforcing a right to indemnification hereunder. Losses shall exclude any such items that are punitive, special, consequential, incidental, exemplary, in the nature of lost profits or the like, or any dimunition in value of property or equity, except as to actual awards to a third party in an action brought against a Buyer Indemnified Party or with respect to a claim based on fraud.

"**Material Adverse Effect**" means any fact, circumstance, effect, change, event or development that materially adversely affects the business, properties, condition (financial or otherwise) or results of operations of the Companies and the Companies' Subsidiaries, taken as a whole; provided, that, for purposes of this Agreement, a Material Adverse Effect shall not include the effect of (and none of the following shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect) (i) facts or circumstances existing as of the Effective Date within, or changes to, the industry or markets in which the business of the Companies and the Companies' Subsidiaries operate, (ii) the announcement or disclosure of the transactions contemplated herein, (iii) general economic, regulatory or political conditions and other economic, regulatory or political conditions applicable to the home health care industry, or changes to any of the foregoing, (iv) changes in or the condition of financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (v) military action or any act of terrorism, (vi) changes in Law or GAAP after the date hereof, (vii) compliance with the terms of this Agreement or with any request of Buyer, (viii) any "Act of God", including, but not limited to, any hurricane, fire, earthquake or other natural disaster, (ix) the failure of the Companies and the Companies' Subsidiaries to meet or achieve the results set forth in any projection, estimate, forecast or plan, and/or (x) any matter set forth in the Schedules hereto (provided that the underlying causes of such failures in subsections (ix) and (x) (subject to the other provisions of this definition) shall not be excluded), except in each of subsections (i), (iii), (iv), (v), (vi), and (viii), above, to the extent that such changes, conditions or acts, taken as a whole, have a disproportionate impact on the Companies or the Companies' Subsidiaries relative to other comparable businesses.

"**Net Working Capital**" means consolidated Current Assets of the Companies and the Companies' Subsidiaries, minus consolidated Current Liabilities of the Companies and the Companies' Subsidiaries, determined according to the accounting methods, policies, practices and procedures, including classification and estimation methodology, used by the Companies, the Companies' Subsidiaries, and their Affiliates in the preparation of the Financial Statements.

“**Objections Statement**” means a statement setting forth in reasonable detail the basis for the items on the Closing Statement being disputed in good faith.

“**Permitted Liens**” means (i) any restriction on transfer arising under any applicable securities Laws, (ii) Liens in respect of Taxes or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings by either Company and/or any Company Subsidiary; (iii) Liens of landlords and mechanics’, carriers’, workers’, repairers’, and similar Liens arising or incurred in the ordinary course of business; (iv) zoning, entitlement, building, environmental and other land use regulations imposed by Governmental Entities having jurisdiction over any of the Leased Real Property which are not violated by the current use and operation of the Leased Real Property; (v) covenants, conditions, restrictions, easements and other similar matters of record or otherwise disclosed on title surveys affecting any of the real property subject to the Real Property Leases which do not materially impair the occupancy or use thereof for the purposes for which it is currently used or proposed to be used by either Company and/or any Company Subsidiary in connection with the Companies’ or the Companies’ Subsidiaries’ businesses; (vi) Liens arising under worker’s compensation, unemployment insurance, social security, retirement and similar legislation; (vii) purchase money Liens and Liens of lessors and licensors arising under lease agreements or license arrangements; (viii) Liens granted to any lender at or about the Closing in connection with any financing by Buyer or any of its Affiliates for the transactions contemplated hereby.

“**Person**” means an association, a corporation, an individual, a partnership, a limited liability company, a trust or any other entity or organization, including a Governmental Entity.

“**Pre-Closing Tax Periods**” means all Tax periods ending on or before the Closing Date and the portion through the end of the Closing Date for any Tax period that includes but does not end on the Closing Date.

“Recoupment Indemnity Matter” has the meaning set forth in Section 13.2.1(iv).

“**Shareholder Approved Tax Matter**” means (a) amending or otherwise changing any Tax Return or Tax election of the Companies or the Companies’ Subsidiaries for a Pre-Closing Tax Period or Straddle Period; (b) extending or waiving the applicable statute of limitations with respect to a Tax of the Companies or the Companies’ Subsidiaries for a Pre-Closing Tax Period or Straddle Period; (c) filing any ruling request with any Governmental Entity that relates to Taxes or Tax Returns of the Companies or the Companies’ Subsidiaries for a Pre-Closing Tax Period or Straddle Period; or (d) any disclosure to, or discussions with, any Governmental Entity regarding any Tax or Tax Returns of the Companies or the Companies’ Subsidiaries for a Pre-Closing Tax Period or Straddle Period, including disclosure to, or discussions with, a Governmental Entity with respect to filing Tax Returns or paying Taxes for a Pre-Closing Tax Period (or Straddle Period) in jurisdictions that the Companies or the Companies’ Subsidiaries did not file a Tax Return (or pay Taxes) for such periods.

“Special Indemnity Matter” has the meaning set forth in Section 13.2.1(iv).

“**Straddle Period**” means any taxable period that includes, but does not end on, the Closing Date.

“**Target Net Working Capital**” means Eight Million Dollars ($8,000,000.00).

“**Tax Benefit**” shall mean any reduction in Taxes payable or any increase in any Tax refund receivable (including any related interest).

“**Tax Loss**” means any (i) Tax of either Company and/or any Company Subsidiary for a Pre-Closing Tax Period (or the portion of a Straddle Period ending on the Closing Date determined as provided in Section 12.2.2) and (ii) any reasonable fees and expenses of legal counsel or other tax advisors incurred by Buyer, either Company and/or any Company Subsidiary in controlling a proceeding by any Governmental Entity with respect to the Taxes set forth in clause (i). Notwithstanding the foregoing, Tax Losses shall exclude the following Taxes (and related costs): (a) Taxes to the extent reserved for as a Current Liability on the Closing Statement, as finally determined; (b) Taxes directly resulting from a breach by the Buyer of any covenant or other agreement in Section 12.2; (c) the Buyer’s allocable share of any Transfer Taxes under Section 12.2.4; and (d) Taxes resulting from a Buyer Closing Date Transaction.

“**Tax Returns**” means any return, report, statement, information return or other document (including any related or supporting information) filed or required to be filed with any Governmental Entity in connection with the determination, assessment, collection or administration of any Taxes or the administration of any Laws, regulations or administrative requirements relating to any Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Taxes**” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, unclaimed property, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other taxes, charges, fees imposts, levies of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

“**Trade Secret**” means, in addition to any information solely applicable to the Companies and the Companies’ Subsidiaries which is covered by any definition of “trade secret” or any equivalent term under state, local or federal law, all information solely applicable to the Companies and the Companies’ Subsidiaries, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists, a list of actual or potential customers, or a list of actual or potential contractors, consultants and suppliers, which is not commonly known by or available to the public and which information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. “Trade Secret” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of Buyer, and shall not include information which may also pertain to the Shareholder or its Affiliates (other than the Companies and the Companies’ Subsidiaries). Nothing in this Agreement is intended, or shall be construed, to limit the protections of the Uniform Trade Secrets Act of any state or any other applicable law protecting trade secrets or other confidential information.

1.2 Other Defined Terms. The following terms have the meanings defined for such terms in the locations set forth below:

Term	Location
Additional Cap	Section 13.2.2
Agreement	Introductory Paragraph
Allocation Schedule	Section 12.2.1(iii)(E)
BioScrip Obligation(s)	Section 15.12
Buyer	Introductory Paragraph
Buyer Indemnified Parties	Section 13.2.1
Closing	Article 3
Closing Date	Article 3
Closing Statement	Section 4.2
Companies	Introductory Paragraph
Comparable Benefits	Section 11.5
Confidentiality Agreement	Section 11.4
Deductible	Section 13.2.2
Effective Date	Introductory Paragraph
Effective Time	Article 3
Employees	Section 12.4.3(ii)
Estimated Closing Date Net Working Capital	Section 4.2
EVPA	Introductory Paragraph
EVPA Shares	Section 5.4.1
Excess Losses	Section 13.2.2(iii)
Final Closing Date Net Working Capital	Section 4.2
Financial Statements	Section 5.5
Fundamental Representations	Section 13.1
General Cap	Section 13.2.2
Government Programs	Section 5.20.1
Health Care Laws	Section 5.23.1
HIPAA	Section 5.23.1
Holding Newco	Recitals
Indemnification Notice	Section 13.6
Indemnitee	Section 13.6
Indemnitor	Section 13.6
Labor Laws	Section 5.18.2
Latest Balance Sheets	Section 5.5
Leased Real Property	Section 5.8.1
LHC	Introductory Paragraph
Material Contracts	Section 5.10.2
LHC Obligation	Section 15.13
Necessary Consents and Approvals	Section 8.7
New Plans	Section 11.5
Old Plans	Section 11.5
Operating Newcos	Recitals
Private Programs	Section 5.20.1

Term	Location
Providers	Section 12.4.3(ii)
Purchase Price	Section 4.1
Real Property Leases	Section 5.8.1
Restricted Territory	Section 12.4.2
Section 338(h)(10) Election	Section 12.2.1(iii)(E)
Seller Party	Section 10.5
Shareholder	Introductory Paragraph
Shareholder Indemnified Parties	Section 13.4.1
Shareholder Prepared Returns	Section 12.2.1
Shares	Recitals
SMHH	Introductory Paragraph
SMHH Shares	Section 5.4.1
Stark Law	Section 5.23.1
Survival Period	Section 13.1
Tax Contest	Section 12.2.5(i)
Third Party Claim	Section 13.6
Top Suppliers	Section 5.25
Transfer Taxes	Section 12.2.4
WARN Act	Section 5.18.4

ARTICLE 2
SALE AND PURCHASE OF SHARES

Subject to the terms and the conditions set forth in this Agreement and on the basis of the representations and warranties herein, Shareholder agrees to sell, convey, transfer, assign and deliver to Buyer and Buyer agrees to purchase, receive and accept from Shareholder all of the Shares, free and clear of all Liens.

ARTICLE 3
CLOSING

Unless the parties hereto otherwise agree in writing, the actions contemplated to consummate the transactions under this Agreement (the "**Closing**") shall take place on the later of March 31, 2014 or the second business day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective parties will take at the Closing itself) (the "**Closing Date**"). The Closing shall occur at a time and place mutually determined by the parties, and shall be deemed effective at 12:01 a.m. Eastern Time on the date immediately following the Closing Date (the "**Effective Time**").

ARTICLE 4
PURCHASE PRICE

4.1 Purchase Price. The amount payable in consideration for the sale by the Shareholder of the Shares (the "**Purchase Price**") shall be equal to (a) SIXTY MILLION Dollars ($60,000,000.00), less (b) One Dollar ($1.00) for each dollar that the Closing Date Net Working Capital is less than the Target Net Working Capital, plus (c) One Dollar ($1.00) for each dollar that the Closing Date Net Working Capital is more than the Target Net Working Capital. The Purchase Price shall be paid as set forth in this Article 4.

4.2 Payment and Adjustment of Purchase Price. At least five (5) days prior to the Closing Date, the Shareholder shall deliver to Buyer a certificate signed by the chief financial officer of Shareholder (or person with similar responsibilities) setting forth the Shareholder's estimate of the Closing Date Net Working Capital (the "**Estimated Closing Date Net Working Capital**"). At the Closing, Buyer shall pay to Shareholder an amount equal to the Purchase Price (based on the Estimated Closing Date Net Working Capital) in readily available funds via wire transfer to an account designated by Shareholder. Within forty-five (45) days after the Closing Date, Buyer will deliver to Shareholder a reasonably detailed proposed statement of the final calculation of Closing Date Net Working Capital (collectively, the "**Closing Statement**"). After delivery of the Closing Statement, Buyer and the Companies shall promptly make available to Shareholder the working papers, books, records and personnel of the Companies and their accountants that the Shareholder reasonably requires in order to review and understand the Closing Statement and the basis therefor. Shareholder may make inquiries of Buyer or the Companies and their accountants and appropriate employees regarding questions concerning or disagreements with the proposed Closing Statement arising in the course of Shareholder's review thereof, and Buyer and the Companies shall cause any such employees and accountants to reasonably cooperate with and respond to such inquiries in a prompt manner. If Shareholder has any objections to the Closing Statement, Shareholder shall deliver to Buyer an Objections Statement within thirty (30) days after delivery of the Closing Statement. If an Objections Statement is not delivered to Buyer within thirty (30) days after delivery of the Closing Statement, the Closing Statement shall be final, binding and non-appealable by the parties hereto. Shareholder hereby waives the right to assert any objection, other than allegations of fraud, with respect to the Closing Statement that is not asserted in an Objections Statement delivered to Buyer within thirty (30) days after delivery of the Closing Statement. If Shareholder timely delivers an Objection Statement, Shareholder and Buyer shall negotiate in good faith to resolve any identified objections. If they do not reach a final resolution within fifteen (15) days after the delivery of the Objections Statement, Shareholder or Buyer may, with written notice to the other party, submit such Dispute to the Independent Auditor. Shareholder and Buyer shall use their commercially reasonable efforts to cause the Independent Auditor to resolve all disagreements as soon as practicable. The Closing Statement reflecting the resolution of the Dispute by the Independent Auditor shall be final, binding and non-appealable on the parties hereto. "**Final Closing Date Net Working Capital**" means the final, binding and non-appealable determination of the Closing Date Net Working Capital pursuant to this Section 4.2. The Shareholder shall pay a portion of the fees and expenses of the Independent Auditor, if any, equal to 100% of such fees and expenses multiplied by a fraction, the numerator of which is equal to the difference between Buyer's proposed Closing Date Net Working Capital as adjusted after taking into account the items Shareholder disputes in good faith and the Independent Auditor's determination, and the denominator of which is equal to the difference between Buyer's proposed Closing Date Net Working Capital as adjusted after taking into account the items Shareholder disputes in good faith and Buyer's proposed Closing Date Net Working Capital. Buyer shall pay that portion of the fees and expenses of the Independent Auditor that Shareholder is not required to pay hereunder. If the amount required to be paid as the Purchase Price based on the Final Closing Date Net Working Capital is greater than the amount paid to Shareholder on the Closing Date, Buyer shall pay to Shareholder the amount of such excess in readily available funds via wire transfer to an account designated by Shareholder. If the amount required to be paid as the Purchase Price based on the Final Closing Date Net Working Capital is less than the amount paid to Shareholder on the Closing Date, Shareholder shall pay the amount of such shortfall to Buyer in readily available funds via wire transfer to an account designated by Buyer. Any payment required under this Section shall be (A) due within five (5) business days of determination of the Final Closing Date Net Working Capital; and (B) paid by wire transfer of immediately available funds to such account as is directed by Buyer or Shareholder, as the case may be.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANIES

The Shareholder and the Companies, jointly and severally, represent and warrant to Buyer that, as of the date hereof and at the Closing Date:

5.1 Organization and Corporate Power. Each of the Companies and the Companies' Subsidiaries (a) is a corporation or other legal entity duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has all requisite power to own and operate its properties and to carry on its businesses as now conducted and (c) is, where applicable, duly qualified to do business and is, where applicable, in good standing in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except, in each case, where the failure to be so qualified or in good standing would not have a Material Adverse Effect. The Companies have made available to Buyer copies of the applicable certificate of incorporation, bylaws or other charter or organizational documents of each of the Companies and Companies' Subsidiaries as currently in effect. Except for the Companies' equity ownership interests of the Companies' Subsidiaries, none of the Companies or any of the Companies' Subsidiaries own any capital stock, partnership interest or other equity ownership interest in any other Person.

5.2 Authorization; Valid and Binding Agreement. The Companies have full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Companies and the consummation by the Companies of the transactions contemplated hereby have been duly authorized by all necessary corporate (including shareholder/member authorization to the extent necessary) action and no other corporate (including shareholder/member) proceedings on the part of the Companies are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement constitutes the valid and legally binding obligations of the Companies, enforceable in accordance with its terms and conditions, subject to Laws of general application relating to public policy, bankruptcy, insolvency and the relief of debtors and rules of Law governing specific performance, injunctive relief and other equitable remedies.

5.3 No Breach. Except as set forth on Schedule 5.3, the execution, delivery and performance of this Agreement by the Companies and the consummation of the transactions contemplated hereby by the Companies does and will not (i) result in any breach of, constitute a default under or result in a violation of the provisions of the Companies' or any Companies' Subsidiaries' certificate of incorporation, bylaws or other charter or organizational documents, (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice or consent under any Material Contract or Real Property Lease, (iii) result in the imposition or creation of a Lien upon or with respect to any of the Shares, (iv) violate any applicable Law, order, judgment or decree to which the Companies or any Companies' Subsidiaries is subject or (v) require the Companies or any Companies' Subsidiaries to obtain any authorization, consent or approval of or require the Companies or any Companies' Subsidiaries to provide any notice to or make any filing with any Governmental Entity under the provisions of any applicable material Law, order, judgment or decree to which the Companies or any Companies' Subsidiaries is subject.

5.4 Capitalization.

5.4.1 The entire authorized equity securities of EVPA consist of 200,000 shares of common stock, no par value per share, of which 118,541.96 shares are issued and outstanding (the "**EVPA Shares**"). The entire authorized equity securities of SMHH consist of 5,000 shares of common stock, par value $1.00 per share, of which 1,000 shares are issued and outstanding (the "**SMHH Shares**"). The EVPA Shares, the SMHH Shares, and upon Closing, the membership interests of the Holding Newcos, constitute all of the Shares. Shareholder is the sole owner (of record and beneficially) of all of the Shares, free and clear of all Liens, except for (i) Liens described in subsections (i) and (viii) of the definition of Permitted Liens, and/or (ii) Liens that will be terminated or released at the Closing, which Liens are set forth on Schedule 5.7. Upon termination or release at the Closing of those Liens set forth on Schedule 5.7, there will be no restrictions on the right of the Shareholder to transfer the Shares to Buyer pursuant to this Agreement. The assignments, endorsements, stock powers, or other instruments of transfer to be delivered by Shareholder to Buyer at the Closing will be sufficient to transfer Shareholder's entire interest in the Shares (of record and beneficially) owned by Shareholder. Upon transfer to Buyer of the certificates representing the Shares, Buyer will receive good title to the Shares, free and clear of all Liens. To the Company's knowledge, no third party has asserted a claim of ownership to any of the Shares since March 25, 2010.

5.4.2 All of the Shares have been duly authorized, are validly issued, fully paid and non-assessable. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require the Companies to issue, sell or otherwise cause to become outstanding any of their capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to the Companies.

5.4.3 All of the issued and outstanding shares of capital stock or other equity ownership interests of the Companies' Subsidiaries are duly authorized and validly issued, fully paid and, to the extent applicable, non-assessable. All of the issued and outstanding shares of capital stock or other equity ownership interests of the Companies' Subsidiaries are owned by the Companies, free and clear of all Liens, except for (i) Liens described in subsections (i) and (viii) of the definition of Permitted Liens, and/or (ii) Liens that will be terminated or released at the Closing, which Liens are set forth on Schedule 5.7. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require any Companies' Subsidiaries to issue, sell or otherwise cause to become outstanding any of its capital stock or other equity ownership interests. Schedule 5.4.3 lists for each of the Companies' Subsidiaries, its authorized equity securities, the number and type of equity securities issued and outstanding, and the Company holder of such securities and the number of securities of each entity held by the applicable Company. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to the Companies' Subsidiaries. As of the Effective Time, the Companies will hold, beneficially and of record, good title to all capital stock or other equity ownership interests of the Companies' Subsidiaries, free and clear of all Liens. To the Company's knowledge, no third party has asserted a claim of ownership to any of the issued and outstanding shares of capital stock or other equity ownership interests of the Companies' Subsidiaries since March 25, 2010.

5.4.4 None of the Companies nor the Companies' Subsidiaries owns, or is a party to or is bound by any contract or commitment to acquire, any equity security or other security of any Person or any direct or indirect equity or ownership interest in any other business. None of the Companies nor the Companies' Subsidiaries is obligated to provide funds to or make any investment (whether in the form of a loan, capital contribution, or otherwise) in any other Person.

5.5 Financial Statements. The Companies have furnished Buyer with copies of the following (collectively, the "**Financial Statements**"):

5.5.1 the unaudited consolidated balance sheet of the Companies and the Companies' Subsidiaries as of December 31, 2011, 2012 and 2013 (which does not include the home health businesses operated through Infusion Therapy Specialists, Inc., Scott-Wilson, Inc., and Option Health, Ltd.);

5.5.2 the unaudited pro forma selected balance sheet accounts reflecting the assets and liabilities of the home health businesses operated through Infusion Therapy Specialists, Inc., Scott-Wilson, Inc., and Option Health, Ltd. as of December 31, 2013 (collectively with the balance sheet provided under subsection 5.5.1 above, the "**Latest Balance Sheets**"); and

5.5.3 the unaudited consolidated statement of income of the Companies and the Companies' Subsidiaries, and for the home health businesses operated through Infusion Therapy Specialists, Inc., Scott-Wilson, Inc., and Option Health, Ltd. for the years ended December 31, 2011, 2012 and 2013.

The balance sheets provided under subsections 5.5.1 above have been prepared consistent with past practices, except as set forth therein or on Schedule 5.5. The balance sheet provided under subsection 5.5.2 above and the statements of income provided under subsections 5.5.3 above have been prepared consistent with accounting methods used in the past with respect to the Companies and the Companies' Subsidiaries, except as set forth therein or on Schedule 5.5. The Financial Statements are true, correct and complete in all material respects, and, except as set forth therein or on Schedule 5.5 , have been prepared using consistent accounting practices for the periods and dates presented. The Financial Statements present fairly in all material respects the financial position of the Company and the Companies' Subsidiaries, as applicable, as of the dates indicated and present fairly in all material respects the results of the operations, changes in equity and cash flows for the periods then ended. The Financial Statements have been prepared in accordance with the books and records of the Company and the Companies' Subsidiaries, as applicable, which have been properly maintained and are true, complete and correct in all material respects. Neither the Company nor the Companies' Subsidiaries has received any advice or notification that it has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the Financial Statements or the books and records, any properties, assets, liabilities, revenues or expenses.

5.6 Absence of Certain Developments. Since the date of the Latest Balance Sheets, there has not been any Material Adverse Effect. Since the date of the Latest Balance Sheets, except (i) as set forth on Schedule 5.6, and (ii) as contemplated by this Agreement, the business of the Companies and the Companies' Subsidiaries have been operated in all material respects in the ordinary course of business consistent with past practice, and the Companies and each Companies' Subsidiary has complied in all material respects with the covenants and restrictions set forth in Section 10.1.1 (other than Section 10.1.1(v), (vi) and (ix)) and Section 10.1.2 (other than Section 10.1.2(v)) hereof.

5.7 Title to Properties. Except as set forth on Schedule 5.7, the Companies and the Companies' Subsidiaries have good title to all of the tangible personal property shown to be owned by them on the Latest Balance Sheets (except for such personal property sold or disposed of subsequent to the date thereof in the ordinary course of business), free and clear of all Liens, except for Permitted Liens and those Liens set forth on Schedule 5.7. All items of tangible personal property (including inventory) shown to be owned by the Companies and each Companies' Subsidiaries on the Latest Balance Sheets (except for such personal property sold or disposed of subsequent to the date thereof in the ordinary course of business) are in the aggregate in adequate operating condition and repair, normal wear and tear excepted, other than machinery and equipment under repair or out of service in the ordinary course of business, and are of a quality and quantity usable and, with respect to inventory, saleable in the ordinary course of business.

5.8 Real Property.

5.8.1 Leased Real Property. The real property demised by the leases described on Schedule 5.8.1 (the "**Real Property Leases**") constitutes all of the real property leased by the Companies and each Companies' Subsidiaries (the "**Leased Real Property**"). With respect to each Real Property Lease, except as set forth on Schedule 5.8.1, neither the Companies, any Companies' Subsidiaries nor, to the Companies' knowledge, any of the other counterparties thereto is in material breach or material default under any such Real Property Lease. Each of the Companies and each of the Companies' Subsidiaries has a valid leasehold interest in its Leased Real Property free and clear of any Liens other than Permitted Liens. Each of the Real Property Leases is in full force and effect in all material respects. None of the Companies nor any of the Companies' Subsidiaries has received any written notice within the past twenty-four (24) months of any pending or threatened condemnations, planned public improvements, annexation, special assessments, zoning or subdivision changes, or other adverse claims affecting the Leased Real Property. All licenses, permits and approvals required for the occupancy and operation of the Leased Real Property as presently being used have been obtained and are in full force and effect and none of the Companies or any of the Companies' Subsidiaries has received any written notice of violations in connection with such items. Except as set forth on Schedule 5.8.1, none of the Companies nor any of the Companies' Subsidiaries has subleased, licensed or otherwise granted anyone the right to use or occupy the Leased Real Property or any portion thereof or collaterally assigned or granted any other security interest in any such lease or interest therein.

5.8.2 Owned Real Property. Neither the Companies nor any Companies' Subsidiaries owns any real property.

5.9 Tax Matters. Except as set forth on Schedule 5.9:

5.9.1 Each of the Companies and the Companies' Subsidiaries has timely filed all material Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all material respects. None of the Companies nor any of the Companies' Subsidiaries is the beneficiary of any extension of time within which to file any Tax Return. All Taxes of, or for which there exists liability of, the Companies and the Companies' Subsidiaries (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or ad valorem Taxes not yet due and payable) on any of the assets of the Companies or the Companies' Subsidiaries. No claim has ever been made by any Governmental Entity in a jurisdiction where the Companies or any of the Companies' Subsidiaries does not file a Tax Return that such entity may be subject to Taxes in that jurisdiction.

5.9.2 None of the Companies nor any of the Companies' Subsidiaries has received any written notice of assessment or proposed assessment in connection with any Taxes, and to the knowledge of the Company and the Companies' Subsidiaries there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes or the assets of the Companies or any of the Companies' Subsidiaries. Neither the Companies nor any of the Companies' Subsidiaries has waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

5.9.3 Each of the Companies and the Companies' Subsidiaries has materially complied with all applicable laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate Governmental Entities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Code Sections 1441 and 1442 or similar provisions under foreign law.

5.9.4 The unpaid Taxes of each of the Companies and the Companies' Subsidiaries (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the Latest Balance Sheets, (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of the Companies and the Companies' Subsidiaries in filing their Tax Returns and (iii) do not exceed the amount reflected as a Current Liability in the computation of Net Working Capital.

5.9.5 Except as set forth on Schedule 5.9.5, none of the Companies nor any of the Companies' Subsidiaries is a party to any Tax allocation or Tax sharing agreement and none of the Companies nor any of the Companies' Subsidiaries has been a member of an affiliated group within the meaning of Section 1504(a) of the Code filing a consolidated federal income Tax Return (other than a group the common parent of which is BioScrip, Inc.) or has any Tax Liability of any Person under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, or as a transferee or successor, by contract or otherwise.

5.9.6 Each of the Companies and the Companies' Subsidiaries has disclosed on its federal income Tax Returns all positions taken thereon that could reasonably give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662.

5.9.7 None of the Companies nor any of the Companies' Subsidiaries has participated in any reportable transaction, as defined in Code Section 6707A(c)(1) and Regulation Section 1.6011-4(b)(1), or a transaction substantially similar to a reportable transaction.

5.9.8 None of the Companies nor any of the Companies' Subsidiaries has distributed stock of another entity, or had its stock distributed by another entity in a transaction governed or intended to be governed by Section 355 or Section 361 of the Code.

5.9.9 Neither of the Companies nor any Company Subsidiary is a party to any agreement, contract, arrangement or a plan that has resulted or could reasonably result, separately or in the aggregate, in a payment of (i) any "excess parachute payment within the meaning of Section 280G of the Code (or any corresponding provision of state, local or foreign law) or (ii) any amount that will not be fully deductible as a result of Section 162(m) of the Code (or any corresponding provision of state, local, or foreign law).

5.9.10 Neither of the Companies nor any Company Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or non-U.S. income Tax law) executed on or prior to the Closing Date;

(iv) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax law);

(v) installment sale or open transaction disposition made on or prior to the Closing Date;

(vi) prepaid amount received on or prior to the Closing Date; or

(vii) election under Section 108(i) of the Code.

5.9.11 The Companies and each Company Subsidiary that is a corporation are members of the federal consolidated group of which BioScrip is the common parent and each Company Subsidiary that is a limited liability company is a disregarded entity for federal tax purposes.

5.10 Contracts and Commitments.

5.10.1 Schedule 5.10.1 lists all of the following contracts, agreements, arrangements, commitments, obligations and plans (whether written or oral, unless otherwise specified below) to which any of the Companies or any of Companies' Subsidiaries is a party:

(i) Any pension, retirement or deferred compensation plan or contract or other bonus plan, other than as described in Schedule 5.13;

(ii) Any collective bargaining agreement or contract with any labor union;

(iii) Any employment agreement for the employment of any Person;

(iv) Any engagement of any medical director or any physician as a consultant, independent contractor or agent;

(v) Any loan agreement or indenture with any third party relating to Indebtedness under which the Companies or any Companies' Subsidiaries has borrowed money or made any loan;

(vi) Any lease agreement with any third party under which the Companies or any Companies' Subsidiaries is lessee of any personal property owned by any third party for which the annual rental payments paid by the Companies or any Companies' Subsidiaries (as applicable) exceeds $25,000 and which is not terminable on thirty (30) or fewer days' notice by the Companies or any Companies' Subsidiaries without Liability for any material penalty;

(vii) Any lease agreement under which the Companies or any Companies' Subsidiaries is lessor of any personal property owned by the Companies or any Companies' Subsidiaries for which the annual rental payments paid to the Companies or any Companies' Subsidiaries (as applicable) exceeds $25,000 and which is not terminable by on thirty (30) or fewer days' notice by the Companies or any Companies' Subsidiaries without Liability for any material penalty;

(viii) Any contract or agreement (other than those covered by clauses (i) through (vi) above and other than the Real Property Leases) with any third party involving annual payments to or by the Companies or any Companies' Subsidiaries of more than $50,000 with respect to any such contract or agreement;

(ix) Any partnership or joint venture contract;

(x) Any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other material plan or arrangement for the benefit of the Companies' or the Companies' Subsidiaries' current or former directors, officers, and employees not otherwise listed on Schedule 5.13;

(xi) Any written agreement between any of the Companies or the Companies' Subsidiaries and any of their Affiliates pursuant to which amounts are payable by or to the Companies or the Companies' Subsidiaries;

(xii) Any contract with any third party containing covenants prohibiting the Companies or any Companies' Subsidiaries in any material respect following the Closing from: (a) competing in any line of business, (b) soliciting employees or businesses, or (c) disclosing information (other than contracts entered into in the ordinary course of business); and

(xiii) Any contract subject to Executive Order 11246.

5.10.2 With respect to each of the contracts, agreements and plans set forth on Schedule 5.10.1 (each a "**Material Contract**"), except as set forth on Schedule 5.10.2, (i) the Companies have made available to Buyer a copy of such Material Contract, (ii) neither the Companies, any Companies' Subsidiaries nor, to the Companies' knowledge, any other party thereto, is in material breach of such Material Contract or default under any such Material Contract, and (iii) each such Material Contract is valid and in full force in effect in all material respects and constitutes a legal, valid and binding obligation of the Companies or the applicable Companies' Subsidiaries and, to the Companies' knowledge, the other parties thereto, and is enforceable against the Companies or the applicable Companies' Subsidiaries in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at Law or in equity).

5.11 Intellectual Property.

5.11.1 Schedule 5.11 contains a list of all of the Intellectual Property, and all applications for the registration of any Intellectual Property, that are material to (and used in the conduct of) the businesses of the Companies and each Companies' Subsidiaries and that are owned, licensed or filed by the Companies and any Companies' Subsidiaries. Except as set forth on Schedule 5.11: (i) since January 1, 2012, neither the Companies nor any Companies' Subsidiaries has received any written notices of infringement or misappropriation from any third party with respect to the use by the Companies and any Companies' Subsidiaries of any material Intellectual Property owned or used by the Companies or any Companies' Subsidiaries during such period; (ii) to the Companies' knowledge, no third party is materially infringing or misappropriating any Intellectual Property owned by the Companies or any Companies' Subsidiaries, and (iii) the trademarks, service marks, and trade names identified on Schedule 5.11 are owned by the Companies or the Companies' Subsidiaries, were first used in commerce by the Companies or any Companies' Subsidiaries as of the date set forth on Schedule 5.11, and have been continuously and properly used since the identified first use date. All Intellectual Property owned by the Companies or the Companies' Subsidiaries is owned free and clear of all Liens. The Companies and the Companies' Subsidiaries own or have the right to use all of the Intellectual Property used in the conduct of their businesses.

5.11.2 The Companies and Companies' Subsidiaries have obtained and possesses valid licenses, sublicenses or other rights to legally use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with each Company's business.

5.12 Litigation. Except as set forth on Schedule 5.12, there are no actions, suits, hearings, or proceedings currently pending or, to the Companies' knowledge, threatened against the Companies or any Companies' Subsidiaries, at Law or in equity, before or by any Governmental Entity, and neither the Companies nor any Companies' Subsidiaries is subject to any outstanding judgment, injunction, order, ruling or decree of any Governmental Entity with respect to which the Companies or any Companies' Subsidiaries has any future material obligations.

5.13 Employee Benefit Plans.

5.13.1 Schedule 5.13 sets forth a list of each Employee Benefit Plan maintained by the Companies and the Companies' Subsidiaries or to which the Companies and any Companies' Subsidiaries are obligated to contribute.

5.13.2 Except as set forth on Schedule 5.13:

(i) All such Employee Benefit Plans have been made available to Buyer and/or its agents;

(ii) Each such Employee Benefit Plan has been maintained, funded and administered in material compliance with its terms and all applicable Laws (including, to the extent applicable, the applicable requirements of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and the Code), except as would not result in a material Loss to the Companies and the Companies' Subsidiaries;

(iii) Other than routine claims for benefits, there is no claim or lawsuit pending or, to the knowledge of the Companies, overtly threatened against the Companies or the Companies' Subsidiaries arising out of any such Employee Benefit Plan, except for any such claim or lawsuit as would not result in a material Loss to the Companies or the Companies' Subsidiaries;

(iv) Each such Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code has received a favorable determination letter or prototype opinion letter from the Internal Revenue Service, and, to the Companies' knowledge, nothing has occurred that would be reasonably likely to cause the loss of such qualified status of such plan(s);

(v) No such Employee Benefit Plan is a defined benefit pension plan or "multiple employer welfare arrangement" under Section 3(40) of ERISA or has, since December 31, 2008, been subject to the minimum funding requirements of Section 412 of the Code or Title IV of ERISA; and

(vi) Neither the Companies nor any Companies' Subsidiaries have ever contributed to, or had any obligation to contribute to, any "multiemployer plan" under Section 3(37) of ERISA.

