AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 30, 1996

REGISTRATION NO. 333-05327

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MIM CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	8099	05-0489664
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

ONE BLUE HILL PLAZA PEARL RIVER, NEW YORK 10965 (914) 735-3555 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)	RICHARD H. FRIEDMAN ONE BLUE HILL PLAZA PEARL RIVER, NEW YORK 10965 (914) 735-3555 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

JOHN E. STODDARD III, ESQ. DRINKER BIDDLE & REATH 47 HULFISH STREET PRINCETON, NEW JERSEY 08542 (609) 497-7004	JOHN J. SCHUSTER, ESQ. CAHILL GORDON & REINDEL 80 PINE STREET NEW YORK, NEW YORK 10005 (212) 701-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [X]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

MIM CORPORATION

CROSS REFERENCE SHEET

ITEM NUMBER AND CAPTION IN FORM S-1	LOCATION IN PROSPECTUS
1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus	Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Outside Front Cover Page; Prospectus Summary; Risk Factors
4. Use of Proceeds	Prospectus Summary; Use of Proceeds
5. Determination of Offering Price	Outside Front Cover Page; Underwriting
6. Dilution	Dilution
7. Selling Security Holders	Not Applicable
8. Plan of Distribution	Underwriting
9. Description of Securities to be Registered	Description of Capital Stock
10. Interests of Named Experts and Counsel	Not Applicable
11. Information with Respect to the Registrant	Additional Information; Prospectus Summary; Risk Factors; Use of Proceeds; Dividend Policy; Capitalization; Dilution; Selected Consolidated Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Principal Stockholders; Description of Capital Stock; Shares Eligible for Future Sale; Consolidated Financial Statements
12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Not Applicable

+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED JULY 30, 1996

4,000,000 SHARES

MIM CORPORATION

[LOGO]

COMMON STOCK

All of the shares of Common Stock offered hereby are being sold by MIM Corporation. Prior to this Offering, there has been no public market for the Common Stock of the Company. It is currently estimated that the initial public offering price will be between $14.00 and $16.00 per share. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price.

The Common Stock has been approved for quotation on the Nasdaq National Market under the symbol MIMS, subject to official notice of issuance.

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 6.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)
Per Share	$	$	$
Total	$	$	$
Total Assuming Full Exercise of Over-Allotment Option(3)	$	$	$

(1) See "Underwriting."
(2) Before deducting expenses estimated at $1,000,000, which are payable by the Company.
(3) Assuming exercise in full of the 45-day option granted by the Company to the Underwriters to purchase up to 600,000 additional shares, on the same terms, solely to cover over-allotments. See "Underwriting."

The shares of Common Stock are offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to their right to reject orders in whole or in part. It is expected that delivery of the Common Stock will be made in New York City on or about , 1996.

PAINEWEBBER INCORPORATED DILLON, READ & CO. INC.

THE DATE OF THIS PROSPECTUS IS , 1996.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (together with all amendments thereto, the "Registration Statement") under the Securities Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information contained in the Registration Statement, certain portions of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement, including the exhibits and schedule thereto. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and are qualified in all respects by such reference. A copy of the Registration Statement, including the exhibits and schedule thereto, may be inspected without charge at the principal office of the Commission, 450 Fifth Street, N.W., Washington, DC 20549 and at the Commission's regional offices located at 500 West Madison Street, Suite 1400, Chicago, IL 60661 and Seven World Trade Center, 13th Floor, New York, NY 10048. Copies of such material may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, DC 20549, upon payment of the fees prescribed by the Commission. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, and the address of such site is (http://www.sec.gov).

The Company intends to furnish to its stockholders annual reports containing financial statements audited by independent certified public accountants and quarterly reports containing unaudited financial information for the first three quarters of each fiscal year of the Company.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements, including the notes thereto, appearing elsewhere in this Prospectus. All references to the Company refer to MIM Corporation and its subsidiaries and predecessors (the "Company"). Unless otherwise indicated, the information in this Prospectus (i) assumes that the Underwriters' over-allotment option will not be exercised, (ii) assumes an initial public offering price per share of $15.00 and (iii) gives effect to the reorganization of the Company and its affiliates in May 1996. See "Certain Transactions--The Formation." All references herein to industry financial and statistical information are based on trade articles and industry reports that the Company believes to be reliable, although there can be no assurance to that effect. Investors should consider carefully the information set forth under the heading "Risk Factors."

THE COMPANY

MIM Corporation is a pharmacy management organization that provides a broad range of services designed to promote the cost-effective delivery of pharmacy benefits. The Company targets organizations involved in three key segments of the pharmaceutical health care industry--sponsors of public and private health plans (such as HMOs and other managed care organizations), retail pharmacies and pharmaceutical manufacturers--and offers services that provide financial benefits to each of them. The Company works with plan sponsors and local health care professionals to design, implement and manage innovative programs to control pharmacy benefit costs, primarily through financial risk sharing arrangements and increased substitution of lower-cost generic drugs for brand name drugs. Participating retail pharmacies receive management and support services, as well as financial incentives to purchase and dispense preferred generic drugs. Finally, the Company offers manufacturers of generic drugs the potential to increase their market share in regions covered by participating pharmacies as a result of the increase in generic drug utilization encouraged by the Company's programs.

The Company has derived virtually all of its revenues to date from operations in the State of Tennessee under the TennCare Medicaid waiver program for formerly Medicaid-eligible, and certain uninsured and uninsurable, Tennessee residents. These revenues have been derived pursuant to a contract with RxCare of Tennessee, Inc. ("RxCare"), a professional services administrative organization owned by the Tennessee Pharmacists Association and representing approximately 1,200 retail pharmacies in Tennessee. At June 30, 1996, the Company provided pharmacy benefit management services, such as formulary design and compliance, drug usage evaluation, claims processing and disease management, to 19 health plan sponsors with an aggregate of approximately 1.1 million plan members. Substantially all of such members participate in six of such health plans, representing approximately 88% of the eligible participants in the TennCare program. During 1995, approximately 90% of the Company's $214 million in revenues was derived from contracts under which the Company was paid on a capitated basis (that is, on the basis of a fixed monthly fee per plan member). Since program inception in January 1994, the generic utilization rate as a percentage of all covered prescriptions under the Company's pharmacy benefit management programs has averaged 67%, compared to an estimated industry average of approximately 40% during 1994.

The retail pharmaceutical market has grown in recent years, with over two billion prescriptions filled and estimated sales of approximately $77 billion in 1995. Approximately 42% of retail prescriptions during 1994 were paid by plan sponsors, with over 50 million people in the United States belonging to managed care organizations at the end of 1994. Industry sources estimate that by the year 2000 approximately 80 million people in the United States are expected to belong to managed care organizations and that such organizations are expected to be responsible for approximately 77% of all retail prescriptions. Managed care organizations and other plan sponsors have increasingly turned to pharmacy benefit managers to help administer and control the cost of the pharmacy benefit component of their overall benefit programs. The Company believes that a key

element in successfully controlling pharmacy benefit costs is generic substitution. Sales of generic drugs at retail, which typically sell at a 30% to 70% discount to brand name drug equivalents, were approximately $6.3 billion in 1994. However, there were approximately $28 billion of off-patent brand name drug sales at retail during 1994 for which a generic equivalent was available. In addition, brand name drugs with estimated sales at retail of approximately $23 billion are scheduled to go off-patent from 1996 through 2006.

The Company has developed the following strategy that it believes will allow it to capitalize upon these industry trends:

Establish MIM as a National Pharmacy Benefit Manager. The Company has begun to market its pharmacy benefit management services to sponsors of public and private health plans outside of Tennessee on a capitated or cost savings sharing basis, thereby transferring from the plan sponsor to the Company all or some of the risk of controlling overall pharmacy benefit costs. Building upon the experience it has gained from managing capitated TennCare pharmacy benefit programs, the Company has begun to offer its innovative financial risk sharing programs to plan sponsors in similar highly price-competitive and emerging capitated markets, while also continuing to offer traditional fee-for-service programs. In addition, the Company will further develop its information systems to provide plan sponsors with real-time access to pharmacy and financial data.

Strengthen Pharmacy Relationships. The Company believes that local pharmacists play a critical role in providing high quality cost-effective care, including the point-of-sale substitution of generic drugs when appropriate. The Company intends to increase pharmacy participation in its programs by continuing to offer financial incentives and discount drug purchasing services, as well as a broad range of pharmacy support programs for local retail pharmacists.

Market Preferred Generics. The Company is currently marketing and promoting certain generic drugs of Zenith Goldline Pharmaceuticals, Inc. ("Zenith Goldline") in the State of Tennessee under the Company's preferred generics program. In general, the Company's preferred generics program encourages pharmacies to stock a particular manufacturer's generic drugs ("preferred generics") in lieu of brand name or other generic drugs in the same therapeutic class by arranging for discounts on the purchase of preferred generics by pharmacies. Under Company-managed pharmacy benefit programs, the Company also provides financial incentives to pharmacies to sell preferred generics. These arrangements and incentives are designed to encourage participating pharmacies to dispense and sell preferred generics to all of their customers, including those not covered by Company-managed pharmacy benefit plans. The Company intends to expand its preferred generics program with Zenith Goldline to other geographic areas and is negotiating similar arrangements with other generic drug manufacturers. The Company also plans, subject to economic and other conditions, to distribute generic and over-the-counter drugs under its own private label. Certain agreements may restrict the Company's ability to compete in certain areas of the Company's preferred generics business, its planned drug distribution business and certain other business areas. See "Business--Preferred Generics" and "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline."

MIM Corporation was incorporated in Delaware in March 1996 for the purpose of combining the businesses and operations of Pro-Mark Holdings, Inc. and MIM Strategic Marketing, LLC. For a description of the transactions involved in connection therewith (the "Formation"), see "Certain Transactions--The Formation" and Note 1 to the consolidated financial statements included herein.

The Company's principal executive offices are located at One Blue Hill Plaza, Pearl River, New York 10965, and its telephone number is (914) 735-3555.

THE OFFERING

Common Stock Offered by the Company	4,000,000 shares(1)
Common Stock to be Outstanding after the Offering	12,023,800 shares(1)(2)
Use of Proceeds	The Company intends to use the net proceeds from the Offering to expand the Company's preferred generics business, to fund additional pharmacy benefit management programs, to enhance its management information system capabilities and for general corporate purposes, including working capital. See "Use of Proceeds."
Proposed Nasdaq National Market Symbol	MIMS

(1) Assumes no exercise of the Underwriters' over-allotment option.
(2) Excludes 3,937,639 shares of Common Stock issuable upon exercise of outstanding options under the Company's stock option plans at July 15, 1996 at a weighted average exercise price of approximately $3.49 per share.

SUMMARY CONSOLIDATED FINANCIAL DATA
(In thousands, except for per share amounts)

	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1994	1995	1995	1996
			(unaudited)	
STATEMENT OF OPERATIONS DATA				
Revenue	$ 109,326	$ 213,929	$71,330	$135,320
Cost of revenue	106,717	213,398	70,684	130,218
Gross profit	2,609	531	646	5,102
General and administrative expenses	5,256	8,048	3,450	4,627
Executive stock option compensation expense(1)	--	--	--	26,640
Loss from operations	(2,647)	(7,517)	(2,804)	(26,165)
Interest income, net	191	745	229	275
Loss before minority interest	(2,456)	(6,772)	(2,575)	(25,890)
Less: minority interest	--	--	--	6
Net loss	$ (2,456)	$ (6,772)	$(2,575)	$(25,896)
Net loss per common and common equivalent share	$ (0.55)	$ (1.43)	$ (0.57)	$ (3.23)
Weighted average shares outstanding	4,500	4,732	4,500	8,024

		JUNE 30, 1996	
	DECEMBER 31, 1995	ACTUAL	AS ADJUSTED (2)
		(unaudited)	
BALANCE SHEET DATA			
Cash and cash equivalents	$ 1,804	$ 2,964	$ 57,764
Working capital (deficit)	(12,080)	(12,340)	42,460
Total assets	18,924	21,702	76,502
Accumulated deficit(1)	(9,188)	(35,706)	(35,706)
Stockholders' equity (deficit)	(11,524)	(10,768)	44,032

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(1) The Company's net loss for the six months ended June 30, 1996 included a nonrecurring, noncash charge for compensation expense and a credit to additional paid-in capital of $26,640, representing the difference between the exercise price and the deemed fair market value of the Common Stock at the date of grant of options to purchase an aggregate of 3,600,000 shares of Common Stock granted by the Company's principal stockholder to certain executive officers and directors of the Company. See "Certain Transactions--Other Transactions" and Note 7 to the consolidated financial statements included herein.

(2) Adjusted to give effect to the receipt of the estimated net proceeds of the Offering, based on an assumed initial public offering price of $15.00 per share. See "Use of Proceeds."

RISK FACTORS

An investment in the Common Stock offered hereby involves a high degree of risk. Prospective investors should consider carefully the following risk factors, in addition to the other information contained in this Prospectus, before purchasing the securities offered hereby.

GOING CONCERN QUALIFICATION IN REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS; HISTORY OF LOSSES

The report of independent public accountants on the Company's consolidated financial statements included herein is qualified because of substantial doubt about the ability of the Company to continue as a going concern. Among the factors cited by such independent public accountants are that the Company has suffered recurring losses from operations and has a net capital deficiency. For the year ended December 31, 1995 and the six months ended June 30, 1996, the Company incurred net losses of $6.8 million and $25.9 million, respectively (including a nonrecurring, noncash charge for executive stock option compensation expense during the six months ended June 30, 1996 of $26.6 million). At June 30, 1996, the Company had an accumulated deficit of $35.7 million, a working capital deficit of $12.3 million and a stockholders' deficit of $10.8 million. The Company needs the net proceeds of the Offering to continue and expand its operations, although there can be no assurance that even with such proceeds the Company's operations will be profitable in the future. In management's opinion, the net proceeds from the Offering are expected to provide the capital necessary to enable the Company to continue as a going concern. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere herein.

LIMITED OPERATING HISTORY; RISK OF MANAGING GROWTH

The Company commenced its operations in June 1993 and has had a limited operating history. The Company has recently experienced a period of rapid growth that has strained the Company's financial resources and management information and other systems. The Company's ability to manage its growth effectively will require that it continue to improve its systems and hire, train and manage additional employees. There can be no assurance that the Company will be able to continue to expand its market presence in current locations or successfully enter other markets. If the Company is unable to manage its growth effectively, the Company's business and results of operations could be adversely affected. See "Business."

DEPENDENCE ON RXCARE RELATIONSHIP

The Company has derived virtually all of its revenue to date pursuant to an agreement with RxCare of Tennessee, Inc. ("RxCare"), a professional services administrative organization owned by the Tennessee Pharmacists Association representing approximately 1,200 retail pharmacies in Tennessee. Under the RxCare agreement, the Company is obligated to operate and manage pharmacy benefit programs for plan sponsors that have entered into contracts with RxCare for such services. Although the Company has been performing substantially all of RxCare's obligations under RxCare's contracts with plan sponsors since January 1994, no plan sponsor has been asked to formally consent to such arrangements, including certain sponsors whose contracts with RxCare require prior written consent thereto. RxCare reasonably may decline to execute any contract with plan sponsors or pharmacies, or any amendment or renewal thereof, negotiated by the Company on behalf of RxCare.

A number of RxCare's contracts with plan sponsors are for providing state-mandated pharmacy benefits to formerly Medicaid-eligible (as well as certain uninsured and uninsurable) Tennessee residents under the TennCare program, a so-called "Medicaid waiver" state health program. Revenues from two of such TennCare contracts accounted for approximately 75% of the Company's revenues during 1995. The Company believes that the loss of its arrangement with RxCare, the loss of one or more of such contracts, the termination or expiration of the TennCare program (which is currently scheduled to expire on December 31, 1998) or the loss of funding thereunder would have a material adverse effect on the Company's business and results of operations. See "Business--Relationship with RxCare and TennCare."

There can be no assurance that RxCare or the Company will be able to enter into additional contracts in the State of Tennessee or that the Company's experience in Tennessee will enable it to obtain additional contracts in other states. The failure to enter into additional contracts could limit the Company's ability to increase its revenues on a profitable basis. See "Business."

LIMITED TERM OF MATERIAL AGREEMENTS

The Company's contract with RxCare is scheduled to expire in December 1998 unless renewed in accordance with its terms. RxCare's contracts with plan sponsors typically have a one-year term and are subject to automatic renewal unless notice of termination is given. Those contracts are subject to earlier termination upon the occurrence of certain events, including a breach of the agreement which is not cured within 30 days of notice, insolvency or termination of the TennCare program or of the plan sponsor's contract with the State of Tennessee. Two of such contracts accounted for 75% of the Company's revenues during 1995 and are scheduled to expire in December 1997 unless extended. There can be no assurance that either of the foregoing contracts or the Company's contract with RxCare will be continued or renewed in accordance with their terms. The loss of any of such contracts would have a material adverse effect on the Company's business and results of operations. See "Business--Relationship with RxCare and TennCare."

RISK OF CAPITATED AGREEMENTS

Approximately 90% of the Company's revenue during 1995 was derived from "capitated" agreements, through which the Company receives a pre-determined fee each month for each member enrolled in a particular health plan in return for providing certain covered pharmacy services to plan members. The Company generally negotiates the capitation fee for a particular plan (or subset of individuals within a plan) based upon a number of factors, including competitive conditions within a particular market and the expected costs of providing the covered pharmacy services. Expected costs are generally based on prior experience with similar groups and demographic data based on the population at large. Data with respect to prior experience may not be available and, if available, may not be a reliable indicator of the actual results for a particular plan. The cost of providing pharmacy services varies among plan participants and groups and is affected by many factors, including formulary design and compliance, generic substitution rate and payment structure. During the early stages of a contract, the cost of providing pharmacy services typically exceeds the capitation fee, primarily due to the lag between the commencement of the contract and the full implementation of the formulary and the Company's other cost containment measures. There can be no assurance that the cost of providing pharmacy services will not exceed the capitation fee, either per member or per plan, throughout the entire contract term. Under an April 1995 contract with one plan sponsor that was renegotiated and extended in June 1996, the Company underestimated the utilization of prescription drugs by the plan's members and recognized losses under that contract of approximately $10 million for the year ended December 31, 1995. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company intends to expand its scope of activities to include groups with which the Company has not had any meaningful experience and with respect to which no prior experience data is available, such as Medicare. Accordingly, the Company may miscalculate certain costs and utilization levels associated with these groups and may incur losses as a result. In addition, the Company may be required, due to contractual obligations or other business reasons, to bear all or a portion of the costs of certain newly-developed drugs, such as medications for the treatment of AIDS, the existence or cost of which may not have been known at the time the capitation fee for a particular plan was established. See "Business."