5.13.3 This Section 5.13 constitutes the sole and exclusive representations and warranties of the Companies and the Companies' Subsidiaries with respect to any matters relating to any Employee Benefit Plan.

5.14 Insurance. Since January 1, 2009, there have been maintained by or on behalf of the Companies and the Companies' Subsidiaries (i) general and professional liability insurance coverage , and (ii) various policies and forms of insurance insuring the business of the Companies and the Companies' Subsidiaries, which are, in each case, of the type and in amounts customary and adequate for the businesses then conducted by the Companies and the Companies' Subsidiaries. Schedule 5.14 lists all insurance policies to which any of the Companies or any of the Companies' Subsidiaries is a party, an insured, or a beneficiary, or under which any director, officer, or manager of any of the Companies or any of the Companies' Subsidiaries, in his or her capacity as such, is covered. All such policies are maintained on an occurrence basis, except as disclosed on Schedule 5.14. Except as provided on Schedule 5.14, none of such insurance policies provide for any retrospective premium adjustments on the part of the Companies or Companies' Subsidiaries. All such insurance policies are in full force and effect. Neither the Companies nor any Companies' Subsidiaries is in default regarding the policies of any such insurance, including, without limitation, failure to make timely payments of all premiums due thereon, and they have not failed to file any notice or present any claim thereunder in due and timely fashion. No insured under any such insurance policy has, and to Company's knowledge, no insurer has, repudiated any material provision thereof. Copies of all insurance policies set forth on Schedule 5.14 have been delivered to Buyer.

5.15 Compliance with Laws. Except as set forth on Schedule 5.15, the Companies and the Companies' Subsidiaries are in material compliance with all Laws, orders, judgments, decrees or any other requirement of any Governmental Entity applicable to the Companies or the Companies' Subsidiaries.

5.16 Environmental Matters. Except as set forth on Schedule 5.16:

5.16.1 The Companies and the Companies' Subsidiaries are in compliance with all applicable Environmental Laws, except where the failure to obtain or comply would not have a Material Adverse Effect. The Companies and the Companies' Subsidiaries possess all material permits, registrations, licenses and other authorizations required under applicable Environmental Laws to be possessed by them with respect to the conduct of their respective businesses as presently conducted, and are in compliance with such permits, registrations, licenses and authorizations, except where the failure to obtain or comply would not have a Material Adverse Effect.

5.16.2 Neither the Companies nor the Companies' Subsidiaries has, since January 1, 2012, received any written notice from any Governmental Entity that alleges that the Companies or any Companies' Subsidiaries is in material violation of any Environmental Law or has any Liability arising under applicable Environmental Laws relating to either the Companies, the Companies' Subsidiaries or their facilities.

5.16.3 This Section 5.16 constitutes the sole and exclusive representations and warranties of the Companies and the Companies' Subsidiaries with respect to any environmental matters, including, without limitation, any arising under Environmental Laws.

5.17 Related Party Transactions. Except as (i) set forth on Schedule 5.17 or (ii) reflected in the Financial Statements, none of the Shareholder, nor any of the officers, directors, employees, or managers of the Shareholder, the Companies or the Companies' Subsidiaries has entered into any outstanding agreement or contract with the Companies or any Companies' Subsidiaries.

5.18 Employees.

5.18.1 Schedule 5.18.1(i) sets forth a list, on a de-identified basis, of all employees of the Companies and the Companies' Subsidiaries, including all full-time, part-time, temporary and "as needed" employees, including each such employee's position, salary and specifying the benefits in which such employee is enrolled as of the business day prior to the date of this Agreement. The first business day following the execution of this Agreement, the Shareholder shall provide to the Buyer a supplemented Schedule 5.18.1(i), providing the corresponding names of each employee. There are no individuals who are independent contractors or consultants with whom the Companies and Companies' Subsidiaries contract for nursing or therapy services. Schedule 5.18.1(ii) sets forth a list of all nurse staffing and therapy companies with which the Companies and the Companies' Subsidiaries has entered into a written agreement. Within ten (10) business days following the execution of this Agreement, the Shareholder shall use diligent efforts to provide to the Buyer a list of those individuals (by name and position) who have provided services to the Companies and/or the Companies' Subsidiaries during the prior three (3) month period pursuant to contracts with the nursing and/or therapy services companies listed on Schedule 5.18.1(ii).

5.18.2 Each of the Companies and the Companies' Subsidiaries is in material compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours, occupational safety and health, including without limitation, ERISA, the Immigration Reform and Control Act of 1986, the National Labor Relations Act, the Civil Rights Acts of 1966 and 1964, the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act of 1993, the Worker Adjustment and Retraining Notification Act, the Occupational Safety and Health Act, the Davis-Bacon Act, the Walsh-Healy Act, the Service Contract Act, Executive Order 11246, the Fair Labor Standards Act and the Rehabilitation Act of 1973 and all regulations under such acts (collectively, the "**Labor Laws**"), and none of the Companies nor any of the Companies' Subsidiaries is liable for any Liabilities, judgments, decrees, orders, arrearage of wages or Taxes, fines or penalties for failure to comply with any of the Labor Laws.

5.18.3 Except as disclosed on Schedule 5.18.3:

(i) There are no charges, governmental audits, investigations, administrative proceedings or complaints concerning the Companies or any of the Companies' Subsidiaries employment practices pending or, to the Companies' knowledge, threatened before any Governmental Authority or court, and, to the Companies' knowledge, no basis for any such matter exists;

(ii) All current employees, consultants and independent contracts performing services for or on behalf of the Companies and the Companies' Subsidiaries possess and at all times under the employ of the Companies and the Companies' Subsidiaries have maintained all valid licenses, registrations and certifications required by any federal or state board or agency charged with regulating the activities of health care practitioners;

(iii) To the Companies' knowledge, there are no inquiries, investigations or monitoring of activities of any licensed, registered, or certified personnel employed by, credentialed or privileged by, or otherwise providing health care services on behalf of the Companies or any of the Companies' Subsidiaries pending or threatened by any federal or state board or agency charged with regulating the professional activities of health care practitioners;

(iv) None of the Companies nor any of the Companies' Subsidiaries is a party to any union or collective bargaining agreement or any other agreement regarding the rates of pay or working conditions of any employees of the Companies or any of the Companies' Subsidiaries, and, to the Companies' knowledge, no union attempts to organize the employees of the Companies or any of the Companies' Subsidiaries have been made, and, to the Companies' knowledge, there are no such attempts now threatened; and

(v) None of the Companies nor any of the Companies' Subsidiaries has experienced any organized slowdown, work interruption, strike, or work stoppage by its employees.

5.18.4 None of the Companies nor any of the Companies' Subsidiaries has effectuated (i) a "plant closing" (as defined in the Worker Adjustment and Retraining Notification Act (the "**WARN Act**")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility; or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility; and none of the Companies nor any of the Companies' Subsidiaries has been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar Law. None of the Companies' nor any of the Companies' Subsidiaries' employees has suffered an "employment loss" (as defined in the WARN Act) more recently than six (6) months prior to the Closing Date.

5.19 Brokerage. Except as set forth on Schedule 5.19 to the Companies' knowledge, neither the Companies nor the Companies' Subsidiaries has any liability or obligation to pay any brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by the Companies or the Companies' Subsidiaries prior to the Closing Date.

5.20 Licenses, Authorizations and Provider Programs.

5.20.1 The Companies and the Companies' Subsidiaries, as applicable are: (i) the holders of all valid licenses and other rights, permits and authorizations required by Law or any Governmental Authority to be owned or possessed by the Companies and the Companies' Subsidiaries for the conduct of their respective businesses as presently conducted; (ii) certified for participation and reimbursement under Titles XVIII and XIX of the Social Security Act to participate in Medicare and such other similar federal reimbursement or governmental programs, and those Medicaid programs listed on Schedule 5.20.1 for which the Companies and/or the Companies' Subsidiaries are eligible to receive payments on account of services provided by them (the "**Government Programs**"); (iii) the holders of current provider agreements for such Government Programs; and (iv) the holders of current provider agreements with certain private non-governmental programs listed on Schedule 5.20.1 ("**Private Programs**"). Set forth on Schedule 5.20.1 is a correct and complete list of such licenses, permits and other authorizations under all Government Programs and Private Programs. Except as noted on Schedule 5.20.1, true, complete and correct copies of all items listed on Schedule 5.20.1 have been provided to Buyer. True, complete and correct copies of all surveys of the Companies and/or the Companies' Subsidiaries conducted in connection with any Government Program, Private Program or licensing or accrediting body during the past five (5) years have been provided to Buyer.

5.20.2 No material violation, default, or deficiency by Companies or Companies' Subsidiaries exists with respect to any of the items listed on Schedule 5.20.1. None of the Companies nor any of the Companies' Subsidiaries has received within the past three (3) years, and to the Companies' knowledge none of the Companies nor any of the Companies' Subsidiaries has received prior to such three (3) year period, any written notice of any action pending or recommended by any Governmental Authority having jurisdiction over the items listed on Schedule 5.20.1, either to revoke, limit, withdraw or suspend any license, right or authorization, or to terminate the participation of the Companies or any of the Companies' Subsidiaries in any Government Program or Private Program. To the Companies' knowledge, no event has occurred which, with the giving of notice, the passage of time, or both, would constitute grounds for a violation, order or deficiency with respect to any of the items listed on Schedule 5.20.1 or to revoke, limit, withdraw or suspend any such item, or to terminate or modify the participation of the Companies or any of the Companies' Subsidiaries in any Government Program or Private Program. To the Companies' knowledge, there has been no decision not to renew any provider or third-party payor agreement between any of the Companies or any of the Companies' Subsidiaries and a Government Program or Private Program. No current employee, agent or contractor of any of the Companies or any of the Companies' Subsidiaries has been excluded from or prohibited from providing services under any federal or state health care program, including but not limited to the Medicare and Medicaid programs.

5.20.3 The Companies and each of the Companies' Subsidiaries have timely filed all cost reports and other reports required to be filed by them prior to the date hereof with respect to the Government Programs and Private Programs. All such reports are complete and accurate in all material respects and have been prepared in compliance with all applicable Laws governing reimbursement and payment of claims. All cost reports have been accepted (as provided in the CMS Provider Reimbursement Manual Publication 15-1) by the applicable Regional Home Health Care Intermediaries or Medicare Administrative Contractors with which such cost reports were filed. True and complete data pertaining to the Companies and the Companies' Subsidiaries provided on cost reports filed for 2012 have been delivered to Buyer. To the Companies' knowledge, the Companies and the Companies' Subsidiaries, as applicable, (i) have paid or caused to be paid or have properly reflected in the Financial Statements all known and undisputed refunds, overpayments, discounts or adjustments, including but not limited to any Hospice Medicare cap liability, which have become due pursuant to such reports and related to the Companies or the Companies' Subsidiaries and (ii) have no Liability under any Government Program or Private Program for any refund, overpayment, discount or adjustment for services provided in the operation of the Companies or the Companies' Subsidiaries other than in the ordinary course or except as has been specifically reserved for in the Financial Statements or disclosed herein or in the Schedules hereto, including Liabilities discovered as a result of audits conducted by recovery audit contractors, zone program integrity contractors, or similar investigative agencies on behalf of any Government Program and interest or penalties accruing with respect thereto. To the Companies' knowledge, there is no basis for any claim or request for recoupment or reimbursement by any Governmental Authority or other provider reimbursement entity relating to the Government Programs in connection with the Companies or the Companies' Subsidiaries. Except as set forth on Schedule 5.20.3, during the past three (3) years, there have been no claims for refunds, overpayments, discounts or adjustments with respect to the Companies or the Companies' Subsidiaries as a result of audits conducted by recovery audit contractors, zone program integrity contractors, or similar investigative agencies on behalf of any Government Program. To the Companies' knowledge, there are no pending appeals, adjustments, challenges, audits, litigation or notices of intent to reopen any closed cost reports filed with respect to the Companies or the Companies' Subsidiaries. There are no other reports required to be filed by the Companies or the Companies' Subsidiaries in order to be paid under any Government Program or Private Program for services rendered, except for cost reports not yet due.

5.21 Officers and Directors. Schedule 5.21 lists all officers and directors of the Companies and the Companies' Subsidiaries as of the date hereof.

5.22 Bank Accounts. Schedule 5.22 lists all of the bank accounts of the Companies and the Companies' Subsidiaries as of the date hereof.

5.23 Healthcare Laws.

5.23.1 The Companies and the Companies' Subsidiaries have been and are currently operating their respective businesses in material compliance with all applicable Health Care Laws. To the Companies' knowledge, no owner, officer, or director the Companies or the Companies' Subsidiaries, or any other Person, has engaged in any act on behalf of the Companies or the Companies' Subsidiaries, that violates the Health Care Laws.

5.23.2 None of the Companies nor any of the Companies' Subsidiaries has received any written communication from a Governmental Authority that alleges that it is not in compliance with any Health Care Law, other than statements of deficiencies from a governmental authority received in the ordinary course of business.

5.23.3 None of the Companies nor any of the Companies' Subsidiaries has been subpoenaed or charged or, to the Companies' knowledge, investigated in connection with any possible violation of any Health Care Law, but excluding therefrom any surveys or investigations in the ordinary course of business regarding compliance with Medicare conditions of participation or state licensure requirements.

5.23.4 To the Companies' knowledge, each of the Companies and the Companies' Subsidiaries, as applicable, has properly and legally billed for all items and services furnished and have maintained records supporting the provision of services billed in accordance with Health Care Laws. No funds are now, or to the Companies knowledge will be, withheld from the Companies or the Companies' Subsidiaries pursuant to any Health Care Law.

5.23.5 To the Companies' knowledge, none of the Companies, nor any of the Companies' Subsidiaries, nor any current employee thereof has been excluded or is threatened with exclusion from participation in any Federal health care program, as such term is defined in section 1128B(f) the Social Security Act, 42 U.S.C. § 1320a-7b(f).

5.23.6 In accordance with 42 CFR §424.550(b), each of the Companies and the Companies' Subsidiaries warrants, with respect to its respective provider number, that it has not experienced a change of majority ownership, as that term is interpreted under 42 CFR §424.550(b), during the thirty-six (36) months preceding the Closing Date. Further, each of the Companies and the Companies' Subsidiaries warrants that it has the power to transfer the Governmental Program provider numbers listed in Schedule 5.20.1 to Buyer provided that any required consent or approval of, prior filing with or notice to, or any action by, any Governmental Authority is fulfilled, and that no transaction or event has occurred that would prevent the Companies and the Companies' Subsidiaries from transferring those Governmental Program provider numbers set forth on Schedule 5.20.1 to Buyer.

5.23.7 In accordance with 42 CFR §424.535, 42 CFR §424.502, and 42 CFR §489.52, with respect to the Governmental Program provider numbers to be transferred to Buyer under this Agreement, each of the Companies and the Companies' Subsidiaries warrants that it has not undergone a cessation of business and has remained operational as defined in 42 CFR §424.502. There is no violation, default, or deficiency that exists with respect to the Governmental Program provider numbers owned by the Companies or the Companies' Subsidiaries that would give cause for termination of the provider agreement or revocation of enrollment or billing privileges by any Government Program.

5.24 Inspections and Investigations. Except as set forth and described in Schedule 5.24: (i) each of the Companies' and the Companies' Subsidiaries', as applicable, right to receive reimbursements pursuant to any Government Program or Private Program has not been terminated or otherwise adversely affected as a result of any investigation or action whether by any Governmental Authority or other third party; (ii) none of the Companies nor the Companies' Subsidiaries has during the past three (3) years, been the subject of any non-ordinary course inspection, investigation, survey, audit, monitoring or other form of review by any Governmental Authority, professional review organization, accrediting organization or certifying agency based upon any alleged improper activity on the part of such entity, and none of the Companies nor the Companies' Subsidiaries has received any written notice of material deficiency during the past three (3) years in connection with its operations; (iii) there are not presently, and at the Closing Date, there will not be, any outstanding deficiencies or work orders of any Governmental Authority having jurisdiction over any of the Companies or the Companies' Subsidiaries, requiring conformity to any applicable agreement, Law or bylaw or rule, including but not limited to, the Government Programs and Private Programs; and (iv) to the Companies' knowledge, there is not any notice of any claim, requirement or demand of any Governmental Authority or other third party supervising or having authority over any of the Companies or the Companies' Subsidiaries or their operations to rework or redesign any part thereof or to provide additional furniture, fixtures, equipment, appliances or inventory so as to conform to or comply with any existing Law or standard. The Companies have provided to Buyer true and complete copies of all reports, correspondence, notices and other documents relating to any matter described or referenced on Schedule 5.24, other than any such items that are protected by the attorney-client privilege or other applicable privilege (a list of such privileged items has been provided to Buyer).

5.25 Suppliers. Schedule 5.25 sets forth a true, complete and correct list of the six (6) largest suppliers of the Companies and the Companies' Subsidiaries (the "**Top Suppliers**") by dollar volume of purchases for each of 2012 and 2013. Except as set forth on Schedule 5.25, since the Latest Balance Sheets, neither the Companies nor the Companies' Subsidiaries has received any written indication from any Top Supplier to the effect that such Top Supplier will stop supplying materials, products or services to the Companies or any Companies' Subsidiaries, which could reasonably be expected to have a Material Adverse Effect.

5.26 No Undisclosed Liabilities. Except as set forth in Schedule 5.26 or as would not have a Material Adverse Effect, none of the Companies, nor any of the Companies' Subsidiaries has any Liability or obligation of any nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due, or otherwise) other than liabilities or obligations to the extent shown on the Latest Balance Sheets and Current Liabilities incurred in the ordinary course of business since the date of the Interim Balance Sheet.

5.27 No Other Representations or Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS Article 5 (AS QUALIFIED BY THE SCHEDULES HERETO), THE SHAREHOLDER AND THE COMPANIES MAKE NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF SHAREHOLDER

Shareholder hereby represents and warrants to Buyer that, as of the Closing Date:

6.1 Organization and Authority. Shareholder is a limited liability company duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its organization.

6.2 Authorization; Valid and Binding Agreement. Shareholder has full power and authority (including full limited liability company power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Shareholder and the consummation by Shareholder of the transactions contemplated hereby have been duly authorized by all necessary limited liability company action, and no other company proceedings on the part of Shareholder and no member vote is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement constitutes the valid and legally binding obligation of Shareholder, enforceable in accordance with its terms and conditions, subject to Laws of general application relating to public policy, bankruptcy, insolvency and the relief of debtors and rules of Law governing specific performance, injunctive relief and other equitable remedies.

6.3 No Breach. The execution, delivery and performance of this Agreement by the Shareholder and the consummation of the transactions contemplated hereby will not (i) result in any breach of, constitute a default under or result in a violation of the provisions of the Shareholder's certificate of formation, operating agreement or other organizational documents, (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice or consent under any agreement, contract, lease, license, instrument, or other arrangement to which the Shareholder is a party or by which it is bound or to which any of the Shares are subject, (iii) result in the imposition or creation of a Lien upon or with respect to Shares, (iv) violate any applicable Law, order, judgment or decree to which the Shareholder is subject, or (v) require the Shareholder to obtain any authorization, consent or approval of or require the Shareholder to provide any notice to or make any filing with any Governmental Entity under the provisions of any applicable Law, order, judgment or decree to which the Shareholder is subject.

6.4 Litigation. There are no actions, suits or proceedings currently pending or, to Shareholder's knowledge, threatened against Shareholder or any of its Affiliates, at Law or in equity, before or by any Governmental Entity, which could interfere with Shareholder's ability to close this transaction.

6.5 Title to Shares, Etc. Shareholder is the record and beneficial owner of, and has good and marketable title to, the Shares free and clear of all Liens, agreements, voting trusts, proxies and other arrangements or restrictions of any kind whatsoever. Neither Shareholder nor any other Person owns any other securities of the Companies other than the Shares, and, except for this Agreement, there are no agreements or other rights or arrangements existing which provide for the sale, purchase, exchange or other transfer by Shareholder of any of the Shares or any other security of the Companies.

6.6 Brokerage. Except as set forth on Schedule 6.6, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Shareholder, the Companies, or the Companies' Subsidiaries.

6.7 No Other Representations or Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN Article 5 AND Article 6 (AS QUALIFIED BY THE SCHEDULES HERETO), THE SHAREHOLDER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby jointly and severally represents and warrants to the Shareholder, the Companies, and the Companies' Subsidiaries that:

7.1 Organization and Authority. Each Buyer is a limited liability company duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation as reflected on the signature page hereto. Each Buyer is a wholly owned subsidiary of LHC.

7.2 Authorization; Valid and Binding Agreement. Buyer has full power and authority (including full corporate or other entity power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and no other corporate proceedings on the part of Buyer and no stockholder votes are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions, subject to Laws of general application relating to public policy, bankruptcy, insolvency and the relief of debtors and rules of Law governing specific performance, injunctive relief and other equitable remedies.

7.3 Brokerage. Except as set forth on Schedule 7.3, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer.

7.4 Litigation. There are no actions, suits or proceedings currently pending or, to Buyer's knowledge, threatened against Buyer or any of its Affiliates, at Law or in equity, before or by any Governmental Entity, which could interfere with Buyer's ability to close this transaction.

7.5 Financing. Buyer has (and at Closing shall have) sufficient unrestricted cash or other sources of immediately available unrestricted funds to enable Buyer to consummate the transactions contemplated by this Agreement, to satisfy its obligations hereunder on and after the Closing Date and to make payment of all amounts to be paid by it under this Agreement on and after the Closing Date.

7.6 No Knowledge of Misrepresentations or Omissions. Buyer, including its agents and advisors, has no knowledge that any of the representations and warranties of Companies and/or the Shareholder in this Agreement are untrue or incorrect in any material respect.

7.7 No Other Representations or Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS Article 7 (AS QUALIFIED BY THE SCHEDULES HERETO), THE BUYER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY.

ARTICLE 8
BUYER'S CONDITIONS PRECEDENT TO CLOSING

The obligations of Buyer to consummate the transactions described in this Agreement are subject to the satisfaction, before the Effective Time, of the following conditions precedent, any of which may be waived in writing by Buyer.

8.1 Covenants to be Performed. The Shareholder, the Companies and the Companies' Subsidiaries shall have performed in all material respects all of the covenants and agreements required to be performed by them under this Agreement at or prior to the Closing.

8.2 No Judgment, Decree or Order. There must not have been any judgment, decree or order entered after the date hereof by any Governmental Entity which would prevent the consummation of the Closing on the Closing Date.

8.3 Supporting Documents. Buyer shall have received the documents set forth below:

8.3.1 Certificate(s) representing all of the Shares, free and clear of all Liens, with any necessary federal, state and local transfer stamps affixed thereto, duly endorsed or accompanied by duly executed stock powers, in the form attached hereto as Exhibit 8.3.1;

8.3.2 Certificate(s) representing all of the ownership interests of the Companies' Subsidiaries;

8.3.3 A certificate signed by an authorized officer of the Shareholder dated the Closing Date and certifying that (i) the representations and warranties of the Companies and the Shareholder set forth in Article 5 and Article 6 hereof are true and correct at and as of the Closing Date, as though then made (other than those representations and warranties that address matters as of particular dates, in which case such representations and warranties shall be true and correct as of such particular dates), except to the extent that failure of such representations and warranties to be true and correct as of such date do not result in a Material Adverse Effect, and (ii) as of the Closing Date, that condition set forth in Section 8.1 is satisfied.

8.3.4 Certificates of the Secretary or an Assistant Secretary of the Companies and the Companies' Subsidiaries dated the Closing Date and certifying: (i) that attached thereto is a true and complete copy of the organizational documents (e.g., Articles of Incorporation/Organization and Bylaws/Operating Agreement) of such entity as in effect on the date of such certification; and (ii) that the organizational documents have not been amended since the date of the last amendment referred to in the organizational documents attached pursuant to subsection (i) above;

8.3.5 A certificate of the Secretary or an Assistant Secretary of the Shareholder dated the Closing Date and certifying that attached thereto is a true and complete copy of all resolutions adopted by the Managers of the Shareholder authorizing the execution, delivery and performance of this Agreement and the ancillary agreements and all transactions contemplated by this Agreement and that all such resolutions are in full force and effect as of the Closing Date; and

8.3.6 Certificates of good standing for the Companies and the Companies' Subsidiaries from the Secretary of State of the jurisdiction in which such entity was formed dated no more than five (5) days prior to Closing.

8.4 Satisfaction of Indebtedness; Release of Liens. Buyer shall have received correspondence or documentation reasonably acceptable to the Buyer evidencing the release and satisfaction of (i) all Indebtedness of the Companies and the Companies' Subsidiaries (other than accounts payable) and (ii) all Liens (other than Permitted Liens) on all of the assets of the Companies and the Companies' Subsidiaries.

8.5 Third Party Consents. All required third party consents/approvals to the consummation of the transactions contemplated hereby which are listed on Schedule 8.5 shall have been obtained.

8.6 No Material Adverse Effect. There shall not have occurred any Material Adverse Effect between the date hereof and the Closing Date and a certificate of a duly authorized officer of the Shareholder shall have been delivered to Buyer to such effect.

8.7 Necessary Consents and Approvals. Buyer and the Companies shall have obtained those new certificates of need, certificates of exemption, regulatory approvals, licenses, consents and permits to which the Companies and the Companies Subsidiaries are subject which are listed on Schedule 8.7 ("**Necessary Consents and Approvals**") which are required by Law to be issued prior to or on Closing in order for the Buyer to be legally entitled to continue to provide services in the manner provided by the Company and the Company Subsidiaries prior to the Closing Date.

8.8 Transfer of Assets to Operating Newcos. The assets which are currently solely used in, and the operating liabilities which arose solely from, the operation of the home health businesses of the Excluded Companies, which collectively conduct home health operations in the States of Nebraska, Illinois and Kentucky at the locations set forth on Exhibit A hereto, shall have been transferred to the Operating Newcos.

ARTICLE 9
SHAREHOLDER'S CONDITIONS PRECEDENT TO CLOSING

The obligation of Shareholder to consummate the transactions described in this Agreement is subject to the satisfaction, before the Effective Time, of the following conditions precedent, any of which may be waived in writing by Shareholder:

9.1 Covenants to be Performed. The Buyer shall have performed in all material respects all of the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing.

9.2 No Judgment, Decree or Order. There must not have been any judgment, decree or order entered after the date hereof by any Governmental Entity which would prevent the consummation of the Closing on the Closing Date.

9.3 Supporting Documents. Shareholder shall have received the documents set forth below:

9.3.1 A certificate signed by an authorized officer of each Buyer dated the Closing Date and certifying that (i) the representations and warranties of the Buyer set forth in Article 7 hereof are true and correct at and as of the Closing Date, as though then made (other than those representations and warranties that address matters as of particular dates, in which case such representations and warranties shall be true and correct as of such particular dates), except to the extent that failure of such representations and warranties to be true and correct as of such date do not result in a Material Adverse Effect, and (ii) as of the Closing Date, that condition set forth in Section 9.1 is satisfied.

9.3.2 A certificate of the Secretary or an Assistant Secretary of each Buyer dated the Closing Date and certifying that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors of the Buyer authorizing the execution, delivery and performance of this Agreement and the ancillary agreements and all transactions contemplated by this Agreement and that all such resolutions are in full force and effect as of the Closing Date; and

9.3.3 Certificates of good standing for each Buyer from the Secretary of State of the jurisdiction in which such entity was formed dated no more than five (5) days prior to Closing.

9.4 Purchase Price. Buyer shall pay the Purchase Price as required in Article 4.

ARTICLE 10
PRE-CLOSING COVENANTS

10.1 Conduct of the Business.

10.1.1 Affirmative Covenants of the Companies. From the date hereof until the earlier of the Closing Date or the termination of this Agreement, unless the prior written consent of Buyer shall have been obtained (which consent shall not be unreasonably withheld, conditioned or delayed), and except as otherwise expressly contemplated herein, the Companies shall (and shall cause each of the Companies' Subsidiaries to):

(i) Operate the Companies and each of the Companies' Subsidiaries in accordance with all applicable Laws and only in the usual, regular, and ordinary course of business, consistent with past general practices and custom;

(ii) Use reasonable commercial efforts to preserve intact the rights, assets, properties, business organization, licenses, permits, Government Programs, Private Programs, customers and employee, supplier, patient, referral source and other relationships of the Companies and each of the Companies' Subsidiaries;

(iii) Use reasonable commercial efforts to retain the services of the employees, agents and consultants of the Companies and each of the Companies' Subsidiaries on terms and conditions not less favorable to the Companies and each of the Companies' Subsidiaries than those existing prior to the date hereof and to ensure that there are no material adverse changes to employee relations of the Companies and each of the Companies' Subsidiaries;

(iv) Keep and maintain the properties and assets of the Companies and each of the Companies’ Subsidiaries in their present condition, repair and working order, except for normal depreciation and wear and tear, and maintain the Companies and each of the Companies’ Subsidiaries rights and licenses;

(v) Make available to the Buyer and its affiliates true and correct copies of applicable internal management and control reports (including aging of accounts receivable, and listings of accounts payable) and financial statements directly related to the Companies and each of the Companies’ Subsidiaries;

(vi) As soon as reasonably practicable after they become available, but in no event more than thirty (30) days following the end of each calendar month, deliver to Buyer or its designated Affiliate true and complete copies of its monthly financial statements with respect to the Companies and each of the Companies’ Subsidiaries for each calendar month ending after the date of this Agreement and prior to Closing in the format historically utilized by the Companies and each of the Companies’ Subsidiaries;

(vii) Perform in all material respects all obligations under agreements relating to or affecting the assets, properties or rights of the Companies and each of the Companies’ Subsidiaries;

(viii) Keep in full force and effect present insurance policies or other comparable insurance coverage insuring the assets and properties used by the Companies and each of the Companies’ Subsidiaries; and

(ix) Notify the Buyer of (i) any event or circumstance which is reasonably likely to have a Material Adverse Effect or constitute a breach of any of the Shareholders or the Companies representations, warranties or covenants contained herein; (ii) any material unexpected change in the normal course of business or in the operation of the properties and assets of the Companies or any of the Companies’ Subsidiaries; and (iii) any governmental complaints, investigations, hearings, or adjudicatory proceedings (or communications indicating that the same may be contemplated) involving the Companies or any of the Companies’ Subsidiaries. The Companies shall keep the Buyer fully informed of such events and shall consult with the Buyer and its affiliates in connection with any proposed outcome.

Notwithstanding the foregoing or anything in Section 10.1.2, the Companies and the Companies’ Subsidiaries may take all actions reasonably required to do any of the following without violation or breach of any of the terms or provisions hereof: (a) use all available cash to repay any Indebtedness prior to the Closing; (b) transfer to the Companies and the Companies’ Subsidiaries those assets or rights which are solely used in, and the operating liabilities which arose solely from, the home health business, hospice, and private duty businesses operated through the Companies, the Companies’ Subsidiaries, and the Excluded Companies; and/or (c) transfer from the Companies and the Companies’ Subsidiaries those assets or rights which are not solely used in, and the operating liabilities which arose solely from, the home health business, hospice, and private duty businesses operated through the Companies, the Companies’ Subsidiaries, and the Excluded Companies.

10.1.2 Negative Covenants of the Companies. From the date hereof until the earlier of the Closing Date or the termination of this Agreement, the Companies shall not (and shall cause the Companies' Subsidiaries not to) do any of the following without the prior written consent of the Buyer (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) Issue, sell or redeem any of the Companies' or any of the Companies' Subsidiaries' capital stock;

(ii) Issue, sell or redeem any securities convertible into, or options with respect to, warrants to purchase, or rights to subscribe for, any capital stock (as applicable) of the Companies or any Companies' Subsidiaries;

(iii) Effect any stock dividend or stock split or pay any dividend with respect to the Shares (except for dividends in cash and dividends by the Companies' Subsidiaries to the Companies);

(iv) Amend the Companies or any of the Companies' Subsidiaries' certificate of incorporation, bylaws or charter or other organizational document, except for amendments required to comply with its obligations under this Agreement;

(v) Take any action outside the ordinary course that would (a) adversely affect the ability of any party to the transaction to obtain any consents required for the transactions contemplated thereby, or (b) adversely affect the ability of any party hereto to perform its covenants and agreements under this Agreement; or (c) adversely affect the ability of any party to consummate the transactions contemplated by this Agreement;

(vi) Impose, or suffer the imposition, on any of the rights, properties or assets of the Companies or any of the Companies' Subsidiaries of any Lien or permit any such Lien to exist other than any statutory liens relating to obligations not yet due and payable;

(vii) Incur any Liability or obligation, except in the ordinary course of business and consistent with past practices;

(viii) Except for sales of products or services in the ordinary course of business and other than pursuant to this Agreement, sell, contribute or enter into any contract to sell or contribute, any interest in any of the rights, properties or assets of the Companies or any of the Companies' Subsidiaries;

(ix) Purchase or acquire any assets or properties related to the Companies or any of the Companies' Subsidiaries, whether real or personal, tangible or intangible, or sell or dispose of any assets or properties of the Companies or Companies' Subsidiaries, whether real or personal, tangible or intangible, except in the ordinary course of business and consistent with past practices;

(x) Grant any increase in compensation or benefits to the employees of the Companies or any of the Companies' Subsidiaries, except in the ordinary course and in accordance with past practice; pay any severance or termination pay or any bonus to any of such employees other than pursuant to written policies or written contracts in effect as of the date hereof and disclosed to the Buyer; or enter into or amend any severance or employment agreements with employees of the Companies or any of the Companies' Subsidiaries;

(xi) Enter into or amend any medical director agreements or agreements with physicians, or with anyone engaged as a medical director or physician, as the case may be, by the Companies or any of the Companies' Subsidiaries;

(xii) Except for new hires in the ordinary course of business and current employees in the ordinary course of business, enter into any written employment agreement with any employees of the Companies or the Companies' Subsidiaries;

(xiii) Commence any litigation involving any right, property, asset or Liability of the Companies or any of the Companies' Subsidiaries other than in the ordinary course of business consistent with past practice, or settle any litigation involving any right, property, asset or Liability of the Companies or any of the Companies' Subsidiaries for restrictions upon the operations of the Companies or any of the Companies' Subsidiaries or material money damages;

(xiv) Except as required by Law or a determination of a Governmental Entity that is final, revoke or otherwise change any material election with respect to Taxes or Tax Returns of the Companies or any of the Companies' Subsidiaries;

(xv) Except in the ordinary course of business and in a manner that is not material, modify, amend or terminate any contract related to or benefiting the Companies or any of the Companies' Subsidiaries or waive, release, compromise or assign any rights or claims related to or benefiting the Companies or any of the Companies' Subsidiaries; or

(xvi) Make or commit to make any capital expenditure, or enter into any lease of capital equipment as lessee or lessor, related to the Companies or the Companies' Subsidiaries outside of budget in an amount in excess of $25,000 for all such items.