EXPANSION OF PREFERRED GENERICS BUSINESS

The Company intends to utilize a portion of the proceeds of the Offering to fund the expansion of its preferred generics business. The expansion of the Company's preferred generics business is expected to place a significant strain on the Company's management, operational and financial resources and systems, and there can be no assurance that the Company's planned operations in this area will be profitable. See "Business--Preferred Generics."

The Company also plans, subject to economic and other conditions, to distribute generic and over-the-counter drugs. The Company has had limited experience regarding the distribution of drugs and may, among other things, miscalculate the demand for particular types of drugs, carry excess inventory, incorrectly estimate certain matters involving the pricing and shipment of products to customers and fail to develop adequate distribution capabilities. In addition, the generic drug industry is extremely competitive, with generally declining prices and margins as generic versions of the same product enter the marketplace. See "Business--Business Strategy" and "--Competition."

Certain agreements may restrict the Company's ability to compete in certain areas of the Company's preferred generics business, its planned drug distribution business and certain other business areas. John H. Klein, the Company's Chairman and Chief Executive Officer, and Richard H. Friedman, the Company's Chief Financial Officer, Chief Operating Officer and Treasurer, have agreed that they will not, prior to January 1999 and January 1997, respectively, own, manage or be employed by any business or enterprise that is substantially competitive with any material portion of the business of manufacturing or distributing prescription generic drugs as conducted in early 1996 by Zenith Laboratories, Inc. ("Zenith"), an affiliate of Zenith Goldline, or Zenith's subsidiaries. See "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline." Furthermore, pursuant to agreements with Zenith Goldline, the Company has agreed that it will not offer certain kinds of programs to market or promote generic drugs anywhere in the United States for any other manufacturer or seller without first offering such programs to Zenith Goldline. See "Business--Preferred Generics."

GOVERNMENT REGULATION

The Company's current and planned businesses are subject to extensive Federal and state laws and regulations. Subject to certain exceptions, Federal law (the "Federal Anti-Kickback Statute") prohibits the payment or receipt of any remuneration, directly or indirectly, to induce, arrange for or recommend the purchase of health care items or services paid for in whole or in part by the Medicare or state health care programs (including Medicaid and TennCare), and certain state laws (including professional licensing laws prohibiting fee-splitting) contain similar provisions that may extend the prohibition to cover items or services that are paid for by private insurance and self-pay patients. There can be no assurance that some of the Company's practices will be found to be protected by certain so-called "safe harbor" regulations, which provide insulation from prosecution under the Federal Anti-Kickback Statute, and in some instances it is clear that they are not so protected. Federal authorities enforcing the Federal Anti-Kickback Statute have issued Fraud Alerts describing suspect activity and have initiated enforcement proceedings involving practices that have similar features to some of the practices of the Company. The Company is also subject to various false claim, drug distribution, antitrust and consumer protection laws and may be subject to certain other laws, including various state insurance laws.

While management believes that the Company is in material compliance with all existing laws and regulations material to the operation of its business, many of the laws and regulations affecting it are uncertain in their application and are subject to interpretation and change. Laws regulating healthcare businesses, and interpretations thereof, are undergoing rapid change. As controversies continue to arise in this area, for example, regarding the efforts of plan sponsors and pharmacy benefit managers to limit formularies, alter drug choice and establish limited networks of participating pharmacies, Federal and state regulation and enforcement priorities in this area can be expected to increase, the impact of which on the Company cannot be predicted. There can be no assurance that the Company will not be subject to scrutiny or challenge under one or more of these laws or that

any such challenge would not be successful. Any such challenge, whether or not successful, could have a material adverse effect upon the Company's business and results of operations. Violation of the Federal Anti-Kickback Statute, for example, may result in substantial criminal penalties, as well as exclusion from the Medicare and Medicaid (including TennCare) programs. Further, there can be no assurance that the Company will be able to obtain or maintain any of the regulatory approvals that may be required to operate its business, and the failure to do so could have a material adverse effect on the Company's business and results of operations. See "Business--Government Regulation" and "Certain Transactions."

FTC CONSENT DECREE WITH RXCARE

In June 1996, the proposed consent decree between the Federal Trade Commission (the "FTC") and RxCare and its parent, the Tennessee Pharmacists Association ("TPA"), became final. Under the terms of the consent decree, RxCare and TPA are prohibited from entering into a "most favored nations" clause (under which a participating pharmacy that accepts a lower reimbursement rate than that offered by RxCare must reduce its charges to RxCare) with any pharmacy or from suggesting or assisting any other person to do so. The FTC contends that such clause had the effect of increasing prices charged by pharmacies to purchasers of prescription drugs in Tennessee because the preponderance of pharmacies in Tennessee are members of RxCare and because RxCare accounted for a substantial portion of drug purchases from each pharmacy. Because the FTC justified its challenge and the decree, in part, on RxCare's potential market power in Tennessee, business arrangements and practices involving RxCare, either directly or indirectly, or involving sales to or purchases by RxCare-affiliated pharmacies may face heightened scrutiny or continued review from an anti-competitive perspective by state or Federal regulators and possible challenge by private parties. The existence of this consent order may hamper the Company's efforts to develop or pursue competitive opportunities, in Tennessee or elsewhere, in areas such as group purchasing or market advocacy on behalf of drug manufacturers. Prolonged proceedings involving regulatory or private party challenges to the Company's activities would be costly to the Company and divert its resources, including key personnel. An adverse determination in such a proceeding could have a material adverse effect on the Company's business and results of operations. See "Business--Government Regulation."

DEPENDENCE ON SENIOR MANAGEMENT

The Company's operations have been substantially dependent on the services of E. David Corvese, the Vice Chairman and principal stockholder of the Company. In April 1996, Messrs. Klein and Friedman joined the Company and will be responsible for implementing the Company's strategic plan, including the development of the Company's preferred generics business. The loss of the services of one or more of these individuals would have a material adverse effect upon the Company's business. Messrs. Klein, Corvese and Friedman each have employment agreements with the Company which restrict the ability of such officers to compete with the Company and its affiliates for a period of one year following termination. See "Management--Employment Agreements."

RELATIONSHIP OF CERTAIN EXECUTIVE OFFICERS WITH ZENITH AND ZENITH GOLDLINE

Prior to their employment with the Company, Messrs. Klein and Friedman were employed by Zenith, and also were executive officers of Zenith Goldline, a major generic drug manufacturer and marketer. Zenith Goldline also has a 10% ownership interest in MIM Strategic Marketing, LLC, a 90%-owned subsidiary of the Company formed for the purpose of enhancing the distribution of Zenith Goldline's pharmaceutical products in the State of Tennessee. Pursuant to termination agreements with Zenith, Mr. Klein has agreed to continue as an untitled employee of Zenith through December 1996 and to act as a consultant to Zenith and its affiliates from January 1997 through December 1998, and Mr. Friedman has agreed to continue as an untitled employee of Zenith through December 1996. Messrs. Klein and Friedman also continue to hold options to purchase shares of common stock of Zenith Goldline's and Zenith's parent. Although Messrs. Klein and Friedman intend to devote substantially all of their time to the business and operations of the Company, no assurance can be given that their rights and obligations under their respective termination agreements or that their interests in Zenith's parent will not result in or create a conflict of interest with their obligations to the Company. See "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline."

CONTROL BY MANAGEMENT

Upon consummation of the Offering, the Company's directors and executive officers will beneficially own in the aggregate approximately 72% of the Company's Common Stock (69% if the Underwriters' over-allotment option is exercised in full). Accordingly, they collectively will be able to determine the outcome of virtually all corporate actions requiring approval by the stockholders of the Company, including the election of directors. See "Principal Stockholders."

BROAD DISCRETION IN APPLICATION OF PROCEEDS

Approximately $26.6 million, or 49%, of the estimated net proceeds of the Offering (assuming an initial public offering price of $15.00 per share) have not been specifically allocated and will be utilized by the Company for working capital and general corporate purposes. Accordingly, management of the Company will have broad discretion in the application of the unallocated proceeds. See "Use of Proceeds."

COMPETITION

The pharmacy benefit management and generic drug distribution businesses are each highly competitive, and many of the Company's current and potential competitors have considerably greater financial, technical, marketing and other resources than the Company. The pharmacy benefit management business includes a number of large, well capitalized companies with nationwide operations and many smaller organizations typically operating on a local or regional basis. Some of the larger organizations are owned by or otherwise related to a brand name drug manufacturer and may have significant influence on the distribution of pharmaceuticals. Numerous insurance and Blue Cross and Blue Shield plans, managed care organizations and retail drug chains also have their own pharmacy benefit management capabilities.

Generic drugs are distributed by numerous generic drug distributors, drug wholesalers and mail order suppliers. Generic drug distributors and wholesalers generally offer a broad line of generic drugs from a variety of sources to a diverse customer base, typically including independent retail and chain pharmacies, government agencies and managed care organizations. In the generic products business (unlike patent-protected brand name drugs), similar versions of existing generic drugs frequently enter the market, resulting in significantly lower prices and margins. In addition, certain agreements between Zenith and Messrs. Klein and Friedman may restrict the Company's ability to compete in certain areas of the preferred generics business, its planned drug distribution business and certain other business areas. See "Business--Competition" and "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline."

PROFESSIONAL LIABILITY RISK

The services provided by the Company in connection with its business may subject the Company to litigation and liability for damages. The Company believes that its insurance protection is adequate for its present business operations, but there can be no assurance that the Company will be able to obtain and maintain insurance coverage in the future or that such insurance coverage will be available on acceptable terms or adequate to cover any or all potential professional liability, product liability or other claims. A successful claim in excess of the Company's insurance coverage could have a material adverse effect on the Company's business and results of operations.

DEPENDENCE ON INFORMATION SYSTEMS

The Company believes that its point-of-sale technology is an integral part of its business. Any continuing disruption in its computer or telephone systems could adversely affect its ability to operate its business on a timely basis, and could adversely affect the Company's relations with pharmacies and health plan sponsors. The Company is also dependent on certain licensed software for the operation of its on-line transaction processing system pursuant to a non-exclusive license for a one-year term with automatic renewals. There can be no assurance that the licensor of such software will continue this license beyond the period presently agreed, and the loss of such rights could have a material adverse effect on the Company's business and results of operations.

EFFECT OF CERTAIN LEGAL PROCEEDINGS

On March 5, 1996, the Company was added as a third-party defendant in a proceeding in the Superior Court of the State of Rhode Island. The third-party plaintiffs, Medical Marketing Group, Inc. ("MMG"), PPI Holding, Inc. ("PPI Holding") and Payer Prescribing Information, Inc. ("PPI"), allege that the Company employed E. David Corvese, the Company's Vice Chairman, with knowledge of covenants not to compete in effect between Mr. Corvese and PPI, PPI Holding and MMG that prevent Mr. Corvese from competing in the area of the collection, analysis or marketing of data for the pharmaceutical or health care industries relating to physician practice demographics and the influence of managed care plans. The complaint alleges that the Company interfered with the contractual relationship between the parties and that it misappropriated MMG's and PPI's confidential information through its employment of Mr. Corvese. The complaint seeks to enjoin the Company from using confidential information allegedly misappropriated from MMG and PPI and seeks an unspecified amount of compensatory and consequential damages, interest and attorneys' fees. The Company believes that the third-party plaintiffs' allegations are without merit; however, the loss of this litigation could have a material adverse effect on the Company's business and results of operations. See "Business--Legal Proceedings."

Certain of the Company's programs may be objectionable to certain special interest groups, such as competitors, manufacturers of drugs excluded from the Company's formularies, pharmacists, health care providers and public advocacy groups, who may seek to hinder or delay, through legal, regulatory or other means, the Company's ability to conduct its business. For example, a Federal court case brought by the National Association of Community Health Centers in June 1994 against the Secretary of the U.S. Department of Health and Human Services is pending in the United States District Court for the District of Columbia which seeks to have certain experimental and demonstration Medicaid programs, including TennCare, declared unlawful and enjoined. A decision which revokes or otherwise restricts the TennCare program would have a material adverse effect on the Company's business and results of operations. See "Business--Relationship with RxCare and TennCare."

POSSIBLE NEGATIVE EFFECTS OF PREFERRED STOCK

The Company is authorized to issue 5,000,000 shares of Preferred Stock, the designation, rights and preferences of which (including voting, dividend, redemption and liquidation rights) may be fixed by the Company's Board of Directors from time to time without further stockholder action. Shares of Preferred Stock could be issued in the future with rights and preferences that could make the possible takeover of the Company or the removal of management of the Company more difficult or could otherwise adversely impact the rights of holders of Common Stock. See "Description of Capital Stock--Preferred Stock."

SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of shares of Common Stock in the public market after the Offering, or the perception that such sales could occur, could adversely affect the prevailing market price of the Common Stock. Upon completion of the Offering, the Company will have a total of 12,023,800 shares of Common Stock outstanding, assuming no exercise of outstanding stock options and no exercise of the Underwriters' over-allotment option. Of these shares, the 4,000,000 shares of Common Stock offered hereby will be freely tradeable without restriction under the Securities Act of 1933, as amended (the "Securities Act"), by persons other than "affiliates" of the Company, as defined under the Securities Act. The remaining 8,023,800 shares of Common Stock outstanding are "restricted shares" as that term is defined by Rule 144 as promulgated under the Securities Act. Of these restricted shares, 45,000 will be saleable in the public market 90 days following the date of this Prospectus, subject to compliance with Rule 144. Beginning one year after the date of this Prospectus (or earlier for certain limited transactions or with the written consent of PaineWebber Incorporated on behalf of the Underwriters), 4,455,000 additional restricted shares will become eligible for sale in the public market upon the expiration of lock-up agreements between the Underwriters and the holders of such shares, subject to compliance with Rule 144 of the Securities Act. See "Shares Eligible for Future Sale."

A reserve of 4,100,000 shares of Common Stock has been established for issuance under the Company's stock option plans. At July 15, 1996, options to purchase a total of 3,937,639 shares of Common Stock were outstanding under such plans, of which options to purchase 2,686,400 shares were exercisable. See "Management--Stock Incentive Plans."

IMMEDIATE AND SUBSTANTIAL DILUTION

Investors purchasing shares of Common Stock in the Offering will experience immediate and substantial dilution in the net tangible book value of their shares of approximately $11.34 per share from the assumed initial public offering price of $15.00 per share (the mid-point of the range set forth on the cover page of this Prospectus). In the event the Company issues additional Common Stock in the future, purchasers of Common Stock in the Offering may experience further dilution in the net tangible book value per share of the Common Stock. See "Dilution."

ABSENCE OF PUBLIC MARKET; DETERMINATION OF OFFERING PRICE

Prior to the Offering, there has been no public market for the Common Stock and there can be no assurance that an active or liquid trading market will develop or be sustained. The initial public offering price for the Common Stock offered hereby will be determined by negotiations between the Company and the Underwriters and may bear no relationship to the price at which the Common Stock will trade after completion of the Offering. See "Underwriting" for factors to be considered in determining the offering price.

In addition, the stock market has, from time to time, experienced extreme price and volume volatility. These fluctuations may be unrelated to the operating performance of particular companies whose shares are publicly traded. Market fluctuations may adversely affect the market price of the Common Stock. The market price of the Common Stock could also be subject to significant fluctuations in response to the Company's operating results, government regulation and other factors, and there can be no assurance that the market price of the Common Stock will not decline below the initial public offering price.

NO INTENTION TO PAY DIVIDENDS

The Company presently intends to retain all earnings, if any, to support the operation and expansion of its business and does not anticipate paying cash dividends in the foreseeable future. See "Dividend Policy."

USE OF PROCEEDS

The net proceeds to the Company from the sale of shares of Common Stock offered hereby (assuming an initial public offering price of $15.00 per share) are estimated to be $54.8 million ($63.2 million if the over-allotment option granted to the Underwriters is exercised in full), after deducting underwriting discounts and commissions and estimated expenses of the Offering payable by the Company. The Company intends to use approximately $18.6 million to fund the expansion of the Company's preferred generics business (including the purchase of inventory), approximately $7.0 million to fund additional pharmacy benefit management programs, approximately $2.6 million to enhance its management information system capabilities and the balance for working capital and general corporate purposes. The Company may also use a portion of the net proceeds of the Offering for the acquisition of technology, assets or businesses complementary to the Company's business, although no such acquisitions are currently being negotiated. The uses of proceeds described above are estimates and are subject to change. Pending use for the purposes described above, the Company will invest such net proceeds in short-term, interest-bearing, investment grade securities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

DIVIDEND POLICY

The Company has not declared or paid any dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future. The Company intends to retain all working capital and earnings, if any, for use in the Company's operations and in the expansion of its business. Any future determination with respect to the payment of dividends will be at the discretion of the Board of Directors and will depend upon, among other things, the Company's results of operations, financial condition and capital requirements, the terms of any then existing indebtedness, general business conditions and such other factors as the Board of Directors deems relevant.

CAPITALIZATION

The following table sets forth the capitalization of the Company at June 30, 1996 and as adjusted to reflect the sale of the shares of Common Stock offered by the Company hereby (assuming an initial public offering price of $15.00 per share), after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. This table should be read in conjunction with the consolidated financial statements and related notes thereto appearing elsewhere in this Prospectus.

	JUNE 30, 1996	
	ACTUAL	AS ADJUSTED
	(In thousands, except for share data)	
Cash and cash equivalents	$ 2,964	$ 57,764
Long-term debt, including capital lease obligations, net of current portion	$ 486	$ 486
Stockholders' equity (deficit):		
Preferred Stock, $.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	--	--
Common Stock, $.0001 par value; 40,000,000 shares authorized, 8,023,800 shares issued and outstanding, 12,023,800 shares issued and outstanding as adjusted(1)	1	1
Additional paid-in capital(2)	26,640	81,440
Accumulated deficit(2)	(35,706)	(35,706)
Stockholder notes receivable	(1,703)	(1,703)
Total stockholders' equity (deficit)	(10,768)	44,032
Total capitalization	$ (10,282)	$ 44,518

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(1) Excludes 3,833,710 shares of Common Stock issuable upon exercise of outstanding options at June 30, 1996. Also excludes 103,929 shares of Common Stock issuable upon exercise of additional options that were granted in July 1996.