10.2 Access to Books and Records. During the period from the date hereof to the earlier of immediately prior to the Closing and the date that this Agreement is terminated in accordance with its terms, the Companies shall give, and shall cause their Affiliates to give, Buyer and its authorized representatives reasonable access to designated personnel, books and records of the Companies and the Companies' Subsidiaries that are in the possession or under the control of the Companies and their Affiliates to the extent relating to the transition of the Company and the Companies' Subsidiaries to Buyer; provided that any such access (i) shall be during normal business hours on reasonable notice, (ii) shall not, except as otherwise agreed in writing by the Companies, include sampling or testing of soil, sediment, surface or ground water and/or building material, (iii) shall not be required where such access would be prohibited or otherwise limited by, or would be in violation of, any applicable Law (including HIPAA) or agreement and (iv) shall not otherwise unreasonably interfere with the conduct of the business of the Companies and the Companies' Subsidiaries.

10.3 Conditions. During the period from the date hereof to the earlier of immediately prior to the Closing and the date that this Agreement is terminated in accordance with its terms, on and subject to the terms and conditions hereof, the Companies shall use their commercially reasonable efforts to cause the conditions set forth in Article 8 and Article 9 to be satisfied and to consummate the transactions contemplated herein, in each case as promptly as practicable after the date hereof.

10.4 Transition Services. On the Closing Date, BioScrip and LHC shall execute a transition services agreement in substantially the form attached hereto as Exhibit 10.4 ("**Transition Services Agreement**"). From the date of this Agreement until the Closing Date, BioScrip and LHC shall use good faith efforts to supplement and finalize the schedules to the Transition Services Agreement describing services, duration and price. In the event that BioScrip determines that it reasonably needs for the Companies and/or the Companies' Subsidiaries to provide services on behalf of BioScrip or its Affiliates following the Closing, the parties agree in good faith to negotiate an agreement prior to Closing to provide for any such services, including reasonable compensation based on costs incurred by the Companies and/or the Companies' Subsidiaries in connection with the provision of such services.

10.5 No-Shop. Unless and until this Agreement is terminated pursuant to Article 14 or upon the occurrence of the Closing, none of BioScrip, the Shareholder, the Companies, the Companies' Subsidiaries, nor any of their respective Affiliates, officers, directors, partners, members, employees, agents, or representatives (each, a "**Seller Party**" and collectively, the "**Seller Parties**") shall: (i) solicit, initiate or encourage submission of proposals or offers from any Person relating to (a) any merger, stock purchase, asset purchase, joint venture, equity investment, or any other business combination relating to the Companies, any of the Companies' Subsidiaries or any of their respective assets or (b) any transaction that would adversely affect the transactions contemplated by this Agreement; (ii) participate in any discussions or negotiations regarding, or furnish to any other Person, any information with respect to, or otherwise respond to, cooperate or encourage, any effort or attempt by any other Person to enter into any merger, stock purchase, asset purchase, joint venture, equity investment or any other business combination relating to the Companies, any of the Companies' Subsidiaries or any of their respective assets which would adversely affect the transactions contemplated by this Agreement; (iii) without the prior written consent of Buyer, participate in any discussions or negotiations regarding the establishment of any management, medical director or similar agreement related to the Companies' or any of the Companies' Subsidiaries except as otherwise necessary or appropriate to satisfy any applicable regulatory requests, or (iv) approve or undertake any of the foregoing transactions. If the any of the Seller Parties receives an offer or proposal relating to any merger, stock purchase, asset purchase, joint venture, equity investment or any other business combination relating to the Companies, any of the Companies' Subsidiaries or any of their respective assets, such Seller Party shall notify Buyer of the receipt of such offer.

10.6 Insurance. The Shareholder shall maintain (or cause to be maintained) at its sole cost and expense continuing insurance coverage for the Companies and Companies' Subsidiaries related to occurrences prior to Closing in amounts consistent with other coverages maintained by the Shareholder prior to the Closing.

10.7 Resignation of Directors and Officers. The Shareholder shall secure the resignations of each director and officer of the Companies and the Companies' Subsidiaries to be effective as of the Closing Date.

10.8 Formation of Holding Newcos and Operating Newcos. As soon as practicable following the execution of this Agreement and prior to Closing, the Shareholder shall form or cause to be formed Holding Newcos and Operating Newcos. In connection with the formation of Holding Newcos and Operating Newcos, the Shareholder shall provide Buyer with copies of the formation documents prior to filing and allow Buyer a sufficient opportunity to review and provide reasonable comments to such formation documents.

ARTICLE 11
COVENANTS OF BUYER

11.1 Access to Books and Records. From and after the Closing, Buyer shall, and shall cause the Companies and the Companies' Subsidiaries to, provide the Shareholder and its Affiliates and their respective authorized representatives with reasonable access, during normal business hours, to the books, records (including accountants' work papers), properties, facilities and employees of the Companies and the Companies' Subsidiaries with respect to periods prior to the Closing Date and/or in connection with any matter relating to or arising out of this Agreement and/or any of the transactions contemplated hereby (whether or not relating to periods prior to the Closing Date). Unless otherwise consented to in writing by the Shareholder, Buyer shall not permit the Companies or the Companies' Subsidiaries, for a period of ten (10) years following the Closing Date, to destroy, alter or otherwise dispose of any of its books and records, or any portions thereof, relating to periods prior to the Closing Date and/or matters relating to this Agreement and the transactions contemplated hereby without first giving at least thirty (30) days' prior written notice to the Shareholder and offering to surrender to the Shareholder such books and records or such portions thereof.

11.2 Conditions. From the date hereof until the earlier to occur of the Closing Date and the date that this Agreement is terminated in accordance with its terms, on and subject to the terms and conditions hereof, Buyer shall use its commercially reasonable efforts to cause the conditions set forth in Article 8 and Article 9 to be satisfied and to consummate the transactions contemplated herein, in each case as promptly as practicable after the date hereof.

11.3 Contact with Customers, Suppliers, Etc. Prior to the Closing, Buyer shall not contact and/or communicate with, and shall cause its Affiliates, representatives, agents and other advisors not to, contact and/or communicate with any customer, supplier, vendor, payor, patient, referral source or other material business relations, of the Companies and/or the Companies' Subsidiaries, except with the prior written consent of the Shareholder. The Shareholder and Buyer shall cooperate and coordinate with respect to jointly contacting and communicating with employees, officers, directors, patients, payors, referral sources, or other material business relations of the Companies and/or the Companies' Subsidiaries in connection with the transactions contemplated hereby or otherwise with respect to matters pertaining to the Companies, the Companies' Subsidiaries and/or any of their respective businesses. Notwithstanding the foregoing, Buyer and its Affiliates may communicate with key members of senior management of the Companies and the Companies Subsidiaries (including, but not limited to, the Vice President of Operations, Regional Managers and similarly situated members of management) in connection with the transactions contemplated hereby or otherwise with respect to matters pertaining to the Companies, the Companies' Subsidiaries and/or any of their respective businesses, without obtaining the prior written consent of the Shareholder.

11.4 Confidentiality. Except as specifically provided in Section 12.5 hereof, Buyer acknowledges that it and its representatives and advisors remain bound by the letter agreement regarding confidentiality dated as of December 6, 2013 (the "**Confidentiality Agreement**"), from BioScrip, Inc. to LHC Group, Inc. Without limiting the foregoing, and except as required by applicable Law or the rules of any applicable stock exchange, prior to the Closing Date and after any termination of this Agreement, Buyer shall hold and shall cause its Affiliates, officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, all documents and information concerning the Companies or the Companies' Subsidiaries or any of their Affiliates furnished to Buyer or any of its Affiliates, officers, directors, employees, accountants, counsel, consultants, advisors and/or agents in connection with the transactions contemplated by this Agreement in the manner specified in the Confidentiality Agreement.

11.5 Employment; Employee Benefits. Subject to the other provisions of this Section 11.5, immediately following the execution of this Agreement, Buyer and its Affiliates shall assess the staffing needs for the business of the Companies and the Companies' Subsidiaries following the Closing. Any terminations as a result of such assessment shall be made by the Companies and/or the Companies' Subsidiaries to be effective as of or after the Closing. Buyer covenants and agrees to be responsible for all obligations and liabilities with respect to or arising out of such terminations and any severance payments owed to persons who are not selected by Buyer to continue employment with the Companies and/or the Companies' Subsidiaries following the Closing. Notwithstanding anything herein to the contrary, notices of terminations as a result of Buyer's assessment shall be provided on or after the Closing, except to the extent otherwise agreed by the Buyer and the Shareholder. Each employee of the Companies or the Companies' Subsidiaries that continues with the business of the Companies or the Companies' Subsidiaries following the Closing will be provided with a wage, salary and benefit program that is similar to the wage, salary and benefit programs in place with respect to similarly situated employees of Buyer and its Affiliates immediately prior to the Closing Date ("**Comparable Benefits**"), to the extent such Comparable Benefits are available to such employees of the Companies or the Companies' Subsidiaries under Buyer's benefit programs. Comparable Benefits shall include, but not be limited to, extended illness benefit banks in existence as of the Closing; paid time off banks in existence as of the Closing; welfare benefit plans in existence as of the Closing; and retirement benefit plans in existence as of the Closing. Except where it would violate applicable laws or require Buyer to increase benefits to other employees, each employee will be credited with service with the Companies, any Companies' Subsidiaries, Infusion Therapy Specialists, Inc., Scott-Wilson, Inc., or Option Health, Ltd., as applicable, for purposes of eligibility, vesting and determination of level of benefit purposes (but as to accrual of benefits, only with respect to paid time off and 401(k) matters), except to the extent such credit would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing: (a) each employee shall be immediately eligible to participate, without any waiting time, in any and all employee benefit plans sponsored by Buyer and its Affiliates for the benefit of employees (except with respect to Buyer's 401(k) Plan and Employee Stock Purchase Plan which provide for waiting periods (which do not exceed ninety (90) days) that cannot be waived) (such plans, collectively, the "**New Plans**"); and (b) for purposes of each New Plan providing medical, dental, pharmaceutical or vision benefits to any employee, Buyer shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents (as the term "dependents" is defined under the New Plans) (unless such exclusions or requirements are lawful and applied under a comparable employee benefit plan in which such employee participated immediately before the Closing Date (the "**Old Plans**"), and such employee and his or her covered dependents (as the term "dependents" is defined under the New Plans) shall be credited under the New Plans for any eligible expenses incurred during that portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents (as the term "dependents" is defined under the New Plans) for the applicable plan year as if such amounts had been paid in accordance with such New Plan. For avoidance of doubt, the parties agree and acknowledge that Buyer shall not assume the Old Plans or any other Employee Benefit Plan maintained by or on behalf of the Companies and/or the Companies' Subsidiaries as part of the transactions contemplated by this Agreement, nor any liabilities or obligations under such Old Plans and Employee Benefit Plans. The Buyer's retirement plan(s) shall accept rollovers of retirement plan accounts, including any participant loans, of the employees of the Companies and the Companies' Subsidiaries held in any of the Old Plans. The employees of the Companies and the Companies' Subsidiaries shall not be deemed direct or third party beneficiaries of the covenants contained in this Section 11.5.

11.6 WARN Act Notice. At and for a period of ninety (90) days after the Closing Date, Buyer shall not, and shall cause the Companies and the Companies' Subsidiaries not to, take any action as would trigger any Liability under the WARN Act or any similar Laws. Buyer shall be solely responsible for providing any notice or other filing required under the WARN Act or any similar Laws in respect of the termination in connection with or after the Closing of the employment of any employee of the Companies and the Companies' Subsidiaries, and shall indemnify and hold the Shareholder and its Affiliates harmless from any Liability arising from any failure of Buyer to comply fully with this Section 11.6.

11.7 Notification. Prior to the Closing, upon discovery of any material inaccuracy of the representations and warranties contained in this Agreement, Buyer shall promptly notify the Companies and the Shareholder of such inaccuracies.

ARTICLE 12
ADDITIONAL COVENANTS AND AGREEMENTS

12.1 Acknowledgment by Buyer.

12.1.1 Buyer acknowledges and agrees that it has conducted to its satisfaction, an independent investigation and verification of the financial condition, results of operations, assets, liabilities, properties and projected operations of the Companies and the Companies' Subsidiaries and, in making its determination to proceed with the transactions contemplated by this Agreement, Buyer has relied on the results of its own independent investigation and verification and the representations and warranties of the Companies and the Companies' Subsidiaries expressly and specifically set forth in this Agreement (as qualified by the Schedules hereto). **BUYER ACKNOWLEDGES AND AGREES THAT SUCH REPRESENTATIONS AND WARRANTIES BY THE COMPANIES AND THE COMPANIES' SUBSIDIARIES CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF THE COMPANIES AND THE SHAREHOLDER TO BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, AND BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ANY OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE EXPRESS OR IMPLIED (INCLUDING, BUT NOT LIMITED TO, ANY RELATING TO THE FUTURE OR HISTORICAL FINANCIAL CONDITION OR PROJECTIONS, RESULTS OF OPERATIONS, ASSETS OR LIABILITIES OF THE COMPANIES) ARE SPECIFICALLY DISCLAIMED BY THE COMPANIES AND THE SHAREHOLDER.**

12.2 Tax Matters.

12.2.1 Responsibility for Filing Tax Returns.

(i) Except as otherwise provided herein, Buyer, at its sole cost and expense, shall cause the Companies and each of the Companies' Subsidiaries to prepare and timely file all Tax Returns of the Companies and each of the Companies' Subsidiaries due after the Closing Date. To the extent that a Tax Return of any Company or any of the Companies' Subsidiaries due after the Closing Date relates to a Pre-Closing Tax Period or a Straddle Period, such Tax Return shall be prepared by Shareholder or one of its Affiliates consistent with past practices ("**Shareholder Prepared Return**") and any Taxes on such returns attributable to a Pre-Closing Tax Period or the portion of the Straddle Period ending on the Closing Date shall be paid by the Shareholder or included as a Current Liability. At least ninety (90) days prior to the due date of any Shareholder Prepared Return, Shareholder shall provide a draft of such Tax Return to the Buyer for the Buyer's review and comment. The Buyer shall cause the Companies or applicable Companies' Subsidiaries to file such Shareholder Prepared Returns with only those changes as may be agreed to in writing in advance by Shareholder. Except for Buyer Closing Date Transactions, Shareholder or BioScrip shall include the income of each Company and the Companies' Subsidiaries (including any deferred items triggered into income under Regulation 1.1502-13, any excess loss account taken into income under Regulation 1.1502-19 and the effects of a Section 338(h)(10) Election) on Shareholder's or BioScrip's consolidated federal income Tax Returns for all periods through the Closing Date and Shareholder or BioScrip shall pay any Tax attributable to such income.

(ii) Buyer shall not, and shall not allow Companies or any Companies' Subsidiaries, to amend any Tax Return of the Companies and the Companies' Subsidiaries for a Pre-Closing Tax Period or Straddle Period or otherwise initiate (or otherwise participate in) any other Shareholder Approved Tax Matter without the prior written permission of the Shareholder, which permission shall not be unreasonably withheld in instances where such action results in a Tax Loss for which no indemnity is owed by Shareholder.

(iii) Buyer, the Companies and the Shareholder, agree with respect to certain Tax matters as follows:

(A) Buyer, the Companies and the Companies' Subsidiaries shall cooperate to make and/or implement all elections and decisions with respect to whether to carry back or carry forward a net operating loss or other Tax attribute or a Tax credit incurred or realized in a Pre-Closing Tax Period by the Companies or any Companies' Subsidiaries consistent with the elections and decisions taken by the Companies, the Companies' Subsidiaries, the Shareholder, or its Affiliates prior to Closing and to minimize the amount of Taxes payable by the Shareholder or its Affiliates for Pre-Closing Tax Periods.

(B) Buyer, the Companies and the Companies' Subsidiaries shall treat any gains, income, deductions, losses, or other items realized by the Companies or the Companies' Subsidiaries resulting from any Buyer Closing Date Transaction as occurring on the day after the Closing Date and each party hereto shall (and cause the Companies or the Companies' Subsidiaries to) utilize the "next day rule" in Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (or any similar provision of state, local, or non-U.S. applicable Law) for purposes of reporting such items on applicable Tax Returns.

(C) Neither Buyer, the Companies nor the Companies' Subsidiaries shall make an election under Treasury Regulation Section 1.1502-76(b)(2) (or any similar provision of state, local or non-U.S. applicable Law) (or allow the Companies or the Companies' Subsidiaries) to ratably allocate items incurred by the Companies or the Companies' Subsidiaries.

(D) To treat any indemnification payments as adjustments to the Purchase Price.

(E) To the extent available and at Buyer's option, BioScrip, the Shareholder and the Companies, as applicable, shall join with Buyer in making a timely election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign Law) with respect to the purchase and sale of the Shares hereunder and with respect to each Company Subsidiary that is a corporation (collectively, a "**Section 338(h)(10) Election**"). Notwithstanding Section 12.2.1(iii)(B), Shareholder shall pay any Tax attributable to the making of the Section 338(h)(10) Election and Shareholder shall indemnify Buyer and the Company against any adverse consequences arising out of any failure to pay any such Taxes. If a Section 338(h)(10) Election is made, the Shareholder, the Companies, and Buyer agree that the Purchase Price and the liabilities of the Companies and the Companies' Subsidiaries (plus other relevant items) shall be allocated among the assets of the Companies and the Companies' Subsidiaries for all purposes (including Tax and financial accounting) as shown on the allocation schedule (the "**Allocation Schedule**"). A draft of the Allocation Schedule shall be prepared by Buyer and delivered to Shareholder within thirty (30) days following the Closing Date for its approval. If Shareholder notifies Buyer in writing that Shareholder objects to one or more items reflected in the Allocation Schedule, Shareholder and Buyer shall negotiate in good faith to resolve such dispute; provided, however, that if Shareholder and Buyer are unable to resolve any dispute with respect to the Allocation Schedule within fifteen (15) days following the Closing Date, such dispute shall be resolved by the Independent Auditor. The fees and expenses of such Independent Auditor shall be borne equally by Shareholder and Buyer. Buyer, the Companies and Shareholder shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule. Any adjustments to the Purchase Price pursuant to Section 4.2 herein shall be allocated in a manner consistent with the Allocation Schedule.

Unless otherwise required by a determination of a Governmental Entity that is final, neither Buyer nor the Companies shall file a Tax Return (and Buyer and the Companies shall not allow the Companies' Subsidiaries to file a Tax Return) that is inconsistent with any agreement pursuant to this Section 12.2.1(iii), and neither Buyer nor the Companies shall take any position (and Buyer and the Companies shall not allow the Companies' Subsidiaries to take any position) during the course of any Tax Contest or other audit or proceedings that is inconsistent with any agreement pursuant to this Section 12.2.1(iii).

12.2.2 Straddle Period Tax Returns. To the extent permissible under applicable Laws, the parties agree to elect to have each Tax year of the Companies and the Companies' Subsidiaries end on the Closing Date and, if such election is not permitted or required in a jurisdiction such that the Companies and/or any Companies' Subsidiaries is required to file a Tax Return for a Straddle Period, the parties agree to use the following conventions for determining the amount of Taxes attributable to the portion of the Straddle Period ending on the Closing Date: (A) in the case of property Taxes and other similar Taxes imposed on a periodic basis, the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined by multiplying the Taxes for the entire Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; and (B) in the case of all other Taxes (including income Taxes, sales Taxes, employment Taxes, withholding Taxes), the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined as if the Companies and/or such Companies' Subsidiaries filed a separate Tax Return with respect to such Taxes for the portion of the Straddle Period ending as of the end of the day on the Closing Date using a "closing of the books methodology." For purposes of clause (B), any item determined on an annual or periodic basis (including amortization and depreciation deductions) shall be allocated to the portion of the Straddle Period ending on the Closing Date based on the relative number of days in such portion of the Straddle Period as compared to the number of days in the entire Straddle Period.

12.2.3 Cooperation on Tax Matters. BioScrip, the Shareholder and Buyer shall (and Buyer shall cause the Companies and the Companies' Subsidiaries) cooperate to carry out the provisions of this Article 12, including but not limited to, (i) assisting in the preparation and timely filing of any Tax Return of the Companies and the Companies' Subsidiaries; (ii) assisting in any audit or other proceeding with respect to the Tax Returns or Taxes of the Companies and the Companies' Subsidiaries; (iii) making available any information, records or other documents relating to any Taxes or Tax Returns of the Companies and the Companies' Subsidiaries; (iv) providing any information required to allow the Shareholder, Buyer, the Companies or any Companies' Subsidiaries to comply with any information reporting contained in the Code or other applicable Laws; (v) timely making any elections required for a Section 338(h)(10) Election; and (vi) providing certificates or forms, and timely execute any Tax Return, that are necessary or appropriate to establish an exemption for (or reduction in) any Transfer Tax.

12.2.4 Transfer Taxes. Buyer will pay, and will indemnify and hold the Shareholder harmless against, any documentary, stamp, stock transfer, or similar Tax imposed on the Companies, the Companies' Subsidiaries or one or more Shareholder as a result of the transactions contemplated by this Agreement and any related penalties or interest (collectively, "**Transfer Taxes**").

12.2.5 Tax Contests.

(i) If any Governmental Entity issues to the Companies or any Companies' Subsidiaries (1) a notice of its intent to audit or conduct another proceeding with respect to a Tax Return or Taxes of the Companies or any Companies' Subsidiaries for any Pre-Closing Tax Period or Straddle Period or (2) a notice of deficiency for Taxes for any such period, Buyer shall notify the Shareholder of its receipt of such communication from the Governmental Entity within ten (10) days of receipt and provide the Shareholder with copies of all correspondence and other documents received from the Governmental Entity. The Companies and such Companies' Subsidiaries, as applicable, shall control any audit or other proceeding in respect of any Taxes or Tax Returns of the Companies and such Companies' Subsidiaries (a "**Tax Contest**"); provided, however, (1) the Shareholder, at the Shareholder' sole cost and expense, shall have the right to control (including the settlement or resolution thereof and the selection of counsel) or participate in any Tax Contest to the extent it relates to a Pre-Closing Tax Period and participate in any Tax Contest to the extent it relates to a Straddle Period; and (2) Buyer shall not, and shall not allow the Companies and any Companies' Subsidiaries, to settle, resolve or abandon a Tax Contest (whether or not the Shareholder participates in or controls such Tax Contest) for a Pre-Closing Tax Period or Straddle Period without the prior written permission of the Shareholder (which shall not be unreasonably withheld, delayed or conditioned).

(ii) If the Shareholder elects to control a Tax Contest for a Pre-Closing Tax Period, (1) the Shareholder shall notify Buyer of such intent; (2) Buyer shall promptly complete and execute, and promptly cause the Companies, the Companies' Subsidiaries or other Buyer Indemnified Party, as applicable, to complete and execute, any powers of attorney or other documents and take other reasonable actions that the Shareholder requests to allow the Shareholder to control such Tax Contest; (3) prior to the Shareholder taking control, Buyer shall, and shall cause the Companies or the Companies' Subsidiaries, as applicable, to control such Tax Contest diligently and in good faith and after the Shareholder takes control, the Shareholder shall control such Tax Contest in good faith; and (4) while it controls a Tax Contest, the Shareholder shall (A) keep the Buyer reasonably informed regarding the status of such Tax Contest; (B) allow the Buyer, the Companies or any Companies' Subsidiaries, at Buyer's sole cost and expense, to participate in such Tax Contest; and (C) not settle, resolve, or abandon any such Tax Contest if such settlement, resolution, or abandonment would result in any Buyer Indemnified Party incurring any material Tax that the Shareholder are not obligated to pay or indemnify under this Agreement without the prior written consent of the Buyer (which shall not be unreasonably withheld, delayed, or conditioned).

(iii) If the Shareholder elects to participate in a Tax Contest, (1) the Shareholder shall notify Buyer of such intent; (2) Buyer shall control, or cause the Companies or the Companies' Subsidiaries, as applicable, to control, such Tax Contest diligently and in good faith; and (3) Buyer shall (and shall cause the Companies and the Companies' Subsidiaries to) promptly take all actions necessary to allow the Shareholder (and its counsel) to fully participate in such Tax Contest; and (4) if requested by the Shareholder, Buyer shall settle (or cause the Companies or the applicable Companies' Subsidiaries, as applicable, to settle) the Tax Contest on terms acceptable to the Governmental Entity and the Shareholder (provided that such settlement will not result in a Buyer Indemnified Party incurring any material Tax that the Shareholder are not required to pay under this Agreement).

(iv) If the Shareholder does not control or participate in a Tax Contest (whether by election or otherwise) that relates to a Pre-Closing Tax Period or Straddle Period, (1) Buyer shall control, or cause the Companies or the applicable Companies' Subsidiaries, as applicable, to control such Tax Contest diligently and in good faith; and (2) Buyer shall keep the Shareholder reasonably informed regarding the status of such Tax Contest; and (3) if requested by the Shareholder, Buyer shall settle (or cause the Companies and/or the applicable Companies' Subsidiaries, as applicable, to settle) the Tax Contest on terms acceptable to the applicable Governmental Entity and the Shareholder (provided that such settlement will not result in any Buyer Indemnified Party incurring any Taxes that the Shareholder is not required to pay under this Agreement).

12.2.6 Tax Refunds. All refunds of Taxes (other than refunds of Transfer Taxes or refunds generated by the carryback of losses or credits attributable to periods after the Closing Date) of the Companies or any Companies' Subsidiaries for any Pre-Closing Tax Period (or portion of a Straddle Period ending on the Closing Date as determined in accordance with the same principles provided for in Section 12.2.2) (whether in the form of cash received or a credit or offset against Taxes otherwise payable) shall be the property of the Shareholder to the extent such refund was not included as an asset in the computation of the Final Closing Date Net Working Capital. To the extent that Buyer, the Companies or any Companies' Subsidiaries receives a refund that is the property of the Shareholder, Buyer shall pay the amount of such refund (and interest received from the Governmental Entity) to the Shareholder for distribution to the Shareholder in accordance with the terms of this Agreement. The amount due to the Shareholder shall be payable to the Shareholder ten (10) days after receipt of the refund from the applicable Governmental Entity (or, if the refund is in the form of credit or offset, ten (10) days after the due date of the Tax Return claiming such credit or offset). Buyer shall use commercially reasonable efforts to claim (and shall cause the Companies and each Companies' Subsidiaries to use commercially reasonable efforts to claim) any refunds that will give rise to a payment to, or on behalf of, the Shareholder under Section 12.2.6. If any such refund or credit is subsequently reversed by such Governmental Entity, Shareholder shall repay such amount within ten (10) days of notice from Buyer.

12.2.7 Termination of Tax Sharing Agreements. Any tax sharing agreement between the Companies, the Company Subsidiaries and any other member of BioScrip Inc.'s consolidated group is terminated as of the Closing Date and shall have no further effect for any taxable year (whether the current year, future year or a past year). Shareholder agrees to indemnify Buyer from and against any liability under such tax-sharing agreements.

12.2.8 Indemnity for Consolidated Tax Liability. Shareholder agrees to indemnify Buyer from and against any liability the Companies or the Company Subsidiaries may have resulting from, arising out of, relating to, in the nature of, or caused by any liability of the Companies or any Company Subsidiary for Taxes of any person under Regulation 1.1502-6 (or any similar provision under state, local or foreign law).

12.3 Further Assurances. From time to time, as and when requested by any party hereto and at such requesting party's expense, any other party hereto shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as the requesting party may reasonably deem necessary or desirable to evidence and effectuate the transactions contemplated by this Agreement on and subject to the terms and conditions hereof. Without limiting the generality of the foregoing, LHC and Buyer shall take such actions (and following Closing shall cause the Companies and Companies' Subsidiaries to take such actions), and BioScrip and the Shareholder shall assist LHC and Buyer with taking such actions, as are necessary in order to obtain full releases of all guarantees by BioScrip or its Affiliates with respect to the liabilities, operations, or business of the Companies and Companies' Subsidiaries following the Closing.

12.4 Restrictive Covenants

12.4.1 Non-Disclosure of Trade Secrets and Confidential Information.

(i) None of BioScrip, the Shareholder, its Affiliates, or any of their respective officers, directors, partners, members, or employees (each, a "**Shareholder Party**" and collectively, the "**Shareholder Parties**") shall, at any time after the Effective Date, directly or indirectly transmit or disclose any Trade Secret to any Person and shall not make use of any such Trade Secret, directly or indirectly, for its, his or her own benefit, without the prior written consent of Buyer.

(ii) No Shareholder Party shall, at any time after the Effective Date, directly or indirectly transmit or disclose any Confidential Information to any Person or make use of any such Confidential Information, directly or indirectly, for its, his or her own benefit without the prior written consent of Buyer.

(iii) Notwithstanding Sections 12.4.1(i) and 12.4.1(ii) above, any Person may disclose or use any Trade Secret or Confidential Information to the extent, and only to the extent, that such Trade Secret or Confidential Information (a) is, or becomes part of, the public domain other than as a result of any violation by a Shareholder Party under this Agreement; (b) is required to be disclosed by law, provided that, to the extent practicable, the disclosing or using party must give Buyer reasonable advance written notice of the proceeding resulting in such order, so that Buyer may seek a protective order if Buyer chooses to do so; or (c) is provided to the Shareholder Party by a third party who, to the Shareholder Party's knowledge, has not done so in breach of a confidentiality obligation of that third party.

(iv) Shareholder shall, and shall cause each other Shareholder Party to, convey to Buyer all Trade Secrets and Confidential Information and shall not retain (or cause any Shareholder Party to retain) any copies of any such materials after the Effective Date, provided, however, that no Shareholder Party shall be required to destroy electronic copies of any Trade Secrets or Confidential Information that is created and/or maintained pursuant to such Shareholder Party's standard electronic backup and archival procedures.

(v) The restrictions of this Section 12.4.1 shall apply regardless of whether the Trade Secret or Confidential Information is in written, graphic, computer, recorded, photographic or any machine-readable form, is orally conveyed to the Shareholder Party.

(vi) Notwithstanding anything herein to the contrary, the Shareholder Parties may retain a copy of all Confidential Information related to the transactions contemplated under this Agreement (including, but not limited to, all documentation provided to Buyer through the Intralinks dataroom) and all Trade Secrets shared with Buyer in connection with the transactions contemplated under this Agreement solely for purposes of defending or asserting any claim related to this Agreement.

12.4.2 Non-Competition. Shareholder acknowledges that the Confidential Information in the possession of any Shareholder Party would enable such Shareholder Party to establish goodwill with the patients, customers and potential customers, suppliers, and sources or potential sources of referrals who provide products and services on behalf of the Companies and each of the Companies' Subsidiaries or who receive services from the Companies or the Companies' Subsidiaries and that the Confidential Information constitutes a valuable asset of the Companies and the Companies' Subsidiaries. Shareholder further acknowledges that it has developed relationships with certain of the Companies' and the Companies' Subsidiaries' patients and potential patients, suppliers, contractors or potential contractors, consultants or potential consultants, and sources or potential sources of referrals. Accordingly, BioScrip and Shareholder will (and shall cause each Shareholder Party to) comply with the provisions of this Section 12.4.2 for the period beginning on the Effective Date and ending on the third (3rd) anniversary thereof. During such three-year period, BioScrip and Shareholder agree that no Shareholder Party shall directly or indirectly engage in, render services to or become interested in any manner, as manager, employee, officer, consultant, or partner, or through ownership (other than holding less than two percent (2%) of the outstanding equity securities of a Person having securities that are listed for trading on a national securities exchange), or otherwise, either alone or in association with others, in any Person that solely provides services that are similar to or competitive with the services provided by the Companies or the Companies' Subsidiaries, which restrictions shall be applicable within: (i) the Mississippi counties set forth on Exhibit 12.4.2; (ii) the Tennessee counties set forth on Exhibit 12.4.2; (iii) the Kentucky counties set forth on Exhibit 12.4.2; (iv) the Nebraska counties set forth on Exhibit 12.4.2; and (v) the Illinois counties set forth on Exhibit 12.4.2 (collectively, the "**Restricted Territory**"). For the avoidance of doubt and notwithstanding anything herein to the contrary, nothing herein shall prohibit a Shareholder Party from (i) acquiring and thereafter operating a business (including, but not limited to, a predominantly home infusion business) which includes as a component a home health, hospice, and/or private duty business which operates within the Restricted Territory, provided that such home health, hospice, and/or private duty business either (a) accounts for less than 10% of the revenue of the acquired business, or (b) is divested as soon as commercially practicable, but in no event later than twelve (12) months following the acquisition; (ii) providing non-Medicare certified nursing services within the Restricted Territory in connection with the Shareholder Parties' businesses that are not being sold under this Agreement (including, but not limited to, the Shareholder Parties' home infusion, medical supplies, and transitional care businesses), or (iii) jointly marketing the Shareholder Parties' businesses that are not being sold under this Agreement (including, but not limited to, the Shareholder Parties' home infusion, medical supplies, and transitional care businesses) or otherwise collaborating or joint venturing with an unrelated provider or supplier that operates, or has an Affiliate which operates, a home health, hospice, and/or private duty business (including, but not limited to, health systems); provided that in conjunction with any such collaboration or joint venture the Shareholder Parties' may not provide home health, hospice, and/or private duty services within the Restricted Territory during the Restricted Period, but the collaboration or joint venture may provide such services.