(2) The Company's net loss for the six months ended June 30, 1996 included a nonrecurring, noncash charge for compensation expense and a credit to additional paid-in capital of $26,640, representing the difference between the exercise price and the deemed fair market value of the Common Stock at the date of grant of options to purchase an aggregate of 3,600,000 shares of Common Stock granted by the Company's principal stockholder to certain executive officers and directors of the Company. See "Certain Transactions--Other Transactions" and Note 7 to the consolidated financial statements included herein.

DILUTION

The net tangible book value of the Company at June 30, 1996 was approximately ($10.8 million), or ($1.34) per share of Common Stock. Net tangible book value per share represents the amount of the Company's total tangible assets less total liabilities, divided by the number of shares of Common Stock outstanding. After giving effect to the sale by the Company of 4,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $15.00 per share (after deducting Underwriters' discounts and commissions and estimated offering expenses), the net tangible book value of the Company at June 30, 1996 would have been approximately $3.66 per share. This represents an immediate increase of $5.00 per share to existing stockholders and an immediate dilution of $11.34 per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share.....		$15.00
Net tangible book value per share before Offering.....	$(1.34)	
Increase in net tangible book value per share attributable to new public investors.....	5.00	
Net tangible book value per share after the Offering.....		3.66
Dilution per share to new investors.....		$11.34

The following table summarizes at June 30, 1996 the differences between the number of shares of Common Stock purchased from the Company, the total cash consideration paid (before deducting Underwriters' discounts and commissions and estimated offering expenses), and the average price per share paid by the existing stockholders and by the investors purchasing shares of Common Stock in the Offering (based upon an assumed initial public offering price of $15.00 per share):

	SHARES PURCHASED		TOTAL CONSIDERATION		
	NUMBER	PERCENT	AMOUNT	PERCENT	AVERAGE PRICE PER SHARE
Existing stockholders.....	8,023,800	66.7%	$ 802	--%	$.0001
New investors.....	4,000,000	33.3%	60,000,000	100	$15.00
Total.....	12,023,800	100.0%	$60,000,802	100%	$ 4.99

The foregoing tables assume no exercise of any outstanding options to purchase Common Stock after June 30, 1996. At June 30, 1996, 3,833,710 shares of Common Stock were reserved for issuance pursuant to outstanding options under the Company's 1996 Stock Incentive Plan at a weighted average exercise price of approximately $3.18 per share. To the extent that these outstanding options are exercised, the dilution per share to new investors would be $11.45. See "Management--Stock Incentive Plans."

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data as of December 31, 1994 and 1995, for the period from inception (June 22, 1993) through December 31, 1993 and for the years ended December 31, 1994 and 1995 are derived from the audited consolidated financial statements included elsewhere in this Prospectus. The selected consolidated financial data as of June 30, 1996 and for the six months ended June 30, 1995 and 1996 are derived from the Company's unaudited consolidated financial statements included elsewhere in this Prospectus. In the opinion of management, such unaudited financial statements reflect all adjustments (consisting only of normal recurring accruals) which the Company considers necessary for a fair presentation of the financial position and results of operations of the Company for these periods. Operating results for the six months ended June 30, 1996 are not necessarily indicative of the results to be expected for the entire year. The selected consolidated financial data set forth below should be read in conjunction with the consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	PERIOD FROM INCEPTION (JUNE 22,1993) THROUGH DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1996
	(In thousands, except for per share amounts)				
STATEMENT OF OPERATIONS DATA					
Revenue	$ 122	$ 109,326	$ 213,929	$71,330	$135,320
Cost of revenue	--	106,717	213,398	70,684	130,218
Gross profit	122	2,609	531	646	5,102
General and administrative expenses	82	5,256	8,048	3,450	4,627
Executive stock option compensation expense(1)	--	--	--	--	26,640
Income (loss) from operations	40	(2,647)	(7,517)	(2,804)	(26,165)
Interest income, net	--	191	745	229	275
Income (loss) before minority interest	40	(2,456)	(6,772)	(2,575)	(25,890)
Less: minority interest	--	--	--	--	6
Net income (loss)	$ 40	$ (2,456)	$ (6,772)	$(2,575)	$(25,896)
Net income (loss) per common and common equivalent share	$ 0.01	$ (0.55)	$ (1.43)	$ (0.57)	$ (3.23)
Weighted average shares outstanding	4,500	4,500	4,732	4,500	8,024

	DECEMBER 31, 1993	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996
		(In thousands)		
BALANCE SHEET DATA				
Cash and cash equivalents	$--	$ 2,933	$ 1,804	$ 2,964
Working capital (deficit)	(3)	(5,087)	(12,080)	(12,340)
Total assets	93	15,260	18,924	21,702
Accumulated earnings (deficit)	40	(2,416)	(9,188)	(35,706)
Stockholders' equity (deficit)	41	(3,693)	(11,524)	(10,768)

(1) The Company's net loss for the six months ended June 30, 1996 included a nonrecurring, noncash charge for compensation expense and a credit to additional paid-in capital of $26,640, representing the difference between the exercise price and the deemed fair market value of the Common Stock at the date of grant of options to purchase an aggregate of 3,600,000 shares of Common Stock granted by the Company's principal stockholder to certain executive officers and directors of the Company. See "Certain Transactions--Other Transactions" and Note 7 to the consolidated financial statements included herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in the Prospectus.

OVERVIEW

Virtually all of the Company's revenues to date have been derived from operations in the State of Tennessee under the Company's contract with RxCare of Tennessee, Inc. ("RxCare"), a professional services administrative organization owned by the Tennessee Pharmacists Association and representing approximately 1,200 retail pharmacies in Tennessee. See "Risk Factors--Dependence on RxCare Relationship." RxCare initially contracted with the Company in 1993 to help secure health plan pharmaceutical business for the RxCare network and to provide related services, including pharmacy benefit design and pricing. In December 1993, the State of Tennessee announced the formation of its TennCare program, a state health program for formerly Medicaid-eligible, and certain uninsured and uninsurable, Tennessee residents. Under this program, selected plan sponsors (such as HMOs and other managed care organizations) contracted with the State of Tennessee to provide mandated medical services to designated portions of TennCare beneficiaries on a capitated basis--that is, for a fixed monthly fee per plan member. In turn, certain of these plan sponsors contracted with RxCare to provide TennCare-mandated pharmaceutical benefits to the plan sponsor's TennCare beneficiaries through RxCare's network of retail pharmacies, in most cases on a corresponding capitated basis.

In March 1994, the Company agreed with RxCare to provide a broad range of pharmacy benefit management services with respect to RxCare's TennCare and private pharmaceutical benefit businesses. The Company performs essentially all of RxCare's obligations under its pharmacy benefit contracts with plan sponsors, including the receipt of fees due from the plan sponsors and the reimbursement to pharmacies for delivered pharmacy benefits. The Company pays certain amounts to RxCare and is compensated by sharing with RxCare the profit, if any, from activities under RxCare's contracts with plan sponsors. The Company initially began providing pharmacy benefits for five plan sponsors representing 335,000 members of Tennessee's Medicaid population. In April 1995, a contract was added with the single largest TennCare provider, Blue Cross and Blue Shield of Tennessee ("Blue Cross"), for approximately 623,000 members. At June 30, 1996, the Company provided pharmacy benefit management services to 19 health plan sponsors with an aggregate of approximately 1.1 million plan members in Tennessee, primarily on a capitated basis. See "Business--Relationship with RxCare and TennCare."

Although the Company commenced limited operations in June 1993, the Company did not begin to receive significant revenue until 1994 pursuant to its agreement with RxCare. Accordingly, the results of operations for 1994 compared to 1993 are not meaningful and have not been included herein. See "Risk Factors--Limited Operating History; Risk of Managing Growth."

RESULTS OF OPERATIONS

Six months ended June 30, 1996 compared to six months ended June 30, 1995

For the six months ended June 30, 1996, the Company recorded a net loss of $25.9 million on revenue of $135.3 million, including a nonrecurring, noncash charge for compensation expense and a credit to additional paid-in capital of $26.6 million, representing the difference between the exercise price and the deemed fair market value of the Common Stock at the date of grant of options to purchase an aggregate of 3,600,000 shares of Common Stock granted by the Company's principal stockholder to certain executive officers and directors of the Company. This compares with a net loss of $2.6 million on revenue of $71.3 million for the same period in 1995. The increase of $64.0 million in revenue was primarily due to the addition of the Blue Cross contract in April 1995. For the first six months of 1996, approximately 92% of the Company's revenue was generated through capitated contracts, compared with 86% during the first six months of 1995.

At December 31, 1995, the Company had accrued $4.5 million to cover the losses expected to be incurred under the initial term of the Blue Cross contract (which was originally scheduled to expire in June 1996 but was

renegotiated on more favorable terms to the Company and extended through December 1997). Approximately $2.1 million of such accrual remained at June 30, 1996.

Cost of revenue as a percentage of revenue decreased from 99.1% in the first six months of 1995 to 96.2% in the first six months of 1996. Such decrease reflects the application of $2.4 million of Blue Cross claims during the first six months of 1996 against the $4.5 million reserve established at December 31, 1995, the renegotiation of a higher capitation rate on one of the Company's contracts effective March 1, 1996 and the Company's decision not to renew a capitation contract that expired on December 31, 1995 and that had adversely affected gross profit during 1995.

General and administrative expenses were $4.6 million for the six months ended June 30, 1996 and $3.5 million for the six months ended June 30, 1995, an increase of 31.4%. The $1.1 million increase was largely attributable to the costs of additional personnel to support expanded marketing efforts. As a percentage of revenue, general and administrative expenses declined from 4.8% in the first six months of 1995 to 3.4% in the first six months of 1996.

Year ended December 31, 1995 compared to the year ended December 31, 1994

For the year ended December 31, 1995 the Company recorded a net loss of $6.8 million on revenue of $213.9 million. This compares with a net loss of $2.5 million on revenue of $109.3 million for 1994. The increase in revenue was primarily due to the addition of the Blue Cross contract in April 1995. In 1995, approximately 90% of the Company's revenue was generated through capitated contracts, compared with 85% during 1994.

Cost of revenue as a percentage of revenue increased from 97.6% in 1994 to 99.8% in 1995, primarily due to the increase in claims paid as a result of the addition of the Blue Cross contract. The drug utilization rate of Blue Cross participants was significantly higher than rates previously experienced under other contracts, resulting in losses under that contract of $10 million during 1995, including the accrual of approximately $4.5 million to cover the expected losses to be incurred under the remainder of the contract. Claims expense (after giving effect to such accrual) was 107% of capitation revenues under the contract.

General and administrative expenses were $8.0 million in 1995 and $5.3 million in 1994, an increase of 50.9%. Of the $2.7 million increase, $2.0 million was the result of a charge relating to an advance to RxCare in 1995 which the Company has fully reserved for. The remainder of the increase is largely attributable to the costs of additional personnel to support expanded marketing efforts. As a percentage of revenue, general and administrative expenses declined from 4.8% in 1994 to 3.8% in 1995.

LIQUIDITY AND CAPITAL RESOURCES

As a result of the Company's historical losses, the Company had a working capital deficit of $12.3 million at June 30, 1996. The Company's primary source of liquidity to date has been the receipt of revenue from plan sponsors under capitated programs. From time to time, the Company has also delayed payments due plan sponsors and others in order to meet its working capital requirements. In June 1996, John H. Klein, the Chairman of the Board and Chief Executive Officer of the Company, loaned $500,000 to the Company for working capital purposes pursuant to an unsecured, 10% demand note that was repaid that month.

Cash and cash equivalents were $3.0 million at June 30, 1996, compared with $1.8 million at December 31, 1995. Operating activities of the Company generated $3.1 million in cash for the six months ended June 30, 1996 primarily due to the generation of net income of $0.7 million (prior to a nonrecurring, noncash charge of $26.6 million relating to executive stock option compensation expense) and an increase in payables to plan sponsors and others of $4.3 million and was partially offset by a decrease in claims payable of $3.5 million.

The Company believes that the funds expected to be generated from operations and the anticipated net proceeds of the Offering will provide adequate cash to fund the Company's anticipated working capital and other cash needs for the foreseeable future. Although the Company does not currently have any significant capital commitments, the Company intends to use approximately $2.6 million of the net proceeds of the Offering to enhance its management information systems capabilities. In addition, the Company intends to offset, against profit sharing amounts, if any, due RxCare in the future under the RxCare contract, approximately $2.4 million previously advanced or paid to RxCare. See "Certain Transactions--Relationship with RxCare."

The Company believes that its improved financial condition and capital structure following the Offering will enhance its ability to negotiate and obtain additional contracts with plan sponsors and other potential customers.

OTHER MATTERS

The Company's pharmaceutical reimbursement claims have historically been subject to a significant increase over annual averages from October through February, which the Company believes is due to increased medical problems during the colder months.

Changes in prices charged by manufacturers and wholesalers for pharmaceuticals affect the Company's cost of revenue. The Company does not believe that inflation has had a material impact on the results of its operations.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 requires that an entity account for employee stock compensation under a fair value-based method. However, SFAS 123 also allows an entity to continue to measure compensation cost for employee stock-based compensation plans using the intrinsic value-based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Effective for fiscal years beginning after December 15, 1995, entities electing to remain with accounting under APB 25 are required to make pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting under SFAS 123 had been applied. The Company will continue to account for employee stock-based compensation under APB 25 and will make the pro forma disclosures required under SFAS 123.

BUSINESS

SUMMARY

The Company is a pharmacy management organization that provides a broad range of services designed to promote the cost-effective delivery of pharmacy benefits. The Company targets organizations involved in three key segments of the pharmaceutical health care industry--sponsors of public and private health plans (such as HMOs and other managed care organizations), retail pharmacies and pharmaceutical manufacturers--and offers services that provide financial benefits to each of them. The Company works with plan sponsors and local health care professionals to design, implement and manage innovative programs to control pharmacy benefit costs, primarily through financial risk sharing arrangements and increased substitution of lower-cost generic drugs for brand name drugs. Participating retail pharmacies receive management and support services, as well as financial incentives to purchase and dispense preferred generic drugs. Finally, the Company offers manufacturers of generic drugs the potential to increase their market share in regions covered by participating pharmacies as a result of the increase in generic drug utilization encouraged by the Company's programs.

The Company has derived virtually all of its revenues to date from operations in the State of Tennessee under the TennCare Medicaid waiver program for formerly Medicaid-eligible, and certain uninsured and uninsurable, Tennessee residents. These revenues have been derived pursuant to a contract with RxCare, a professional services administrative organization owned by the Tennessee Pharmacists Association and representing approximately 1,200 retail pharmacies in Tennessee. At June 30, 1996, the Company provided pharmacy benefit management services, such as formulary design and compliance, drug usage evaluation, claims processing and disease management, to 19 health plan sponsors with an aggregate of approximately 1.1 million plan members. Substantially all of such members participate in six of such health plans, representing approximately 88% of the eligible participants in the TennCare program. During 1995, approximately 90% of the Company's $214 million in revenues was derived from contracts under which the Company was paid on a capitated basis (that is, on the basis of a fixed monthly fee per plan member). Since program inception in January 1994, the generic utilization rate as a percentage of all covered prescriptions under the Company's pharmacy benefit management programs has averaged 67%, compared to an estimated industry average of approximately 40% during 1994.

BUSINESS STRATEGY

The Company intends to continue to work closely with plan sponsors, pharmacists and generic drug manufacturers to encourage the delivery of clinically acceptable pharmaceutical care on a cost-effective basis, primarily through restricted formularies and continued generic substitution. The Company has developed the following strategy:

Establish MIM as a National Pharmacy Benefit Manager. The Company has begun to market its pharmacy benefit management services to sponsors of public and private health plans outside of Tennessee on a capitated or cost savings sharing basis, thereby transferring from the plan sponsor to the Company all or some of the risk of controlling overall pharmacy benefit costs. Building upon the experience it has gained from managing capitated TennCare pharmacy benefit programs, the Company has begun to offer its innovative financial risk sharing programs to plan sponsors in similar highly price-competitive and emerging capitated markets, while also continuing to offer traditional fee-for-service programs. In addition, the Company will further develop its information systems to provide plan sponsors with real-time access to pharmacy and financial data.

Strengthen Pharmacy Relationships. The Company believes that local pharmacists play a critical role in providing high quality cost-effective care, including the point-of-sale substitution of generic drugs when appropriate. The Company intends to increase pharmacy participation in its programs by continuing to offer financial incentives and discount drug purchasing services, as well as a broad range of pharmacy support programs for local retail pharmacists.

Market Preferred Generics. The Company is currently marketing and promoting certain generic drugs of Zenith Goldline in the State of Tennessee under the Company's preferred generics program. In general, the Company's preferred generics program encourages pharmacies to stock a particular manufacturer's generic drugs ("preferred generics") in lieu of brand name or other generic drugs in the same therapeutic class by arranging for discounts on the purchase of preferred generics by pharmacies. Under Company-managed pharmacy benefit programs, the Company also provides financial incentives to pharmacies to sell preferred generics. These arrangements and incentives are designed to encourage participating pharmacies to dispense and sell preferred generics to all of their customers, including those not covered by Company-managed pharmacy benefit plans. The Company intends to expand its preferred generics program with Zenith Goldline to other geographic areas and is negotiating similar arrangements with other generic drug manufacturers. The Company also plans, subject to economic and other conditions, to distribute generic and over-the-counter drugs under its own private label. Certain agreements may restrict the Company's ability to compete in certain areas of the Company's preferred generics business, its planned drug distribution business and certain other business areas. See "--Preferred Generics" and "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline."

INDUSTRY OVERVIEW

Pharmacy Benefit Management. The retail pharmaceutical market has grown in recent years, with over two billion prescriptions filled and estimated sales of approximately $77 billion in 1995. Pharmaceutical costs, as well as other medical costs, are increasingly being covered by sponsors of public and private health plans, including plans administered by managed care organizations. Approximately 42% of retail prescriptions during 1994 were paid by plan sponsors, with over 50 million people in the United States belonging to managed care organizations at the end of 1994. Industry sources estimate that by the year 2000 approximately 80 million people in the United States are expected to belong to managed care organizations, and that such organizations are expected to be responsible for approximately 77% of all retail prescriptions.