12.4.3 Non-Solicitation, Non-Interference and No-Hire.

(i) Shareholder acknowledges and agrees that valuable relationships have been established between the Companies and the Companies' Subsidiaries and certain Persons, including, without limitation, customers, patients, and physicians. Shareholder further acknowledges and agrees that the aforementioned relationships constitute a valuable asset of the Companies and the Companies' Subsidiaries and constitute a significant portion of the goodwill of such entities that is being purchased by Buyer pursuant to this Agreement. Accordingly, Shareholder agrees that for a period of three (3) years after the Effective Date, no Shareholder Party shall, without the prior written consent of Buyer, directly or indirectly, solicit, divert, take away or attempt to solicit, divert or take away any customer, patient, physician or other Person having business or patient relations with the Companies or the Companies' Subsidiaries for the purpose of providing services that are similar to or competitive with the services provided by the Companies or the Companies' Subsidiaries. Shareholder further agrees that, for a period of three (3) years after the Effective Date, no Shareholder Party shall, induce or attempt to induce any customer, patient, physician, supplier or other Person having business or patient relations with the Companies or the Companies' Subsidiaries to breach an existing contract with the Companies or the Companies' Subsidiaries or take any other action intended to damage the relationship between any customer, patient, physician, supplier or other Person having business relations with the Companies or the Companies' Subsidiaries. For the avoidance of doubt, nothing herein shall prohibit a Shareholder Party from calling upon or providing services (including, but not limited to, nursing services) to any customer, patient, physician or other Person, which had business or patient relations with the Shareholder Parties' businesses that are not being sold under this Agreement (including, but not limited to, the Shareholder Parties' home infusion businesses).

(ii) Shareholder acknowledges and agrees that the Companies and the Companies' Subsidiaries have provided healthcare services through a network of persons that includes both persons actually employed by the Companies and the Companies' Subsidiaries ("**Employees**") as well as other non-employee healthcare providers, including but not limited to physicians, physician groups, nurses, hospitals, contractors and consultants (the "**Providers**"), that have contracted with the Companies and the Companies' Subsidiaries to provide healthcare services. Shareholder further acknowledges and agrees that the arrangements, agreements and relationships with the Providers and the services provided by such Providers are integral to the operations of the Companies and the Companies' Subsidiaries and that the loss of such arrangements, agreements and relations would result in irreparable damages to Buyer. Accordingly, Shareholder agrees that, for a period of three (3) years after the Effective Date, no Shareholder Party shall, without the prior written consent of Buyer, hire, engage or solicit any Employee who is employed by the Companies and the Companies' Subsidiaries as of the Effective Date for a period of 12 months following their termination of employment with the Companies or the Companies' Subsidiaries; provided, however, that the foregoing shall not prohibit any Shareholder Party from (a) posting a general public advertisement for employment not specifically directed at such Employees and hiring any such Employee who responds to such general public advertisement; or (b) soliciting and/or hiring any Employee following Buyer's determination to terminate such Employee. Shareholder further agrees that, for a period of three (3) years after the Effective Date, no Shareholder Party shall, without the prior written consent of Buyer, hire, engage or solicit any Provider who is engaged by the Companies and the Companies' Subsidiaries as of the Effective Date, for the purpose of assisting or creating a relationship with any business entity that is similar to or competitive with the Companies or the Companies' Subsidiaries within the Restricted Territory for a period of 12 months following their termination of engagement with the Companies or the Companies' Subsidiaries; provided, however, that the foregoing shall not prohibit any Shareholder Party from (a) hiring, engaging or soliciting any Provider that may provide health care services on behalf of Buyer to patients of Buyer, in connection with the Shareholder Parties' businesses within the Restricted Territory that are not being sold under this Agreement (including, but not limited to, the Shareholder Parties' home infusion businesses); or (b) soliciting and/or hiring any Provider following Buyer's determination to terminate such Provider.

12.5 Public Announcements. Except with respect to issuances required by applicable Law or the rules of any applicable stock exchange, the parties hereto shall not issue any non-required report, statement or press release or otherwise make any other public statement with respect to this Agreement and the transactions contemplated hereby without prior consultation with and approval (which shall not be unreasonably withheld) of the other parties. The parties acknowledge and agree that each party intends to make a public announcement upon the execution and the closing of this Agreement. Each party agrees to provide the other party with a prior draft of such public announcement, which shall be subject to approval of the other parties to the extent required under, and in accordance with, the terms of this Section 12.5.

12.6 Access to Books and Records. From and after the Closing, Shareholder shall, and shall cause its Affiliates to, provide Buyer, the Companies and the Companies' Subsidiaries and their respective authorized representatives with reasonable access, during normal business hours, to all Shareholder and Shareholder's Affiliates' books and records to the extent pertaining to the Companies and the Companies' Subsidiaries, including, but not limited to those records, reporting systems and platforms identified on Schedule 12.6, with respect to periods prior to the Closing Date to the extent such access does not violate any Laws and to the extent reasonably necessary for Buyer, the Companies and/or the Companies' Subsidiaries to have access to such information. Unless otherwise consented to in writing by Buyer, Shareholder shall not, and shall cause its Affiliates not to, for a period of ten (10) years following the Closing Date, destroy, alter or otherwise dispose of any of its books and records, including, but not limited to those records, reporting systems and platforms identified on Schedule 12.6, pertaining to the Companies and/or the Companies' Subsidiaries, or any portions thereof, relating to periods prior to the Closing Date without first giving at least thirty (30) days' prior written notice to Buyer and offering to surrender to Buyer, at Buyer's sole cost and expense, such books and records or such portions thereof.

ARTICLE 13
INDEMNIFICATION

13.1 Survival Period. The representations, warranties, covenants and agreements of the Companies, the Shareholder and Buyer set forth in this Agreement shall survive the Closing for a period beginning on the Closing Date and ending on the date that is eighteen (18) months following the Closing Date and shall thereafter be of no further force or effect; provided, however, that: (i) the representations and warranties provided for in Sections 5.1, 6.1 and 7.1 (Organization and Corporate Power), Sections 5.2, 6.2 and 7.2 (Authorization), and Section 5.4 (Capitalization) (collectively, the "**Fundamental Representations**") shall survive the Closing indefinitely; (ii) the representations and warranties provided for in Section 5.9 (Tax Matters), Section 5.20 (Licenses, Authorizations and Provider Programs), 5.23 (Healthcare Laws.), 5.24 (Inspections and Investigations) shall survive the Closing until thirty (30) days following the expiration of the applicable statute of limitations to which claims relating to such representations and warranties may apply; (iii) the covenants and agreements of the parties in this Agreement that specify a different time period (e.g., x years, x days, x months) shall survive in accordance with their respective terms; and (iv) the covenants in Section 12.2 shall survive the Closing until thirty (30) days following the expiration of the applicable statute of limitations (including extensions)(any such period with respect to the survival of representations, warranties, covenants and agreements shall be referred to herein as a "**Survival Period**").

13.2 Indemnification by the Shareholder for the Benefit of Buyer.

13.2.1 Subject to the applicable provisions and limitations of this Article 13, after the Closing, the Shareholder shall indemnify Buyer and the Companies, and each of their respective Affiliates, officers, directors, partners, members, employees, agents, representatives, successors and permitted assigns (the "**Buyer Indemnified Parties**") from and against any Loss, which each Buyer Indemnified Party actually suffers as a result of:

(i) any breach of any representation and warranty contained in Article 5 or in Article 6 of this Agreement;

(ii) any breach of any covenant or agreement of the Shareholder contained in this Agreement;

(iii) any breach prior to the Closing of any covenant or agreement of the Companies or the Companies' Subsidiaries contained in this Agreement to be performed or complied with prior to the Closing (excluding, for the avoidance of doubt, any breaches by the Companies or the Companies' Subsidiaries of covenants or agreements herein from and after the Closing);

(iv) for a period beginning on the Closing Date and ending thirty (30) days following the expiration of the applicable statute of limitations, Losses arising from (a) the result of any post-payment review of claims, actions, audits, investigations, or proceedings conducted by or on behalf of any Government Programs, including, but not limited to, Medicare administrative contractors or intermediaries, recovery audit contractors, zone program integrity contractors, specialty medical review contractors, or similar investigative agencies, but only to the extent such Losses arise from dates of service prior to the Effective Time ("**Recoupment Indemnity Matter**"); provided, however, that Recoupment Indemnity Matter shall exclude Losses to the extent arising from new or different billing policies, procedures and/or practices implemented by the Buyer with respect to bills submitted by the Companies and/or the Companies' Subsidiaries following Closing; and (b) any audits, investigations, claims, actions, proceedings or lawsuits by the U.S. Department of Health and Human Services Office of Inspector General, U.S. Department of Justice, a State Attorney General, State Medicaid agency or other agencies or persons with respect to healthcare fraud, False Claims Act matters, qui tam or whistle blower actions, or other intent-based, reckless disregard-based, or other scienter-based laws related to the provision of healthcare services or the submission of healthcare claims by the Companies or the Companies' Subsidiaries relating to dates of service prior to the Effective Time ("**Special Indemnity Matter**"); and

(v) Tax Losses.

13.2.2 Notwithstanding any other provision in this Agreement to the contrary other than Section 12.2.8 (but subject to the other applicable limitations on indemnification recovery set forth in this Article 13):

(i) the Shareholder shall have no liability under Section 13.2.1(i), unless the aggregate of all Losses relating thereto for which the Shareholder would be liable, but for this Section 13.2.2, exceeds on a cumulative basis one percent (1%) of the Purchase Price (the "**Deductible**"), and then only to the extent such Losses exceed the Deductible; provided, however, that the Deductible shall not apply to any Loss incurred by the Buyer Indemnified Parties as a result of a breach of the Fundamental Representations;

(ii) except to the extent provided in Sections 13.2.2(iii), the Shareholder's aggregate liability under Section 13.2 (other than with respect to the Fundamental Representations made by the Shareholder and the obligations in Section 12.2.8) shall not exceed an amount equal to ten percent (10%) of the Purchase Price received by Shareholder (the "**General Cap**"); and

(iii) to the extent that Losses arising under Section 13.2.1(iv) exceed the amount of the General Cap, the Shareholder shall be liable for Losses arising under Sections 13.2.1(iv) as set forth on Schedule 13.2.2(iii).

All Losses (including but not limited to, Losses as a result of a breach by Shareholder of the Fundamental Representations and as a result of Tax Losses), but not including Losses under Section 13.2.1(iv)(b) and Section 12.2.8, shall be counted for purposes of determining whether the General Cap and any additional caps, as applicable, have been reached.

13.2.3 Notwithstanding any other provision in this Agreement to the contrary, the Shareholder shall not be liable to, or have any obligation to indemnify, any Buyer Indemnified Party for any Losses (i) resulting from any breach of any covenant, agreement, representation or warranty to which Buyer had knowledge on or prior to the Closing Date, (ii) to the extent that such Losses result from or arise out of a breach of this Agreement by Buyer or actions taken by Buyer, the Companies, the Companies' Subsidiaries or any of their respective Affiliates from and after the Closing Date, (iii) to the extent that such Losses result from or are increased by the passing of or any change in, after the Effective Date, any Law of any Governmental Entity in effect on the Effective Date or by any change in, after the Effective Date, any interpretation or enforcement of any Law by any Governmental Entity, or (iv) to the extent that an accrual for or reserve against any such Losses was or is included in the Financial Statements and/or the Closing Date Net Working Capital (as finally determined pursuant to Section 4.2). The parties acknowledge and agree that the indemnification provided by this Article 13 constitutes the sole and exclusive remedies of the parties to this Agreement for any and all Losses or other claims relating to or arising from this Agreement or in connection with the transactions contemplated hereby or any exhibit, schedule or certificate delivered hereunder or otherwise with respect to the transactions contemplated hereby including, without limitation, with respect to any misrepresentation or inaccuracy in, or breach of, any representations or warranties or any breach or failure in performance of any covenants or agreements made by any party to this Agreement or in any exhibits or schedules hereto or any certificate delivered hereunder or otherwise with respect to the transactions contemplated hereby; provided that this sentence shall not limit any rights Buyer or Shareholder may have (a) under Section 15.1 with respect to seeking specific performance, injunctive or other equitable relief, (b) under Article 14 in connection with any termination of this Agreement prior to the Closing, or (c) under Section 13.9.

13.3 Mitigation; Related Matters.

13.3.1 The Buyer Indemnified Parties shall use, and shall cause the Companies and the Companies' Subsidiaries to use, all commercially reasonable efforts to mitigate all losses, costs, damages and expenses upon and after becoming aware of any event which could reasonably be expected to give rise to losses, costs, damages and expenses that are or may be indemnifiable under this Article 13.

13.3.2 The Buyer Indemnified Parties shall not be entitled to recover any Losses relating to any matter (i) arising under one provision of this Agreement to the extent that the Buyer Indemnified Parties had already recovered Losses with respect to such matter pursuant to any other provision of this Agreement or (ii) to the extent such matter has been included in the calculation of (or otherwise taken into account in determining) the Purchase Price (including, without limitation, by virtue of being included in the calculation of the Closing Date Net Working Capital).

13.4 Indemnification by Buyer for the Benefit of the Shareholder.

13.4.1 Subject to the applicable provisions of this Article 13, after the Closing, Buyer shall jointly and severally indemnify the Shareholder and each of its Affiliates, officers, directors, partners, members, employees, agents, representatives, successors and permitted assigns (collectively, the "**Shareholder Indemnified Parties**") against any Losses which any of the Shareholder Indemnified Parties actually suffer as a result of:

(i) any breach of any representation or warranty of Buyer contained in this Agreement,

(ii) any breach of any covenant or agreement set forth in this Agreement to be performed by Buyer and/or, from and after the Closing, the Companies or the Companies' Subsidiaries, or

(iii) the ownership and/or the operation of the Companies, the Companies' Subsidiaries and their respective businesses from and after the Closing.

13.4.2 Notwithstanding any other provision in this Agreement to the contrary (but subject to the other applicable limitations on indemnification recovery set forth in this Article 13):

(i) the Buyer shall have no liability under Section 13.4.1(i), unless the aggregate of all Losses relating thereto for which the Shareholder would be liable, but for this Section 13.4.2, exceeds on a cumulative basis the Deductible, and then only to the extent such Losses exceed the Deductible; and

(ii) the Buyer's aggregate liability under Section 13.2 (other than with respect to the Fundamental Representations made by the Shareholder and other than with respect to Losses arising under Section 13.4.1(iii)) shall not exceed the General Cap.

All Losses (including but not limited to, Losses as a result of a breach by Buyer of the Fundamental Representations) shall be counted for purposes of determining whether the General Cap has been reached.

13.5 Manner of Payment. Any indemnification payment pursuant to this Article 13 shall be effected by wire transfer of immediately available funds from (or on behalf of) the applicable indemnifying party to an account designated by each applicable indemnified party within twenty-one (21) days after the determination thereof.

13.6 Defense of Third Party Claims. Promptly after the assertion by any third party of any claim (a "**Third Party Claim**") against any Person entitled to seek indemnification under Section 13.2 or Section 13.4 (an "**Indemnitee**") that results or may result in the incurrence by such Indemnitee of any Loss for which such Indemnitee desires to seek indemnification under this Article 13, such Indemnitee shall notify each of the parties from whom such indemnification could be sought hereunder with respect to such claim (collectively, the "**Indemnitor**") of such claim in writing promptly after receiving notice of such claim, describing the claim, the amount thereof (if known and quantifiable) and the basis thereof in reasonable detail (such written notice, an "**Indemnification Notice**"); provided that the failure to so notify an Indemnitor shall not relieve the Indemnitor of its obligations hereunder except to the extent that the Indemnitor is materially prejudiced thereby. Any Indemnitor shall be entitled to participate in the defense of such action, lawsuit, proceeding, investigation or other claim giving rise to an Indemnitee's claim for indemnification at such Indemnitor's expense, and at its option shall be entitled to assume the defense thereof by appointing a reputable counsel reasonably acceptable to the Indemnitee to be the lead counsel in connection with such defense; provided that the Indemnitee shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose; provided, however, that the fees and expenses of such counsel shall be borne by the Indemnitee and shall not be recoverable from such Indemnitor(s) under this Article 13. If the Indemnitor shall control the defense of any such claim, the Indemnitor shall be entitled to settle such claims; provided that the Indemnitor shall obtain the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld, conditioned and/or delayed) before entering into any settlement of a claim or ceasing to defend such claim; provided, however, that no such consent will be required if, pursuant to or as a result of such settlement, there is no injunctive or other equitable relief that will be imposed against the Indemnitee, such settlement expressly and unconditionally releases the Indemnitee from all liabilities and obligations with respect to such claim, and such settlement does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnified Parties. In all cases, the Indemnitee shall provide, and the Indemnitee shall cause its Affiliates to provide, their reasonable cooperation with the Indemnitor in defense of claims or litigation, including by making employees, information and documentation reasonably available. In no event shall an Indemnitee consent to the entry of any judgment or enter into any settlement with respect to any Third Party Claim without the written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned and/or delayed) if any Indemnitee is seeking or shall seek indemnification hereunder with respect to such matter; it being understood and agreed, for the avoidance of doubt, that any such consent of the Indemnitor to any such consent to the entry of judgment or settlement shall not be deemed to be an admission or acknowledgement that any Indemnitee is entitled to indemnification hereunder with respect to any such Third Party Claim.

13.7 Determination of Loss Amount. The amount of any Loss subject to indemnification under Section 13.2.1 or 13.4.1 shall be calculated net of (a) any Tax Benefit inuring to Buyer or Shareholder, as applicable, and/or any of their respective Affiliates on account of such Loss, and (b) any insurance proceeds or other third party indemnification or reimbursement proceeds actually recovered on account of such Loss. If Buyer or Shareholder and/or any of their respective Affiliates realizes a Tax Benefit on account of such Loss and such Tax Benefit was not included in the computation of the Loss, Buyer or Shareholder, as applicable, shall within ten (10) days of filing the Tax Return claiming the Tax Benefit (or, to the extent the Tax Benefit is in the form of a refund, within ten (10) days of receiving the refund from the Governmental Entity) pay to the other party the amount of such Tax Benefit. Each party shall take all commercially reasonable actions (and shall cause its Affiliates to take all commercially reasonable actions) to timely claim any Tax Benefit that shall reduce the amount of a Loss, or give rise to a payment to or for the benefit of the other party, under this Section 13.7. Buyer and Shareholder shall, and shall cause their respective Affiliates to, seek full recovery under all insurance policies and other third-party agreements covering any Loss to the same extent as they would if such Loss were not subject to indemnification hereunder. In the event that an insurance recovery or a recovery under any other third-party agreement is made by Buyer or the Shareholder and/or any of their respective Affiliates with respect to any Loss for which any Buyer Indemnified Party or any Shareholder Indemnified Party, as applicable, has been indemnified hereunder, then a payment equal to the aggregate amount of the recovery shall be made promptly by Buyer or the Shareholder, as applicable to the other party for the benefit of the other party. The Shareholder shall be subrogated to all rights of Buyer, the Companies and the Companies' Subsidiaries in respect of any Losses indemnified by the Shareholder. The Buyer shall be subrogated to all rights of the Shareholder in respect of any Losses indemnified by the Buyer.

13.8 Expiration of Indemnification. No Person shall be liable for any claim for indemnification under Section 13.2.1 or Section 13.4.1 unless written notice (stating in reasonable detail the nature of, and factual and legal basis for, any such claim for indemnification, and the provisions of this Agreement upon which such claim for indemnification is made) is delivered by the Person seeking indemnification to the Person from whom indemnification is sought prior to the expiration of the applicable Survival Period, in which case the representation, warranty, covenant or agreement which is the subject of such claim shall survive, to the extent of such claim only, until such claim is resolved, whether or not the amount of the Losses resulting from such breach has been finally determined at the time the notice is given.

13.9 Effect of Failure to Close. For the avoidance of doubt, notwithstanding anything to the contrary in this Article 13, nothing herein shall prohibit any Party from suing another or limit the amount of recovery for breach of contract as a result of the other failing to consummate the transactions described in this Agreement upon the satisfaction or waiver of its conditions precedent to Closing.

ARTICLE 14
TERMINATION

This Agreement and the transactions contemplated herein may be terminated at any time prior to the Effective Time by the mutual written agreement of Shareholder and Buyer. In addition, either Shareholder or Buyer may terminate this Agreement prior to the Effective Time if the other party fails to satisfy the conditions applicable to such party (under Article 8 or Article 9, as the case may be) by July 1, 2014.

In the event of such a termination, this Agreement shall be rendered void and of no further force or effect, without any liability on the part of any of the parties hereto or their respective owners, directors, officers or employees, except the obligations of each party to preserve the confidentiality of documents, certificates, and information furnished to such party pursuant hereto and for any obligation or liability of any party based on or arising from any breach or default by such party with respect to its representations, warranties, covenants or agreements contained in related agreements.

ARTICLE 15
MISCELLANEOUS

15.1 Specific Performance. The Shareholder and the Companies agree that the Buyer shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the obligations of the Shareholder and the Companies hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive and/or other equitable relief. Furthermore, the Buyer agrees that the Shareholder and the Companies shall have the right, in addition to any other rights and remedies existing in their favor, to enforce their rights and the obligations of the Buyer hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive and/or other equitable relief.

15.2 Notices. All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered (a) on the date of personal delivery or transmission by confirmed telegram or confirmed facsimile transmission, (b) on the third (3rd) business day following the date of deposit in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, (c) on the first (1st) business day following the date of delivery to a nationally-recognized overnight courier service, or (d) by e-mail, in each case addressed as follows, or to such other address, Person or entity as either party shall designate by notice to the other in accordance herewith:

If to Buyer, the Companies or LHC, addressed to:	LHC Group, Inc. 420 West Pinhook Road, Suite A Layfayette, LA 70503 Attention: Joshua L. Proffitt General Counsel Facsimile: (337) 235-8037 E-mail: Josh.Proffitt@lhcgroup.com
With a copy to:	Jones Walker LLP 201 St. Charles Avenue, 51st Floor New Orleans, LA 70170 Attention: Allison C. Bell Facsimile: (504) 589-8596 E-mail: abell@joneswalker.com
If to Shareholder or BioScrip, addressed to:	BioScrip, Inc. 100 Clearbrook Road Elmsford, NY 10523 Attention: Kimberlee Seah General Counsel Facsimile: (914) 345-8122 E-mail: Kimberlee.Seah@bioscrip.com

With a copy to:

Polsinelli PC
100 South Fourth Street, Suite 1000
St. Louis, MO 63102
Attention: Mark H. Goran
Facsimile: (314) 754-9465
E-mail: mgoran@polsinelli.com

15.3 Waiver. The failure of any party to insist, in any one or more instances, on performance of any of the terms and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term, covenant or condition, but the obligations of the parties with respect thereto shall continue in full force and effect.

15.4 Third Parties. None of the provisions of this Agreement shall confer rights or benefits as third party beneficiaries or otherwise upon any party that is not expressly a party to this Agreement, and the provisions of this Agreement shall not be enforceable by any such third party.

15.5 Severability. If any part of this Agreement should be determined to be invalid, unenforceable, or contrary to Law, that part shall be amended, if possible, to conform to Law, and if amendment is not possible, that part shall be deleted and other parts of this Agreement shall remain fully effective, but only if, and to the extent, such modification or deletion would not materially and adversely frustrate the parties' essential objectives as expressed in this Agreement.

15.6 Amendment. This Agreement may be amended, supplemented, altered or modified at any time only by a written instrument duly executed by Shareholder and Buyer.

15.7 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties to this Agreement may deliver their executed counterparts by facsimile or other electronic means, provided that original signatures are delivered by U.S. Mail promptly thereafter.

15.8 Headings. The headings contained in this Agreement have been inserted for the convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

15.9 Entire Agreement. This Agreement (including the schedules and exhibits hereto, and all other agreements and documents executed in connection herewith) constitutes the entire agreement among the parties hereto with respect to the subject hereof.

15.10 Successors and Assigns. All terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto, whether so expressed or not.

15.11 Governing Law; Jurisdiction. The parties specifically agree that this Agreement shall in all respects be interpreted, read construed and governed by the internal Laws of the State of Delaware, exclusive of its conflicts of law rules. Any party hereto shall be entitled to bring an action to enforce any provision of, or based on any right arising out of, relating to or in connection with, this Agreement, in law or at equity for specific performance, or for any other remedy or damages, in the United States District Court for the District of Delaware, situated in Wilmington, Delaware or any Delaware court sitting in New Castle County, Delaware. Each party hereto expressly agrees to waive any challenge to either jurisdiction or venue in any of the aforementioned courts. The prevailing party in any such action shall be entitled to recover all attorneys' fees of pursuing or defending an action under this Agreement.

15.12 BioScrip Guarantee.

15.12.1 BioScrip hereby guarantees to the Buyer the payment in full of all amounts when due and owing (i) by Shareholder under this Agreement and any amendments hereto, including Shareholder's obligations to indemnify the Buyer Indemnified Parties in accordance with Article 13; (ii) incurred in connection with any actions, suits or proceedings initiated to enforce the provisions of this Section 15.12; and (iii) with respect to damages for breach of contract as a result of the Shareholder failing to consummate the transactions described in this Agreement upon the satisfaction or waiver of its conditions precedent to Closing (collectively, the "**BioScrip Obligations**" and each, individually, a "**BioScrip Obligation**").

15.12.2 BioScrip covenants and agrees that if at any time the Shareholder defaults in the payment of any BioScrip Obligation, BioScrip shall promptly, upon notice from a Buyer Indemnified Party, pay, or cause the payment of, such BioScrip Obligation.

15.12.3 The obligations of BioScrip under this Section 15.12 are absolute and unconditional, present and continuing, and shall not be affected, modified or impaired or prejudiced upon the happening from time to time of any one or more of the following events:

(i) the extension of time for payment of any amounts due or of the time for performance of any of the BioScrip Obligations;

(ii) the modification or amendment (whether material or otherwise) of any of the BioScrip Obligations;

(iii) the failure, omission, delay or lack on the part of the Buyers to enforce, ascertain or exercise any right, power or remedy under or pursuant to the terms of this Agreement;

(iv) the fact that BioScrip may at any time in the future dispose of all or any part of its interest in Shareholder; or

(v) the bankruptcy, insolvency, winding up, dissolution, liquidation, administration, reorganization or other similar or dissimilar failure or financial disability of Shareholder.

15.13 LHC Guarantee.

15.13.1 LHC hereby guarantees to the Shareholder the payment in full of all amounts when due and owing (i) by Buyer under this Agreement and any amendments hereto, including Buyer's obligations to indemnify the Shareholder Indemnified Parties in accordance with Article 13; (ii) incurred in connection with any actions, suits or proceedings initiated to enforce the provisions of this Section 15.12; and (iii) with respect to damages for breach of contract as a result of the Buyer failing to consummate the transactions described in this Agreement upon the satisfaction or waiver of its conditions precedent to Closing (collectively, the "**LHC Obligations**" and each, individually, a "**LHC Obligation**").

15.13.2 LHC covenants and agrees that if at any time Buyer defaults in the payment of any LHC Obligation, LHC shall promptly, upon notice from a Shareholder Indemnified Party, pay, or cause the payment of, such LHC Obligation.

15.13.3 The obligations of LHC under this Section 15.13 are absolute and unconditional, present and continuing, and shall not be affected, modified or impaired or prejudiced upon the happening from time to time of any one or more of the following events:

(i) the extension of time for payment of any amounts due or of the time for performance of any of the LHC Obligations;

(ii) the modification or amendment (whether material or otherwise) of any of the LHC Obligations;

(iii) the failure, omission, delay or lack on the part of the Shareholder to enforce, ascertain or exercise any right, power or remedy under or pursuant to the terms of this Agreement;

(iv) the fact that LHC may at any time in the future dispose of all or any part of its interest in the Buyers; or

(v) the bankruptcy, insolvency, winding up, dissolution, liquidation, administration, reorganization or other similar or dissimilar failure or financial disability of the Buyers.

[Remainder of page reserved intentionally**]**

* * * * *

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.

BUYERS:

NEBRASKA HEALTH CARE GROUP, LLC,
a Nebraska limited liability company
By: LHC Group, Inc., its Manager

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

ILLINOIS HEALTH CARE GROUP, LLC,
an Illinois limited liability company
By: LHC Group, Inc., its Manager

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

KENTUCKY HEALTH CARE GROUP, LLC,
a Kentucky limited liability company

By: LHC Group, Inc., its Manager

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

TENNESSEE HEALTH CARE GROUP, LLC,
a Tennessee limited liability company

By: LHC Group, Inc., its Manager

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

MISSISSIPPI HEALTH CARE GROUP, LLC,
a Mississippi limited liability company

By: LHC Group, Inc., its Manager

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

LHC (solely with respect to Sections 10.4, 10.6, 12.3 and 15.13 of this Agreement)**:**

LHC GROUP, INC.,
a Delaware corporation

By: /s/ Joshua L. Proffitt
Joshua L. Proffitt, Executive Vice President

[Remainder of page reserved intentionally; Signatures continue on following page.**]**

COMPANIES WHICH ARE PARTIES TO THIS AGREEMENT:

ELK VALLEY PROFESSIONAL AFFILIATES, INC.,
a Tennessee corporation

By: /s/ Richard M. Smith
Printed Name: Richard M. Smith
Its: President

SOUTH MISSISSIPPI HOME HEALTH, INC.,
a Mississippi corporation

By: /s/ Richard M. Smith
Printed Name: Richard M. Smith
Its: President

SHAREHOLDER:

DEACONESS HOMECARE, LLC,
a Delaware limited liability company

By: /s/ Richard M. Smith
Printed Name: Richard M. Smith
Its: President

BIOSCRIP (solely with respect to Sections 10.4, 10.5, 10.6, 12.2, 12.4 and 15.12 of this Agreement)**:**

BIOSCRIP, INC.,
a Delaware corporation

By: /s/ Richard M. Smith
Printed Name: Richard M. Smith
Its: President and Chief Executive Officer

EXECUTION VERSION

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made and entered into as of January 31, 2014, by and among BIOSCRIP, INC., a Delaware corporation (the "Borrower"), each of the Subsidiaries of the Borrower identified on the signature pages hereto as a "Guarantor" (each, a "Guarantor" and, collectively, the "Guarantors"; the Borrower and the Guarantors, each, a "Loan Party" and, collectively, the "Loan Parties"), the Lenders party hereto, and SUNTRUST BANK, in its capacity as administrative agent for itself and the Lenders (the "Administrative Agent").

WITNESSETH :

WHEREAS, the Borrower, the banks and other financial institutions and lenders party thereto (collectively, the "Lenders"), and the Administrative Agent have executed and delivered that certain Credit Agreement dated as of July 31, 2013 (as amended by that certain First Amendment to Credit Agreement dated as of December 23, 2013, and as the same may be further amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders agree to amend certain provisions of the Credit Agreement as set forth herein, and the Administrative Agent and the Lenders party hereto have agreed to such amendments, in each case, subject to the terms and conditions set forth below.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto hereby covenant and agree as follows:

SECTION 1. Definitions. Unless otherwise specifically defined herein, each term used herein (and in the recitals above) which is defined in the Credit Agreement (as amended hereby) shall have the meaning assigned to such term in the Credit Agreement (as amended hereby). Each reference to "hereof," "hereunder," "herein," and "hereby" and each other similar reference and each reference to "the Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

SECTION 2. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following new defined terms thereto in appropriate alphabetical order:

"Alternate Leverage Test" shall have the meaning set forth in Article VI.

"Liquidity" shall mean, on any date of determination, the sum of (a) cash and Cash Equivalents held by the Borrower and its Subsidiaries plus (b) the Aggregate Revolving Commitment Amount minus the aggregate Revolving Credit Exposure of all Revolving Credit Lenders.

"Non-Core Assets" shall mean the (i) Borrower's PBM line of business and home health services business (including any Subsidiary principally engaged in such businesses) and (ii) any other asset or Subsidiary which is not principally involved in the Borrower's provision of infusion services.

"Original Leverage Test" shall have the meaning set forth in Article VI.

"Specified Pricing Decrease Trigger" shall mean the occurrence of each of the following: (a)(i) the Borrower shall have obtained a current corporate family rating from (x) Moody's is at least B2 and (y) S&P is at least B or (ii) the Consolidated First Lien Net Leverage Ratio (whether or not then in effect) is less than 5.00 to 1.00 calculated as of the last day of the most recently ended Fiscal Quarter for which financial statements are required to have been delivered pursuant to Section 5.1(b), (b) the Borrower and its Subsidiaries shall have Liquidity of at least $50,000,000, and (c) the Borrower shall have delivered to the Administrative Agent a certificate executed by a Responsible Officer certifying that the conditions in the foregoing clauses (a) and (b) have been satisfied.