Industry-wide financial pressures have created incentives for managed care organizations and other plan sponsors to limit their exposure to rising medical costs. In order to focus on their core business, plan sponsors have increasingly turned to pharmacy benefit managers to help administer and control the cost of the pharmacy benefit component of their overall benefit programs. Pharmacy benefit managers have typically operated on a fee-for-service basis in which the profitability of the pharmacy benefit manager is based more upon the volume of claims processed than upon the reduction of the cost of the pharmacy benefit. The Company believes that in order for plan sponsors and pharmacy benefit managers to maintain profitability, they have increasingly relied on rebates from drug manufacturers and have reduced reimbursement rates to retail pharmacies. This trend has contributed to a general decrease in retail pharmacy profitability and consolidation in the retail pharmacy industry.

Generic Drugs. The Company believes that generic drug sales will continue to increase, primarily because of the expiration of patents on brand name drugs and their relatively high cost compared to generic drugs, which typically sell at a 30% to 70% discount to brand name drug equivalents. There were an estimated $28 billion of off-patent brand name drug sales at retail during 1994 for which a generic equivalent was available. In addition, patents on brand name drugs with estimated sales at retail of approximately $23 billion are scheduled to expire from 1996 through 2006. Generic drug sales at retail have increased steadily in recent years, reaching an estimated $6.3 billion in 1994.

Certain other factors that have contributed, and that are expected to continue to contribute, to the increase in the sales of generic drugs include the following: (a) the continuing transition of health plans from cost reimbursement to managed care has encouraged the use of lower-cost generic drugs when available; (b) changes in distribution patterns have resulted in more prescription drugs being sold through sources that are financially motivated to use lower-cost generic drugs, such as managed care organizations, preferred provider pharmacy networks and mail order drug distributors; (c) various state laws have been enacted that enable, and in some instances mandate, the use of generic drugs; (d) greater awareness and acceptance of the safety and efficacy of generic drugs among consumers, prescribers and pharmacists; and (e) streamlined procedures for approval of certain generic drugs have provided an incentive for manufacturers to develop generic equivalents for brand name drugs with smaller markets.

RELATIONSHIP WITH RXCARE AND TENNCARE

Virtually all of the Company's revenues to date have been derived from operations in the State of Tennessee under the Company's contract with RxCare of Tennessee, Inc. ("RxCare"), a professional services administrative organization owned by the Tennessee Pharmacists Association and representing approximately 1,200 retail pharmacies in Tennessee. RxCare initially retained the Company in 1993 to assist in obtaining health plan pharmaceutical benefit business for Tennessee pharmacies and related services, including pharmacy benefit design and pricing. See "Certain Transactions--Relationship with RxCare."

In December 1993, the State of Tennessee announced the institution effective January 1, 1994 of its TennCare program, a so-called "Medicaid waiver" state health program for formerly Medicaid-eligible, and certain uninsured and uninsurable, Tennessee residents. Under this program, selected plan sponsors contracted with the State of Tennessee to provide mandated medical services to designated portions of the TennCare beneficiaries on a capitated basis. In turn, certain of these plan sponsors contracted with RxCare to provide TennCare-mandated pharmaceutical benefits to the plan sponsor's TennCare beneficiaries through RxCare's network of retail pharmacies, in most cases on a corresponding capitated basis. In addition, RxCare is typically required to share with plan sponsors its manufacturers' rebates and profits.

In March 1994, the Company agreed with RxCare to provide a broad range of pharmacy benefit management services with respect to RxCare's TennCare and private pharmaceutical benefit businesses. The Company pays certain amounts to RxCare and is compensated by sharing with RxCare the profit, if any, from activities under RxCare's contracts with TennCare plan sponsors and other plan sponsors in Tennessee. Under the RxCare contract, the Company performs essentially all of RxCare's obligations under its pharmacy benefit contracts with sponsors of public and private health plans in Tennessee. The Company (a) markets and negotiates new pharmacy benefit management contracts, (b) designs and prices the pharmacy benefit programs (including restricted formularies and related procedures) with local health care professionals, (c) manages the delivery of the pharmacy benefits through RxCare's pharmacy network (including recommending the prices that RxCare pays pharmacists for each drug), (d) provides or arranges for the provision by third parties of claims processing and other pharmacy benefit management functions, (e) receives fees due from the plan sponsors, (f) designs and administers incentive programs with suppliers of pharmaceutical products covered by the plans (including the collection of rebates from manufacturers on drugs dispensed under the plans) and (g) makes payments to pharmacies for delivered pharmacy benefits. The Company also negotiates agreements with pharmacies on behalf of RxCare which establish the terms of their participation in the network. Although the Company has been performing substantially all of RxCare's obligations under RxCare's contracts with plan sponsors since January 1994, no plan sponsor has been asked to formally consent to such arrangements, including certain sponsors whose contracts with RxCare require prior written consent thereto. RxCare may reasonably decline to execute any contract with plan sponsors or pharmacies, or any amendment or renewal thereof, negotiated by the Company on behalf of RxCare. While most of RxCare's private pharmacy benefit management contracts provide for payment of per-transaction network fees or traditional fee-for-service compensation, over 90% of RxCare's TennCare business under contracts with plan sponsors was serviced by the Company on a capitated basis during 1995. The Company's contract with RxCare is scheduled to expire in December 1998 unless renewed in accordance with its terms. In December 1995, the Company also agreed with RxCare to assist network pharmacies in obtaining generic drugs in return for a fee payable to the Company by vendors of generic drugs.

At June 30, 1996, the Company provided pharmacy benefit management services to 19 plan sponsors with an aggregate of approximately 1.1 million plan members in Tennessee, primarily on a capitated basis. Substantially all of such members participate in health plans of six of such plan sponsors, representing approximately 88% of the eligible participants in the TennCare program. Since program inception in January 1994, the generic utilization rate as a percentage of all covered prescriptions under the Company's pharmacy benefit management programs has averaged 67%, compared to an industry average of 40% during 1994.

RxCare's contracts with TennCare plan sponsors typically are for a term of one year and are subject to automatic renewal unless notice of termination is given by either party. Those contracts are subject to early termination upon the occurrence of certain events, including a breach of the agreement which is not cured within 30 days of notice, insolvency, termination of the TennCare program (which is currently scheduled to terminate on December 31, 1998) or termination of the plan sponsor's contract with the State of Tennessee. RxCare's contracts with Tennessee Primary Care Network, Inc., Preferred Health Partnership and Health Net accounted for approximately 60%, 15% and 13%, respectively, of the Company's revenues in 1994, and RxCare's contracts with Blue Cross and Blue Shield of Tennessee and Tennessee Primary Care Network, Inc. accounted for approximately 45% and 30%, respectively, of the Company's revenues in 1995. Although the Company continues to add new Tennessee private plan sponsors as customers under the RxCare contract, the loss of the Blue Cross and Blue Shield or Tennessee Primary Care Network contracts, or the RxCare contract, would have a material adverse effect on the Company's business and results of operations. See "Risk Factors--Dependence on RxCare Relationship."

There is a Federal court case pending against the Secretary of the U.S. Department of Health and Human Services which seeks to have certain experimental and demonstration Medicaid programs, including TennCare, declared unlawful. The case was brought in June 1994 by the National Association of Community Health Centers in the U.S. District Court for the District of Columbia, and has resulted in the intervention by eight states (including the States of Tennessee and Rhode Island) as named defendants. Among other grounds cited, the plaintiffs allege that such programs fail to comply with the Federal statutory criteria authorizing such programs. The suit also seeks an injunction revoking the Secretary's approval of such programs and requiring their phase-out over a six-month period. A decision which revokes or otherwise restricts the TennCare program would have a material adverse effect on the Company's business and results of operations.

BENEFIT MANAGEMENT SERVICES

The Company offers plan sponsors a broad range of services that are designed to ensure the cost-effective delivery of clinically acceptable pharmacy benefits. The Company's benefit management programs include a number of design features and fee structures that are tailored to suit a customer's particular service and cost requirements. In addition to traditional fee-for-service arrangements, the Company offers alternative methodologies for pricing its various benefit management packages, including charging a fixed fee per capita, as well as sharing costs exceeding established per capita amounts or sharing savings where costs are less than established per capita amounts. During 1995, approximately 90% of the Company's revenues was derived from capitated contracts. Benefit parameters are managed through a point-of-sale ("POS") claims processing system through which real-time electronic messages are transmitted to pharmacists to ensure compliance with specified parameters before services are rendered. The Company's organization and programs are clinically oriented, with a high proportion of staff having pharmacological certification, training and experience. The Company uses commissioned independent agents and brokers, as well as its own employees, to solicit business from plan sponsors.

Benefit management services available to customers of the Company include the following:

Formulary Design and Compliance. The Company offers flexible formulary designs to meet the plan sponsor's requirements. Many plan sponsors do not restrict coverage to a specific list of pharmaceuticals and are said to have no formulary or an open formulary that generally covers all FDA-approved drugs except certain classes of excluded pharmaceuticals (such as certain vitamins and cosmetic, experimental, investigative or over-the-counter drugs). As a result of rising program costs, the Company believes that both public and private health plans have become increasingly receptive to restricting the drugs covered in any given therapeutic class. Once a determination has been made by a plan sponsor to utilize a restricted or closed formulary, the Company actively involves local Pharmacy and Therapeutics Committees (consisting of local plan sponsors, prescribers, pharmacists and other health care professionals) to design clinically acceptable formularies in order to control costs. The composition of the formulary is subject to the final approval of the plan sponsor.

An essential component of formulary design is the promotion of the substitution of therapeutically equivalent generic drugs, in lieu of brand name drugs, to the extent permitted by law and standards of medical and pharmacy practice. Increased usage of generic drugs by Company-managed pharmacy benefit programs also enables the Company to obtain purchasing concessions and other financial incentives on generic drugs, which may be shared with plan sponsors. While brand name drug rebates are also negotiated under certain circumstances, the Company believes that it is less dependent on such rebates than certain larger pharmacy benefit managers, particularly those that are owned by drug manufacturers.

The primary method for assuring formulary compliance is that pharmacists will not be reimbursed for dispensing non-formulary drugs, subject to certain limited exceptions. The Company also provides financial incentives to pharmacists to utilize preferred status products. Formulary compliance is managed with the active assistance of participating network pharmacists, primarily through prior authorization procedures, on-line POS edits as to particular subscribers and other network communications. Overutilization of medication is monitored and managed through quantity limitations, based upon nationally recognized standards and guidelines regarding maintenance vs. non-maintenance therapy and the use of certain therapeutic classes of drugs and specific medications. Step protocols, which are procedures requiring that preferred therapies be tried and shown ineffective before less favored therapies are covered, also are established by the Company in conjunction with local Pharmacy and Therapeutics Committees to control improper utilization of certain high-risk or high-cost medications.

Overrides and Prior Authorizations. The Company's formularies typically provide an appropriate selection of covered drugs within all major therapeutic classes to treat the vast majority of medical conditions. However, provision is made for covering non-formulary drugs (other than excluded products) when shown to be clinically appropriate. Since non-formulary drugs ordinarily are automatically rejected for coverage by the real-time POS system, procedures may be employed to override restrictions on non-formulary medications for a particular patient and period of treatment. Restrictions on the use of certain high-risk or high-cost formulary drugs may be similarly overridden through prior authorization procedures. Non-formulary overrides and prior authorizations are processed on the basis of documented, clinically-supported medical necessity and typically are granted or denied within 24 hours after request. Requests for, and appeals of denials of, coverage in these cases are handled by the Company through its staff of trained pharmacists, nationally certified pharmacy technicians and board certified pharmacotherapy specialists. Further, in case of a medical emergency as determined by the dispensing pharmacist, the Company authorizes, without prior approval, short-term supplies of antibiotics and certain other medications.

Drug Usage Evaluation. Drug usage is evaluated on a concurrent, prospective and retrospective basis, utilizing the real-time POS system and proprietary information systems, for multiple drug interactions, drug-health condition interactions, duplication of therapy, step therapy protocol enforcement, minimum/maximum dose range edits, compliance with prescribed utilization levels and early refill notification. The Company also maintains an on-going drug utilization review program in which select medication therapies are reviewed and data collected, analyzed and reported for management and educational applications.

Pharmacy Data Services. The Company is currently developing systems to provide plan sponsors with real-time access to pharmacy, financial, claims, prescriber, subscriber and dispensing data.

Claims Processing. The Company utilizes claims processing data to generate reports for management and plan sponsor use, including drug utilization review, quality assurance, claims analysis and rebate contract administration. The Company also intends to market its existing claims processing capability to plan sponsors.

Disease Management. The Company designs and administers programs geared toward specific diseases to maximize the benefit of pharmaceutical use as a tool in achieving therapy goals. Programs focus on preventing high risk events, such as asthma exacerbations or stroke, through appropriate use of pharmaceuticals, while eliminating unnecessary or duplicate therapies. Key components of these programs include health care provider training, integration of care between health disciplines, monitoring of patient compliance, measurement of care process and quality, and providing feedback for continuous improvement in achieving therapy goals. Diseases

that can be favorably affected through customized pharmaceutical management include asthma, hypertension, hypercholesterolemia, tuberculosis and diabetes. Other patients who can benefit from these services include those who receive long-term institutional care and individuals who are at high risk for adverse drug reaction due to complex, multiple drug maintenance regimens.

PREFERRED GENERICS

The Company believes it is able to increase a generic drug manufacturer's market share in regions where the Company has established relationships with pharmacy networks. The Company encourages pharmacies to stock a particular manufacturer's generic drugs ("preferred generics") in lieu of brand and other generic drugs in the same therapeutic class by generally arranging for discounts on the purchase of preferred generics by pharmacies. Under Company-managed pharmacy benefit programs, the Company also provides financial incentives to pharmacies to sell preferred generics. These incentives are designed to encourage participating pharmacies to dispense and sell preferred generics to all of their customers, including those not covered by Company-managed pharmacy benefit plans. The Company also offers generic drug manufacturers consulting services with respect to marketing and promoting their generic drugs.

The Company is currently marketing and promoting certain preferred generic drugs of Zenith Goldline pursuant to two three-year contracts entered into in December 1995. Under one contract, the Company has agreed to use its best efforts to cause Zenith Goldline to be designated as the preferred or exclusive supplier of certain generic drugs carried by Zenith Goldline under the Company's TennCare programs. The Company is also required to pay certain incentive fees to pharmacists for dispensing Zenith Goldline products to persons covered by the Company's TennCare programs. In return, the Company receives a fee based on a percentage of the growth in Zenith Goldline's gross margins from related sales. Under the other agreement, MIM Strategic Marketing, LLC ("MIM Strategic"), a Rhode Island limited liability company and a 90%-owned subsidiary of the Company, has agreed to provide marketing and sales information relating to generic drugs. In return, the Company receives a fee based on a percentage of the growth in Zenith Goldline's gross margins from sales in Tennessee other than those related to TennCare members. Zenith Goldline owns 10% of MIM Strategic. See "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline." The agreements prohibit the Company from accepting any proposal from any other manufacturer or seller of generic drugs to participate in a program anywhere in the United States similar to the Company's arrangement with Zenith Goldline without first offering Zenith Goldline the right to participate on the same terms. The Company is currently negotiating with Zenith Goldline to extend such services to other states and the Company intends to offer such services to other generic drug manufacturers.

The Company may, subject to economic conditions and other factors, expand its business to become a private label distributor of generic and over-the-counter drugs, by buying discounted drugs in bulk from manufacturers for resale and further distribution, at least initially, through wholesalers and other traditional industry distribution channels.

COMPETITION

The pharmacy benefit management and generic drug distribution businesses are each highly competitive, and many of the Company's current and potential competitors have considerably greater financial, technical, marketing and other resources than the Company. The pharmacy benefit management business includes a number of large, well capitalized companies with nationwide operations and many smaller organizations typically operating on a local or regional basis. Some of the larger organizations are owned by or otherwise related to a brand name drug manufacturer and may have significant influence on the distribution of pharmaceuticals. Among larger companies offering pharmacy benefit management services are Medco Containment Services, Inc. (a subsidiary of Merck & Co., Inc.), Caremark International Inc., PCS, Inc. (a subsidiary of Eli Lilly & Company), Express Scripts, Inc., Value Health, Inc., Diversified Pharmaceutical Services, Inc. (a subsidiary of SmithKline Beecham) and National Prescription Administrators, Inc. Numerous insurance and Blue Cross and Blue Shield plans, managed care organizations and retail drug chains also have their own pharmacy benefit management capabilities.

Generic drugs are distributed by numerous generic drug distributors, drug wholesalers and mail order suppliers. Generic drug distributors and wholesalers generally offer a broad line of generic drugs from a variety of sources to a diverse customer base, typically including independent retail and chain pharmacies, government agencies and managed care organizations. Chain pharmacies use their size to procure pharmaceuticals on advantageous terms, and independent pharmacies frequently are offered opportunities through trade and wholesaler organizations to join group purchasing efforts. In addition, certain agreements between Zenith and Messrs. Klein and Friedman may restrict the Company's ability to compete in certain areas of its preferred generics business, its planned drug distribution business and certain other business areas. See "Certain Transactions--Relationship of Certain Executive Officers with Zenith and Zenith Goldline."

GOVERNMENT REGULATION

The Company's current and planned businesses are subject to extensive Federal and state laws and regulations. While management believes that the Company is in material compliance with all existing laws and regulations material to the operation of its business, many of the laws and regulations affecting it are uncertain in their application and are subject to interpretation and change. Laws regulating healthcare businesses, and interpretations thereof, are undergoing rapid change. As controversies continue to arise in this area, for example, regarding the efforts of plan sponsors and pharmacy benefit managers to limit formularies, alter drug choice and establish limited networks of participating pharmacies, Federal and state regulation and enforcement priorities in this area can be expected to increase, the impact of which on the Company cannot be predicted. There can be no assurance that the Company will not be subject to scrutiny or challenge under one or more of these laws or that any such challenge would not be successful. Any such challenge, whether or not successful, could have a material adverse effect upon the Company's business and results of operations. Further, there can be no assurance that the Company will be able to obtain or maintain any of the regulatory approvals that may be required to operate its business, and the failure to do so could have a material adverse effect on the Company's business and results of operations.