(b) The following defined term in Section 1.1 of the Credit Agreement is hereby amended and restated so that it reads in its entirety as follows:

"Applicable Margin" shall mean, as of any date, (a) with respect to all Term B Loans outstanding on such date, (i) prior to the occurrence of the Specified Pricing Decrease Trigger, 5.00% *per annum* with respect to Base Rate Loans and 6.00% *per annum* with respect to Eurodollar Loans and (ii) effective as of the second Business Day after the occurrence of the Specified Pricing Decrease Trigger, 4.25% *per annum* with respect to Base Rate Loans and 5.25% *per annum* with respect to Eurodollar Loans and (b) with respect to all Revolving Loans outstanding on such date or the letter of credit fee, as the case may be, (i) prior to the occurrence of the Specified Pricing Decrease Trigger, the percentage *per annum* determined by reference to the applicable Consolidated Total Net Leverage Ratio in effect on such date as set forth on Part A of Schedule I and (ii) after the occurrence of the Specified Pricing Decrease Trigger, the percentage *per annum* determined by reference to the applicable Consolidated Total Net Leverage Ratio in effect on such date as set forth on Part B of Schedule I; provided that a change in the Applicable Margin resulting from a change in the Consolidated Total Net Leverage Ratio shall be effective on the second Business Day after which the Borrower delivers the financial statements required by Section 5.1(a) or (b), as applicable, and the related Compliance Certificate required by Section 5.1(c); provided, further, that if at any time the Borrower shall have failed to deliver such financial statements and such Compliance Certificate when so required (after giving effect to any grace or cure period applicable to such delivery), the Applicable Margin shall be at Level I as set forth on Part A or Part B, as applicable, of Schedule I until such time as such financial statements and Compliance Certificate are delivered, at which time the Applicable Margin shall be determined as provided above. In the event that the Consolidated Total Net Leverage Ratio reported in any financial statement or Compliance Certificate delivered hereunder is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered, other than with respect to a consensual termination of this Agreement and the Commitments in connection with the repayment in full in cash of the Obligations (other than Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, Bank Product Obligations and indemnities and other contingent obligations not then due and payable and as to which no claim has been made)), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin based upon the pricing grid set forth on Part A or Part B, as applicable, of Schedule I (the "Accurate Applicable Margin") for any period that such financial statement or Compliance Certificate covered, then (i) the Borrower shall promptly (but in any event within five (5) Business Days) deliver to the Administrative Agent an updated financial statement or Compliance Certificate, as the case may be, with a correct calculation of the Consolidated Total Net Leverage Ratio for such period, (ii) the Applicable Margin shall be adjusted such that after giving effect to the corrected Consolidated Total Net Leverage Ratio, the Applicable Margin shall be reset to the Accurate Applicable Margin based upon the pricing grid set forth on Part A or Part B, as applicable, of Schedule I for such period and (iii) (x) in the event that the Accurate Applicable Margin for such period is higher than the Applicable Margin in effect prior to the adjustment described in clause (ii), then the Borrower shall promptly (but in any event within five (5) Business Days) pay to the Administrative Agent, for the account of the Lenders, the accrued and unpaid additional interest owing as a result of such higher Accurate Applicable Margin for such period and (y) in the event that the Accurate Applicable Margin for such period is lower than the Applicable Margin in effect prior to the adjustment described in clause (ii), then the Administrative Agent shall credit against the Borrower's next interest payment an amount equal to the additional interest that accrued and was paid in excess of the interest that would have accrued at the Accurate Applicable Margin for such period; provided, that if no further interest payments are due hereunder, the Borrower shall not receive any credit or have any other rights under this clause (y). The provisions of this definition shall not limit the rights of the Administrative Agent and the Lenders with respect to Section 2.13(c) or Article VIII.

(c) Section 2.12(a) of the Credit Agreement is hereby amended and restated so that it reads in its entirety as follows:

(a) Promptly (but in any event within five (5) Business Days) upon receipt by the Borrower or any of its Subsidiaries of Net Cash Proceeds in excess of $10,000,000 in the aggregate during any Fiscal Year from any Prepayment Event, the Borrower shall prepay the Obligations in an amount equal to such excess Net Cash Proceeds; provided, that, no prepayment under this Section 2.12(a) shall be required with respect to (i) Non-Core Assets that are sold in accordance with Section 7.6(e) and (ii) Net Cash Proceeds from any other Prepayment Event so long as (with respect to this clause (ii) only) no Event of Default is in existence at the time of receipt of such Net Cash Proceeds, at the election of the Borrower, to the extent that such proceeds are reinvested in the business of the Borrower or any of its Subsidiaries within 365 days (or 366 days in a leap year) following receipt thereof or committed to be reinvested pursuant to a binding contract prior to the expiration of such 365 day (or 366 day in a leap year) period and actually reinvested within 180 days after the date of such binding contract. Any such prepayment shall be applied in accordance with subsection (d) of this Section.

(d) Section 5.1 of the Credit Agreement is hereby amended by deleting the "and" at the end of Section 5.1(f), deleting the "." at the end of Section 5.1(g) and inserting in lieu thereof "; and", and then adding the following new Section 5.1(h) thereto in appropriate numerical order:

(h) until such time as the Borrower is in compliance with the Original Leverage Test then applicable (regardless if the Original Leverage Test is being tested) deliver to the Administrative Agent (who will deliver to each private-side Lender) as soon as available and in any event within 30 days after the end of each fiscal month of the Borrower, an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal month and the related unaudited consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the Profit Plan for the current Fiscal Year; provided the Administrative Agent and the Lenders acknowledge and agree that (x) the financial statements described in this clause (h) are confidential and constitute material non-public information of the Borrower and (y) neither the Administrative Agent nor any other Lender (including any private-side Lender) shall distribute or furnish a copy of all or any portion of the financial statements described in this clause (h) to any Lender that is not a private-side Lender other as expressly permitted under Section 10.11(iv).

(e) Article VI of the Credit Agreement is hereby amended and restated so that it reads in its entirety as follows:

ARTICLE VI

CONSOLIDATED FIRST LIEN NET LEVERAGE RATIO COVENANT

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding (other than Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, Bank Product Obligations and indemnities and other contingent obligations not then due and payable and as to which no claim has been made), except with the written consent of the Required Revolving Lenders, solely with respect to the Revolving Loans and solely to the extent that a Revolver Covenant Triggering Event (as defined below) has occurred, the Borrower shall not permit the Consolidated First Lien Net Leverage Ratio as of the last day of any Fiscal Quarter (commencing with the Fiscal Quarter ending September 30, 2013), for the period of four (4) consecutive Fiscal Quarters ending on such date, to be greater than the ratio set forth below opposite such Fiscal Quarter (the "Original Leverage Test"):

Fiscal Quarter Ending	Consolidated First Lien Net Leverage Ratio
September 30, 2013 through and including March 31, 2014	6.25:1.00
June 30, 2014	6.00:1.00
September 30, 2014	5.75:1.00
December 31, 2014, and March 31, 2015	5.50:1.00
June 30, 2015	5.25:1.00
September 30, 2015, and December 31, 2015	5.00:1.00
March 31, 2016, through and including September 30, 2016	4.50:1.00
December 31, 2016, and continuing thereafter	4.00:1.00

Notwithstanding the foregoing, solely with respect to any Fiscal Quarter during the period commencing with the Fiscal Quarter ending December 31, 2013 through and including the Fiscal Quarter ending December 31, 2014 so long as the Borrower shall maintain, at all times during such period, Liquidity of at least $7,500,000 (and a certification of the foregoing to the extent applicable shall be included in each Compliance Certificate delivered by the Borrower hereunder during such period) in lieu of complying with the Original Leverage Test, solely with respect to the Revolving Loans and solely to the extent that a Revolver Covenant Triggering Event (as defined below) has occurred, the Borrower shall be in compliance with this Article VI so long as it does not permit the Consolidated First Lien Net Leverage Ratio as of the last day of any such Fiscal Quarter, for the period of four (4) consecutive Fiscal Quarters ending on such date, to be greater than the ratio set forth below opposite such Fiscal Quarter (the "Alternate Leverage Test"):

Fiscal Quarter Ending	Consolidated First Lien Net Leverage Ratio
December 31, 2013	6.75:1.00
March 31, 2014 through and including December 31, 2014	7.25:1.00

Notwithstanding the foregoing, the financial covenant set forth in this Article VI (including the Original Leverage Test or the Alternate Leverage Test, as applicable) shall be tested and the Borrower shall be required to comply with this Article VI solely to the extent that, as of the last day of any Fiscal Quarter, the aggregate outstanding principal amount of Revolving Loans and Swingline Loans exceeds 25% of the Aggregate Revolving Commitment Amount in effect on such date (a "Revolver Covenant Triggering Event").

(f) Section 7.1(a) of the Credit Agreement is hereby amended by deleting the "and" at the end of Section 7.1(a)(xx), deleting the "." at the end of Section 7.1(a)(xxi) and inserting in lieu thereof ";", and then adding following new clauses Section 7.1(a) (xxii) and Section 7.1(a) (xxiii) thereto in appropriate numerical order:

(xxii) Indebtedness (other than the ABDC Obligations) of the Borrower or any Subsidiary Loan Party that is unsecured; provided, that (A) the aggregate principal amount of any Indebtedness outstanding under this clause (xxii) at any time does not exceed $250,000,000 (excluding any amounts representing capitalized or accreted interest that are added to the principal balance of such Indebtedness after the date of issuance thereof), and (B) promptly (but in any event within five (5) Business Days) upon receipt thereof, 100% of the Net Cash Proceeds of such issuance of Indebtedness are used to prepay the Obligations as follows: first, to the outstanding principal balance of the Revolving Loans, until the same shall have been paid in full, pro rata to the Lenders based on their respective Revolving Commitments (without a permanent reduction in the amount of the Revolving Commitments) and second, to the outstanding principal balance of the Term B Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term B Loans, and applied first to the immediately succeeding eight (8) scheduled installments of the Term B Loans on a pro rata basis and thereafter to the remaining scheduled installments of the Term B Loans on a pro rata basis (including, without limitation, the final payment due on the Maturity Date); and

(xxiii) Indebtedness (other than the ABDC Obligations) of the Borrower or any Subsidiary Loan Party that subject to delivery of an intercreditor agreement in form and substance reasonably satisfactory to the Administrative Agent, secured by Liens that are junior in priority to the Liens securing the Obligations; provided, that (A) the aggregate principal amount of any secured Indebtedness outstanding under this clause (xxiii) at any time does not exceed $150,000,000 (excluding any amounts representing capitalized or accreted interest that are added to the principal balance of such Indebtedness after the date of issuance thereof), and (B) promptly (but in any event within five (5) Business Days) upon receipt thereof, 100% of the Net Cash Proceeds of such issuance of Indebtedness are used to prepay the Obligations as follows: first, to the outstanding principal balance of the Revolving Loans, until the same shall have been paid in full, pro rata to the Lenders based on their respective Revolving Commitments (without a permanent reduction in the amount of the Revolving Commitments) and second, to the outstanding principal balance of the Term B Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term B Loans, and applied first to the immediately succeeding eight (8) scheduled installments of the Term B Loans on a pro rata basis and thereafter to the remaining scheduled installments of the Term B Loans on a pro rata basis (including, without limitation, the final payment due on the Maturity Date).

(g) Section 7.2 of the Credit Agreement is hereby amended by adding the following new Section 7.2(l) thereto in appropriate alphabetical order:

(l) Liens securing Indebtedness incurred pursuant to Section 7.1(a)(xxiii).

(h) Section 7.6 of the Credit Agreement is hereby amended by deleting Section 7.6(e) and substituting in lieu thereof the following Section 7.6(e):

(e) any sale or disposition of Non-Core Assets so long as (i) at least 75% of the aggregate consideration received in respect of such sale or disposition is received in cash or Cash Equivalents; (ii) such sales and dispositions shall be for fair market value; (iii) the Borrower shall be in compliance with the terms of Article VI (whether or not then in effect), on a Pro Forma Basis after giving effect to such sale or disposition, calculated as of the last day of the most recently ended Fiscal Quarter for which financial statements are required to have been delivered pursuant to Section 5.1(b) and the Borrower shall have delivered to the Administrative Agent a certificate with applicable calculations attached signed by a Responsible Officer certifying to the foregoing; (iv) immediately before and after giving effect to such sale or disposition, no Default or Event of Default shall have occurred and be continuing; and (v) promptly (but in any event within five (5) Business Days) upon receipt thereof, 100% of the Net Cash Proceeds of such sale or disposition are used to prepay the Obligations as follows: first, to the outstanding principal balance of the Revolving Loans, until the same shall have been paid in full, pro rata to the Lenders based on their respective Revolving Commitments (without a permanent reduction in the amount of the Revolving Commitments) and second, to the outstanding principal balance of the Term B Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term B Loans, and applied first to the immediately succeeding eight (8) scheduled installments of the Term B Loans on a pro rata basis and thereafter to the remaining scheduled installments of the Term B Loans on a pro rata basis (including, without limitation, the final payment due on the Maturity Date).

(i) Schedule I of the Credit Agreement is hereby amended and restated by Schedule I attached hereto.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Both immediately before and immediately after giving effect to this Amendment, all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties (i) that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects or (ii) that expressly relate to an earlier date, in which case such representations and warranties are true and correct in all material respect as of such earlier date).

(b) No Default or Event of Default has occurred and is continuing or would result from giving effect to the terms hereof.

(c) The execution, delivery and performance by each Loan Party of this Amendment are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action.

(d) This Amendment has been duly executed and delivered by each Loan Party and constitutes valid and binding obligations of such Loan Party, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

SECTION 4. Conditions Precedent. This Amendment shall become effective only upon satisfaction of the following conditions precedent:

(a) the execution and delivery of this Amendment by each Loan Party, the Administrative Agent and each of the Required Lenders;

(b) the Borrower shall have paid to the Administrative Agent all fees required to be paid by the Borrower under that certain Fee Letter dated as of January 27, 2014 executed by the Administrative Agent and accepted by the Borrower; and

(c) the Borrowers shall have paid all other costs, fees, and expenses owed by the Borrower to the Administrative Agent, including, without limitation, reasonable attorneys' fees and expenses.

SECTION 5. Release of Claims. The Loan Parties hereby acknowledge and agree that, through the date hereof, each of the Administrative Agent and the Lenders has acted in good faith and has conducted itself in a commercially reasonable manner in its relationships with the Loan Parties in connection with the Obligations, the Credit Agreement, and the other Loan Documents, and the Loan Parties hereby waive and release any claims to the contrary. The Loan Parties hereby release, acquit and forever discharge the Administrative Agent and each of the Lenders, their respective Affiliates, and their respective officers, directors, employees, agents, attorneys, advisors, successors and assigns, both present and former, from any and all claims and defenses, known or unknown as of the date hereof, with respect to the Obligations, this Amendment, the Credit Agreement, the other Loan Documents and the transactions contemplated hereby and thereby.

SECTION 6. Miscellaneous Terms.

(a) Loan Document. For avoidance of doubt, the Borrower, the Lenders party hereto, and the Administrative Agent hereby acknowledge and agree that this Amendment is a Loan Document.

(b) Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal and binding obligation of the Borrower, enforceable against such Borrower Party in accordance with their respective terms. Except to the extent otherwise expressly set forth herein, the amendments set forth herein shall have prospective application only from and after the date of this Amendment.

(c) No Novation or Mutual Departure. The Loan Parties expressly acknowledge and agree that (i) there has not been, and this Amendment does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than with respect to the amendments contained in Section 2 above and (ii) nothing in this Amendment shall affect or limit the Administrative Agent's or any Lender's right to demand payment of liabilities owing from any Loan Party to the Administrative Agent or any Lender under, or to demand strict performance of the terms, provisions, and conditions of, the Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Credit Agreement or the other Loan Documents.

(d) Ratification. The Borrower hereby restates, ratifies, and reaffirms each and every term, covenant, and condition set forth in the Credit Agreement and the other Loan Documents to which it is a party (as such terms, covenants, and conditions are amended by Section 2 above) effective as of the date hereof.

(e) No Offset. To induce the Administrative Agent and the Lenders to enter into this Amendment and to continue to make advances pursuant to the Credit Agreement (subject to the terms and conditions thereof), each Loan Party hereby acknowledges and agrees that, as of the date hereof, and after giving effect to the terms hereof, there exists no right of offset, defense, counterclaim, claim, or objection in favor of any Loan Party or arising out of or with respect to any of the Loans or other obligations of any Loan Party owed to the Administrative Agent or any Lender under the Credit Agreement or any other Loan Document.

(f) Counterparts. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

(g) Fax or Other Transmission. Delivery by one or more parties hereto of an executed counterpart of this Amendment via facsimile, telecopy, or other electronic method of transmission pursuant to which the signature of such party can be seen (including, without limitation, Adobe Corporation's Portable Document Format) shall have the same force and effect as the delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by facsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability, or binding effect of this Amendment.

(h) Recitals Incorporated Herein. The preamble and the recitals to this Amendment are hereby incorporated herein by this reference.

(i) Section References. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

(j) Further Assurances. The Borrower agrees to take, at the Borrower's expense, such further actions as the Administrative Agent shall reasonably request from time to time to evidence the amendments set forth herein and the transactions contemplated hereby.

(k) Governing Law. This Amendment shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(l) Severability. Any provision of this Amendment which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

(m) Reaffirmation of Guarantors. Each Guarantor (i) consents to the execution and delivery of this Amendment, (ii) reaffirms all of its obligations and covenants under the Guaranty and Security Agreement and the other Loan Documents to which it is a party, and (iii) agrees that none of its respective obligations and covenants shall be reduced or limited by the execution and delivery of this Amendment.

[SIGNATURES ON FOLLOWING PAGES]

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

BIOSCRIP, INC.,
as the Borrower

By: /s/ K. Seal

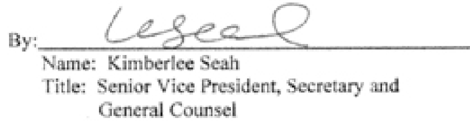
Name: Kimberlee C. Seah
Title: Senior Vice President, Secretary & General Counsel

APPLIED HEALTH CARE, LLC,
BIOSCRIP INFUSION MANAGEMENT, LLC,
BIOSCRIP INFUSION SERVICES, INC.,
BIOSCRIP INFUSION SERVICES, LLC,
BIOSCRIP MEDICAL SUPPLY SERVICES, LLC,
BIOSCRIP NURSING SERVICES, LLC,
BIOSCRIP PBM SERVICES, LLC,
BIOSCRIP PHARMACY (NY), INC.,
BIOSCRIP PHARMACY (PUERTO RICO), INC.,
BIOSCRIP PHARMACY SERVICES, INC.
BIOSCRIP PHARMACY, INC.,
BRADHURST SPECIALTY PHARMACY, INC.,
CEDAR CREEK HOME HEALTH CARE AGENCY, LLC,
CHRONIMED, LLC,
CHS HOLDINGS, INC.,
CRITICAL HOMECARE SOLUTIONS, INC.,
DEACONESS ENTERPRISES, LLC,
DEACONESS HOMECARE, LLC,
EAST GOSHEN PHARMACY, INC.,
ELK VALLEY HEALTH SERVICES, LLC,
ELK VALLEY HOME HEALTH CARE AGENCY, LLC,
ELK VALLEY PROFESSIONAL AFFILIATES, INC.,
GERICARE, LLC,
HOMECHOICE PARTNERS, INC.,
INFUCENTERS, LLC,
INFUSAL PARTNERS,
INFUSCIENCE HHA, LLC,
INFUSCIENCE, INC.,
INFUSCIENCE SOUTH CAROLINA, LLC,
INFUSCIENCE SUB, INC.,
INFUSION PARTNERS, LLC,
INFUSION PARTNERS OF BRUNSWICK, LLC, and
INFUSION PARTNERS OF MELBOURNE, LLC,
each, as a Guarantor

By:

Name: Kimberlee Seah
Title: Senior Vice President, Secretary and General Counsel

INFUSION SOLUTIONS, INC.,
INFUSION THERAPY SPECIALISTS, INC.,
KNOXVILLE HOME THERAPIES, LLC,
NATIONAL HEALTH INFUSION, INC.,
NATURAL LIVING, INC.,
NEW ENGLAND HOME THERAPIES, INC.,
NUTRI USA INC.,
OPTION HEALTH, LTD.,
PHCS ACQUISITION CO, INC.,
PROFESSIONAL HOME CARE SERVICES, INC.,
REGIONAL AMBULATORY DIAGNOSTICS, INC.,
SCOTT-WILSON, INC.,
SOUTH MISSISSIPPI HOME HEALTH, INC.,
SOUTH MISSISSIPPI HOME HEALTH, INC. - REGION I,
SOUTH MISSISSIPPI HOME HEALTH, INC. – REGION II,
SOUTH MISSISSIPPI HOME HEALTH, INC. – REGION III,
SPECIALTY PHARMA, INC., and
WILCOX MEDICAL, INC.,
each, as a Guarantor

By: 

Name: Kimberlee Seah
Title: Senior Vice President, Secretary and General Counsel

SUNTRUST BANK,
as Administrative Agent, for itself and with the consent of the Required Lenders

By:
Name: W. Bradley Hamilton
Title: Director

SCHEDULE I

Applicable Margin

Part A

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans
I	Greater than or equal to 5.00:1.00	6.00% *per annum*	5.00% *per annum*
II	Less than 5.00:1.00 but greater than or equal to 4.00:1.00	5.75% *per annum*	4.75% *per annum*
III	Less than 4.00:1.00	5.50% *per annum*	4.50% *per annum*

Part B

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans
I	Greater than or equal to 5.00:1.00	5.25% *per annum*	4.25% *per annum*
II	Less than 5.00:1.00 but greater than or equal to 4.00:1.00	5.00% *per annum*	4.00% *per annum*
III	Less than 4.00:1.00	4.75% *per annum*	3.75% *per annum*

EXECUTION VERSION

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made and entered into as of December 23, 2013, by and among BIOSCRIP, INC., a Delaware corporation (the "Borrower"), each of the Subsidiaries of the Borrower identified on the signature pages hereto as a "Guarantor" (each, a "Guarantor" and, collectively, the "Guarantors"; the Borrower and the Guarantors, each, a "Loan Party" and, collectively, the "Loan Parties"), the Lenders party hereto, and SUNTRUST BANK, in its capacity as administrative agent for itself and the Lenders (the "Administrative Agent").

WITNESSETH:

WHEREAS, the Borrower, the banks and other financial institutions and lenders party thereto (collectively, the "Lenders"), and the Administrative Agent have executed and delivered that certain Credit Agreement dated as of July 31, 2013 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders agree to amend certain other provisions of the Credit Agreement as set forth herein, and the Administrative Agent and the Lenders party hereto have agreed to such extension and amendments, in each case, subject to the terms and conditions set forth below.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto hereby covenant and agree as follows:

SECTION 1. Definitions. Unless otherwise specifically defined herein, each term used herein (and in the recitals above) which is defined in the Credit Agreement (as amended hereby) shall have the meaning assigned to such term in the Credit Agreement (as amended hereby). Each reference to "hereof," "hereunder," "herein," and "hereby" and each other similar reference and each reference to "the Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

SECTION 2. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following new defined term thereto in appropriate alphabetical order:

"Exjade Settlement" shall mean the Borrower's payment of an amount equal to $15,000,000, together with applicable interest thereon (plus any amounts arising out of the Borrower's obligation to reimburse certain parties for their out of pocket expenses) to settle certain allegations relating to the prescription drug known as Exjade as described in the Borrower's Form 8-K filed with the SEC on or about December 16, 2013.

(b) Section 4.21(f) of the Credit Agreement is hereby amended so that it reads in its entirety as follows:

(f) Since December 31, 2012, none of the Borrower nor any of its Subsidiaries, nor, to the knowledge of the Borrower, any employee or contractor of the Borrower or any of its Subsidiaries has been, or to the knowledge of the Borrower has been threatened to be, (i) excluded from any Governmental Payor Arrangement pursuant to 42 U.S.C. § 1320a-7b and related regulations, (ii) "suspended" or "debarred" from selling products to the U.S. government or its agencies pursuant to the Federal Acquisition Regulation, relating to debarment and suspension applicable to federal government agencies generally (42 C.F.R. Subpart 9.4), or other applicable laws or regulations, (iii) debarred, disqualified, suspended or excluded from participation in Medicare, Medicaid or any other governmental health care program or is listed on the General Services Administration list of excluded parties, nor is any such debarment, disqualification, suspension or exclusion, to the knowledge of a Loan Party, threatened or pending, or (iv) made a party to any other action by any Governmental Authority that may prohibit it from selling products or providing services to any governmental or other purchaser pursuant to any federal, state or local laws or regulations. Except for the payment of the amounts expressly provided for in the Exjade Settlement, none of the Borrower nor any of its Subsidiaries, nor, to the knowledge of the Borrower, any employee or contractor of the Borrower or any of its Subsidiaries is party to a corporate integrity agreement, consent order, consent decree, permanent injunction or other settlement agreement with any Governmental Authority or Third Party Payor or otherwise pursuant to any Governmental Payor Arrangement, Third Party Payor Arrangement, License, or Company Accreditation, including, without limitation, any additional corporate integrity agreement, consent order, consent decree, permanent injunction or other settlement agreement arising out of allegations involving the Borrower and the prescription drug known as Exjade, which individually (or, together with any related Settlements (other than the Exjade Settlement), in the aggregate) (i) would reasonably be expected to result in a Material Adverse Effect or (ii) requires the payment of money in an amount in excess of $12,500,000.

(c) Section 8.1(k) of the Credit Agreement is hereby amended so that it reads in its entirety as follows:

(k) any final non-consensual judgment or order for the payment of money (to the extent not covered by insurance as to which the insurer has been notified of such judgment and has not denied coverage in writing) in excess of $12,500,000 individually (or, together with any related non-consensual judgment or order, in the aggregate) shall be rendered against the Borrower or any of its Subsidiaries, and either (i) enforcement proceedings shall have been commenced by any creditor upon such non-consensual judgment or order or (ii) such non-consensual judgment or order remains unvacated, unbounded or unstayed for a period of 30 consecutive days; or

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Both immediately before and immediately after giving effect to this Amendment, all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties (i) that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects or (ii) that expressly relate to an earlier date, in which case such representations and warranties are true and correct in all material respect as of such earlier date).

(b) No Default or Event of Default has occurred and is continuing or would result from giving effect to the terms hereof.

(c) The execution, delivery and performance by each Loan Party of this Amendment are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action.

(d) This Amendment has been duly executed and delivered by each Loan Party and constitutes valid and binding obligations of such Loan Party, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

SECTION 4. Conditions Precedent. This Amendment shall become effective only upon satisfaction of the following conditions precedent:

(a) the execution and delivery of this Amendment by each Loan Party, the Administrative Agent and each of the Required Lenders;

(b) the Borrower shall have paid to the Administrative Agent, for the benefit of each Lender who has executed this Amendment prior to 5:00 pm (Atlanta, Georgia time) on December 20, 2013, an amendment fee equal to 0.10% of the outstanding aggregate amount of Revolving Commitments and Term Loans of such Lender as of the date thereof; and

(c) the Borrowers shall have paid all other costs, fees, and expenses owed by the Borrower to the Administrative Agent, including, without limitation, reasonable attorneys' fees and expenses.

SECTION 5. Miscellaneous Terms.

(a) Loan Document. For avoidance of doubt, the Borrower, the Lenders party hereto, and the Administrative Agent hereby acknowledge and agree that this Amendment is a Loan Document.

(b) Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal and binding obligation of the Borrower, enforceable against such Borrower Party in accordance with their respective terms. Except to the extent otherwise expressly set forth herein, the amendments set forth herein shall have prospective application only from and after the date of this Amendment.

(c) No Novation or Mutual Departure. The Loan Parties expressly acknowledge and agree that (i) there has not been, and this Amendment does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than with respect to the amendments contained in Section 2 above and (ii) nothing in this Amendment shall affect or limit the Administrative Agent's or any Lender's right to demand payment of liabilities owing from any Loan Party to the Administrative Agent or any Lender under, or to demand strict performance of the terms, provisions, and conditions of, the Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Credit Agreement or the other Loan Documents.

(d) Ratification. The Borrower hereby restates, ratifies, and reaffirms each and every term, covenant, and condition set forth in the Credit Agreement and the other Loan Documents to which it is a party (as such terms, covenants, and conditions are amended by Section 2 above) effective as of the date hereof.

(e) No Offset. To induce the Administrative Agent and the Lenders to enter into this Amendment and to continue to make advances pursuant to the Credit Agreement (subject to the terms and conditions thereof), each Loan Party hereby acknowledges and agrees that, as of the date hereof, and after giving effect to the terms hereof, there exists no right of offset, defense, counterclaim, claim, or objection in favor of any Loan Party or arising out of or with respect to any of the Loans or other obligations of any Loan Party owed to the Administrative Agent or any Lender under the Credit Agreement or any other Loan Document.

(f) Counterparts. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

(g) Fax or Other Transmission. Delivery by one or more parties hereto of an executed counterpart of this Amendment via facsimile, telecopy, or other electronic method of transmission pursuant to which the signature of such party can be seen (including, without limitation, Adobe Corporation's Portable Document Format) shall have the same force and effect as the delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by facsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability, or binding effect of this Amendment.

(h) Recitals Incorporated Herein. The preamble and the recitals to this Amendment are hereby incorporated herein by this reference.

(i) Section References. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

(j) Further Assurances. The Borrower agrees to take, at the Borrower's expense, such further actions as the Administrative Agent shall reasonably request from time to time to evidence the amendments set forth herein and the transactions contemplated hereby.

(k) Governing Law. This Amendment shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(l) Severability. Any provision of this Amendment which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

(m) Reaffirmation of Guarantors. Each Guarantor (i) consents to the execution and delivery of this Amendment, (ii) reaffirms all of its obligations and covenants under the Guaranty and Security Agreement and the other Loan Documents to which it is a party, and (iii) agrees that none of its respective obligations and covenants shall be reduced or limited by the execution and delivery of this Amendment.

[SIGNATURES ON FOLLOWING PAGES]

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

BIOSCRIP, INC.,
as the Borrower

By: ____________________
Name: Kimberlee C. Seah
Title: Senior Vice President, Secretary & General Counsel

BIOSCRIP, INC.,
as a Guarantor

By: ______________________
Name:
Title:

APPLIED HEALTH CARE, LLC,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP INFUSION MANAGEMENT, LLC,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP INFUSION SERVICES, INC.,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP INFUSION SERVICES, LLC,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP MEDICAL SUPPLY SERVICES,
LLC, as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP NURSING SERVICES, LLC,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP PBM SERVICES, LLC,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP PHARMACY (NY), INC.,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP PHARMACY (PUERTO RICO),
INC., as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP PHARMACY SERVICES, INC.,
as a Guarantor

By: ______________________
Name:
Title:

BIOSCRIP PHARMACY, INC.,
as a Guarantor

By: ______________________
Name:
Title:

BRADHURST SPECIALTY PHARMACY, INC., as a Guarantor

By: ______________________
Name:
Title:

CEDAR CREEK HOME HEALTH CARE AGENCY, LLC, as a Guarantor

By: ______________________
Name:
Title:

CHRONIMED, LLC, as a Guarantor

By: ______________________
Name:
Title:

CHS HOLDINGS, INC., as a Guarantor

By: ______________________
Name:
Title:

CRITICAL HOMECARE SOLUTIONS, INC., as a Guarantor

By: ______________________
Name:
Title:

DEACONESS ENTERPRISES, LLC, as a Guarantor

By: ______________________
Name:
Title:

DEACONESS HOMECARE, LLC, as a Guarantor

By: ______________________
Name:
Title:

EAST GOSHEN PHARMACY, INC., as a Guarantor

By: ______________________
Name:
Title:

ELK VALLEY HEALTH SERVICES, LLC, as a Guarantor

By: ______________________
Name:
Title:

ELK VALLEY HOME HEALTH CARE AGENCY, LLC, as a Guarantor

By: ______________________
Name:
Title:

ELK VALLEY PROFESSIONAL AFFILIATES, INC., as a Guarantor

By: ______________________
Name:
Title:

GERICARE, LLC, as a Guarantor

By: ______________________
Name:
Title:

HOMECHOICE PARTNERS, INC.,
as a Guarantor

By: ____________________
Name:
Title:

INFUCENTERS, LLC,
as a Guarantor

By: ____________________
Name:
Title:

INFUSAL PARTNERS,
as a Guarantor

By: ____________________
Name:
Title:

INFUSCIENCE HHA, LLC,
as a Guarantor

By: ____________________
Name:
Title:

INFUSCIENCE, INC.,
as a Guarantor

By: ____________________
Name:
Title:

INFUSCIENCE SOUTH CAROLINA, LLC,
as a Guarantor

By: ____________________
Name:
Title:

INFUSCIENCE SUB, INC.,
as a Guarantor

By: ____________________
Name:
Title:

INFUSION PARTNERS, LLC,
as a Guarantor

By: ____________________
Name:
Title:

INFUSION PARTNERS OF BRUNSWICK, LLC, as a Guarantor

By: ____________________
Name:
Title:

INFUSION PARTNERS OF MELBOURNE, LLC, as a Guarantor

By: ____________________
Name:
Title:

INFUSION SOLUTIONS, INC.,
as a Guarantor

By: ____________________
Name:
Title:

INFUSION THERAPY SPECIALISTS, INC.,
as a Guarantor

By: ____________________
Name:
Title:

KNOXVILLE HOME THERAPIES, LLC,
as a Guarantor

By: ______________________
Name:
Title:

NATIONAL HEALTH INFUSION, INC.,
as a Guarantor

By: ______________________
Name:
Title:

NATURAL LIVING, INC.,
as a Guarantor

By: ______________________
Name:
Title:

NEW ENGLAND HOME THERAPIES, INC.,
as a Guarantor

By: ______________________
Name:
Title:

OPTION HEALTH, LTD.,
as a Guarantor

By: ______________________
Name:
Title:

PROFESSIONAL HOME CARE SERVICES, INC., as a Guarantor

By: ______________________
Name:
Title:

REGIONAL AMBULATORY DIAGNOSTICS, INC., as a Guarantor

By: ______________________
Name:
Title:

SCOTT-WILSON, INC.,
as a Guarantor

By: ______________________
Name:
Title:

SOUTH MISSISSIPPI HOME HEALTH, INC.,
as a Guarantor

By: ______________________
Name:
Title:

SOUTH MISSISSIPPI HOME HEALTH, INC. - REGION I, as a Guarantor

By: ______________________
Name:
Title:

SOUTH MISSISSIPPI HOME HEALTH, INC. – REGION II, as a Guarantor

By: ______________________
Name:
Title:

SOUTH MISSISSIPPI HOME HEALTH, INC. – REGION III, as a Guarantor

By: ______________________
Name:
Title:

SPECIALTY PHARMA, INC.,
as a Guarantor

By: ____________________
Name:
Title:

WILCOX MEDICAL, INC.,
as a Guarantor

By: ____________________
Name:
Title:

NUTRI USA INC.,
as a Guarantor

By: ____________________
Name:
Title:

PHCS ACQUISITION CO, INC.,
as a Guarantor

By: ____________________
Name:
Title:

SUNTRUST BANK,
as Administrative Agent, for itself and with the consent of the Required Lenders

By:
Name: W. Bradley Hamilton
Title: Director

[BIOSCRIP – FIRST AMENDMENT]

bioscrip

FOR IMMEDIATE RELEASE

BioScrip to Sell Home Health Services Business to LHC Group

Increases BioScrip's Focus on Core Home Infusion Platform

Elmsford, NY – February 3, 2014 – BioScrip®, Inc. (NASDAQ: BIOS) today announced that it has entered into a definitive agreement to sell its Home Health business, known as Deaconess HomeCare, to LHC Group, Inc. (NASDAQ: LHCG) for $60 million in cash.

Net proceeds from the sale will be used to pay down debt, and BioScrip expects the transaction to be accretive to its earnings in 2014. For the last twelve months ending September 30, 2013, the Home Health business recorded net revenues of $72.6 million. The transaction is expected to close by the end of the first quarter of 2014, subject to customary closing conditions.

"This transaction represents another milestone in our plans to position BioScrip as a leader in the home infusion industry," said Rick Smith, President and Chief Executive Officer of BioScrip. "As we have shifted our focus toward infusion services, we have carefully considered how best to foster continued growth and success at each of our operating segments, and we believe this transaction is a win for both Deaconess and the Company as a whole. This transaction will enhance BioScrip's financial flexibility to further benefit from the scale we built through our three recent infusion acquisitions, which have collectively deepened our strong clinical capabilities and customer relationships and provided us with a solid foundation from which to grow. We believe our infusion strategy is delivering results, and going forward we remain focused on building our reputation for clinical excellence and driving profitability by optimizing the value of our remaining assets and capitalizing on the solid fundamentals of our infusion service model."

Mr. Smith continued, "We believe LHC Group is a natural fit for the Deaconess family, which is a leader in its own right. We appreciate all that the Home Health employees have accomplished—today's transaction is due to their success. LHC Group is one of the top home health services providers in the U.S. and shares a common vision with the Home Health business. By being part of LHC Group, Deaconess will be even better positioned to realize its full potential."

Cain Brothers & Co., LLC acted as BioScrip's financial advisor in connection with the transaction and Polsinelli PC acted as BioScrip's legal advisor.

About BioScrip, Inc.

BioScrip, Inc. is a leading national provider of infusion and home care solutions. BioScrip partners with physicians, healthcare payors, government agencies, hospital systems and pharmaceutical manufacturers to provide patients access to post-acute care services. BioScrip operates with a commitment to bring customer-focused pharmacy and related healthcare infusion therapy services into the home or alternate-site setting. By collaborating with the full spectrum of healthcare professionals and the patient, BioScrip provides cost-effective care that is driven by quality, customer service, and values that promote positive outcomes and an enhanced quality of life for those it serves. BioScrip provides its infusion and home care services from 108 locations across 29 states.

bio scrip

FORWARD LOOKING STATEMENTS

This press release includes statements that may constitute “forward-looking statements,” including statements regarding the Company's goals, performance and strategy. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. 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. Important factors that could cause or contribute to such differences include but are not limited to risks associated with the Company's ability to consummate the transaction involving LHC Group, Inc., as well as the risks described in the Company's periodic filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K for the year ended December 31, 2012. The Company does not undertake any duty to update these forward-looking statements after the date hereof, even though the Company's situation may change in the future. All of the forward-looking statements herein are qualified by these cautionary statements.

Investor and Media Contacts

Hai Tran
Chief Financial Officer, BioScrip, Inc.
952-979-3768

FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

This offering memorandum contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "target," "estimate," "project," "intend" and similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement our strategy, our objectives, the amount and timing of capital expenditures, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding our services, the expansion of our services, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- our expectations regarding financial condition or results of operations in future periods;
- our future sources of, and needs for, liquidity and capital resources;
- our ability to comply with financial covenants in our Senior Credit Facilities (as defined under "Description of Other Indebtedness");
- the level of our indebtedness may limit our ability to execute our business strategy and increase the risk of default under our debt obligations;
- availability of financing sources;
- unfavorable general economic and market conditions;
- reductions in federal, state and commercial payor reimbursement;
- the ability of our home health agencies or pharmacies to comply with the conditions of participation in the Medicare program or Medicare supplier standards;
- delays or suspensions of federal and state payments for services provided;
- changes in industry pricing benchmarks, particularly "average wholesale price," could adversely impact prices we get reimbursed by our customers, including state Medicaid programs, and the associated margins;
- increased competition from our competitors, including competitors with greater resources, which could have the effect of reducing prices and margins and decreasing our ability to grow by acquisition at feasible prices;
- the sources and amounts of our patient revenue, including the mix of patients and the rates of reimbursement among payors;
- pharmacy benefit management, or PBM, client demands for enhanced service levels;
- efforts to reduce healthcare costs;

- increases or other changes in our acquisition cost for our products;
- unforeseen contract terminations;
- declines and other changes in revenue due to the expiration of short-term contracts;
- difficulties with the implementation of our growth strategy and integrating businesses we have acquired or will acquire;
- the ability to hire and retain key employees;
- difficulties in the implementation and ongoing evolution of our operating systems;
- the outcome of lawsuits and governmental investigations;
- the impact of any new requirements on compounding pharmacies;
- risks associated with increased government regulation related to the health care and insurance industries in general, and more specifically, home infusion, home health and specialty pharmaceutical distribution organizations;
- network lock-outs and decisions to in-source by health insurers or health systems;
- existence of complex laws and regulations relating to our business; and
- other factors discussed from time to time in our filings with the SEC, including factors discussed under the heading “Risk Factors” in our annual report on Form 10-K/A for the year ended December 31, 2012, as amended, filed with the SEC on December 16, 2013 and our quarterly report on Form 10-Q for the three months ended September 30, 2013, filed with the SEC on November 12, 2013.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. You should not place undue reliance on our forward-looking statements. Although we believe that the expectations reflected in forward-looking statements are reasonable, we cannot guarantee future results or performance.

SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this offering memorandum. You should read carefully the following summary together with the more detailed information contained in this offering memorandum and the information incorporated by reference into this offering memorandum, including the “Risk Factors” section beginning on page 15 of this offering memorandum and the “Risk Factors” section in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012, in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, and in the other reports that we file with the SEC. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Unless otherwise indicated, the terms “BioScrip,” “the Company,” “our company,” “us,” “we” and “our” refer to BioScrip, Inc. together with its subsidiaries. As used herein the terms “Adjusted EBITDA” and “Segment Adjusted EBITDA” shall have the meanings provided in our Annual Report on Form 10-K/A for the year ended December 31, 2012 and Quarterly Reports for the quarters ended March 31, June 30 and September 30, 2013.

Our Company

We are a national provider of home infusion and other home healthcare services that partners with patients, physicians, hospitals, healthcare payors and pharmaceutical manufacturers to provide clinical management solutions and deliver cost-effective access to prescription medications and home healthcare services. Our services are designed to improve clinical outcomes to patients with chronic and acute healthcare conditions while controlling overall healthcare costs.

Our platform provides nationwide service capabilities and the ability to deliver clinical management services that offer patients a high-touch, home-based and community-based care environment. Our core services are provided in coordination with, and under the direction of, the patients' physicians. Our infusion and home health professionals, including pharmacists, nurses, dieticians, respiratory therapists and physical therapists, work with physicians to develop a plan of care suited to our patients' specific needs. Whether in the home, physician office, ambulatory infusion center or other alternate site of care, we provide products, services and condition-specific clinical management programs that aim to tailor to improve the care of individuals with complex health conditions such as cancer, multiple sclerosis, organ transplants, bleeding disorders, rheumatoid arthritis, immune deficiencies and congestive heart failure.

Infusion Services Market

Home infusion services represent an over $10 billion market opportunity, and the market remains largely fragmented with local and regional companies with limited footprints representing the majority of the market. We are the third-largest provider of home infusion services with an estimated 8% market share, and the top three providers account for only approximately 35% of the market. The fragmented nature of the market and the limited scale and footprint of regional and local players provide ample organic and acquisitive growth opportunities. Industry participants compete primarily on the basis of service and strive to differentiate themselves based on responsiveness to customer demands; the commitment to provide flexible, clinically-oriented services; and quality, scope and cost of clinical support programs and services. Our “Centers of Excellence” offer a high-touch, high-service approach to care on a local basis, which we believe differentiates our service.

Our primary home infusion market has several strong fundamental drivers of growth:

- **Aging Population Living Longer with More Chronic Diseases:** The aging of the U.S. population is expanding the number of Americans 65 years and older, a population set expected to exceed 70 million by 2030. The average number of patients with multiple chronic conditions expands as a patient population ages, and chronic conditions increase a patient’s likelihood of requiring infusion services. Additionally, expanding coverage due to healthcare reform is expected to increase the

number of dual eligibles and the number of insured, with a projected 30 – 40 million uninsured gaining coverage. Both of these populations have a high incidence of chronic conditions and are expected to further drive the growth in home infusion services.

- **Drug Pipeline and Technological Advancements:** There are an estimated 600 specialty drugs in development targeting a number of chronic conditions and illnesses. Many of these drugs will need some degree of specialized, hands-on administration via injection or infusion. Ongoing advances in technology have allowed for convenient and reliable infusion of complex medications in the home. We believe we are well-positioned to capitalize on the specialty pipeline as increased utilization of specialty pharmaceuticals administered in a home setting should drive increased demand for our services.
- **Focus on Cost Containment and Outcomes:** Significant cost savings typically are achieved by payors and patients when infusion therapies are administered in the home versus other settings such as hospitals, skilled nursing facilities or other post-acute care facilities. We believe these cost savings position us to benefit from healthcare reform. As healthcare reform continues to focus on cost-reduction initiatives, home infusion and other low-cost in-home therapeutic alternatives will be impacted favorably by revised coverage.
- **Patient Convenience, Privacy and Autonomy:** Patients increasingly want to be home and avoid treatment in a hospital setting. Treatment in a home setting is the most convenient, comfortable and desirable choice for many patients. Consequently, there is a growing trend in the utilization of home infusion services including transitional and pre-operative home infusion in consultation with a patient's surgeon essentially leading to building the hospital room in a patient's home. Furthermore, our ability to incorporate clinical capabilities into technology to effectively monitor and manage patients in a home setting positions us well to take advantage of the shift to a home based care.

Segments Overview

In 2012, we sold certain assets, rights and properties relating to our traditional and specialty pharmacy mail and community retail pharmacy store operations to Walgreen Co. (the "Pharmacy Services Asset Sale"). As a result of this transaction, we reevaluated our operating and reportable segments, changing from "Infusion/Home Health Services" and "Pharmacy Services" to our operating and reportable segments: "Infusion Services," "Home Health Services" and "PBM Services." These three operating and reportable segments reflect how our chief operating decision maker now reviews our results in terms of allocating resources and assessing performance.

We continue to evaluate our non-core businesses, such as our non-core PBM business segment, due to the non-strategic nature of these lines of business, volatility in performance and more limited growth opportunities. See "Risk Factors — Changes in economic and operating conditions may result in a future goodwill and/or indefinite-lived intangible asset impairment charge."

Infusion Services

We are one of the largest providers of home infusion services in the United States. Home infusion involves the preparation, delivery, administration and clinical monitoring of pharmaceutical treatments that are administered to a patient via intravenous (into the vein), subcutaneous (into the fatty layer under the skin), intramuscular (into the muscle) and intra-spinal (into the membranes around the spinal cord) methods. These methods are employed when a physician determines that the best outcome can be achieved through utilization of one or more of the therapies provided through the routes of administration described above.

Our home infusion services primarily involve the intravenous administration of medications treating a wide range of acute and chronic conditions, such as infections, nutritional deficiencies, various immunologic and neurologic disorders, cancer, pain and palliative care. Our services are usually provided in the patient's home but may also be provided at outpatient clinics, the physician's office or at one of our ambulatory infusion centers. We receive payment for our home health services and medications pursuant to provider agreements

with government sources, such as Medicare and Medicaid programs, managed care organizations (“MCOs”) and other commercial insurance (“Third Party Payors”).

We provide a wide array of home infusion products and services to meet the diverse needs of physicians, patients and payors. Diseases commonly requiring infusion therapy include infections that are unresponsive to oral antibiotics, cancer and cancer-related pain, dehydration and gastrointestinal diseases or disorders that prevent normal functioning of the gastrointestinal tract, which require IV fluids, parenteral or enteral nutrition. Other conditions treated with infusion therapies may include chronic diseases such as congestive heart failure, Crohn's disease, hemophilia, immune deficiencies, multiple sclerosis, rheumatoid arthritis, growth disorders and genetic enzyme deficiencies, such as Gaucher's or Pompe's disease. The therapies most commonly provided are listed below:

Therapy Type	Description
Parenteral Nutrition (PN)	Provide intravenous nutrition customized to the nutritional needs of the patient. PN is used in patients that cannot meet their nutritional needs via other means due to disease process or as a complication of a disease process, surgical procedure or congenital anomaly. PN may be used short term or chronically.
Enteral Nutrition (EN)	Provide nutrition directly to the stomach or intestine in patients who cannot chew or swallow nutrients in the usual manner. EN may be delivered via a naso-gastric tube or a tube placed directly into the stomach or intestine. EN may be used short term or chronically.
Antimicrobial Therapy	Provide intravenous antimicrobial medications used in the treatment of patients with various infectious processes such as: HIV/AIDS, wound infections, pneumonia, osteomyelitis, cystic fibrosis, Lyme disease and cellulitis. May also be used in patients with disease processes or therapies that may lead to infections when oral antimicrobials are not effective.
Chemotherapy	Provide injectable and/or infused medications in the home or the prescriber’s office for the treatment of cancer. Adjuvant medications may also be provided to minimize the side effects associated with chemotherapy.
Immune Globulin (IG) Therapy	Provide immune globulins intravenously or subcutaneously on an as-needed basis in patients with immune deficiencies or auto-immune diseases. This therapy may be chronic based on the etiology of the immune deficiency.
Pain Management	Provide analgesic medications intravenously, subcutaneously or epidurally. This therapy is generally administered as a continuous infusion via an internal or external infusion pump to treat severe pain associated with diseases such as COPD, cancer and severe injury.
Blood Factor Therapies	Provide medications to patients with one of several inherited bleeding disorders in which a patient does not manufacture the clotting factors necessary or use the clotting factors their liver makes appropriately in order to halt an external or internal bleed in response to a physical injury or trauma.
Inotropes Therapy	Provide intravenous inotropes in the home for the treatment of heart failure, either in anticipation of cardiac transplant or to provide palliation of heart failure symptoms. Inotropes increase the strength of weak heart muscles to pump blood. The therapy is only started in late phase heart failure when alternative therapies proved inadequate.
Respiratory Therapy/ Home Medical Equipment	Provide oxygen systems, continuous or bi-level positive airway pressure devices, nebulizers, home ventilators, respiratory devices, respiratory medications and other medical equipment.

Patients generally are referred to us by physicians, hospital discharge planners, MCOs and other referral sources. Our medications are compounded and dispensed under the supervision of a registered pharmacist in a state licensed pharmacy that is accredited by an independent accrediting organization. We only compound pursuant to a patient specific prescription and do so in compliance with USP 797 standards as required under state jurisdiction. The accrediting organization surveys for compliance with the USP 797 standards for sterile drug compounding pharmacies and has confirmed that we are in compliance with such standards. The therapy is typically administered in the patient's home by a registered nurse or trained caregiver. Depending on the preferences of the patient or the payor, these services may also be provided at one of our ambulatory infusion centers, a physician's office or another alternate site of administration.

We currently have relationships with a large number of MCOs and other Third Party Payors to provide pharmacy products and services, including infusion services. These relationships are primarily at a local or regional level. A key element of our business strategy is to leverage our relationships, geographic coverage, clinical expertise and reputation in order to gain contracts with payors. Our infusion service contracts typically provide for us to receive a fee for preparing and delivering medications and related equipment to patients in their homes. Pricing is typically negotiated in advance on the basis of Average Wholesale Price (“AWP”) minus some percentage of contractual discount, or Average Selling Price (“ASP”) plus some percentage. In addition, we typically receive a per diem payment for the service and supplies component of care provided to patients in connection with infusion services and a visit rate for the associated skilled nursing provided.

For the 12-month period ended September 30, 2013, our Infusion Services segment contributed 66.7% to total Segment Adjusted EBITDA.

Home Health Services

We conduct our home nursing and therapy services through state-licensed as well as Medicare-certified agencies. Our healthcare professionals provide healthcare services to adult and pediatric patients in their homes, including those suffering from chronic and acute illnesses, those in recovery from surgical procedures and those who require monitoring or care for other reasons. Our key services and program offerings are skilled nursing; wound care; oncology nursing and infusion nursing; rehabilitation services, which includes physical therapy; occupational therapy and speech language pathology; medical social services; and home health aide services. Our services are provided by registered nurses, licensed practical nurses, physical, occupational and speech therapists, infusion specialists, wound care specialists and social workers. Our home nursing offerings also include private duty nursing care, in which our nurses provide services on an hourly or shift basis, and intermittent nursing care, in which our nurses provide services on an irregular basis or for a limited period of time. Our nurses provide medical care to these patients through pain and symptom management, wound treatment and management, medication management, infusion therapy services, skilled assessment and observations of patients through home visits and telemonitoring and education to patients and family caregivers.

Most of our home nursing services are provided to beneficiaries of government sponsored programs. The majority of our skilled home nursing services are reimbursed by Medicare, based on the “prospective payment system” rates per episode, which varies with the complexity of patient condition. Our private duty nursing services are generally billed on an hourly basis and are reimbursed primarily through one of a number of MCOs contracted by the TennCare program to administer these services on behalf of state residents who qualify for such benefits.

For the 12-month period ended September 30, 2013, our Home Health Services segment contributed 5.6% to total Segment Adjusted EBITDA.

PBM Services

Our PBM Services segment provides prescription discount card programs and fully-integrated funded PBM services.

Prescription Discount Card Programs

Our discount card services provide a cost effective alternative for individuals who may be uninsured, underinsured or may have restrictive coverage that disallows reimbursement for certain medications. Under these discount programs, individuals who present a discount card at one of our participating network pharmacies receive prescription medications at a discounted price as compared to the retail price. The discount card programs are designed and marketed by consumer marketing organizations with which we contract. The marketing organizations receive a broker fee or commission for the sales generated. We contract with a third party PBM to process our discount card claims.

Funded PBM Services

Our funded PBM business provides employers, MCOs, Third Party Administrators (“TPAs”), and other third party payors (collectively, “Plan Sponsors”) cost-effective pharmacy benefit management services including (i) pharmacy network management; (ii) benefit plan design; (iii) formulary administration; (iv) drug utilization review; and (v) access to traditional and specialty medications for plan members through mail order.

For the 12 month period ended September 30, 2013, our PBM Services segment contributed 27.7% to total Segment Adjusted EBITDA.

Competitive Strengths

We have a number of competitive strengths, including:

Local Competitive Market Position within our National Platform and Infrastructure

As of September 30, 2013, we had a total of 117 locations in 29 states, encompassing 33 home nursing locations and 84 home infusion locations, including two contract affiliated infusion pharmacies. Our model combines local presence with comprehensive clinical programs for multiple therapies and specific delivery technologies (injectable and infusible). We also have the capabilities and payor relationships to distribute pharmaceuticals to all 50 states. We have more than 1,000 MCO relationships. We believe MCOs generally favor fully integrated vendors that can provide high-touch pharmacy solutions to their patients. We believe we are one of a limited number of pharmacy and home health services providers that can offer a truly national, integrated and comprehensive approach to managing a patient's chronic or acute conditions on behalf of his or her MCO.

Diversified and Favorable Payor Base

We provide prescription drugs, infusion, home health and clinical management services to a broad range of commercial and governmental payors. One payor accounted for 20% of consolidated revenue, and government payors including Medicare, state Medicaid and other government payors accounted for 24% of consolidated revenue during the nine months ended September 30, 2013. No single state Medicaid program accounted for more than 4% of consolidated revenue for the nine months period ended September 30, 2013. The remainder of our payor base, or 76% of consolidated revenue, is comprised of commercial payors.

The large cost savings by administering infusion therapies in the home versus hospitals, skilled nursing facilities, or other post-acute care facilities lends the business to potential benefits from healthcare reform. Under the current plan, Medicare offers limited reimbursement for home infusion therapy products and services. As healthcare reform continues to focus on cost-reduction initiatives, home infusion and other low-cost in-home therapeutic alternatives are expected to be impacted favorably by revised coverage. Depending on the drug prescribed to a patient, health plan cost savings of 20% to 60% per infusion can be possible when therapy is given at an alternate treatment site compared to other out-patient settings.

Effective Care Management Clinical Programs that are Designed to Produce Positive Clinical Outcomes and Reduce Readmissions

Our diversified and comprehensive clinical programs, which span numerous therapeutic areas, are designed to improve patient adherence and retention. Our home infusion business provides traditional infusion therapies for acute conditions with accompanying clinical management and home care. Our infusion product

offerings and services are also designed to treat patients with chronic infusion needs. In addition to the long-term treatment associated with these chronic conditions, these conditions require ongoing caregiver counseling and education regarding patient treatment and ongoing monitoring to encourage patients to comply with the prescribed therapy, including programs for enteral and total parenteral nutrition and pediatric infusion.

Our Centers of Excellence focus interdisciplinary teams on providing clinical excellence with outstanding personal service. Externally qualified by a panel of leading industry experts, the Centers employ evidence-based standards of care, policies, and procedures built on industry-recognized best practices. They are led by specialists with advanced certifications and training who are dedicated to developing, improving, and sustaining clinical services to achieve optimal patient outcomes and exceed the expectations of patients and referral sources.

Our clinical management programs offer a number of multiple disease-state therapy regimens, which provides us opportunities to cross-sell services and technologies. We believe we have earned a positive reputation among patients, physicians, payors and pharmaceutical manufacturers by providing quality service and favorable clinical outcomes. We believe our platform provides the necessary programs and services for better and more efficient clinical outcomes for our clients.

Business Strategy

We seek to grow our business organically through several initiatives, including building managed care relationships, aligning our strategic offering with aggregators of lives and relationships, utilizing existing infrastructure of other organizations to expand sites of service and continuing to capitalize on chronic infused and injectable trends. We currently have over 100 million lives under contract nationally, and we intend to increase revenue from managed care relationships by leveraging our national panel presence for preferred access to lives in all markets. We are aligning our strategic offering by collaborating with other providers in coordinating pharmacy and nursing care of patients. We believe that sharing payor relationships for collaborative models allows us to provide a full service offering to payors who are seeking national or regional solutions of standards of care, outcomes reporting and utilization management. We are also utilizing the existing infrastructure of other organizations to expand our sites of service by partnering with physician offices, ambulatory clinics and hospitals. Furthermore, we are capitalizing on the growth in chronic infused and injectables by cross-selling site of service chronic management with core infusion care management programs to physicians.

Separately, as part of our announced strategy, we are actively pursuing opportunities to expand our business through acquisitions. Our industry sectors are extremely fragmented and consist of many different sized operators, and in that context we regularly explore acquisitions in the ordinary course of our business. As such, the opportunities we are actively pursuing are at various stages and of varying sizes, including some significantly sized businesses. Some of those opportunities may constitute “significant” acquisitions as defined by the SEC's Regulation S-X. We are evaluating, involved in discussions and participating in sale processes, both in the nearer term and the longer term, for potential acquisitions that, in certain cases, could have a material effect on our results of operations and financial condition. There can be no assurances that any of the opportunities we are pursuing will be completed, or that any resulting acquisition will be successful. See “Risk Factors — Our acquisition strategy exposes us to a variety of operational and financial risks” in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013. The following are examples of our acquisition strategy:

- **InfuScience** — On July 31, 2012, we acquired 100% of InfuScience, Inc. (“InfuScience”) for a cash payment of $38.3 million. To date, we have made additional cash payments of $1.6 million based on the achievement of expected operating results. The purchase price could increase to a total of $41.3 million based on the results of operations during the remaining 24 month period following the closing.

- **HomeChoice** — On February 1, 2013, we acquired 100% of the ownership interest in HomeChoice Partners, Inc. (“HomeChoice”). The purchase price was $72.9 million at closing (the “HomeChoice Purchase Price”). The HomeChoice Purchase Price may also be increased by an amount up to $20 million if HomeChoice reaches certain performance milestones in the two years following the closing.
- **CarePoint Partners** — On August 23, 2013, we completed the acquisition of the assets and assumed certain liabilities of CarePoint Partners Holdings LLC (“CarePoint”) and CarePoint's subsidiaries, pursuant to an Asset Purchase Agreement entered into on June 16, 2013. See “CarePoint Acquisition” in “Recent Developments”.

We have focused, and expect to continue to focus, our growth initiatives and capital in our Infusion Services segment, which we believe provides substantial organic and acquisition growth opportunities. Further, we continue to evaluate our non-core businesses, such as our PBM business segment, due to the non-strategic nature of these lines of business, volatility in performance, and more limited growth opportunities. See “Risk Factors — Changes in economic and operating conditions may result in a future goodwill and/or indefinite-lived intangible asset impairment charge.”

Recent Developments

CarePoint Acquisition

On August 23, 2013 (the “Closing Date”), we completed the acquisition of substantially all of the assets and assumed certain liabilities that constitute the home infusion business (the “CarePoint Business”) of CarePoint and CarePoint's subsidiaries (collectively, together with CarePoint, the “Sellers”) pursuant to an Asset Purchase Agreement (the “CarePoint Purchase Agreement”) for an aggregate purchase price of $223.0 million in cash, subject to certain adjustments (the “CarePoint Business Purchase Price”). The total consideration paid to the Sellers on the Closing Date was $211.1 million paid in cash (the “Closing Consideration). We funded the Closing Consideration with a combination of cash on hand and $150.0 million in borrowings under the Senior Credit Facilities. We withheld $10.0 million (the “Holdback Payment”) of the CarePoint Business Purchase Price pursuant to the CarePoint Purchase Agreement. The Sellers will be eligible to receive the Holdback Payment after the first anniversary of the Closing Date if the CarePoint Business achieves a specified level of product gross profit during the one-year period following the Closing Date. CarePoint was a provider of home and alternate-site infusion therapy for patients with complex, acute and chronic illnesses.

Home Health Segment

On February 1, 2014, we entered into a stock purchase agreement pursuant to which we agreed to sell our Home Health Services segment to certain wholly-owned subsidiaries of LHC Group, Inc., a Delaware corporation, for approximately $60.0 million, subject to a net working capital adjustment (the “Transaction”). The Transaction is subject to customary closing conditions, and the closing of the Transaction is expected to occur on the later of March 15, 2014 or the second business day following the satisfaction or waiver of closing conditions. We expect to use the net proceeds from the Transaction to pay down indebtedness. For the 12-month period ended September 30, 2013, Segment Adjusted EBITDA for our Home Health Services segment was $4.4 million.

PBM Segment

Our PBM segment continues to experience risks, including volume volatility and shifts in retail pharmacy chain pricing. In the third quarter of 2013, revenue declined due to the reduction of volume from our discount card distributors. Subsequent to the third quarter, the discount card business experienced a pronounced reduction in revenue per claim resulting from a revenue cap imposed by a major retail pharmacy. This pricing reduction affects the discount card business only and does not impact the funded business. We also anticipate additional pressures on EBITDA from the PBM segment due to volume volatility. This volume volatility and pricing pressure will have a material negative impact on our PBM Segment Adjusted EBITDA beginning the three months ended December 31, 2013, and our preliminary estimate is that it will negatively

impact our PBM Segment Adjusted EBITDA by $13 to $15 million on an annual basis going forward. Also in the first quarter of 2013, we mutually agreed to terminate our relationship with a low margin PBM services client. The client contributed $36.2 million of our revenue in 2012 and $9.0 million of our revenue for the nine months ended September 30, 2013. For the 12-month period ended September 30, 2013, Segment Adjusted EBITDA for our PBM segment was $21.7 million.

The prospective financial information noted above with respect to our PBM segment is necessarily speculative in nature, and it is possible that the assumptions underlying this information will not materialize or may vary materially from actual results. See "Forward-Looking Statements" and "Risk Factors."

Second Amendment to Senior Credit Facilities

On January 31, 2014, we entered into the Second Amendment (as defined under "Description of Other Indebtedness") to the Senior Credit Facilities, which, among other things (i) provided additional flexibility with respect to compliance with the maximum net leverage ratio for the fiscal quarters ending December 31, 2013 through and including December 31, 2014, (ii) provided additional flexibility under the indebtedness covenants to permit (x) up to $150 million of second-lien debt and (y) up to $250 million of unsecured bonds, provided that 100% of the net proceeds are applied first to the Revolving Credit Facility (as defined under "Description of Other Indebtedness"), with no corresponding permanent commitment reduction, and then to the Term Loan B Facility (as defined under "Description of Other Indebtedness"), (iii) provides the requisite flexibility to sell non-core assets, subject to the satisfaction of certain conditions. See "Description of Other Indebtedness", and (iv) increased the applicable interest rates for the Senior Credit Facilities until the occurrence of certain triggering events.

Upon the completion of this offering, the application of the proceeds as described under "Use of Proceeds," and the delivery of the financial statements for the relevant fiscal period, the applicable interest rates for the Senior Credit Facilities will revert to the rates in effect prior to the effectiveness of the Second Amendment.

Corporate Information

We were incorporated in Delaware in 1996 as MIM Corporation, with our primary business and operations being pharmacy benefit management services. Over the years, we have expanded our service offerings to include home infusion services which is now the primary driver of our growth strategy.

We maintain our principal executive offices at 100 Clearbrook Road, Elmsford, New York 10523. Our telephone number there is (914) 460-1600. The address of our website is *http://bioscrip.com.* The information set forth on, or connected to, our website is expressly not incorporated by reference into, and does not constitute a part of, this offering memorandum.

Summary Historical Condensed Consolidated Financial Data

The table below sets forth our summary historical condensed consolidated financial data for each of the years in the three-year period ended December 31, 2012 and the nine-month periods ended September 30, 2012 and September 30, 2013.

The annual historical information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012 incorporated by reference herein. The consolidated interim historical financial information as of and for the nine months ended September 30, 2012 and 2013 has been derived from our unaudited condensed consolidated financial statements for such periods incorporated by reference herein. Our historical results are not necessarily indicative of our future results and the results for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013. The unaudited historical financial data for the twelve months ended September 30, 2013 have been derived by adding the financial data for the year ended December 31, 2012 to the financial data for the nine months ended September 30, 2013 and subtracting the financial data for the nine months ended September 30, 2012.

This summary financial information is qualified by reference to, and should be read in conjunction with, our historical consolidated financial statements, including notes thereto, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, which are incorporated by reference herein.

	Fiscal Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30, 2013
	2010	2011	2012	2012	2013	
				(Unaudited)	(Unaudited)	(Unaudited)
Statement of Operations Data:						
Revenues						
Product Revenues	$ 306,688	$ 365,526	$ 471,506	$ 338,721	$ 469,594	$ 602,379
Service Revenues	124,019	188,980	191,131	143,178	129,089	177,042
Total Revenues	430,707	554,506	662,637	481,899	598,683	779,421
Expenses						
Cost of Service Revenues	$ (70,422)	$ (101,019)	$ (112,406)	$ (233,057)	$ (323,823)	$ (203,172)
Cost of Product Revenue	(199,749)	(238,072)	(325,271)	(84,275)	(77,929)	(318,925)
Selling, General and Administrative Expenses	(133,381)	(167,136)	(184,491)	(135,404)	(166,761)	(215,848)
Bad Debts Expenses	(7,185)	(11,441)	(14,035)	(10,677)	(11,028)	(14,386)
Acquisition Integration Expenses	(5,924)	—	(4,046)	(1,806)	(13,025)	(15,265)
Restructuring Expenses	(3,985)	(7,909)	(5,143)	(3,696)	(3,510)	(4,957)
Amortization of Intangibles	(2,522)	(3,376)	(3,957)	(2,844)	(4,801)	(5,914)
Interest Income/ expense-net	(23,560)	(25,542)	(26,067)	(19,705)	(20,168)	(26,530)
Loss on Extinguishments of Debt	(2,954)	—	—	—	(15,898)	(15,898)
Income (Loss) from Continuing Operations, before Income Taxes	$ (18,975)	$ 11	$ (12,779)	$ (9,565)	$ (38,260)	$ (41,474)
Taxes and Other Expenses						
Tax (Benefit) Provision	$ (48,700)	$ (435)	$ 4,439	$ 2,644	$ 31	$ 1,826
Net Income from Discontinued Operations	(1,467)	8,296	73,047	64,448	(12,866)	(4,267)
Net Income (Loss)	$ (69,142)	$ 7,872	$ 64,707	$ 57,527	$ (51,095)	$ (43,915)

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	Fiscal Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30, 2013
	2010	2011	2012	2012	2013	
				(Unaudited)	(Unaudited)	(Unaudited)
Statement of Cash Flow Data:						
Cash flows provided by (used in) operating activities	$ (21,419)	$ 26,969	$ 26,884	$ 25,252	$ (38,262)	$ (36,630)
Cash flows provided by (used in) investing activities	(108,283)	(9,907)	93,880	103,214	(298,807)	(308,141)
Cash flows provided by (used in) financing activities	129,702	(17,062)	(58,663)	(61,284)	274,968	277,589

	December 31,			September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	(Unaudited)
Balance Sheet Data:					
Cash and cash equivalents	$ —	$ —	$ 62,101	$ 67,182	$ —
Total assets	663,986	677,102	642,376	656,820	926,300
Total long-term debt	306,469	293,459	226,379	226,447	415,607
Total liabilities	463,885	461,823	348,967	373,299	555,965
Total equity	200,101	215,279	293,409	283,521	370,335

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Summary Unaudited Pro Forma Condensed Consolidated Financial Data

The table below sets forth our summary unaudited pro forma condensed consolidated financial data for the twelve months ended September 30, 2013.

The summary unaudited pro forma condensed consolidated financial data gives pro forma effect to the Company's acquisition of CarePoint as if it occurred on September 30, 2012. The summary unaudited pro forma condensed consolidated financial data have been derived by combining the Company's and CarePoint's financial data for the three months ended December 31, 2012, the six months ended June 30, 2013, the three months ended September 30, 2013 (with respect to the Company) and the period from July 1, 2013 through August 23, 2013, the closing date of the CarePoint acquisition (with respect to CarePoint).

The summary unaudited pro forma condensed consolidated financial data has not been prepared in accordance with Regulation S-X, promulgated pursuant to the Securities Act, is based on assumptions and is presented for illustrative and informational purposes only and does not purport to represent what our actual financial position or results of operations would have been had the acquisition of CarePoint actually been completed on the date indicated and is not necessarily indicative of our results of operations as of the specified date or in the future.