Anti-Kickback Laws. Subject to certain exceptions, a Federal law (the "Federal Anti-Kickback Statute") prohibits the payment or receipt of any remuneration, directly or indirectly, to induce, arrange for or recommend the purchase of health care items or services paid for in whole or in part by the Medicare or state health care programs (including Medicaid and TennCare), and certain state laws (including professional licensing laws prohibiting fee-splitting) contain similar provisions that may extend the prohibition to cover items or services that are paid for by private insurance and self-pay patients (together with the Federal Anti-Kickback Statute, the "Anti-Kickback Laws"). The Company's arrangements with RxCare, RxCare's Chairman, Zenith Goldline, other drug manufacturers, marketing agents, brokers, health plan sponsors and pharmacies involve payments to or from persons providing or purchasing, or recommending or arranging for the purchase of, items or services paid in part by the TennCare program or by other programs covered by the Anti-Kickback Laws. See "Certain Transactions." Management believes the Company is in compliance with the Anti-Kickback Laws; however, the laws in this area are uncertain in their application, and there can be no assurance that in the future the foregoing arrangements will not be challenged or found to violate such laws if, among other things, a party thereto is found to have the requisite intent. As a felony provision, a violation of the Federal Anti-Kickback Statute requires proof of criminal intent, with those found in violation subject to substantial criminal penalties, as well as exclusion from the Medicare and Medicaid (including TennCare) programs. Courts differ, however, regarding the requisite level of criminal intent necessary to find a violation of the Federal Anti-Kickback Statute. Although a Federal appellate court has ruled that a violation requires proof that the parties specifically intended to violate the law, this decision was not followed in subsequent cases. State Anti-Kickback Laws may impose different standards of intent than the Federal Anti-Kickback Statute.

In July 1991 and January 1996, the Department of Health and Human Services Office of Inspector General ("OIG") issued so-called "safe harbor" regulations specifying certain managed care, discount, management and personal services, group purchasing, investment interests and other arrangements involving payments which, although potentially capable of constituting unlawful remuneration, will be protected from prosecution or civil sanctions under the Federal Anti-Kickback Statute. There can be no assurance that any of the Company's

arrangements mentioned above will be found to be protected by these safe harbors, and in some instances it is clear that they are not so protected. The OIG has indicated, however, that failure of an arrangement to comply with a specific safe harbor provision does not necessarily indicate that it will challenge the arrangement or that it violates the Federal Anti-Kickback Statute.

In August 1994, the OIG issued a Fraud Alert describing prescription drug marketing practices that the OIG might investigate under the Federal Anti-Kickback Statute, including among other things product conversion programs that offer cash rewards to pharmacies for switching prescriptions from one drug to another. The Fraud Alert also indicates that a payment may be considered improper if it is made to a person in a position to generate business for the paying party, is related to the volume of business generated and exceeds the fair market value of services rendered to the payor, or is unrelated to any service other than referrals. The Fraud Alert uses broad language to describe some of the practices that it indicates the OIG might investigate, and it could be interpreted as including among them some of the Company's practices, including Zenith Goldline and other drug manufacturer rebate payments to the Company and the Company's incentive payments to pharmacists under its preferred generics program. Although a Fraud Alert represents a statement of the OIG's views, it is not binding on a court. Management believes that the kinds of financial incentives paid to or by the Company in connection with the TennCare program, where it has been acting as a purchaser of pharmacy benefits on behalf of plan sponsors, are not prohibited by the Federal Anti-Kickback Statute.

Payments by a health care provider to an entity that refers or influences the referral of Medicare or Medicaid business and subcontracts a substantial portion of the required services and financial risk to the health care provider have been the subject of an OIG Fraud Alert on Joint Venture Arrangements issued in April 1989 and a formal proceeding brought by the OIG under the Federal Anti-Kickback Statute seeking to exclude the parties from the Medicare and Medicaid programs. Payments by a health care provider to a consultant who has influence over Medicare or Medicaid referrals because of his position of authority with a referral source have been the subject of successful prosecutions by the Department of Justice under the Federal Anti-Kickback Statute. In such cases, a court's inquiry is directed towards whether the payments were intended in whole or in part to induce referrals or whether they were for other legitimate purposes. Some Federal appeals courts have held that if one among a number of purposes for a payment is improper, then the payment is unlawful. Although not protected by safe harbor regulations, the Company believes that its payments to RxCare and RxCare's Chairman, a consultant to the Company, and Zenith Goldline's investment in a subsidiary of the Company comply with the Federal Anti-Kickback Statute. However, no assurances can be given that a successful challenge might not be brought involving one or more such transactions. Whether or not successful, such a challenge could have a material adverse effect on the Company's business and results of operations.

In recent years, Federal health care prosecutions have been initiated by so-called qui tam litigants who file suits as private parties on behalf of the government seeking a portion of the fines eventually assessed by prosecutors against health care providers alleged to have filed false claims with the Medicare or Medicaid programs. Some courts have permitted qui tam actions to proceed where the wrongful activity alleged is a violation of the Federal Anti-Kickback Statute. In general, if one or more of the Company's transactions were found to constitute false claims or deemed to be fraudulent under state or Federal laws, the Company and responsible individuals could be subject to substantial civil and criminal penalties and restitution. Specifically, if one or more of the Company's transactions described under "Certain Transactions" were determined to be inappropriately classified or described, the Company could be required to make restitution or pay other sums as compensation or penalties.

In addition to the Anti-Kickback Laws, certain state laws designed to protect consumers have been the basis for investigations and multi-state settlements requiring the discontinuance of certain financial incentives provided by manufacturers to retail pharmacies to promote the sale of the manufacturers' drugs. One recent settlement required, among other things, that a pharmacy benefit manager owned by a drug manufacturer inform physicians of the identity of its owner and the manufacturer of the drugs being recommended when attempting to persuade physicians to switch prescription drugs.

Antitrust Laws. Numerous lawsuits have been filed throughout the United States by retail pharmacies against drug manufacturers challenging certain brand drug pricing practices under various state and Federal antitrust laws. Although the Company is not a party to any of these proceedings, its operations are subject to review and scrutiny under those laws. The suits allege, among other things, that the manufacturers have offered, and certain pharmacy benefit managers have knowingly accepted, discounts or rebates on drug purchases that allegedly violate the Federal Robinson-Patman Act in that similar discounts were not available to retail pharmacies. A Federal district court judge in one such suit recently rejected a proposed monetary settlement that required no change in the challenged pricing practices. The parties to that civil suit have agreed to settle the disputes by agreeing to an injunction that meets the court's objections to the previously proposed settlement by prohibiting the defendant drug manufacturers from refusing to offer discounts based solely on the status of the buying entity, and by providing that to the extent that retail pharmacies and retail buying groups can demonstrate an ability to affect market share in the same or similar manner as managed care entities, retailers will be entitled to the same types of discounts given to managed care entities. Although the Company is not a party to that civil suit, under the terms of the revised settlement approved in June 1996 the availability to the Company of certain discounts, rebates and fees that the Company presently receives in connection with its drug purchasing and formulary administration programs could be adversely affected and the Company could encounter increased competition from pharmacies and pharmacy chains. In addition, the FTC has reportedly recently begun an investigation of the defendants' pricing practices complained of in these cases.

In June 1996, the FTC's proposed consent decree with RxCare and its parent, the Tennessee Pharmacists Association ("TPA"), became final. Under the terms of the consent decree, RxCare and TPA are prohibited from entering into a "most favored nations" clause (under which a participating pharmacy that accepts a lower reimbursement rate than that offered by RxCare must reduce its charges to RxCare) with any pharmacy or from suggesting or assisting any other person to do so. The FTC contends that such clause had the effect of increasing prices charged by pharmacies to purchasers of prescription drugs in Tennessee because the preponderance of pharmacies in Tennessee are members of RxCare and because RxCare accounted for a substantial portion of drug purchases from each pharmacy. Because the FTC justified its challenge and the decree, in part, on RxCare's potential market power in Tennessee, business arrangements and practices involving RxCare, either directly or indirectly, or involving sales to or purchases by RxCare-affiliated pharmacies may face heightened scrutiny or continued review from an anti-competitive perspective by state or Federal regulators and possible challenge by private parties. The existence of this consent order therefore may hamper the Company's effort to develop or pursue competitive opportunities, in Tennessee or elsewhere, in areas such as group purchasing or market advocacy on behalf of drug manufacturers. Prolonged proceedings involving regulatory or private party challenges to the Company's activities would be costly to the Company and divert its resources, including key personnel. An adverse determination in such a proceeding could have a material adverse effect on the Company.

Drug Distribution Laws. The Federal Food, Drug and Cosmetic Act generally regulates the introduction, manufacture, advertising, labeling, packaging, storage, handling, marketing and distribution of, and recordkeeping for, pharmaceuticals shipped in interstate commerce. The Prescription Drug Marketing Act of 1987 amended the Federal Food, Drug and Cosmetic Act and established certain requirements applicable to the wholesale distribution of prescription drugs, including the requirement that wholesale drug distributors be registered with the Secretary of Health and Human Services or licensed by each state in which they conduct business in accordance with federally established guidelines on storage, handling and records maintenance. If the Company distributes pharmaceutical products, it will be subject to inspection by the Food and Drug Administration ("FDA") and will be required to maintain licenses and permits under the laws of the states in which it operates. Failure by the Company of an FDA inspection or to comply with any of the foregoing laws, licenses, permits or other requirements could result in a suspension of one or more of its operations and in penalties, which could have a material adverse affect on the Company.

State Regulation. Many states have statutes and regulations that do or may impact the provision of pharmacy benefits. In some states, pharmacy benefit managers may be subject to regulation under insurance laws or laws licensing HMOs and other managed care organizations, in which event requirements could include the maintenance of reserves, required filings with regulatory agencies, and compliance with disclosure requirements and other regulation of the Company's operations. A number of states have laws designed to restrict limitations on the consumer's choice of pharmacies. Some states require that the benefits of discounts negotiated by managed care organizations be passed along to consumers in proportionate reductions of co-payments. Some states require that pharmacies be permitted to participate in provider networks if they are willing to comply with network requirements. Other states require pharmacy benefit managers to follow certain prescribed procedures in establishing a network and admitting and terminating its members. Many states require that Medicaid obtain the lowest prices from a pharmacy, which may limit the Company's ability to reduce the prices it pays for drugs below Medicaid prices. States have a variety of laws regulating pharmacists' ability to switch prescribed drugs or to split fees, which could impede the Company's business strategy.

ERISA. If the Company were determined to be a fiduciary under ERISA because it was found to have discretionary responsibility for part or all of a group health plan's administration, or because it was found to exercise authority or control over the management or disposition of the plan's assets, the Company could be restricted from commercial activities and relationships with pharmacies, drug manufacturers and others deemed to conflict with its fiduciary duties to plan members under ERISA statutes and regulations. Violation of ERISA may result in substantial civil penalties and damage awards to affected plan beneficiaries.

LEGAL PROCEEDINGS

On March 5, 1996, the Company was added as a third-party defendant in a proceeding in the Superior Court of the State of Rhode Island. The third-party plaintiffs, Medical Marketing Group, Inc. ("MMG"), PPI Holding, Inc. ("PPI Holding") and Payer Prescribing Information, Inc. ("PPI"), allege that the Company employed E. David Corvese, the Company's Vice Chairman, with knowledge of covenants not to compete in effect between Mr. Corvese and PPI, PPI Holding and MMG that prevent Mr. Corvese from competing in the area of the collection, analysis or marketing of data for the pharmaceutical or health care industries relating to physician practice demographics and the influence of managed care plans. The complaint alleges that the Company interfered with the contractual relationship between the parties and that it misappropriated MMG's and PPI's confidential information through its employment of Mr. Corvese. The complaint seeks to enjoin the Company from using confidential information allegedly misappropriated from MMG and PPI and seeks an unspecified amount of compensatory and consequential damages, interest and attorneys' fees. The Company and Mr. Corvese believe the claim is without merit and intend to vigorously defend against it; however, the loss of this litigation could have a material adverse effect on the Company's business and results of operations.

FACILITIES AND EMPLOYEES

The Company's corporate headquarters are located in approximately 9,500 square feet of leased office space in Pearl River, New York. For its operational needs, the Company leases approximately 24,000 square feet of office space in South Kingstown, Rhode Island, approximately 5,000 square feet in Nashville, Tennessee and approximately 1,850 square feet in Memphis, Tennessee. The Company believes that its facilities, while currently adequate, will need to be augmented as additional headquarters staff are added. The addition of new pharmacy benefit management business, if obtained, may require the Company to lease additional local facilities to support effective delivery by the Company of its programs and services.

At June 30, 1996, the Company employed a total of 80 people, 17 of whom are licensed pharmacists. The Company's employees are not represented by any union, and, in the opinion of management, the Company enjoys good relations with its employees.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The Board of Directors currently consists of seven members. The Company's directors and executive officers are as follows:

NAME	AGE	POSITION
John H. Klein.....	50	Chairman of the Board, Chief Executive Officer and Director
E. David Corvese.....	40	Vice Chairman of the Board and Director
Richard H. Friedman.....	45	Chief Financial Officer, Chief Operating Officer, Treasurer and Director
Todd R. Palmieri.....	31	Executive Vice President--Business Development and Director
Leslie B. Daniels.....	49	Director
Louis A. Luzzi, Ph.D. ...	64	Director
Scott R. Yablon.....	45	Director

JOHN H. KLEIN joined the Company in April 1996 and was elected Chief Executive Officer, Chairman of the Board and a director of the Company in May 1996. From May 1989 to December 1994, Mr. Klein served as President, Chief Executive Officer, a director and a member of the Executive Committee of the Board of Directors of Zenith Laboratories, Inc. ("Zenith"), a manufacturer of multi-source generic pharmaceutical drugs. In December 1994, Zenith was acquired by IVAX Corporation ("IVAX"), an international healthcare company and the world's largest multi-source generic pharmaceutical manufacturer and marketer. From January 1995 to January 1996, Mr. Klein was President of IVAX' North American Multi-Source Pharmaceutical Group and each of its operating companies, including Zenith and Zenith Goldline (collectively, "NAMPG"). From January 1995 to January 1996, he was also an executive officer and a member of the Executive Committee of IVAX. Pursuant to a termination and consulting agreement between Zenith and Mr. Klein executed in January 1996, Mr. Klein has agreed to work as an untitled employee of Zenith for up to three days per month through December 1996 and to act as a consultant to Zenith and its affiliates for up to three days per month from January 1997 through December 1998. See "Certain Transactions." Mr. Klein has served as Chairman of the Generic Pharmaceutical Industry Association since March 1995.

E. DAVID CORVESE has served as a director of the Company since March 1996 and as Vice Chairman since May 1996. Mr. Corvese has served as Chairman of Pro-Mark Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Pro-Mark"), since June 1995 and also served as President and Chief Executive Officer of Pro-Mark from March 1994 to June 1995. From June 1991 to November 1993, Mr. Corvese served as President of Payer Prescribing Information, Inc. ("PPI"), a company engaged in the business of providing informational products, market analysis and consulting services to the pharmaceutical industry. From March 1990 to March 1992, he served as President of Kay-Rem Associates, Inc., a company engaged in the business of pharmaceutical consulting. Mr. Corvese is also a past President of the Rhode Island Pharmaceutical Association and a member of the American Pharmaceutical Association, the American Society of Hospital Pharmacists and the Rhode Island Society of Hospital Pharmacists.

RICHARD H. FRIEDMAN joined the Company in April 1996 and was elected Chief Financial Officer, Chief Operating Officer, Treasurer and a director of the Company in May 1996. From May 1991 to January 1992, Mr. Friedman served as Vice President--Finance of Genpharm, Inc., a manufacturer and distributor of generic pharmaceuticals. From February 1992 to December 1994, he served as Chief Financial Officer and Vice President of Finance of Zenith. From January 1995 to January 1996, Mr. Friedman was Vice President of Administration of NAMPG. Pursuant to a termination agreement between Zenith and Mr. Friedman executed in February 1996, Mr. Friedman has agreed to work as an untitled employee of Zenith for up to three days per month through December 1996. See "Certain Transactions."

TODD R. PALMIERI has served as Executive Vice President--Business Development and a director of the Company since May 1996 and as President of MIM Strategic Marketing, LLC, a Rhode Island limited liability company and majority-owned subsidiary of the Company, since December 1995. From December 1993 to August 1995, Mr. Palmieri served as Chief Financial Officer and a director of Pro-Mark. From January 1992 to September 1993, he served as Vice President--Operations and Product Development of PPI. From March 1991 to May 1992, Mr. Palmieri served as Vice President--Marketing and Business Development for Cole Associates Inc., a company engaged in pharmaceutical managed care marketing and consulting.

LESLIE B. DANIELS has served as a director of the Company since May 1996. Mr. Daniels has been a principal of CAI Advisors & Co., an investment firm, since 1988. He was Chairman of the Board of Directors of Zenith from April 1990 to December 1994 and a director from December 1989 to December 1994. From December 1994 to December 1995, he was a director of IVAX. Mr. Daniels has served as a director of several public and private companies.

LOUIS A. LUZZI, PH.D. has served as a director of the Company since July 1996. Dr. Luzzi is Dean of Pharmacy and Provost for Health Science Affairs of the University of Rhode Island College of Pharmacy. He has been a Professor of Pharmacy at the University of Rhode Island since 1981. Dr. Luzzi participates in several university, industry and government committees and has published numerous research articles.

SCOTT R. YABLON has served as a director of the Company since July 1996. Since 1981, he has held the position of Vice President--Administration for Forbes, Inc. and currently is Vice President--Finance and Administration. He is also a member of the Investment Committee of Forbes, Inc., Vice President, Treasurer and Secretary of Forbes Investors Advisory Institute and Vice President and Treasurer of Forbes Trinchera, Sangre de Cristo Ranches, Fiji Forbes and Forbes Europe.

The members of the Board of Directors will serve until the next annual meeting of stockholders and thereafter until their successors are elected and qualified.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has an Executive Committee, an Audit Committee and a Compensation Committee of the Board of Directors. The Executive Committee, currently comprised of Messrs. Klein, Corvese, Friedman and Palmieri, reviews the operating and strategic plans of the Company and, to the extent permitted by Delaware law, has all the powers of the Board of Directors to direct and manage the business and affairs of the Company. The Audit Committee, currently comprised of Messrs. Daniels, Friedman and Yablon, makes recommendations to the Board of Directors regarding the selection of independent auditors, reviews the results and scope of the audit and other services provided by the Company's independent auditors, reviews and evaluates the Company's internal accounting controls and performs such other functions as directed by the Board of Directors. The Compensation Committee, currently comprised of Messrs. Daniels, Luzzi and Yablon, administers the Company's stock incentive plans. See "--Stock Incentive Plans."

COMPENSATION OF DIRECTORS

Directors who are not officers of the Company ("Outside Directors") receive fees of $1,500 per month and $500 per meeting of the Board of Directors and any committee thereof and are reimbursed for expenses incurred in connection with attending such meetings. In addition, each Outside Director joining the Company since the adoption of the Company's 1996 Non-Employee Directors Stock Incentive Plan receives an option to purchase 20,000 shares of Common Stock under that plan. See "--Stock Incentive Plans." Directors who are also officers of the Company will not be paid any director fees.

EXECUTIVE COMPENSATION

MIM Corporation was incorporated in March 1996 for the purpose of combining the businesses and operations of Pro-Mark and MIM Strategic Marketing, LLC. See "Certain Transactions--The Formation." Prior to the Formation in May 1996, substantially all of the operations of MIM Corporation were conducted by Pro-Mark. Accordingly, the following table sets forth certain information of Pro-Mark concerning the annual, long-term and other compensation of the chief executive officer of Pro-Mark and the four executive officers of Pro-Mark whose total annual salary and bonus exceeded $100,000 during 1995 (the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

					LONG-TERM COMPENSATION	
		ANNUAL COMPENSATION			AWARDS	
NAME AND PRINCIPAL POSITION WITH PRO-MARK(1)	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION(2)	SECURITIES UNDERLYING OPTIONS(3)	ALL OTHER COMPENSATION
E. David Corvese ..... Chairman of the Board	1995	$221,539(4)	$100,000	$10,599	1,336,950	$33,000(5)
Todd R. Palmieri ..... Chief Financial Officer	1995	139,809(6)	182,308	2,400	955,500	--
Richard H. Krupski..... Chief Executive Officer and President	1995	127,885	5,400	3,710	48,750	--
Steven M. Dias ..... Vice President	1995	102,513	19,000	3,600	--	--
Michael R. Ryan ..... Vice President	1995	96,000	41,398	3,600	48,750	--

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(1) The current executive officers of the Company are Messrs. Klein, Corvese, Friedman and Palmieri, and their respective annual base salary rates for 1996 are as follows: Mr. Klein ($325,000), Mr. Corvese ($325,000), Mr. Friedman ($275,000) and Mr. Palmieri ($210,000). Messrs. Krupski, Dias and Ryan are currently non-executive officer employees of the Company. See "--Employment Agreements."

(2) Consists of car allowances.

(3) Represents options to purchase shares of Common Stock of the Company issued in connection with the Formation of the Company in exchange for options that were granted by Pro-Mark during 1995. See "Certain Transactions--The Formation."

(4) Includes $69,231 of compensation paid to Mr. Corvese by MIM Holdings, LLC. Mr. Corvese served Pro-Mark as Chairman of the Board, Chief Executive Officer and President prior to June 1995 and since June 1995 as Chairman of the Board.

(5) Represents certain legal costs and expenses paid by Pro-Mark and MIM Holdings, LLC on behalf of Mr. Corvese during 1995. See "Business--Legal Proceedings."

(6) Includes $53,846 of compensation paid to Mr. Palmieri by MIM Holdings, LLC.

The following table sets forth information concerning stock option grants made during 1995 to the Named Executive Officers. These grants are also reflected in the Summary Compensation Table. In accordance with the rules and regulations of the Commission, the hypothetical gains or "option spreads" for each option grant are shown based on compound annual rates of stock price appreciation of 5% and 10% from the grant date to the expiration date. The assumed rates of growth are prescribed by the Commission and are for illustrative purposes only; they are not intended to predict the future stock prices, which will depend upon market conditions and the Company's future performance, among other things.

OPTION GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS(1)					
					POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR 1995	EXERCISE PRICE ($/SHARE)	EXPIRATION DATE	5%	10%
E. David Corvese.....	1,336,950(2)	53.6%	$.0067	3/30/10	$ 9,665	$ 28,460
Todd R. Palmieri.....	906,750(2)	36.4	.0067	3/30/10	6,555	19,302
	48,750(3)	2.0	.0067	3/23/10	352	1,038
Richard H. Krupski.....	48,750(3)	2.0	.0067	3/23/10	352	1,038
Michael R. Ryan.....	48,750(3)	2.0	.0067	3/23/10	352	1,038

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(1) Represents options to purchase shares of Common Stock of the Company issued in connection with the Formation of the Company in exchange for options granted by Pro-Mark during 1995. See "Certain Transactions--The Formation."
(2) Such options became immediately exercisable on the date of grant.
(3) Such options become exercisable in equal installments on the first three anniversaries of the date of grant.

None of the Named Executive Officers exercised options during 1995. The following table sets forth for each Named Executive Officer the number of shares covered by both exercisable and unexercisable stock options held as of December 31, 1995. Also reported are the values for "in-the-money" options, which represent the difference between the respective exercise prices of such stock options and the assumed initial public offering price of $15.00 per share.

AGGREGATED FISCAL YEAR-END OPTION VALUES

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END(1)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END(1)	
NAME	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
E. David Corvese.....	1,336,950	--	$20,045,292	$ --
Todd R. Palmieri.....	923,000	81,250	13,838,816	1,218,206
Richard H. Krupski.....	--	48,750	--	730,923
Steven M. Dias.....	12,650	25,300	189,665	379,330
Michael R. Ryan.....	16,250	81,250	243,641	1,218,206

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(1) Represents options to purchase shares of Common Stock of the Company issued in connection with the Formation of the Company in exchange for options granted by Pro-Mark during 1994 and 1995. See "Certain Transactions--The Formation."

EMPLOYMENT AGREEMENTS

In May 1996, Messrs. Klein, Corvese, Friedman and Palmieri entered into executive employment agreements with the Company which provide for initial base salaries at annualized rates of $325,000, $325,000, $275,000 and $210,000, respectively, and certain fringe benefits including automobile and life insurance allowances. Such executives are also eligible to participate in an executive bonus program for senior executive officers. The term of employment is four years, subject to earlier termination by either party. If employment is terminated early due to disability, or by the Company without cause, or by the executive with cause, the Company is obligated to continue to pay his salary and provide fringe benefits for twelve months following termination. During the term of employment and for one year after the later of termination of severance payments (unless the Company terminates the executive without cause) or employment, the executive may not, directly or indirectly, participate in the United States (other than with the Company) in the pharmacy benefit management business, any business then being engaged in by the Company or any component of any such business, nor may the executive induce any customers to take actions disadvantageous to the Company.

Mr. Krupski entered into a three-year employment agreement with Pro-Mark in April 1995 which provides for an initial annual base salary of $175,000 and certain fringe benefits. In addition, Mr. Krupski will be eligible for incentive compensation or performance bonuses, not exceeding the sum of $25,000 in any calendar year, as determined by Pro-Mark's Board of Directors. During the term of his employment by Pro-Mark and for one year thereafter, Mr. Krupski may not, directly or indirectly, interfere with any business relationship between Pro-Mark and its employees, customers, suppliers or other business associates, or own, operate, or participate in the ownership or operation of, or in any manner be connected with, any business the principal activity of which is in competition with the pharmacy benefit management and consulting business or any other present or planned business of Pro-Mark or any of its subsidiaries. If Pro-Mark terminates Mr. Krupski's employment as a result of his disability or his unsatisfactory performance of his duties, Pro-Mark is obligated to pay him an amount equal to his base salary for a period of six months, with fringe benefits.

Dr. Ryan entered into a three-year employment agreement with Pro-Mark effective April 1994 which provides for an initial annual base salary of $96,000 and certain fringe benefits. In March 1996, Dr. Ryan's annual base salary was increased to $125,000. In addition, Dr. Ryan will be eligible for incentive compensation or performance bonuses as determined by Pro-Mark's Board of Directors. During the term of his employment by Pro-Mark and for up to one year thereafter, Dr. Ryan may not, directly or indirectly, interfere with any business relationship between Pro-Mark and its employees, customers or suppliers or own, operate, or participate in the ownership or operation of, or in any manner be connected with, any business which is in competition with the drug benefit plan marketing and consulting business or any other present or planned business of Pro-Mark or any of its subsidiaries. If Pro-Mark terminates Dr. Ryan's employment as a result of (a) his unsatisfactory performance of his duties or (b) the termination, expiration or modification of government funding for TennCare or of the Federal waiver for TennCare, Pro-Mark is obligated to pay him an amount equal to his base salary for a period of up to three months.

STOCK INCENTIVE PLANS

Employee Plan

The Company's 1996 Stock Incentive Plan (the "Employee Plan") was adopted in May 1996 and provides for the grant of either statutory or non-qualified stock options to employees and key contractors of the Company to purchase up to an aggregate of 4,000,000 shares of Common Stock. In connection with the Formation of the Company in May 1996, the Company issued options to purchase an aggregate of 3,021,900 shares of Common Stock under the Employee Plan (of which options to purchase 2,686,400 shares were fully vested at July 15, 1996) at an exercise price of $.0067 per share in exchange for options to purchase shares of Pro-Mark common stock. In May and July 1996, the Company also granted options to purchase an aggregate of 875,739 shares of Common Stock under the Employee Plan (none of which were vested at July 15, 1996) at an exercise price equal to the initial public offering price of the shares offered in the Offering. Options granted under the Employee Plan

vest in full upon a change in control of the Company, and have a term of up to 15 years. All options at the time of original grant were deemed to be at fair market value.

Directors Plan

The Company's 1996 Non-Employee Directors Stock Incentive Plan (the "Directors Plan" and, together with the Employee Plan, the "Plans") was adopted in July 1996. The purpose of the Directors' Plan is to attract and retain qualified individuals to serve as non-employee directors of the Company ("Outside Directors"), to provide incentives and rewards to such directors and to associate more closely the interests of such directors with those of the Company's stockholders. The Directors Plan provides for the automatic granting of non-qualified stock options to Outside Directors joining the Company since the adoption of the Directors Plan. Each such Outside Director receives an option to purchase 20,000 shares of Common Stock upon his or her initial appointment or election to the Board of Directors. The exercise price of such options is equal to the fair market value of the Common Stock on the date of grant. Options granted under the Directors Plan generally vest over three years. A reserve of 100,000 shares of Common Stock has been established for issuance under the Directors Plan. Options to purchase 40,000 shares of Common Stock are currently outstanding under the Directors Plan at an exercise price equal to the initial public offering price of the shares offered in the Offering.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The Delaware General Corporation Law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors' fiduciary duty of care. The duty of care requires that, when acting on behalf of the corporation, directors must exercise an informed business judgment based on all material information reasonably available to them. Absent the limitations authorized by the Delaware statute, directors could be accountable to corporations and their stockholders for monetary damages for conduct that does not satisfy their duty of care. Although the statute does not change directors' duty of care, it enables corporations to limit available relief to equitable remedies such as injunction or rescission. The Company's Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") limits the liability of the Company's directors to the Company or its stockholders to the fullest extent permitted by the Delaware statute. Specifically, directors of the Company will not be personally liable for monetary damages for breach of a director's fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Company or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. The inclusion of this provision in the Certificate of Incorporation may have the effect of reducing the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited the Company and its stockholders. At present, there is no litigation or proceeding pending involving a director of the Company as to which indemnification is being sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification by any director.

The By-laws of the Company also provide for indemnification of the officers and directors of the Company to the fullest extent permitted under Delaware law.

The Company believes the foregoing are necessary to attract and retain qualified persons as directors and officers.

CERTAIN TRANSACTIONS

THE FORMATION

MIM Corporation was incorporated in Delaware in March 1996 for the purpose of combining the businesses and operations of Pro-Mark Holdings, Inc. ("Pro-Mark"), a Delaware corporation, and MIM Strategic Marketing, LLC ("MIM Strategic"), a Rhode Island limited liability company (the "Formation"). Immediately prior to the Formation, Pro-Mark was controlled by E. David Corvese, the Vice Chairman and a director of MIM Corporation, and MIM Strategic was controlled by MIM Holdings, LLC ("MIM Holdings"), a Rhode Island limited liability company. The owners of MIM Holdings prior to the Formation were Mr. Corvese and his wife, various trusts for the benefit of their family, and Todd R. Palmieri, currently Executive Vice President--Business Development and a director of MIM Corporation. Prior to the Formation, substantially all of the operations of MIM Corporation were conducted by Pro-Mark.

The transactions that occurred in the Formation took place in May 1996 and were as follows:

- The stockholders of Pro-Mark transferred their Pro-Mark shares to MIM Corporation in exchange for an aggregate of 4,500,000 shares of Common Stock of MIM Corporation (including an aggregate of 4,455,000 shares to Mr. Corvese), and the holders of options to purchase shares of common stock of Pro-Mark exchanged such options for options to purchase an aggregate of 3,021,900 shares of Common Stock of MIM Corporation (including options to purchase 1,336,950 shares to Mr. Corvese and options for 1,004,250 shares to Mr. Palmieri).

- MIM Holdings redeemed a portion of Mr. Corvese's ownership interest in MIM Holdings in exchange for an ownership interest in MIM Strategic, and Mr. Corvese then transferred such ownership interest in MIM Strategic to MIM Corporation in exchange for 905,000 shares of Common Stock of MIM Corporation.

- MIM Holdings redeemed all of Mr. Palmieri's ownership interests in MIM Holdings in exchange for an ownership interest in MIM Strategic, and Mr. Palmieri then transferred such ownership interest in MIM Strategic to MIM Corporation in exchange for 195,747 shares of Common Stock of MIM Corporation.

- MIM Holdings assigned certain contract rights and transferred all of its remaining ownership interests in MIM Strategic to MIM Corporation in exchange for an aggregate of 2,423,053 shares of Common Stock of MIM Corporation.

As a result of the foregoing transactions, Pro-Mark became a wholly-owned subsidiary of MIM Corporation and MIM Strategic became a 90%-owned subsidiary of MIM Corporation, with Zenith Goldline owning the remaining 10% ownership interest in MIM Strategic. Mr. Corvese and his wife and various trusts for the benefit of their family are the current owners of MIM Holdings. Messrs. Corvese and Palmieri and MIM Holdings are each principal stockholders of MIM Corporation. See "Principal Stockholders."

RELATIONSHIP OF CERTAIN EXECUTIVE OFFICERS WITH ZENITH AND ZENITH GOLDLINE

In December 1995, the Company and Zenith Goldline, a major generic drug manufacturer and marketer and a subsidiary of IVAX, formed MIM Strategic for the purpose of enhancing the distribution of Zenith Goldline's pharmaceutical products in the State of Tennessee. Zenith Goldline contributed $1,150,000 to MIM Strategic in exchange for its 10% ownership interest in MIM Strategic.

In December 1995, the Company entered into agreements to advise and assist Zenith Goldline in the distribution of Zenith Goldline's line of generic and non-prescription pharmaceutical products in the State of Tennessee in return for a fee based on a percentage of the growth in Zenith Goldline's gross margins from the distribution of such products. See "Business--Preferred Generics." John H. Klein, the Company's Chairman and Chief Executive Officer and a director, and Richard H. Friedman, the Company's Chief Financial Officer, Chief Operating Officer and Treasurer and a director, both of whom joined the Company in April 1996, were executive officers of Zenith Goldline at the time the Company entered into the agreements with Zenith Goldline.

In January 1996, Mr. Klein and Zenith entered into a termination and consulting agreement, whereby Mr. Klein agreed to continue as an untitled employee of Zenith through December 1996 and to act as a consultant to Zenith and its affiliates from January 1997 through December 1998. Mr. Klein has agreed to devote up to three days per month to Zenith under such agreement, and Zenith has agreed to pay Mr. Klein $400,000 per year through December 1998. Under the agreement, Mr. Klein has agreed that he will not, prior to January 1999, own, manage, or be employed by, consult to or otherwise assist any business or enterprise that is substantially competitive with any material portion of the business of manufacturing prescription generic drugs as conducted by Zenith or its subsidiaries as of the date of the agreement. Such covenant may restrict the Company's ability to compete in certain areas of the preferred generics business, its planned drug distribution business and certain other business areas.

In February 1996, Mr. Friedman and Zenith entered into a termination agreement, whereby Mr. Friedman agreed to continue as an untitled employee of Zenith through December 1996. Mr. Friedman has agreed to work up to three days per month under the agreement, and Zenith has agreed to pay Mr. Friedman an annual salary of $184,000 through December 1996. Mr. Friedman has agreed to a noncompetition covenant similar to that of Mr. Klein's that will be in effect through December 1996.

As of June 30, 1996, Messrs. Klein and Friedman held options to purchase an aggregate of 288,150 and 84,955 shares, respectively, of common stock of Zenith's parent, IVAX. Although Messrs. Klein and Friedman intend to devote substantially all of their time to the business and operations of the Company, no assurance can be given that their rights and obligations under the above agreements or their interests in Zenith's parent will not result in or create a conflict of interest with their obligations to the Company.

RELATIONSHIP WITH RXCARE

In March 1994, the Company entered into an agreement with RxCare agreeing to provide RxCare with a broad range of pharmacy benefit management services with respect to RxCare's TennCare and private pharmaceutical benefit businesses. Under the agreement, the Company shares with RxCare the Company's profit, if any, from such pharmaceutical benefit business. Based on the Company's estimated results of operations for 1994, the Company paid RxCare a profit sharing fee of $473,000 pursuant to the agreement in early 1995. The Company's actual operations for 1994 were subsequently determined not to be profitable. Although the Company does not intend to request repayment of the fee, the Company intends to offset such amount against future profit sharing amounts, if any, due to RxCare under the agreement. Under the agreement, the Company also agreed to pay RxCare $10,000 per month through October 1995 for the use of certain office space and equipment and $20,000 per month thereafter through December 1998. Expenses under this agreement were $100,000, $140,000 and $120,000 during 1994, 1995 and the first six months of 1996, respectively. The Company believes that the loss of the agreement with RxCare would have a material adverse effect on the Company's results of operations.

Since January 1994, the Chairman of the Board and Chief Executive Officer of RxCare has been a consultant to the Company. Pursuant to the agreement between the Company and the consultant, the Company has agreed to pay the consultant $5,500 each month, and additional compensation as agreed by the parties for special projects, through December 1996. During 1994, 1995 and the first six months of 1996, the Company paid the consultant and a related party assignee a total of $516,000 (including $150,000 upon execution of the RxCare agreement and $300,000 for special projects related to the establishment of the Company's TennCare business), $66,000 and $33,000, respectively, under the agreement.