	Three Months Ended December, 31 2012		Six Months Ended June 30, 2013		Period from July 1, 2013 through August 23, 2013	Three Months Ended September 30, 2013	Pro forma Twelve Months Ended September 30, 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	BioScrip	CarePoint	BioScrip	CarePoint	CarePoint	BioScrip	Combined
Net Income (Loss)	$ (1,419)	$ 4,576	$ (15,787)	$ 2,174	$ (199)	$ (22,442)	$ (33,097)
Interest Expense	6,362	1,338	12,986	2,403	462	7,182	30,733
Income Tax Expense (Benefit)	(1,795)	(2,000)	556	(215)	16	(587)	(4,025)
Depreciation & Amortization	3,511	1,535	8,821	2,680	733	4,278	21,559
EBITDA[(1)]	$ 6,659	$ 5,450	$ 6,576	$ 7,042	$ 1,012	$ (11,569)	$ 15,170
As Adjusted:							
Loss on Extinguishment of Debt	$ —	$ —	$ —	$ —	$ —	$ 15,898	$ 15,898
Stock Based Compensation	1,724	—	5,833	64	—	1,427	9,048
Acquisition and Integration Costs	2,241	116	8,135	516	110	4,890	16,009
Restructuring and Other	1,446	659	3,015	993	227	1,409	7,749
Adjusted EBITDA	$ 12,070	$ 6,225	$ 23,559	$ 8,615	$ 1,349	$ 12,055	$ 63,873
As Further Adjusted:							
Pro Forma Annualized Acquistion Contribution[(2)]	$ 3,276	$ —	$ 2,279	$ —	$ —	$ —	$ 5,555
CarePoint Cost Savings/Synergies[(3)]	284	—	2,704	—	—	1,467	4,455
Consulting, Advisory and Other Expenses[(4)]	695	—	1,762	—	—	671	3,128
Pro Forma Adjusted EBITDA	$ 16,325	$ 6,225	$ 30,304	$ 8,615	$ 1,349	$ 14,193	$ 77,011
As Adjusted Data:							
As Adjusted Total Debt							452,870
As Adjusted Total Debt/Pro Forma Adjusted EBITDA							5.9x

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(1) We present EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA because they are measures management uses to assess financial performance. We believe that companies in our industry use measures of EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA as common performance measurements. We also believe that securities analysts, investors and other interested parties frequently use measures of EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA as financial performance measures and as indicators of ability to service debt obligations. While providing useful information, non-GAAP measures, including EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA, should not be considered in isolation or as a substitute for consolidated statement of operations and cash flows data prepared in accordance with GAAP and should not be construed as an indication of a company's operating performance or as a measure of liquidity. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA may have material limitations as performance measures because they exclude non-recurring items that are necessary elements of our costs and operations. In addition, "EBITDA," "Adjusted EBITDA," "Pro Forma Adjusted EBITDA" or similar measures presented by other companies may not be comparable to our presentation, because each company may define these terms differently. See "Non-GAAP Financial Measures." This presentation of Pro Forma Adjusted EBITDA includes estimates with respect to pre-acquisition performance of InfuScience and HomeChoice and cost savings with respect to the CarePoint Acquisition. These estimates reflect various assumptions made by us that may or may not prove accurate, as well as the exercise of a substantial degree of judgment by management as to the scope and presentation of such information. No representations or warranties are made as to the accuracy of such estimates. Actual results achieved during historical and future periods may differ substantially from the estimates set forth below.

(2) Represents the pro forma effect on Adjusted EBITDA of the acquisition of InfuScience and HomeChoice as if they occurred on September 30, 2012. The adjustments are based on the excess of the annualized average quarterly Adjusted EBITDA for the six months ended September 30, 2013 over the actual Adjusted EBITDA contribution from both InfuScience and HomeChoice since the closing of the acquisition. This adjustment has not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information, is presented for information purposes only and does not purport to represent what our actual financial position or results of operations would have been if the acquisitions had been completed as of an earlier date or that may be achieved in the future.

(3) We expect to realize annual cost savings of approximately $4.5 million beginning in the fourth quarter of 2013 as a result of the CarePoint Acquisition and the elimination of certain redundant positions, overlapping branches, professional services and other expenses, as well as the efficiencies of integrating corporate functions within a larger company framework.

(4) Includes (i) management, consulting, and advisory fees related to business optimization, clinical, managerial and other operational initiatives and (ii) other non-recurring expenses.

RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the risks described below as well as the other information, regulatory provisions and data included in this offering memorandum before making an investment decision. The risks described below are not the only risks we face. Additional risks not presently known to us or that we currently deem immaterial may also significantly impair our business operations and thus our ability to generate revenues. The actual occurrence of any of these risks could materially adversely affect our business, financial condition, results of operations, ability to meet our financial obligations and prospects, in which case you may lose part or all of your investment.

Risks Related to the Notes

Our substantial indebtedness may limit the amount of cash flow available to invest in the ongoing needs of our business, which could prevent us from generating the future cash flow needed to fulfill our obligations under the notes.

On an as adjusted basis, after giving effect to the offering of the notes, we will have a substantial amount of indebtedness. As of September 30, 2013, on an as adjusted basis after giving effect to the issuance of the notes and the application of the net proceeds thereof as described under "Use of Proceeds", we would have had approximately $452.9 million of total indebtedness.

Our indebtedness could have important consequences to you. For example, it:

- requires us to dedicate a substantial portion of our cash flow from operations, in addition to the proceeds of the notes, to payments on our indebtedness under the Senior Credit Facilities, reducing the availability of our cash flow and such proceeds to fund working capital, capital expenditures, development activity, acquisitions and other general corporate purposes;
- increases our vulnerability to adverse general economic or industry conditions;
- limits our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate;
- limits our ability to obtain additional financing in the future for working capital or other purposes, such as raising the funds necessary to repurchase all notes tendered to us upon the occurrence of specified changes of control in our ownership; and
- places us at a competitive disadvantage compared to our competitors that have less indebtedness.

See "Capitalization" and "Description of Other Indebtedness."

Restrictions imposed by our Senior Credit Facilities and the indenture governing the notes limit our ability to engage in or enter into business, operating and financing arrangements, which could prevent us from taking advantage of potentially profitable business opportunities.

The operating and financial restrictions and covenants in our debt instruments, including the Senior Credit Facilities and the indenture governing the notes, may adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. The terms of our Senior Credit Facilities require us to comply with certain covenants, including a maximum leverage ratio (which shall be tested to the extent that advances under the Revolving Credit Facility exceed 25% of the maximum amount able to be drawn thereunder), which ratio becomes more restrictive over time. In addition, subject to a number of important exceptions, the Senior Credit Facilities contains certain restrictions on our ability to, among other things:

- incur or guarantee certain additional indebtedness or issue certain disqualified preferred stock;
- transfer or sell certain assets;
- make certain investments and loans;

- pay certain dividends or distributions, redeem or make certain payments with respect to subordinated indebtedness, or make other restricted payments;
- create or incur certain liens;
- incur dividend or other payment restrictions affecting certain subsidiaries;
- issue capital stock of our subsidiaries to third parties;
- enter into hedging transactions or sale and leaseback transactions;
- consummate a merger, consolidation or sale of all or substantially all of our assets or the assets of any of our subsidiaries; and
- enter into certain transactions with affiliates.

The indenture governing the notes may include similar restrictions. Our ability to comply with these covenants, including the financial covenant, may be affected by events beyond our control. A breach of any of these covenants or the inability to comply with the required financial ratio could result in a default under the Senior Credit Facilities. If any such default occurs, the lenders under the Senior Credit Facilities may elect to declare all of their respective outstanding debt, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. Under such circumstances, we may not have sufficient funds or other resources to satisfy all of our obligations. The occurrence of any of these events would be an event of default under the notes. See “Description of the Notes” and “Description of Other Indebtedness.”

In addition, the limitations imposed on our ability to incur certain additional debt and to take other corporate actions might significantly impair our ability to obtain other financing. We may not be granted waivers or amendments to the restrictions in the Senior Credit Facilities if for any reason we are unable to comply with such restrictions or that we will be able to refinance our debt on terms acceptable to us, or at all. The lenders under the Senior Credit Facilities also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we were unable to pay such amounts, the lenders under the Senior Credit Facilities could recover amounts owed to them by foreclosing against the collateral pledged to them. We have pledged a substantial portion of our assets to the lenders under the Senior Credit Facilities, including the equity of all of our subsidiaries.

Despite our substantial level of indebtedness, we and our subsidiaries may be able to incur additional indebtedness. This could further exacerbate the risks described above.

We and our subsidiaries may be able to incur additional indebtedness in the future. Although the Senior Credit Facilities and the indenture governing the notes offered hereby contain or will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness. As of September 30, 2013, on an as adjusted basis after giving effect to the issuance of the notes and the application of the net proceeds thereof as described under “Use of Proceeds”, we would have $252.3 million of total indebtedness under the Senior Credit Facilities. In addition, to the extent new debt is added to our and our subsidiaries’ current debt levels, the substantial leverage risks described above would increase.

To service our indebtedness and meet our other ongoing liquidity needs, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, including possible changes in government reimbursement rates or methods. If we cannot generate the required cash, we may not be able to make the required payments under the notes offered hereby.

Our ability to make payments on our indebtedness, including the notes and the Senior Credit Facilities, and to fund our planned capital expenditures and our other ongoing liquidity needs will depend on our ability to generate cash in the future. Our future financial results will be subject to substantial fluctuations upon a

significant change in government reimbursement rates or methods. We cannot assure you that our business will generate sufficient cash flow from operations to enable us to pay our indebtedness, including our indebtedness in respect of the notes, or to fund our other liquidity needs. Our inability to pay our debts would require us to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling equity capital. However, we cannot assure you that any alternative strategies will be feasible at the time or provide adequate funds to allow us to pay our debts as they come due and fund our other liquidity needs. Also, some alternative strategies would require the prior consent of our senior secured lenders, which we may not be able to obtain. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" in our annual report on Form 10-K/A for the year ended December 31, 2012 and in our quarterly report on Form 10-Q for the quarter ended September 30, 2013, both incorporated by reference into this offering memorandum and "Description of Other Indebtedness."

The notes will be structurally subordinated to the liabilities of our subsidiaries that do not guarantee of the notes.

The notes will be guaranteed on a senior unsecured basis by each of our current and future wholly owned domestic subsidiaries that is a guarantor under our Senior Credit Facilities. The notes will be structurally subordinated to indebtedness and other liabilities, including trade payables, of any of our existing and future subsidiaries that are not guarantors of the notes.

The indenture governing the notes will allow non-guarantor subsidiaries to incur certain additional indebtedness in the future. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of their preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us.

The notes offered hereby will not be secured by our assets nor those of our subsidiaries and the lenders under the Senior Credit Facilities are entitled to remedies available to a secured lender, which gives them priority over the note holders to collect amounts due to them.

The notes offered hereby and the related subsidiary guarantees will not be secured by any of our or our subsidiaries' assets and therefore will be effectively subordinated to the claims of our secured debt holders to the extent of the value of the assets securing our secured debt. Our obligations under the Senior Credit Facilities are secured by substantially all of our assets and each of our existing and subsequently acquired or organized domestic subsidiaries that is a guarantor. If we become insolvent or are liquidated, or if payment under the Senior Credit Facilities or in respect of any other secured senior indebtedness is accelerated, the lenders under the Senior Credit Facilities or holders of other secured senior indebtedness will be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to the Senior Credit Facilities or other secured debt). In addition, we and or the subsidiary guarantors may incur additional secured senior indebtedness, the holders of which will also be entitled to the remedies available to a secured lender. See "Description of Other Indebtedness" and "Description of the Notes."

We may not have the funds to purchase the notes upon a change of control as required by the indenture governing the notes.

If we were to experience a change of control as described under "Description of the Notes," we would be required to make an offer to purchase all of the notes then outstanding at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase. The source of funds for any purchase of the notes would be our available cash or cash generated from other sources, including borrowings, sales of assets, sales of equity or funds provided by our existing or new stockholders. We cannot assure you that any of these sources will be available or sufficient to make the required repurchase of the notes, and restrictions in the Senior Credit Facilities may not allow such repurchases. Upon the occurrence of a change of control event, we may seek to refinance the debt outstanding under the Senior Credit Facilities and the notes. However, it is possible that we will not be able to complete such refinancing on commercially reasonable terms or at all.

In such event, we would not have the funds necessary to finance the required change of control offer. See “Description of the Notes — Repurchase at the Option of Holders — Change of Control.”

In addition, a change of control would be an event of default under the Senior Credit Facilities. Any future credit agreement or other agreements relating to our senior debt to which we become a party may contain similar provisions. Our failure to purchase the notes upon a change of control under the indenture would constitute an event of default under the indenture. This default would, in turn, constitute an event of default under the Senior Credit Facilities and may constitute an event of default under future senior debt, any of which may cause the related debt to be accelerated after any applicable notice or grace periods. If debt were to be accelerated, we might not have sufficient funds to repurchase the notes and repay the debt.

Federal and state statutes could allow courts, under specific circumstances, to void the subsidiary guarantees, subordinate claims in respect of the notes and require note holders to return payments received from subsidiary guarantors, and void the guarantees under our Senior Credit Facilities.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could void a subsidiary guarantee or claims related to the notes or subordinate a subsidiary guarantee to all of our other debts or to all other debts of a subsidiary guarantor if, among other things, at the time we or a subsidiary guarantor incurred the indebtedness evidenced by its subsidiary guarantee:

- we or the subsidiary guarantor intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness;
- the subsidiary guarantor was insolvent or rendered insolvent by reason of such incurrence;
- the subsidiary guarantor was engaged in a business or transaction for which the subsidiary guarantor’s remaining assets constituted unreasonably small capital; or
- the subsidiary guarantor intended to incur, or believed that it would incur, debts beyond the subsidiary guarantor’s ability to pay such debts as they mature.

In addition, a court could void any payment by a subsidiary guarantor pursuant to the notes or a subsidiary guarantee and require that payment to be returned to such subsidiary guarantor or to a fund for the benefit of the creditors of the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws will vary depending upon the governing law in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that we and each subsidiary guarantor, on an as adjusted basis after giving effect to its subsidiary guarantee of the notes, will not be insolvent, will not have insufficient capital for the business in which we are or it is engaged and will not have incurred debts beyond our or its ability to pay such debts as they mature. However, we cannot be sure as to the standard that a court would use to determine whether a guarantor subsidiary was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided.

As it relates to our Senior Credit Facilities, if such a case were to occur, the guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor subsidiary, the obligations of the applicable guarantor subsidiary were incurred for less than fair consideration. A court could thus void the obligations under the guarantee, subordinate the guarantee to the applicable guarantor subsidiary's other debt or take other action detrimental to lenders under the Senior Credit Facilities. If a court were to void a guarantee, lenders under the Senior Credit Facilities would no longer have a claim against the guarantor subsidiary. Sufficient funds to repay amounts outstanding under the Senior Credit Facilities may not be available from other sources, including the remaining guarantor subsidiaries, if any. In addition, the court might direct the lenders under the Senior Credit Facilities to repay any amounts already received from or are attributable to the guarantor subsidiary. Each subsidiary guarantee in our Senior Credit Facilities contains a provision intended to limit the guarantor subsidiary's liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law.

There is no public market for the notes, and we cannot be sure that a market for the notes will develop.

The notes are a new issue of securities for which there is currently no active trading market. As a result, we cannot assure you that the initial prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after completion of this offering. The initial purchasers have advised us that they currently intend to make a market for the notes. However, the initial purchasers are not obligated to do so, and may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activities will be subject to the limits imposed by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may be limited. Accordingly, we cannot assure you as to the liquidity of, or trading market for, the notes.

The issuance of the notes has not been registered under applicable federal and state securities laws and accordingly the notes are not freely transferable.

The issuance of the notes has not been registered under the Securities Act or any state securities laws. Unless issuance of the notes is so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The notes are also being offered and sold only to qualified institutional buyers and are subject to restrictions on transfer, which are described under “Notice to Investors.” We are also relying on exemptions from the registration and/or prospectus qualification requirements under the laws of other jurisdictions where the notes are being offered and sold and, therefore, the notes may be transferred and resold by purchasers resident in or otherwise subject to the laws of those jurisdictions only in compliance with the laws of those jurisdictions, to the extent applicable. Under the registration rights agreement applicable to the notes, we will be required to use our reasonable best efforts to commence an exchange offer to exchange the notes for equivalent securities registered under the Securities Act, or to register the notes for resale under the Securities Act. We cannot assure you that we will be successful in having any such registration statement declared effective by the SEC. See “Notice to Investors.”

The notes may be issued with original issue discount for U.S. federal income tax purposes.

The stated principal amount of the notes may exceed the issue price of the notes by an amount that equals or exceeds the statutory *de minimi*s amount and, accordingly, the notes may be issued with original issue discount for U.S. federal income tax purposes in an amount equal to such excess. In such event, for U.S. federal income tax purposes, beneficial owners of the notes that are subject to U.S. federal income taxation will be required to include original issue discount in gross income (as ordinary income) as it accrues on a constant yield-to-maturity basis in advance of the receipt of the cash payment to which such income is attributable (regardless of such beneficial owner’s method of accounting for U.S. federal income tax purposes). See “Material U.S. Federal Income Tax Considerations.”

Risks Related to Our Business

Pressures relating to downturns in the economy could adversely affect our business and Consolidated Financial Statements.

Medicare and other federal and state payors account for a significant portion of our revenues. During economic downturns and periods of stagnant or slow economic growth, Federal and state budgets are typically negatively affected, resulting in reduced reimbursements or delayed payments by our Federal and state government health care coverage programs in which we participate, including Medicare, Medicaid and other Federal or state assistance plans. Government programs could also slow or temporarily suspend payments on Medicaid obligations, negatively impacting our cash flow and increasing our working capital needs and interest payments. We have seen, and believe we will continue to see, Medicare and state Medicaid programs institute measures aimed at controlling spending growth, including reductions in reimbursement rates.

Higher unemployment rates and significant employment layoffs and downsizings may lead to lower numbers of patients enrolled in employer-provided plans. Adverse economic conditions could also cause employers to stop offering, or limit, healthcare coverage, or modify program designs, shifting more costs to the individual and exposing us to greater credit risk from patients or the discontinuance of drug therapy compliance.

Existing and new government legislative and regulatory action could adversely affect our business and financial results.

Our business is subject to numerous Federal, state and local laws and regulations. See “Business — Government Regulation” in our Annual Report on Form 10-K/A for the year ended December 31, 2012. Changes in these regulations may require extensive changes to our systems and operations that may be difficult to implement. Untimely compliance or noncompliance with applicable laws and regulations could adversely affect the continued operation of our business, including, but not limited to: imposition of civil or criminal penalties; suspension of payments from government programs; loss of required government certifications or approvals; suspension of authorizations to participate in or exclusion from government reimbursement programs; or loss of licensure. Reduction in reimbursement by Medicare, Medicaid and other governmental payors could adversely affect our business. The regulations to which we are subject include, but are not limited to, Anti-Kickback laws; Federal and state laws prohibiting self-referrals or “Stark laws”; HIPAA; False Claims Act; Civil Monetary Penalties Act; regulations of the U.S. Food and Drug Administration (the “FDA”), U.S. Federal Trade Commission, and the U.S. Drug Enforcement Administration, and regulations of various state regulatory authorities. In that regard, our business and Consolidated Financial Statements could be affected by one or more of the following:

- Federal and state laws and regulations governing the purchase, distribution, management, compounding, dispensing and reimbursement of prescription drugs and related services;
- FDA and/or state regulation affecting the pharmacy or PBM industries;
- rules and regulations issued pursuant to HIPAA and HITECH; and other federal and state laws affecting the use, disclosure and transmission of health information, such as state security breach notification laws and state laws limiting the use and disclosure of prescriber information;
- administration of Medicare and state Medicaid programs, including legislative changes and/or rulemaking and interpretation;
- government regulation of the development, administration, review and updating of formularies and drug lists;
- managed care reform and plan design legislation; and
- federal or state laws governing our relationships with physicians or others in a position to refer to us.

If any of our pharmacies or home health agencies fail to comply with the conditions of participation in the Medicare program that pharmacy or home health agency could be terminated from Medicare, which could adversely affect our Consolidated Financial Statements.

Our pharmacies and home health agencies must comply with the extensive conditions of participation in the Medicare program. These conditions vary depending on the type of facility, but, in general, require our facilities to meet specified standards relating to licensure, personnel, patient rights, patient care, patient records, physical site, administrative reporting and legal compliance. If an agency or pharmacy fails to meet any of the Medicare conditions of participation or supplier standards, as applicable, that agency or pharmacy could be terminated from the Medicare program. We respond in the ordinary course to deficiency notices issued by surveyors, and none of our pharmacies or agencies has ever been terminated from the Medicare program for failure to comply with the conditions of participation or supplier standards, as applicable. Any termination of one or more of our agencies or pharmacies from the Medicare program for failure to satisfy the Medicare conditions of participation or supplier standards, as applicable, could adversely affect our Consolidated Financial Statements.

We cannot predict the impact of new requirements on compounding pharmacies.

Compounding pharmacies have come under increasing scrutiny from federal and state governmental agencies. We have been responding to requests for additional information on our practices as we receive them. We believe that our compounding is done in safe environments and we have clinically appropriate policies and procedures in place. We only compound pursuant to a patient specific prescription and do so in compliance with USP 797 standards as required under state jurisdiction. In November 2013, Congress passed the Drug Quality and Security Act (“DQSA”), which creates a new category of compounders called outsourcing facilities, which are newly-regulated by the FDA. We do not believe that our current compounding practices qualify us as an outsourcing facility and therefore we continue to operate in compliance with USP 797 standards. Should state regulators or the FDA disagree, or should our business practices change to qualify us as an outsourcing facility, there is a risk of regulatory action and/or increased resources required to comply with federal requirements imposed by the DQSA on outsourcing facilities that would increase our costs or otherwise significantly affect our results of operations. Furthermore, we cannot predict the impact of overall increased scrutiny on compounding pharmacies.

Competition in the healthcare industry could reduce profit margins.

The healthcare industry is very competitive. Our competitors include large and well-established companies that may have greater financial, marketing and technological resources than we do. Some of our competitors are under common control with, or owned by, pharmaceutical wholesalers and distributors, managed care organizations, pharmacy benefit managers or retail pharmacy chains and may be better positioned with respect to the cost-effective distribution of pharmaceuticals. In addition, some of our competitors may have secured long-term supply or distribution arrangements for prescription pharmaceuticals necessary to treat certain chronic disease states on price terms substantially more favorable than the terms currently available to us. As a result of such advantageous pricing, we may be less price competitive than some of these competitors with respect to certain pharmaceutical products. Our competitive position could also be adversely affected by any inability to obtain access to new biotech pharmaceutical products.

Changes in the case mix of patients, as well as payment methodologies, payor mix or pricing, may have a material adverse effect on our Consolidated Financial Statements.

The sources and amounts of our patient revenue are determined by a number of factors, including the mix of patients and the rates of reimbursement among payors. Changes in the case mix of the patients, payment methodologies, payor mix or pricing among private pay, Medicare and Medicaid may significantly affect our Consolidated Financial Statements.

Changes in industry pricing benchmarks could adversely affect our financial performance.

Contracts within our business generally use certain published benchmarks to establish pricing for the reimbursement of prescription medications dispensed by us. These benchmarks include AWP, wholesale acquisition cost and average manufacturer price. Many of our contracts utilize the AWP benchmark. As a part of the settlement of class-action lawsuits brought against First DataBank and Medi-Span, effective September 26, 2009, both companies announced they would cease publication of the AWP pricing benchmarks at the end of 2011. First DataBank ceased publication of the AWP pricing benchmarks on September 28, 2011. Without a suitable pricing benchmark in place many of our contracts will have to be modified and could potentially change the economic structure of our agreements. As of January 31, 2014, a viable generally accepted alternative to the AWP benchmark has not been developed by the industry, and Medi-Span has announced they will continue to publish AWP until a new benchmark is widely accepted.

Competitive bidding could reduce our volumes and profitability.

The Medicare Modernization Act of 2003 established requirements for a competitive bidding program for determining Medicare reimbursement rates for certain items of durable medical equipment, prosthetics, orthotics and supplies (“DMEPOS”), including enteral nutrients, supplies and equipment, certain RT/HME products, and external infusion pumps and supplies. CMS has the discretion to determine which products will be subject to competitive bidding. Only successful bidders are awarded contracts, and the contracts are rebid at least every three years. The first round of competitive bidding occurred in nine metropolitan areas around the country. The first round became effective on January 1, 2011 and did not have an impact on our business. The second round of competitive bidding was conducted in 91 additional metropolitan statistical areas for eight product categories. New prices went into effect in these areas July 1, 2013. The first round recompete was conducted in the same nine metropolitan areas as the first round of competitive bidding and applied to six product categories. New prices went into effect in these areas January 1, 2014. The Health Reform Law requires that CMS institute competitive bidding or use competitive bidding prices in all areas of the country by January 1, 2016. Although we were successful in the second round of competitive bidding and the first round recompete, we do expect the new pricing and the implementation of competitive bidding to have an unfavorable annualized revenue impact of approximately $3.4 million. Although we have addressed this potential impact through strategic relationships and a small acquisition, and while we believe that over the next year we will regain any volumes lost in metropolitan areas in which we did not win bids, continuing expansion of the competitive bidding program will have a negative impact on our revenue if we are not a successful bidder in many or all of the covered metropolitan areas for the covered product categories we offer or if competitive bid pricing is less than the historical Medicare DMEPOS fee schedule amounts.

PBM client demands for enhanced service levels or possible loss or unfavorable modification of contracts with clients or providers could adversely affect our Consolidated Financial Statements.

As our PBM clients face long-term, sustained increases in prescription drug costs, they may demand additional services and enhanced service levels to help mitigate the increase in spending. We operate in a very competitive environment, and we may not be able to increase our fees to compensate for these increased services, which could put pressure on our margins.

Our contracts with PBM clients generally do not have terms longer than three years and, in some cases, may be terminated by the client on relatively short notice, typically 90 days. Our PBM clients generally seek bids from other PBM or specialty providers in advance of the expiration of their contracts. If several of these clients elect not to extend their relationship with us, and we are not successful in generating sales to replace the lost business, our future business and operating results could be materially and adversely affected. In addition, we believe the managed care industry is undergoing substantial consolidation, and another party that is not our client could acquire some of our managed care clients. In such case, there is a risk of contract loss and a loss of the associated revenues and profit.

There are approximately 60,000 retail pharmacies in the United States. All major retail chain pharmacies and a vast majority of independent pharmacies participate in our pharmacy network. The top ten retail pharmacy chains represent approximately 50% of the total number of stores and over 94% of prescriptions

filled in our network. Our contracts with retail pharmacies, which are non-exclusive, are generally terminable on relatively short notice. If one or more of the top pharmacy chains elects to terminate its relationship with us, our members' access to retail pharmacies and our business could be materially and adversely affected. In addition, many large pharmacy chains either own PBMs today, or could attempt to acquire a PBM in the future. Increased ownership of PBMs by retail pharmacy chains could materially and adversely affect our relationships with those pharmacy chains and, accordingly, our Consolidated Financial Statements.

We are the subject of a number of inquiries by the state governments, any of which could result in substantial penalties or awards against us, imposition of certain obligations on our practices or certain sanctions relating to our participation in the Medicare and Medicaid programs.

As previously disclosed in September 2013, pursuant to a civil investigative demand issued by the USAO for the SDNY and a subpoena from the New York State Attorney General's Medicaid Fraud Control Unit (the "NYMFCU" and, together with the USAO, the "Government"), we have cooperated with the Government by producing documents and information regarding the distribution of the Novartis Pharmaceutical Corporation's product *Exjade*® (the "Medication") by our legacy specialty pharmacy division that was divested in May 2012 (the "Legacy Division").

On January 8, 2014, we entered into the Settlement Agreement (the "Settlement Agreement") to settle civil claims under the False Claims Act and related statutes and common law claims that could be brought by the DOJ or *qui tam* relator that arise out of the Legacy Division's distribution of the Medication. In addition, we may have to resolve the interests of the OIG and claims for attorneys' fees of the *qui tam* relator. Until January 8, 2014, we were prohibited from publicly disclosing any information related to the existence of the *qui tam* action. On January 8, 2014, the *qui tam* lawsuit was unsealed and made public on order of the court.

Following the Settlement Agreement with the DOJ and *qui tam* relator, we remain the subject of a number of inquiries by state governments, any of which could result in substantial penalties or awards against us, imposition of certain obligations on our practices or certain sanctions relating to our participation in the Medicare and Medicaid programs. However, with respect to such state governments, we continue to have an agreement in principle (the "Proposed State Settlement"), as previously disclosed, with the offices of various State Attorneys General (which were represented by a team appointed by the National Association of Medicaid Fraud Control Units ("NAMFCU")) to settle civil claims under the False Claims Act and related statutes that could be brought by the individual states that arise out of the Legacy Division's distribution of the Medication. Under the Proposed State Settlement, we would pay an aggregate of $3.3 million, plus interest. With respect to such claims that could be brought by the individual states, the Proposed State Settlement remains subject to certain conditions, including execution of all required settlement and related documentation with any state that joins in the Proposed State Settlement. Until the conditions and documentation are completed, there can be no assurance that this matter with the individual states will in fact be resolved pursuant to the terms of the Proposed State Settlement. No proceedings have been initiated by the federal government or relevant state governments against us at this time.

Although we cannot predict whether or when proceedings might be initiated by the relevant state governments, the scope of such proceedings or when these matters may be fully resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoenas or investigations will continue to require management's attention and significant legal expense. Additional inquiries from or audits by various agencies and claims by third parties with respect to these issues would continue to require management's attention and significant legal expense.

Our third quarter results included an accrual of an estimated potential loss of $15.0 million in connection with the civil investigative demand from the USAO for the SDNY. Under the Settlement Agreement, we will pay an aggregate of $11.7 million plus interest. Under the Proposed State Settlement, we expect to pay an aggregate of $3.3 million, plus interest. However, we cannot predict the likelihood or amount of any additional liability from, or timeline for the complete resolution of the state investigations referred to above. The actual total outcome is uncertain. If the actual outcome of the state investigations results in an

additional loss materially in excess of our accrued liability, or if any other negative findings result in substantial financial penalties, repayments, or awards against us, imposition of certain sanctions or obligations on our practices and procedures and the attendant financial burden on us to comply, or exclusion from future participation in the Medicare and Medicaid programs, it may adversely impact our financial condition, results of operations or cash flows.

We and certain of our executive officers have been named as defendants in two recently initiated lawsuits that could result in substantial costs and divert management's attention, and we may be subject to similar lawsuits in the future.

We, and certain of our current and former executive officers, have been named as defendants in two purported class action lawsuits that generally allege that we and certain of our officers violated Sections 11, 12(a)(2) and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated under the Exchange Act by making allegedly false and misleading statements and/or omissions pertaining to our involvement in the Legacy Division's distribution of the Medication. In January 2014, the two class action lawsuits were consolidated into a single consolidated class action lawsuit and a lead plaintiff was appointed. The complaints seek damages and other relief.

We intend to engage in a vigorous defense of the consolidated lawsuit. However, we are unable to predict the outcome of this matter at this time. Moreover, any conclusion of this matter in a manner adverse to us would have an adverse effect on our financial condition and business. Even if we were to be successful in the defense of the litigation, we could incur substantial costs not covered by our directors' and officers' liability insurance, suffer a significant adverse impact on our reputation and divert management's attention and resources from other priorities, including the execution of business plans and strategies that are important to our ability to grow our business, any of which could have an adverse effect on our business. In addition, while we believe based on current information that this matter is covered by applicable insurance and we intend to engage in a vigorous defense of the consolidated lawsuit, nevertheless, this matter could require payments (including payments in respect of legal expenses) that are not covered by, or exceed the limits of, our available directors' and officers' liability insurance, which could adversely impact our financial condition, results of operations or cash flows.

Pending and future litigation could subject us to significant monetary damages and/or require us to change our business practices.

We are subject to risks relating to litigation and other proceedings in connection with our operations, including the dispensing of pharmaceutical products. We believe that these suits are without merit and, to the extent not already concluded, intend to contest them vigorously. However, an adverse outcome in one or more of these suits may have a material adverse effect on our consolidated results of operations, consolidated financial position and/or consolidated cash flow from operations, or may require us to make material changes to our business practices. For instance, on January 8, 2014, we entered into the Settlement Agreement that provides for aggregate payments of $11.7 million plus interest to settle civil claims under the False Claims Act and related statutes and common law claims that could be brought by the DOJ or *qui tam* relator that arise out of the Legacy Division's distribution of the Medication.

We periodically respond to subpoenas and requests for information from governmental agencies, including the civil investigative demand from the USAO for the SDNY and the subpoena from relevant state governments related to certain operations by our Legacy Division, as discussed above. We confirm that we are not a target or a potential subject of a criminal investigation. Except to the extent already concluded as discussed above, we cannot predict with certainty what the outcome of any of the foregoing might be or whether we may in the future become a target or potential target of an investigation or the subject of further inquiries or ultimately settlements with respect to the subject matter of these subpoenas. In addition to potential monetary liability arising from these suits and proceedings, from time to time we incur costs in providing documents to government agencies. Current pending claims and associated costs may be covered by our insurance, but certain other costs are not insured. Such costs may increase and/or continue to be material to our performance in the future.

In addition, as we continue our strategic assessment and cost reduction efforts, there is an increased risk of employment and workers compensation-related litigation and/or administrative claims brought against us. We would defend against any and all such litigation and claims, as appropriate. Such claims could have a material adverse effect on our Consolidated Financial Statements in any particular reporting period.

We may be subject to liability claims for damages and other expenses that are not covered by insurance.

A successful product or professional liability claim in excess of our insurance coverage could harm our Consolidated Financial Statements. Various aspects of our business may subject us to litigation and liability for damages. For example, a prescription drug dispensing error could result in a patient receiving the wrong or incorrect amount of medication, leading to personal injury or death. Our business and Consolidated Financial Statements could suffer if we pay damages or defense costs in connection with a claim that is outside the scope of any applicable contractual indemnity or insurance coverage.

Loss of relationships with one or more pharmaceutical manufacturers and changes in discounts provided by pharmaceutical manufacturers could adversely affect our business and financial results.

We have contractual relationships with pharmaceutical manufacturers that provide discounts on certain drugs dispensed from our pharmacies, and pay service fees for other programs and services that we provide. Our business and financial results could be adversely affected if: (i) we were to lose relationships with one or more key pharmaceutical manufacturers; (ii) discounts decline due to changes in available discounts and/or utilization of specified pharmaceutical products; (iii) legal restrictions are imposed on the ability of pharmaceutical manufacturers to offer rebates, administrative fees or other discounts or to purchase our programs or services; or (iv) pharmaceutical manufacturers choose not to offer rebates, administrative fees or other discounts or to purchase our programs or services.

We purchase a majority of our pharmaceutical products from one vendor and a disruption in our purchasing arrangements could adversely impact our business.

We purchase a majority of our prescription products, subject to certain minimum periodic purchase levels and excluding purchases of therapeutic plasma products, from a single wholesaler, AmerisourceBergen Drug Corporation, or ABDC, pursuant to a prime vendor agreement. The term of this agreement extends until December 2015, subject to extension for up to two additional years. Any significant disruption in our relationship with ABDC, or in ABDC's supply and timely delivery of products to us, would make it difficult and possibly more costly for us to continue to operate our business until we are able to execute a replacement wholesaler agreement. We may not be able to find a replacement wholesaler on a timely basis or that such wholesaler would be able to fulfill our demands on similar financial terms and service levels. If we are unable to identify a replacement on substantially similar financial terms and/or service levels, our Consolidated Financial Statements may be materially and adversely affected.

A disruption in supply could adversely impact our business.

We also source pharmaceuticals, medical supplies and equipment from other manufacturers, distributors and wholesalers. Most of the pharmaceuticals that we purchase are available from multiple sources, and we believe they are available in sufficient quantities to meet our needs and the needs of our patients. We keep safety stock to ensure continuity of service for reasonable, but limited, periods of time. Should a supply disruption result in the inability to obtain especially high margin drugs and compound components, our Consolidated Financial Statements could be negatively impacted.

Acts of God such as major weather disturbances could disrupt our business.

We operate in a network of prescribers, providers, patients, and facilities that can be negatively impacted by local weather disturbances and other force majeure events. For example, in anticipation of major weather events, patients with impaired health may be moved to alternate sites. After a major weather event, availability of electricity, clean water and transportation can impact our ability to provide service in the home. In addition, acts of God and other force majeure events may cause a reduction in our business or increased

costs, such as increased costs in our operations as we incur overtime charges or redirect services to other locations, delays in our ability to work with payors, hospitals, physicians and other strategic partners on new business initiatives, and disruption to referral patterns as patients are moved out of facilities affected by such events or are unable to return to sites of service in the home.

Failure to develop new services may adversely affect our business.

We operate in a highly competitive environment. We develop new services from time to time to assist our clients. If we are unsuccessful in developing innovative services, our ability to attract new clients and retain existing clients may suffer.

Technology is also an important component of our business as we continue to utilize new and better channels to communicate and interact with our clients, members and business partners. If our competitors are more successful than us in employing this technology, our ability to attract new clients, retain existing clients and operate efficiently may suffer.

The success of our business depends on maintaining a well-secured business and technology infrastructure.

We are dependent on our infrastructure, including our information systems, for many aspects of our business operations. A fundamental requirement for our business is the secure storage and transmission of personal health information and other confidential data. Our business and operations may be harmed if we do not maintain our business processes and information systems in a secure manner, and maintain and improve continually the integrity of our confidential information. Although we have developed systems and processes that are designed to protect information against security breaches, failure to protect such information or mitigate any such breaches may adversely affect our operating results. Malfunctions in our business processes, breaches of our information systems or the failure to maintain effective and up-to-date information systems could disrupt our business operations, result in customer and member disputes, damage our reputation, expose us to risk of loss or litigation, result in regulatory violations, increase administrative expenses or lead to other adverse consequences.

Our business is dependent on the services provided by third party information technology vendors.

Our information technology infrastructure includes hosting services provided by third parties. While we believe these third parties are secure, high-performing organizations with customary certifications, they could suffer business interruption which in term could impact our operations negatively. In addition, changes in pricing terms charged by our technology vendors may adversely affect our financial performance.

Our failure to maintain controls and processes over billing and collecting could have a significant negative impact on our Consolidated Financial Statements.

The collection of accounts receivable is a significant challenge, and requires constant focus and involvement by management and ongoing enhancements to information systems and billing center operating procedures. If we are unable to properly bill and collect our accounts receivable, our results could be materially and adversely affected. While management believes that controls and processes are satisfactory, our accounts receivable collectability may not remain at current levels.

The Health Reform Law and its implementation could have a material adverse effect on our business.

The Health Reform Law will result in sweeping changes to the existing U.S. system for the delivery and financing of health care. The details for implementation of many of the requirements under the Health Reform Law will depend on the promulgation of regulations by a number of federal government agencies, including the HHS. It is impossible to predict the outcome of these changes, what many of the final requirements of the Health Reform Law will be, and the net effect of those requirements on us. As such, we cannot predict the impact of the Health Reform Law on our business, operations or financial performance.

Prescription volumes may decline, and our net revenues and profitability may be negatively impacted, when products are withdrawn from the market or when increased safety risk profiles of specific drugs result in utilization decreases.

We dispense significant volumes of prescription medications from our pharmacies. Our dispensing volume is the principle driver of revenue and profitability. When products are withdrawn by manufacturers, or when increased safety risk profiles of specific drugs or classes of drugs result in utilization decreases, physicians may cease writing or reduce the numbers of prescriptions written for these higher-risk drugs. Additionally, negative media reports regarding drugs with higher safety risk profiles may result in reduced consumer demand for such drugs. In cases where there are no acceptable prescription drug equivalents or alternatives for these prescription drugs, our prescription volumes, net revenues, profitability and cash flows may decline.

Home infusion joint ventures formed with hospitals could adversely affect our financial results.

The home infusion industry is currently seeing renewed activity in the formation of equity-based infusion joint ventures formed with hospitals. This activity stems, in part, from hospitals seeking to position themselves for new paradigms in the delivery of coordinated healthcare and new methods of payment, including an emerging interdisciplinary care model forming that is being labeled as an accountable care organization, or ACO. These organizations are encouraged by the new Health Reform Law. These entities are being designed in order to save money and improve quality of care by better integrating care, with the healthcare provider possibly sharing in the financial benefits of the new efficiencies.

Participation in equity-based joint ventures offer hospitals and other providers an opportunity to more efficiently transfer patients to less expensive care settings, while keeping the patient within its network. Additionally, it provides many hospitals with a mechanism to invest accumulated profits in a growing sector with attractive margins.

If these home infusion joint ventures continue to expand and we lose referrals as a result, our Consolidated Financial Statements could be adversely affected.

Network lock-outs by health insurers and PBMs could adversely affect our financial results.

Many Plan Sponsors and PBMs continue to create exclusive pharmacy networks which limit a member’s access to a mail service facility or network of preferred pharmacies. To the extent our pharmacies are excluded from these networks, we are unable to dispense medications to those members and bill for prescriptions to those member’s insurance carriers. If these specialty networks continue to expand and we are locked out from dispensing infusion medications to members of exclusive networks, our Consolidated Financial Statements could be adversely affected.

A shortage of qualified registered nursing staff, pharmacists and other professionals could adversely affect our ability to attract, train and retrain qualified personnel and could increase operating costs.

Our business relies significantly on its ability to attract and retain nursing staff, pharmacists and other professionals who possess the skills, experience and licenses necessary to meet the requirements of their job responsibilities. From time to time and particularly in recent years, there have been shortages of nursing staff, pharmacists and other professionals in certain local and regional markets. As such, we are often required to compete for personnel with other healthcare systems and our competitors. Our ability to attract and retain personnel depends on several factors, including our ability to provide them with engaging assignments and competitive benefits and salaries. We may not be successful in any of these areas.

In addition, where labor shortages arise in markets in which we operate, we may face higher costs to attract personnel, and we may have to provide them with more attractive benefit packages than originally anticipated or are being paid in other markets where such shortages don’t exist at the time. In either case, such circumstances could cause our profitability to decline. Finally, if we expand our operations into geographic areas where healthcare providers historically have unionized or unionization occurs in our existing geographic areas, negotiating collective bargaining agreements may have a negative effect on our ability to timely and

successfully recruit qualified personnel and on our financial results. If we are unable to attract and retain nursing staff, pharmacists and other professionals, the quality of our services may decline and we could lose patients and referral sources.

Introduction of new drugs or accelerated adoption of existing lower margin drugs could cause us to experience lower revenues and profitability when prescribers prescribe these drugs for their patients or they are mandated by Plan Sponsors.

The pharmaceutical industry pipeline of new drugs includes many drugs that over the long term, may replace older, more expensive therapies, as a result of such drugs going off patent and being replaced by generic substitutes, new and less expensive delivery methods (such as when an infusion or injectable drug is replaced with an oral drug) or additional products are added to a therapeutic class, thereby increasing price competition among competing manufacturer's products in that therapeutic category. In such cases, manufacturers have the ability to increase drug acquisition costs or lower the selling price of replaced products. This could have the effect of lowering our revenues and/or margins.

The loss of a relationship with one or more of our discount card brokers could negatively impact our business.

We contract with over 80 marketing companies that provide pharmacy discount cards to the uninsured and underinsured. Depending on the amount of revenue generated by any broker agreement, one or more terminations could have a material and adverse effect on our Consolidated Financial Statements. The brokers we use are typically small, privately held marketing companies. The two largest brokers generate a significant percentage of the discount card business. We are unaware of any intention by a significant discount card broker to terminate or not renew an agreement with us.

Financial difficulties at our third party processor of discount card claims could negatively impact our business.

Our contract with a third party PBM to process discount card transactions allows for the timely collections of discount card claims against the third party processor's network pharmacy claims population. While this can improve claim collection, it also concentrates our credit risk with the third party processor. Should our third party processor experience financial difficulties or declare bankruptcy, we could suffer increased bad debt expense and reduced operating profit. To the extent we elect to in-source the processing of discount card transactions, we may face disruptions in such transition which may adversely affect our Consolidated Financial Statements.

Increases in costs to fulfill discount card claims could reduce our profitability

The discount card portion of our PBM business relies on participating network pharmacies to fulfill drug prescriptions and reimburse us for the utilization of the card. Our fees are based on negotiated rates with the pharmacies. Should these fees decrease, operating profit will be reduced.

The former CHS stockholders may sell a substantial number of our common stock, which could cause our stock price to decline.

The former CHS stockholders may sell the shares of our common stock that they received in connection with our merger with CHS, as selling stockholders under our shelf registration statement or in compliance with Rule 144 promulgated under the Securities Act. The sale of a substantial number of our shares by such parties within a short period of time could cause our stock price to decline, making it more difficult for us to raise funds through future offerings of our common stock or acquire other businesses using our common stock as consideration.

Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal tax purposes is subject to limitation, and our issuance of common stock in the CHS merger increased the risk that we could experience an "ownership change" in the future that could further limit our ability to utilize our net operating losses.

Under U.S. federal income tax law, a corporation's ability to utilize its net operating losses, or NOLs, to offset future taxable income may be significantly limited if it experiences an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. In general, an ownership change will occur if there is a cumulative change in a corporation's ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. A corporation that experiences an ownership change will generally be subject to an annual limitation on the use of its pre-ownership change NOLs equal to the value of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate (subject to certain adjustments). The annual limitation for a taxable year generally is increased by the amount of any "recognized built-in gains" for such year and the amount of any unused annual limitation in a prior year. Any limitation to our annual use of NOLs could require us to pay a greater amount of U.S. federal (and in some cases, state) income taxes, which could reduce our after-tax income from operations for future taxable years and adversely impact our financial condition.

Federal actions and legislation may reduce reimbursement rates from governmental payors and adversely affect our results of operations.

In August 2011, Congress passed a deficit reduction agreement that created a committee tasked with proposing legislation to reduce the federal deficit by November 23, 2011. Because the committee did not act, automatic Medicare cuts were scheduled to go into effect January 1, 2013. However, Congress passed legislation extending the time for such cuts by two months. Thus, Medicare reimbursement to providers was reduced overall by 2% (as part of sequestration) beginning April 1, 2013. The automatic spending cuts did not and will not have an impact on Medicaid reimbursement. The reductions in Medicare reimbursement could have an adverse impact on our results of operations, although the impact cannot yet be predicted. There may also be other impacts from the automatic spending reductions that we cannot predict. For example, staff at Centers for Medicare and Medicaid Services, or CMS, and Medicare administrative contractors may be reduced, which could result in delays in claims processing.

These reductions will be in addition to reductions mandated by the Health Reform Law, which provides for material reductions in the growth of Medicare program spending, including reductions in Medicare market basket updates. From time to time, CMS revises the reimbursement systems used to reimburse health care providers, including changes to the Medicare severity diagnosis-related group system and other payment systems, which may result in reduced Medicare payments. Because most states must operate with balanced budgets and because the Medicaid program is often a state's largest program, some states have enacted or may consider enacting legislation designed to reduce their Medicaid expenditures. Further, many states have also adopted, or are considering, legislation designed to reduce coverage and/or enroll Medicaid recipients in managed care programs. The current economic environment has increased the budgetary pressures on many states, and these budgetary pressures have resulted, and likely will continue to result, in decreased spending, or decreased spending growth, for Medicaid programs and the Children's Health Insurance Program in many states.

In some cases, Third Party Payors rely on all or portions of Medicare payment systems to determine payment rates. Changes to government health care programs that reduce payments under these programs may negatively impact payments from Third Party Payors. Current or future health care reform and deficit reduction efforts, changes in laws or regulations regarding government health care programs, other changes in the administration of government health care programs and changes to Third Party Payors in response to health care reform and other changes to government health care programs could have a material, adverse effect on our financial position and results of operations.

We may face liabilities and expect to incur significant costs relating to our business, and the Pharmacy Services Asset Sale.

We are still subject to potential liabilities relating to historical business operations that were subject to the Pharmacy Services Asset Sale. Under the terms of the Pharmacy Services Asset Sale, we retained and are responsible for most historical liabilities of the operations subject to the Pharmacy Services Asset Sale. In addition, we are obligated to indemnify the Buyers against certain potential liabilities and for breaches of representations, warranties and covenants under the asset purchase agreement which governs the Pharmacy Services Asset Sale. We may also be subject to claims by, and liabilities to, various stakeholders or other parties, including counterparties, regulatory authorities and employees, resulting from the conduct of the operations subject to the Pharmacy Services Asset Sale prior to the consummation of the Pharmacy Services Asset Sale.

Acquisitions, strategic investments and strategic relationships involve certain risks.

We intend to pursue opportunistic strategic acquisitions of, or investments in, businesses and technologies. Acquisitions may entail numerous risks, including difficulties in assessing values for acquired businesses, intangible assets and technologies, difficulties in the assimilation of acquired operations and products, diversion of management's attention from other business concerns, assumption of unknown material liabilities of acquired companies, amortization of acquired intangible assets which could reduce future reported earnings, and potential loss of clients or key employees of acquired companies. We may not be able to successfully fully integrate the operations, personnel, services or products that we have acquired or may acquire in the future. Strategic investments may also entail some of the risks described above. If these investments are unsuccessful, we may need to incur charges against earnings. We may also pursue a number of strategic relationships. These relationships and others we may enter into in the future may be important to our business and growth prospects. We may not be able to maintain these relationships or develop new strategic alliances.

We may not be able to identify suitable acquisition candidates or business and investment opportunities.

We intend to continue to explore strategic alternatives and identify new business acquisition opportunities. We may not be able to identify such new business acquisition opportunities or strategic alternatives to continue to execute our strategy.

Strategic investments, relationships and alternatives involve certain risks, and we may incur significant costs in connection with our evaluation of new business opportunities and suitable acquisition candidates.

Further, our management intends to identify, analyze and evaluate potential new business opportunities, including possible acquisition and merger candidates. We may incur significant costs, such as due diligence and legal and other professional fees and expenses, as part of these efforts. Notwithstanding these efforts and expenditures, we may not be able to identify an appropriate new business opportunity, or any acquisition opportunity, in the near term, or at all.

Infusion expansion involves certain regulatory risks.

We are expanding its infusion presence which may expose us to regulatory and governmental risks. The infusion services industry in many states is heavily regulated. The varying compliance requirements of these different regulatory jurisdictions and other factors may limit our ability to successfully conduct or expand our business. Additionally, the expansion into new locations involves substantial operational and execution risk. We may not be able to manage these risks effectively.

Our acquisition strategy exposes us to a variety of operational and financial risks.

A principal element of our business strategy has been to grow by acquiring other companies and assets in the home infusion and complementary businesses. Growth, especially rapid growth, through acquisitions exposes us to a variety of operational and financial risks. We summarize the most significant of these risks below.

Integration risks. We must integrate our acquisitions with our existing operations. This process includes the integration of the various components of our business and of the businesses we have acquired or may acquire in the future, including the following:

- health care professionals and employees who are not familiar with our policies and procedures;
- transition of acquired payor accounts, which may result in short-term disruption to payor reimbursements, resulting in an adverse impact on our short-term working capital position and require additional working capital investments;
- clients who may terminate their relationships with us;
- key employees who may seek employment elsewhere;
- patients who may elect to switch to another health care provider;
- regulatory compliance programs; and
- disparate operating, information and record keeping systems and technology platforms;

Integrating an acquisition could be expensive and time consuming and could disrupt our ongoing business, negatively affect cash flow and distract management and other key personnel from day-to-day operations.

We may not be able to combine successfully the operations of recently acquired companies with our operations, and, even if such integration is accomplished, we may never realize the potential benefits of the acquisition. The integration of acquisitions requires significant attention from management, may impose substantial demands on our operations or other projects and may impose challenges on the combined business including, but not limited to, consistencies in business standards, procedures, policies and business cultures. If we fail to complete ongoing integration efforts, we may never fully realize the potential benefits of the related acquisitions.

Benefits may not materialize. When evaluating potential acquisition targets, we identify potential synergies and cost savings that we expect to realize upon the successful completion of the acquisition and the integration of the related operations. We may, however, be unable to achieve or may otherwise never realize the expected benefits. Our ability to realize the expected benefits from improvements to companies we acquire are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, such as changes to government regulation governing or otherwise impacting our industry, reductions in reimbursement rates from Third Party Payors, reductions in service levels under our contracts, operating difficulties, client preferences, changes in competition and general economic or industry conditions. If we are unsuccessful in implementing these improvements or if we do not achieve our expected results, it may adversely impact our results of operations.

Assumptions of unknown liabilities. Companies that we acquire may have unknown or contingent liabilities, including, but not limited to, liabilities for failure to comply with healthcare laws and regulations. We may incur material liabilities for the past activities of acquired operations. Such liabilities and related legal or other costs and/or resulting damage to our reputation could negatively impact our business through lower-than-expected operating results, charges for impairment of acquired intangible assets or otherwise.

Competing for acquisitions. We face competition for acquisition candidates primarily from other home infusion and other healthcare companies. Some of our competitors have greater resources than we do. As a result, we may pay more to acquire a target business or may agree to less favorable deal terms than we would

have otherwise. Accurately assessing the value of acquisition candidates is often very challenging. Also, suitable acquisitions may not be available due to unfavorable terms.

Further, the cost of an acquisition could result in a dilutive effect on our results of operations, depending on various factors, including the amount paid for in an acquisition, the acquired entity's results of operations, the fair value of assets acquired and liabilities assumed, effects of subsequent legislation and limits on rate increases.

Improving financial results. Some of the operations we have acquired or may acquire in the future may have had significantly lower operating margins than our current operations. If we fail to improve the operating margins of the companies we acquire, operate such companies profitably or effectively integrate the operations of the acquired companies, our results of operations could be negatively impacted.

Strategic investments, relationships and alternatives involve certain risks.

In addition to acquisitions, we intend to investigate and pursue strategic investments, relationships and alternatives. Strategic investments can involve all of the risks of acquisitions, as described above. If these investments are unsuccessful, we may incur charges against earnings. We may also pursue a number of strategic relationships. These relationships and others we may enter into in the future may be important to our business and growth prospects. We may not be able to maintain these relationships or develop new strategic alliances. We also intend to continue to explore strategic alternatives. We may not be able to identify such strategic alternatives to continue to execute our strategy.

Failure to successfully integrate the CarePoint Business, and the additional indebtedness incurred to finance the CarePoint Business acquisition, could adversely impact the price of our common stock and future business and operations.

On August 23, 2013, we completed our acquisition of the CarePoint Business. Our integration of the CarePoint Business into our operations will be a complex and time-consuming process that may not be successful. The primary areas of focus for successfully combining the CarePoint Business with our operations may include, among others: retaining and integrating management and other key employees; integrating information, communications and other systems; managing our growth after the acquisition; retaining patients and payors; and integrating the supply chain. Even if we successfully integrate the CarePoint Business into our existing operations, we may not realize the anticipated benefits of the transaction. The anticipated benefits and cost savings may not be realized fully, or at all, or may take longer to realize than expected. In addition, the integration of the CarePoint Business requires all payors to update reimbursement records, resulting in billing and collection delays. These short-term disruptions may adversely affect our short-term working capital position.

We have calculated that we will receive a tax benefit of approximately $45.0 million as a consequence of our acquisition of the CarePoint Business. The tax benefit may be less than we anticipate. Additionally, even if the tax benefit is as much or greater than we have calculated, we may not be able to use the full benefit of the tax benefit associated with the CarePoint Business. As such, the forecasts and projections that we have prepared may be inaccurate which could cause us to revise the guidance as to our expected future financial performance.

Further, we acquired the CarePoint Business with the expectation that the acquisition will result in various benefits for us including, among others, business and growth opportunities, increased revenue streams, and significant synergies from increased efficiency in operations and corporate support. Increased competition and/or deterioration in business conditions may limit our ability to expand the CarePoint Business. As such, we may not be able to realize the synergies, goodwill, business opportunities and growth prospects anticipated in connection with the acquisition of the CarePoint Business.

In addition, although we investigate the business operations and assets of entities that we acquire, there may be liabilities that we fail or are unable to discover and for which we may be liable. Also, the necessity of integrating our internal controls over financial reporting with the CarePoint Business in order to comply with

the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 may add additional cost and expense to acquisitions and expose us to the risk that we may not be successful in integrating our internal controls over financial reporting with that of the CarePoint Business on a timely basis. The occurrence of any of the foregoing could have an adverse effect on the trading price of our stock and future business and operations.

Following the acquisition of the CarePoint Business, our consolidated indebtedness is now greater than our indebtedness prior to the acquisition. The increased indebtedness and higher debt-to-equity ratio of our company may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs. Our level of indebtedness could have important consequences. For example, it may: require a portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness, thus reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements; and limit our ability to obtain additional financing to fund working capital, capital expenditures, additional acquisitions or general corporate requirements.

Contract renewals, or lack thereof, with key revenue sources and key business relationships could result in less favorable pricing, loss of exclusivity, and or reduced distribution and access to customers, which could have an adverse effect on our business, financial condition and results of operations.

We are renegotiating, on a rolling basis, contracts and business relationships with key revenue sources, including Third Party Payors, Plan Sponsors, network pharmacies, and discount card brokers. Our future growth and success depends on our ability to maintain these relationships and renew such contracts on acceptable terms. However, we may not be able to continue to maintain these relationships which grant us access to certain customers and distribution channels. Any break in these key business relationships could result in lost contracts and reduce our access to certain customers and distribution channels. Further, when such contracts near expiration, we may not be able to successfully renegotiate acceptable terms. Any increase in pricing or loss of exclusivity could result in reduced margins. Accordingly, it is possible that our ongoing efforts to renew contracts and business relationships with such key revenue sources as Third Party Payors, Plan Sponsors, network pharmacies and discount card brokers could result in less favorable pricing, loss of exclusivity or even reduced access to customers and distribution channels, any of which could have an adverse effect on our business, financial condition and results of operations. As discussed in the risk factor titled "*PBM client demands for enhanced service levels or possible loss or unfavorable modification of contracts with clients or providers could adversely affect our Consolidated Financial Statements,"* contained in "Item 1A. Risk Factors" included in our Annual Report on Form 10-K/A for the year ended December 31, 2012, even when such contracts are renewed, they may renewed for only a short term or may be terminable on relatively short notice.

Changes in economic and operating conditions may result in a future goodwill and/or indefinite-lived intangible asset impairment charge.

PBM Services segment revenues have declined during the nine months ended September 30, 2013 as compared to the prior year primarily due to the termination of a large, low margin customer and due to declines in discount cash card volumes. The revenue declines have led to a decline in adjusted EBITDA attributable to this segment. In addition, the renegotiation of contracts with large pharmacy chains has reduced the profitability of the discount cash card business in the three months ended December 31, 2013. We have also experienced declines in the adjusted EBITDA of the Home Health Services segment during the three months ended September 30, 2013 primarily due to a shift in our revenue mix to lower margin services. In addition, the continuing weakness in the PBM Services segment may cause the need for additional working capital investments, adversely affecting our liquidity.

As a result of the continuing weakness in the performance of the Home Health Services segment, we may incur as of the year ended December 31, 2013 an impairment charge related to the carrying value of the goodwill and indefinite-lived assets associated with such segment. We will not know the amount of such impairment charge until the completion of our year-end audit for the year ended December 31, 2013.

Risks Related to Our Indebtedness

We incurred substantial indebtedness to refinance our prior indebtedness and also incurred substantial additional indebtedness to finance our acquisition of the CarePoint Business, which total indebtedness imposes operating and financial restrictions on us that, together with the resulting debt service obligations from such total indebtedness, may significantly limit our ability to execute our business strategy and may increase the risk of default under our debt obligations.

On July 31, 2013, we entered into the Senior Credit Facilities providing for (i) the Revolving Credit Facility in an aggregate principal amount of up to $75.0 million, (ii) the Term Loan B Facility in an aggregate principal amount of $250.0 million and (iii) the Delayed Draw Term Loan Facility (as defined under “Description of Other Indebtedness”) in an aggregate principal amount of $150.0 million with SunTrust Bank, Jefferies Finance LLC and Morgan Stanley Senior Funding, Inc., as lead arrangers, SunTrust Bank as administrative agent and a syndicate of lenders. A portion of the proceeds of the loans advanced to us on the closing date of the Senior Credit Facilities were used to refinance certain existing indebtedness of ours and our subsidiaries, including the repayment in full of all amounts outstanding under our prior credit facility with Healthcare Finance Group, the payment of the purchase price for our prior notes which were tendered and accepted for purchase in connection with a tender offer and the payment of the redemption price for the notes that remained outstanding after completion of such tender offer. The Delayed Draw Term Loan Facility was fully funded in connection with the closing of our acquisition of the CarePoint Business, and the proceeds were used to fund a portion of the purchase price for such acquisition. The proceeds of all other loans advanced under the Senior Credit Facilities will be used to fund working capital and other general corporate purposes of us and our subsidiaries, including acquisitions, investments and capital expenditures. Our indebtedness may significantly limit our ability to execute our business strategy.

USE OF PROCEEDS

The net proceeds from the sale of the notes, after deducting expenses of the offering, including discounts to the initial purchasers, are estimated to be approximately $ million. We intend to use the net proceeds of the offering to repay amounts outstanding under the Senior Credit Facilities and for related fees and expenses. See “Summary — The Offering,” “Capitalization,” “Description of Other Indebtedness” and “Plan of Distribution.”

CAPITALIZATION

The following table sets forth our consolidated cash and capitalization as of September 30, 2013 on a historical basis and on an as adjusted basis to give effect to the issuance of the notes and the use of the net proceeds thereof as described under "Use of Proceeds" as if the offering had been completed as of September 30, 2013. You should read this table in conjunction with "Use of Proceeds" and "Summary — Summary Historical Consolidated Financial Data" in this offering memorandum and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereto included in our annual report on Form 10-K/A and quarterly report on Form 10-Q incorporated by reference into this offering memorandum.

	As of September 30, 2013	
	Actual	**As Adjusted**
	(in thousands)	
Cash and cash equivalents	$ —	$ —
Debt:	—	—
Revolving Credit Facility(1)	15,037	—
Term Loan B Facility(2)	400,000	252,300
Notes offered hereby	—	200,000
Capital Leases	570	570
Total debt	415,607	452,870
Total stockholders' equity	370,335	370,335
Total capitalization	$ 785,942	$ 823,205

(1) The Revolving Credit Facility provides for borrowings of up to $75.0 million of which $55.2 million was available as of September 30, 2013 for working capital and general corporate purposes (after giving effect to $4.8 million of outstanding letters of credit at September 30, 2013). As of January 31, 2014, $51.8 million was drawn under our Revolving Credit Facility (in addition to $4.8 million of outstanding letters of credit at such date).

(2) The Term Loan B Facility balance represents the principal outstanding as of September 30, 2013. On December 31, 2013, a scheduled quarterly amortization payment equal to 1.25% or $5.0 million was made reducing the total outstanding principal to $395.0 million. As adjusted term loan balance reflects repayments made with excess proceeds from this offering after repaying the outstanding revolver balance in full and all transaction fees and expenses as of January 1, 2014.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured First Lien Credit Agreement

On July 31, 2013, we entered into (i) a senior secured first-lien revolving credit facility in an aggregate principal amount of $75.0 million (the "Revolving Credit Facility"), (ii) a senior secured first-lien term loan B in an aggregate principal amount of $250.0 million (the "Term Loan B Facility") and (iii) a senior secured first-lien delayed draw term loan B in an aggregate principal amount of $150.0 million (the "Delayed Draw Term Loan Facility" and, together with the Revolving Credit Facility and the Term Loan B Facility, the "Senior Credit Facilities") with SunTrust Bank, Jefferies Finance LLC and Morgan Stanley Senior Funding, Inc. The advances under the Senior Credit Facilities bear interest at a floating rate or rates equal to the Eurodollar rate plus 6.00% or the base rate plus 5.00% as specified in the Senior Credit Facilities, provided that the Senior Credit Facilities provide for such pricing to decrease upon the occurrence of certain triggering events. As of September 30, 2013, the interest rate was approximately 6.5%. The interest rates applicable to the Revolving Credit Facilities may vary in the future depending on the Company's consolidated net leverage ratio.

The Revolving Credit Facility matures on July 31, 2018 at which time all principal amounts outstanding are due and payable. The Term Loan B Facility and the Delayed Draw Term Loan Facility each mature on July 31, 2020 and require equal consecutive quarterly repayments of 1.25% of the original principal amount funded commencing on December 31, 2013. Once repaid, amounts under Term Loan B Facility and the Delayed Draw Term Loan Facility may not be reborrowed. The Senior Credit Facilities are secured by substantially all of our and our subsidiaries' assets.

The Senior Credit Facilities contain customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, bankruptcy and insolvency events, material judgments, cross-defaults to material indebtedness and events constituting a change of control. The occurrence of certain events of default may increase the applicable rate of interest by 2% and could result in the acceleration of our obligations under the Senior Credit Facilities to pay the full amount of the obligations. If we draw down in excess of 25% of the available borrowing capacity under the Revolving Credit Facility, the net leverage covenants under the Revolving Credit Facility will become applicable such that our consolidated net leverage ratio will not be permitted to exceed certain thresholds so long as borrowings under the Revolving Credit Facility continue to exceed 25% of the available borrowing capacity thereunder. The required maximum consolidated net leverage ratio thresholds for the Revolving Credit Facility are defined for each measurement quarter. The Term Loan B Facility and Delayed Draw Term Loan Facility are not subject to any financial covenants.

On December 23, 2013, we entered into the First Amendment to the Senior Credit Facilities, pursuant to which the Company obtained the consent of the required lenders under the Senior Credit Facilities to enter into the Settlement Agreement and to begin making payments thereunder in accordance with its terms.

On January 31, 2014, we entered into the Second Amendment (the "Second Amendment") to the Senior Credit Facilities, which, among other things (i) provided additional flexibility with respect to compliance with the maximum net leverage ratio for the fiscal quarters ending December 31, 2013 through and including December 31, 2014, (ii) provided additional flexibility under the indebtedness covenants to permit (x) up to $150 million of second-lien debt and (y) up to $250 million of unsecured bonds, provided that 100% of the net proceeds are applied first to the Revolving Credit Facility, with no corresponding permanent commitment reduction, and then to the Term Loan B Facility, (iii) provides the requisite flexibility to sell non-core assets, subject to the satisfaction of certain conditions, and (iv) increased the applicable interest rates for the Senior Credit Facilities until the occurrence of certain triggering events.

Upon the completion of this offering, the application of the proceeds as described under "Use of Proceeds," and the delivery of the financial statements for the relevant fiscal period, the applicable interest rates for the Senior Credit Facilities will revert to the rates in effect prior to the effectiveness of the Second Amendment.

NEWS RELEASE

bioscrip®

FOR IMMEDIATE RELEASE

BIOSCRIP ANNOUNCES PROPOSAL TO COMMENCE OFFERING $200 MILLION OF SENIOR NOTES

Elmsford, NY – February 3, 2014 – BioScrip®, Inc. (NASDAQ: BIOS) today announced its proposal to commence an offering through a private placement, subject to market and other conditions, of $200 million in aggregate principal amount of senior notes due 2021. The notes will be senior unsecured obligations of BioScrip and will be guaranteed by certain of BioScrip's subsidiaries.

BioScrip intends to use the net proceeds of the offering to pay a portion of the amounts outstanding on its $75 million senior secured first-lien revolving credit facility, its $150 million senior secured first-lien delayed draw term B loan and its $250 million senior secured first-lien term loan B.

The notes and related guarantees are being offered in a private placement, solely to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or outside the United States to persons other than "U.S. persons" in compliance with Regulation S under the Securities Act. The notes and related guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

This notice does not constitute an offer to sell the notes, nor a solicitation for an offer to purchase the notes, in any jurisdiction in which such offer or solicitation would be unlawful. Any offer of the notes will be made only by means of a private offering memorandum. This press release is being issued pursuant to and in accordance with Rule 135c under the Securities Act.

About BioScrip, Inc.

BioScrip, Inc. provides comprehensive infusion and home care solutions. By partnering with patients, physicians, healthcare payors, government agencies and pharmaceutical manufacturers, we are able to provide access to infusible medications and management solutions. Our goal is to optimize outcomes for chronic and other complex healthcare conditions and enhance the quality of patient life. BioScrip brings clinical competence in providing high-touch, comprehensive infusion and nursing services to patients in the most convenient ways possible. Through our customer services and treatments we aim to ensure the best possible therapy outcome.

Contacts:

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