In July 1995, the Company advanced RxCare approximately $1,957,000 to fund the losses RxCare had incurred in connection with one of its pharmacy benefit management contracts that is currently being managed by the Company under the above agreement with RxCare. Although the Company does not intend to seek repayment of the advance, the Company intends to offset such amount against future profit sharing amounts, if any, due to RxCare under the agreement.

OTHER TRANSACTIONS

In March 1994, a brother of E. David Corvese received a loan of $150,000 from the Company bearing interest at the prime rate, with principal and interest payable upon demand. The loan was secured by his brother's present and future interests in the capital and profits of a subsidiary of the Company. The loan was repaid in 1995.

In June 1994, Mr. and Mrs. Corvese received loans from the Company in the aggregate amount of $978,750 bearing interest at 5.42% per annum, with interest payable monthly and principal payable in full on or before June 15, 1997. The loans are secured by a first mortgage on their principal residence located in Peace Dale, Rhode Island. Indebtedness of $956,000 under the loans (including accrued interest) was outstanding at June 30, 1996.

In August 1994, the Company provided Alchemie Properties, LLC ("Alchemie") with a $299,000 loan bearing interest at 10% per annum, with interest payable monthly and principal payable in full on or before December 1, 2004. Alchemie is a Rhode Island limited liability company of which Mr. Corvese is the manager and the principal owner. The loan is secured by a lien on Alchemie's rental income. Indebtedness of $280,000 under the loan was outstanding at June 30, 1996.

In December 1994, the Company entered into a ten-year lease with Alchemie for approximately 7,200 square feet of office space in Peace Dale, Rhode Island. The Company paid $5,000, $60,000 and $30,000 in rent for this space during 1994, 1995 and the first six months of 1996, respectively. The Company has also expended an aggregate of approximately $480,000 for alterations and leasehold improvements to this space, which upon termination of the lease will accrue to the benefit of Alchemie.

In September 1995, the Company entered into a two-year agreement with MIM Holdings, whereby MIM Holdings agreed to provide management and consulting services to the Company for a fee of $75,000 per month. During 1995 and the first quarter of 1996, the Company paid MIM Holdings $300,000 and $225,000, respectively, pursuant to the agreement. The agreement was terminated in March 1996.

In December 1995, MIM Strategic advanced to MIM Holdings $800,000 for certain consulting services to be performed for MIM Strategic in 1996. During 1995, the Company also paid $278,000 for certain expenses on behalf of MIM Holdings. These amounts, totaling $1,078,000, were recorded as a stockholder note receivable at December 31, 1995. The Company has received a note from MIM Holdings guaranteed by Mr. Corvese for $456,000. The note bears interest at 10% per annum, payable quarterly, with principal due on March 31, 2001. The note is further secured by the assignment of two notes due to MIM Holdings from Messrs. Palmieri and Ryan in the aggregate amount of $456,000. The outstanding principal balance of the note plus accrued interest at June 30, 1996 was $467,000. The remaining $622,000 will not be repaid and was treated as a stockholder distribution during the first quarter of 1996.

In January 1996, MIM Strategic entered into another agreement with MIM Holdings, whereby MIM Holdings agreed to provide to MIM Strategic operational and professional services for a fee of $50,000 per month. MIM Strategic paid MIM Holdings $150,000 under this Agreement during the first quarter of 1996. In connection with the Formation, MIM Holdings assigned such agreement to the Company. The agreement was terminated in May 1996.

During the first quarter of 1996, the Company advanced $99,000 and $25,000 to MIM Holdings and Alchemie, respectively. During the second quarter of 1996, the advance to Alchemie was repaid in full and $13,000 of the advance to MIM Holdings was repaid. The $86,000 balance of the advance to MIM Holdings at June 30, 1996 is to be repaid by September 30, 1996 without interest.

Prior to the affiliation of Messrs. Klein, Friedman and Daniels with the Company, the Company primarily was a pharmacy benefit manager providing capitated services to the TennCare Medicaid population of Tennessee. Drawing upon their experience, know-how, contacts and relationships, managerial expertise, contracts under negotiation and strategic understandings and plans relating to the generic drug and health care industries, the Company has determined to pursue a business strategy that emphasizes the promotion and distribution of generic drugs through exclusive contracts with preferred generic drug manufacturers and the marketing of risk sharing pharmacy benefit programs to sponsors of public and private health plans outside of Tennessee. Negotiations are currently proceeding with a number of generic drug manufacturers and plan sponsors. Management believes that combining the interests of Messrs. Klein, Friedman and Daniels with the interests of the Company has resulted in a business strategy uniquely suited to capitalize on the present and expected conditions in the pharmaceutical and health care industries. Based upon the foregoing, in May 1996 Mr. Corvese granted to Messrs. Klein, Friedman and Daniels options to purchase 1,800,000, 1,500,000 and 300,000 shares of his Common Stock, respectively, at an exercise price of $.10 per share. These options are immediately exercisable and have a term of ten years, subject to earlier termination upon certain mergers or consolidations of the Company or the sale or other disposition of all or substantially all of the assets of the Company ("Change in Control"). Mr. Corvese also granted to Mr. Klein an additional option to purchase 1,860,000 shares of his Common Stock at a price of $7.50 per share (the "Option"). The Option has a term of six years, subject to earlier termination (a) upon a Change in Control of the Company, (b) if Mr. Klein's four-year employment agreement with the Company is not renewed by the Company or, if renewed, his employment with the Company does not continue for any reason for an additional 12 months thereafter, or (c) Mr. Klein voluntarily terminates his employment with the Company prior to May 2001. Although the Option is immediately exercisable, Mr. Corvese will have the right to repurchase from Mr. Klein, at a purchase price of $7.50 per share, the shares of Common Stock issued upon exercise of the Option commencing seven months after the occurrence of an event described in (b) or (c) above, provided that Mr. Corvese's repurchase option will terminate upon a Change in Control of the Company or to the extent the Company achieves certain levels of consolidated net income in any one fiscal year. Mr. Klein has agreed that he will not dispose of any shares of Common Stock issued upon exercise of the Option to the extent such shares are or may be subject to Mr. Corvese's repurchase option. In connection with the grant of the foregoing options, the Company granted certain registration rights to Messrs. Corvese, Klein, Friedman and Daniels. See "Shares Eligible for Future Sale."

In June 1996, Mr. Klein loaned $500,000 to the Company for working capital purposes pursuant to an unsecured, 10% demand note that was repaid that month. The Company paid $2,500 to Mr. Klein in interest and associated fees in connection with the loan.

ALL FUTURE TRANSACTIONS BETWEEN THE COMPANY AND ITS OFFICERS, DIRECTORS, PRINCIPAL STOCKHOLDERS AND AFFILIATES WILL BE ON TERMS NO LESS FAVORABLE TO THE COMPANY THAN COULD BE OBTAINED FROM UNAFFILIATED PARTIES AND, TO THE EXTENT THAT SUCH TRANSACTIONS ARE NOT IN THE ORDINARY COURSE OF BUSINESS, WILL BE SUBJECT TO THE APPROVAL OF A MAJORITY OF THE COMPANY'S INDEPENDENT, DISINTERESTED DIRECTORS.

PRINCIPAL STOCKHOLDERS

The following table sets forth as of June 30, 1996 the beneficial ownership of the Common Stock by: (i) each person or entity known to the Company to own beneficially five percent or more of the Company's Common Stock; (ii) each of the Company's directors; (iii) the Company's Chief Executive Officer and each other Named Executive Officer; and (iv) all directors and current executive officers of the Company as a group.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED(1)(2)	PERCENTAGE OF SHARES PRIOR TO OFFERING	PERCENTAGE OF SHARES AFTER OFFERING
E. David Corvese..... 25 North Road Peace Dale, RI 02883	9,120,003(3)(4) (5)(6)	97.4%	68.3%
John H. Klein..... One Blue Hill Plaza Pearl River, NY 10965	3,660,000(4)	45.6	30.3
MIM Holdings, LLC..... 25 North Road Peace Dale, RI 02883	2,323,053(7)	29.0	19.3
Richard H. Friedman..... One Blue Hill Plaza Pearl River, NY 10965	1,500,000(5)	18.7	12.5
Todd R. Palmieri..... One Blue Hill Plaza Pearl River, NY 10965	1,151,247(8)	12.8	8.9
Leslie B. Daniels.....	300,000(6)	3.7	2.5
Michael R. Ryan.....	48,750(9)	*	*
Steven M. Dias.....	25,300(9)	*	*
Richard H. Krupski.....	16,250(9)	*	*
Louis A. Luzzi, Ph.D....	-- (10)	*	*
Scott R. Yablon.....	-- (10)	*	*
All directors and current executive officers as a group (seven persons).....	10,271,250(11)	99.6	71.7

- ---

* Less than 1%.

(1) The inclusion herein of any shares as beneficially owned does not constitute an admission of beneficial ownership of those shares. Except as otherwise indicated, each person has sole voting power and sole investment power with respect to all shares beneficially owned by such person.

(2) Shares not outstanding but deemed financially owned by virtue of the right of an individual to acquire them within 60 days upon the exercise of an option are treated as outstanding for purposes of determining beneficial ownership and the percentage beneficially owned by such individual.

(3) Includes 1,336,950 shares issuable upon exercise of options. Also includes 2,323,053 shares held by MIM Holdings, LLC, a Rhode Island limited liability company, the owners of which are Mr. Corvese, his wife and various trusts for the benefit of their family.

(4) Mr. Klein has the right to acquire 3,660,000 shares from Mr. Corvese pursuant to stock option agreements. See "Certain Transactions."

(5) Mr. Friedman has the right to acquire 1,500,000 shares from Mr. Corvese pursuant to a stock option agreement. See "Certain Transactions."

(6) Mr. Daniels has the right to acquire 300,000 shares from Mr. Corvese pursuant to a stock option agreement. See "Certain Transactions."

(7) For purposes of beneficial ownership, the shares held by MIM Holdings, LLC are also deemed to be held by Mr. Corvese (see footnote 3).

(8) Includes 955,500 shares issuable upon exercise of the vested portion of options. Excludes 48,750 shares subject to the unvested portion of options held by Mr. Palmieri.

(9) Consists of shares issuable upon exercise of the vested portion of options. Excludes 53,133, 123,750 and 90,600 shares subject to the unvested portion of options held by Messrs. Dias, Ryan and Krupski, respectively.

(10) Excludes 20,000 and 20,000 shares subject to unvested options held by Messrs. Luzzi and Yablon, respectively.

(11) See footnotes 3 through 8 and 10 above.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company as stated in the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") consists of 40,000,000 shares of Common Stock, $.0001 par value per share, and 5,000,000 shares of preferred stock, $.0001 par value per share (the "Preferred Stock"). At June 30, 1996, 8,023,800 shares of Common Stock were issued and outstanding and held of record by six stockholders and no shares of Preferred Stock were issued or outstanding.

COMMON STOCK

Holders of Common Stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the outstanding shares of Common Stock entitled to vote in any election of directors may elect all the directors standing for election. Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared by the Company's Board of Directors out of funds legally available therefor. Upon the liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to receive ratably the net assets of the Company available for distribution after the payment of, or adequate provision for, all debts and other liabilities of the Company. Holders of Common Stock have no preemptive, subscription, redemption, sinking fund or conversion rights. Immediately upon consummation of the Offering, all of the then outstanding shares of Common Stock will be validly issued, fully paid and nonassessable by the Company.

PREFERRED STOCK

Under the terms of the Company's Certificate of Incorporation, the Company's Board of Directors is authorized, subject to any limitations prescribed by law, to issue without stockholder approval up to 5,000,000 shares of Preferred Stock in one or more series. Each such series of Preferred Stock shall have preferences, privileges, restrictions and rights, including voting, dividend, conversion and redemption and liquidation preferences, as shall be determined by the Company's Board of Directors.

The purpose of authorizing the Company's Board of Directors to issue Preferred Stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of the Company. The Company has no present plans to issue any shares of Preferred Stock.

DELAWARE ANTI-TAKEOVER STATUTE

Upon consummation of the Offering, the Company will be subject to Section 203 of the Delaware General Corporation Law ("Section 203"). Subject to certain exceptions and limitations, Section 203 prohibits a Delaware corporation from engaging in any business combination with any "interested stockholder," defined as any entity or person beneficially owning 15% or more of the outstanding voting stock of a corporation and any entity or person affiliated with or controlling or controlled by such entity or person, for a period of three years following the time that such stockholder became an interested stockholder, unless: (i) prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (for the purposes of determining the number of shares outstanding under Delaware law, those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer are excluded from the calculation); or (iii) at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written

consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include: (i) any merger or consolidation of the corporation with the interested stockholder; (ii) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (iii) subject to certain exceptions, any transaction which results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (iv) any transaction involving the corporation which has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (v) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

STOCK TRANSFER AGENT AND REGISTRAR

The stock transfer agent and registrar for the Common Stock is American Stock Transfer and Trust Company.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offering, the Company will have outstanding 12,023,800 shares of Common Stock (assuming no exercise of outstanding stock options under the Plan or the Underwriters' over-allotment option). The 4,000,000 shares of Common Stock sold in the Offering (plus any additional shares of Common Stock sold upon exercise of the Underwriters' over-allotment option) will be freely tradeable without restriction, except for any shares purchased by affiliates of the Company which will be subject to the resale limitations under Rule 144 of the Securities Act and which may also be subject to the agreement with the Underwriters described below. None of the remaining 8,023,800 outstanding shares of Common Stock (collectively, the "restricted shares") have been issued in transactions registered under the Securities Act, which means that they may be resold publicly only in future transactions registered under the Securities Act or in compliance with an exemption from the registration requirements of the Securities Act, including the exemption provided by Rule 144 thereunder. Of these restricted shares, 45,000 will be saleable in the public market 90 days following the date of this Prospectus, subject to compliance with Rule 144. Beginning one year after the date of this Prospectus (or earlier for certain limited transactions or with the written consent of PaineWebber Incorporated on behalf of the Underwriters), 4,455,000 additional restricted shares will become eligible for sale in the public market upon the expiration of lock-up agreements between the Underwriters and the holders of such shares, subject to compliance with Rule 144. The remaining 3,523,800 restricted shares will become eligible for sale in the public market in December 1997, subject to compliance with Rule 144.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) whose restricted shares have been fully paid for and held for at least two years from the later of the date of issuance by the Company or acquisition from an affiliate, including an "affiliate" as that term is defined under the Securities Act, is entitled to sell, within any three-month period commencing 90 days after the date of this Prospectus, a number of shares that does not exceed the greater of 1% of the then outstanding shares of Common Stock (approximately 120,000 shares immediately after the Offering, assuming no exercise of outstanding stock options under the Plan or the Underwriters' over-allotment option) or the average weekly trading volume of the Common Stock on all exchanges and/or reported through the automated quotation system of a registered securities association during the four calendar weeks preceding the date on which notice of the sale is filed with the Commission. Sales under Rule 144 are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about the Company. A person (or persons whose shares are aggregated) who is not deemed to have been an "affiliate" of the Company at any time during the 90 days preceding the sale, and whose restricted shares have been fully paid for and held for at least three years from the later of the date of issuance by the Company or acquisition from an affiliate, would be entitled to sell such shares under Rule 144(k) without regard to the limitations described above. Rule 144A under the Securities Act permits

the immediate sale by the current holders of restricted shares of all or a portion of their shares to certain qualified institutional buyers as defined in Rule 144A, subject to certain conditions.

The Commission has proposed to amend the holding periods required by Rule 144 to permit sales of restricted securities after one year rather than two years (and two years rather than three years for non-affiliates who desire to sell such shares under Rule 144(k)). If such proposed amendment were enacted, the restricted securities would become freely tradeable (subject to any applicable contractual restrictions) at correspondingly earlier dates.

Upon consummation of the Offering, the Company will have outstanding under the Plans options to purchase an aggregate of 3,937,639 shares of Common Stock, 2,689,400 of which will then be exercisable. Restricted securities, including shares issuable upon exercise of options under the Plans, sold by the Company in reliance on Rule 701 under the Securities Act may be resold 90 days after the date hereof in reliance on Rule 144 by persons who are not affiliates of the Company subject only to the provision of Rule 144 regarding manner of sale, and by persons who are affiliates of the Company without complying with the Rule's holding period requirements. The Company intends to file a registration statement on Form S-8 under the Securities Act to register all shares of Common Stock issuable under the Plans. The registration statement is expected to be filed approximately 180 days after the date of this Prospectus and is expected to become effective immediately upon filing. Shares covered by that registration statement will be eligible for resale in the public market after the effective date of that registration statement subject to Rule 144 limitations applicable to affiliates, the vesting provisions of each option grant (generally three years) and the lock-up agreements described below, if applicable.

Pursuant to various registration rights agreements, certain of the Company's securityholders have certain demand and piggyback registration rights with respect to an aggregate of up to 7,783,053 outstanding shares of Common Stock and an additional 1,336,950 shares of Common Stock issuable upon exercise of outstanding options. The demand registration rights are exercisable after the first anniversary of the closing of this Offering, and the piggyback registration rights are exercisable after the closing of this Offering, in each case subject to certain limitations. The Company has agreed to pay substantially all expenses incident to the registration of such shares, other than underwriting discounts and commissions.

Each of the Company's executive officers and directors and MIM Holdings, who upon the closing of the Offering will own an aggregate of 7,978,800 shares of Common Stock and options to purchase 2,381,200 shares of Common Stock, have agreed, except for certain limited exceptions or without the prior written consent of PaineWebber Incorporated, that they will not, directly or indirectly, sell, offer to sell, grant an option for the sale of, grant a security interest in, or otherwise dispose of any shares of Common Stock or other equity securities of the Company beneficially owned by them for a period of one year from the date of this Prospectus. See "Underwriting."

Prior to the Offering, there has been no market for the Common Stock, and no prediction can be made as to the effect, if any, that the sale of shares or the availability of shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of the Common Stock in the public market could adversely affect prevailing market prices of the Common Stock and may make it more difficult for the Company to sell its equity securities in the future at times and prices which it deems appropriate.

UNDERWRITING

The Underwriters named below, acting through PaineWebber Incorporated and Dillon, Read & Co. Inc. (the "Representatives"), have severally agreed, subject to the terms and conditions set forth in the Underwriting Agreement by and among the Company and the Representatives (the "Underwriting Agreement"), to purchase from the Company, and the Company has agreed to sell to the Underwriters, the number of shares of Common Stock set forth opposite the name of such Underwriter below:

UNDERWRITER	NUMBER OF SHARES
PaineWebber Incorporated.....	
Dillon, Read & Co. Inc.....	
Total.....	4,000,000

The Underwriting Agreement provides that the obligations of the Underwriters to purchase the shares listed above are subject to certain conditions. The Underwriting Agreement also provides that the Underwriters are committed to purchase, and the Company is obligated to sell, all of the shares offered by this Prospectus, if any of the shares being sold pursuant to the Underwriting Agreement are purchased (without consideration of any shares that may be purchased through the exercise of the Underwriters' over-allotment option).

The Representatives have advised the Company that the Underwriters propose to offer the shares to the public initially at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share. The Underwriters may allow, and such dealers may reallow, a concession to other dealers not in excess of $ per share. After the initial public offering of the shares, the public offering price, the concessions to selected dealers and the reallowance to other dealers may be changed by the Representatives.

The Company has granted to the Underwriters an option, exercisable during the 45-day period after the date of this Prospectus, to purchase up to an additional 600,000 shares of Common Stock at the initial public offering price set forth on the cover page of this Prospectus, less underwriting discounts and commissions. The Underwriters may exercise such option only to cover over-allotments, if any. To the extent the Underwriters exercise such option, each of the Underwriters will become obligated, subject to certain conditions, to purchase such percentage of such additional shares of Common Stock as is approximately equal to the percentage of shares that it is obligated to purchase as shown in the table set forth above.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriters may be required to make in respect thereof.

The Representatives have informed the Company that they do not expect the Underwriters to confirm sales to any account over which they exercise discretionary authority.

The Company, the directors and executive officers of the Company and MIM Holdings have agreed not to offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, directly or indirectly, any shares of capital stock or warrants or other rights to purchase shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for any capital stock or warrants or other rights to purchase shares of capital stock of the Company owned by any of them prior to the expiration of one year from the date of this Prospectus without the prior written consent of PaineWebber Incorporated, except for (a) in the case of the

Company, the issuance of shares of Common Stock upon the exercise of options, or the grant of options to purchase shares of Common Stock, under the Plans or in connection with other employee or director incentive compensation arrangements, (b) in the case of the Company's directors and executive officers and MIM Holdings, shares of Common Stock disposed of (i) as bona fide gifts to donees who agree not to sell or otherwise dispose of such Common Stock during the one-year period following the date of this Prospectus without the prior consent of PaineWebber Incorporated, (ii) pursuant to the laws of testamentary or intestate descent, (iii) pursuant to a final and nonappealable order of a court or other body of competent jurisdiction, or (iv) in consideration of the cashless exercise of options under the Plans or to fulfill tax withholding obligations and (c) in the case of MIM Holdings, shares of Common Stock distributed or otherwise transferred to its members who agree not to sell or otherwise dispose of such Common Stock during the one-year period following the date of this Prospectus without the prior written consent of PaineWebber Incorporated.

Prior to the Offering, there has been no public market for the Common Stock of the Company. The initial public offering price will be determined pursuant to negotiations between the Company and the Representatives. Among the factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, will be certain financial information of the Company, the history of, and the prospects for, the Company and the industry in which it competes, an assessment of the Company's management, its past and present operations, the prospects for, and timing of, future revenues of the Company, the present state of the Company's development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to the Company. The initial public offering price set forth on the cover page of this Prospectus should not, however, be considered an indication of the actual value of the Common Stock. Such price is subject to change as a result of market conditions and other factors. There can be no assurance that an active trading market will develop for the Common Stock or that the Common Stock will trade in the public market subsequent to the Offering at or above the initial public offering price.

The Representatives have provided and may continue to provide investment banking services to certain affiliates of the Company. The registration rights agreements with certain executive officers of the Company provide the Representatives a right of first offer with respect to any requested demand registrations.

The Common Stock has been approved for quotation on the Nasdaq National Market under the symbol MIMS, subject to official notice of issuance.

LEGAL MATTERS

Certain legal matters with respect to the shares of Common Stock offered hereby will be passed upon for the Company by Drinker Biddle & Reath, Princeton, New Jersey. John E. Stoddard III, a partner in Drinker Biddle & Reath, was appointed the Secretary of the Company in July 1996, but is not an employee of the Company. Certain legal matters relating to the Offering will be passed upon for the Underwriters by Cahill Gordon & Reindel (a partnership including a professional corporation), New York, New York.

EXPERTS

The audited consolidated financial statements and schedule included in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports. Reference is made to said reports which include an explanatory paragraph that describes the ability of the Company to continue as a going concern discussed in Note 1 to the consolidated financial statements.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MIM CORPORATION AND SUBSIDIARIES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To MIM Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of MIM Corporation and Subsidiaries as of December 31, 1994 and 1995 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the period from inception (June 22, 1993) through December 31, 1993 and for the years ended December 31, 1994 and 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MIM Corporation and Subsidiaries as of December 31, 1994 and 1995 and the results of their operations and their cash flows for the period from inception (June 22, 1993) through December 31, 1993 and for the years ended December 31, 1994 and 1995, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Arthur Andersen LLP

Roseland, New Jersey
April 10, 1996 (Except with respect to the matter discussed in Note 1, as to which the date is May 24, 1996)

MIM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT FOR SHARE AMOUNTS)

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
			(UNAUDITED)
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,933	$ 1,804	$ 2,964
Receivables, less allowance for doubtful accounts of $340, $360 and $426 at December 31, 1994 and 1995 and June 30, 1996, respectively	10,115	14,823	14,908
Prepaid expenses and other current assets	579	481	616
Total current assets	13,627	17,108	18,488
Property and equipment, net	1,262	1,807	2,170
Due from affiliates, less allowance for doubtful accounts of $1,957 and $2,547 at December 31, 1995 and June 30, 1996	198	--	676
Other assets, net	173	9	368
Total assets	$15,260	$ 18,924	$ 21,702
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current liabilities			
Current portion of capital lease obligations	$ 198	$ 216	$ 213
Accounts payable	1,447	1,071	1,137
Claims payable	10,263	19,294	15,828
Payables to plan sponsors and others	6,433	8,436	12,700
Accrued expenses	373	171	950
Total current liabilities	18,714	29,188	30,828
Capital lease obligations, net of current portion	239	110	486
Commitments and contingencies (Note 5)			
Minority interest	--	1,150	1,156
Stockholders' deficit			
Preferred stock, $.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	--	--	--
Common stock, $.0001 par value; 40,000,000 shares authorized, 4,500,000, 8,023,800 and 8,023,800 shares issued and outstanding at December 31, 1994 and 1995 and June 30, 1996, respectively	1	1	1
Additional paid-in capital	--	--	26,640
Accumulated deficit	(2,416)	(9,188)	(35,706)
Stockholder notes receivable	(1,278)	(2,337)	(1,703)
Total stockholders' deficit	(3,693)	(11,524)	(10,768)
Total liabilities and stockholders' deficit	$15,260	$ 18,924	$ 21,702

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

MIM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)

	PERIOD FROM INCEPTION (JUNE 22, 1993) THROUGH DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1996
				(UNAUDITED)	
Revenue	$ 122	$ 109,326	$ 213,929	$ 71,330	$ 135,320
Cost of revenue	--	106,717	213,398	70,684	130,218
Gross profit	122	2,609	531	646	5,102
General and administrative expenses	82	5,256	8,048	3,450	4,627
Executive stock option compensation expense	--	--	--	--	26,640
Income (loss) from operations	40	(2,647)	(7,517)	(2,804)	(26,165)
Interest income, net	--	191	745	229	275
Income (loss) before minority interest	40	(2,456)	(6,772)	(2,575)	(25,890)
Less: minority interest	--	--	--	--	6
Net income (loss)	$ 40	$ (2,456)	$ (6,772)	$ (2,575)	$ (25,896)
Net income (loss) per common and common equivalent share	$ 0.01	$ (0.55)	$ (1.43)	$ (0.57)	$ (3.23)
Weighted average shares outstanding	4,500	4,500	4,732	4,500	8,024

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

MIM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	STOCKHOLDER NOTES RECEIVABLE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
Balance, June 22, 1993..	$ 1	$ --	$ --	$ --	$ 1
Net income.....	--	--	40	--	40
Balance, December 31, 1993.....	1	--	40	--	41
Stockholder loans.....	--	--	--	(1,278)	(1,278)
Net loss.....	--	--	(2,456)	--	(2,456)
Balance, December 31, 1994.....	1	--	(2,416)	(1,278)	(3,693)
Stockholder loans, net.....	--	--	--	(1,059)	(1,059)
Net loss.....	--	--	(6,772)	--	(6,772)
Balance, December 31, 1995.....	1	--	(9,188)	(2,337)	(11,524)
Repayment of stockholder loans, net (unaudited).....	--	--	--	12	12
Stockholder distribution (unaudited).....	--	--	(622)	622	--
Executive stock option compensation expense (unaudited).....	--	26,640	--	--	26,640
Net loss (unaudited)..	--	--	(25,896)	--	(25,896)
Balance, June 30, 1996 (unaudited).....	$ 1	$26,640	$(35,706)	$(1,703)	$ (10,768)

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

MIM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	PERIOD FROM INCEPTION (JUNE 22,1993) THROUGH DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1996
				(UNAUDITED)	
Cash flows from operating activities:					
Net income (loss).....	$ 40	$ (2,456)	$ (6,772)	$ (2,575)	$ (25,896)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Net income allocated to minority interest.....	--	--	--	--	6
Depreciation and amortization.....	2	92	366	184	328
Executive stock option compensation expense.....	--	--	--	--	26,640
Provision for losses on receivables and due from affiliates	--	340	1,977	--	656
Changes in assets and liabilities:					
Receivables.....	(49)	(10,455)	(4,728)	4,390	(151)
Prepaid expenses and other current assets.....	--	(530)	98	(821)	(135)
Accounts payable.....	--	1,447	(376)	201	66
Claims payable.....	--	10,263	9,031	6,847	(3,466)
Payables to plan sponsors and others.....	--	6,433	2,003	(2,102)	4,264
Accrued expenses.....	14	359	(202)	315	779
Net cash provided by operating activities.....	7	5,493	1,397	6,439	3,091
Cash flows from investing activities:					
Purchase of property and equipment.....	(41)	(810)	(802)	(628)	(164)
Stockholder notes receivable, net.....	--	(1,278)	(1,059)	--	12
Due from affiliates, net.....	38	(236)	(1,759)	180	(1,266)
(Increase) decrease in other assets.....	(5)	(168)	164	160	(359)
Net cash used in investing activities.....	(8)	(2,492)	(3,456)	(288)	(1,777)
Cash flows from financing activities:					
Principal payments on capital lease obligations.....	--	(68)	(220)	(98)	(154)
Minority interest investment.....	--	--	1,150	--	--
Issuance of common stock.....	1	--	--	--	--

Net cash provided by (used in) financing activities.....	1	(68)	930	(98)	(154)
Net increase (decrease) in cash and cash equivalents.....	--	2,933	(1,129)	6,053	1,160
Cash and cash equivalents--beginning of period.....	--	--	2,933	2,933	1,804
Cash and cash equivalents--end of period.....	$ --	$ 2,933	$ 1,804	$ 8,986	$ 2,964
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Income taxes.....	$ --	$ 72	$ 286	$ 286	$ --
Interest.....	$ --	$ 6	$ 31	$ 15	$ 21
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:					
Equipment acquired under capital lease obligations.....	$ --	$ 505	$ 109	$ --	$ 527
Distribution to stockholder through cancellation of stockholder notes receivable.....	$ --	$ --	$ --	$ --	$ 622

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

MIM CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(INFORMATION AT JUNE 30, 1996 AND FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1996 IS UNAUDITED)
(IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE AMOUNTS)

NOTE 1--NATURE OF BUSINESS

Corporate Organization

MIM Corporation was incorporated in Delaware in March 1996 for the purpose of combining the businesses and operations of Pro-Mark Holdings, Inc. ("Pro-Mark"), a Delaware corporation, and MIM Strategic Marketing, LLC ("MIM Strategic"), a Rhode Island limited liability company (the "Formation"). The Formation was effected in May 1996. Previously, Pro-Mark Drug Benefit Management Services, LLC, a Rhode Island limited liability company ("Pro-Mark DBMS"), formed in June 1993 had merged into Pro-Mark in April 1994. Pro-Mark is a wholly-owned subsidiary of MIM Corporation, and MIM Strategic is 90%-owned by MIM Corporation. As used in these notes, the "Company" refers to MIM Corporation and its subsidiaries and predecessors.

Prior to the Formation, Pro-Mark DBMS, Pro-Mark and Strategic were controlled by an officer of the Company and his family who collectively hold a direct or indirect controlling interest in MIM Corporation. All of these companies are under common control. The Formation has been accounted for using the carryover basis of accounting, and MIM Corporation's consolidated financial statements include the accounts and operations of Pro-Mark DBMS, Pro-Mark and MIM Strategic for all periods presented from the date each entity was formed.

At incorporation, the authorized capital stock of MIM Corporation consisted of 1,500,000 shares of common stock, $0.001 par value. In May 1996, the certificate of incorporation of MIM Corporation was amended and restated to provide for authorized capital stock consisting of 40,000,000 shares of common stock, $0.0001 par value ("Common Stock"), and 5,000,000 shares of Preferred Stock, $0.0001 par value. In May 1996, 8,023,800 shares of Common Stock were issued in connection with the Formation.

In the Formation, MIM Corporation acquired all of the outstanding stock of Pro-Mark and 90% of the ownership and membership interest in MIM Strategic. In exchange, Pro-Mark's stockholders received 150 shares of Common Stock of MIM Corporation for each Pro-Mark share (or an aggregate of 4,500,000 shares of Common Stock), and certain members of MIM Strategic received an aggregate of 3,523,800 shares of Common Stock for their 90% interest in MIM Strategic. Zenith Goldline Pharmaceuticals, Inc., a Florida corporation ("Zenith Goldline"), has held a 10% interest in MIM Strategic since its inception and did not participate in the Formation.

In the Formation, outstanding stock options granted by Pro-Mark to employees and key contractors were exchanged for options from MIM Corporation on substantially similar terms (see Note 7). Except as otherwise indicated, all stock and stock option amounts (including share, per share par value and exercise price) pertaining to Pro-Mark DBMS, Pro-Mark and MIM Strategic prior to the Formation have been restated to reflect the equivalent amounts pertaining to Common Stock as if the Formation had already occurred.

MIM Strategic was formed in 1995 by MIM Holdings, LLC ("MIM Holdings"), which is controlled by an officer of the Company and his family. MIM Holdings and Zenith Goldline contributed various intangibles and $1,150 in cash, respectively, to the capital of MIM Strategic in exchange for their 90% and 10% interests, respectively, in MIM Strategic. No accounting recognition has been given to the intangibles for financial reporting purposes since their value is not objectively determinable, and the entire $1,150 of capital contributed by Zenith Goldline has been presented as minority interest in the accompanying consolidated balance sheets. Profits and losses of MIM Strategic are allocated 90% to the Company and 10% to Zenith Goldline.

Business

The Company's revenues have been derived primarily from agreements to provide pharmacy benefit management services to sponsors of public and private health plans. To date, these services have been provided to sponsors of Tennessee-based plans who have entered into pharmacy benefit management contracts with RxCare of Tennessee, Inc. ("RxCare"), a subsidiary of the Tennessee Pharmacists Association, including contracts ("TennCare contracts") to provide mandated pharmaceutical services to formerly Medicaid-eligible and uninsured and uninsurable Tennessee residents under the State's TennCare Medicaid waiver program ("TennCare").

Under a March 1994 agreement with RxCare, as amended, the Company is responsible for operating and managing RxCare's pharmacy benefit management contracts. In return for receipt of all sponsor payments due RxCare under its pharmacy benefit management contracts and all rebates negotiated with pharmaceutical manufacturers in connection with RxCare programs, the Company implements and enforces the drug benefit programs, bears all program costs including payments to dispensing pharmacies and certain payments to RxCare and sponsors, and shares with RxCare the remaining profit, if any, under the pharmacy benefit management contracts (see Note 2). The Company's contract with RxCare is scheduled to expire in December 1998 unless renewed in accordance with its terms. Although the Company has been performing substantially all of RxCare's obligations under RxCare's contracts with plan sponsors since January 1994, no plan sponsor has been asked to formally consent to such arrangements, including certain sponsors whose contracts with RxCare require prior written consent thereto.

The Company markets prescription as well as over-the-counter pharmaceutical products to pharmacies and pharmacy-buying networks. In December 1995, the Company entered into two agreements with Zenith Goldline, a company that manufactures and distributes generic and non-prescription pharmaceutical products, to provide consulting and marketing services to assist Zenith Goldline in marketing and promoting sales of its products and distributing its products in the State of Tennessee.

Management Plan and Going Concern Uncertainty

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is subject to risks and difficulties encountered by new businesses, including competition from existing companies offering the same or similar services, lack of financial resources and minimal previous record of operations, earnings or revenues. The Company has incurred net losses from inception and has a stockholders' deficit. In general, the likelihood of the success of the Company must be considered in light of the expenses, difficulties and delays that could reasonably be expected in connection with the early phases of operation of a new business. As a result, there can be no assurance that the Company will not continue to incur losses, and the continuation of the Company as a going concern is dependent on obtaining additional financing, through the Company's proposed initial public offering or other sources, in amounts sufficient to satisfy its liabilities as they become due. In management's opinion, the net proceeds from the Company's proposed initial public offering are expected to provide the capital necessary to enable the Company to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

The Company is proposing an initial public offering of up to 4,000,000 shares of its Common Stock. Prospective investors should consider, among other things, the Company's history of losses, its limited operating

history, its ability to manage growth, its dependence on the RxCare relationship, risks inherent in its capitated agreements and risks associated with Federal and state government regulations. For additional information on these and other factors, see "Risk Factors."

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Revenue Recognition

Capitated Agreements. Certain pharmacy benefit management contracts are capitated agreements pursuant to which the Company receives a fixed monthly fee for each member enrolled in a particular health plan. In exchange for this fee the Company is obligated to provide certain covered pharmacy services to plan members. Typically, capitated agreements have a one-year term and are subject to automatic renewal unless notice of termination is given. These contracts are subject to earlier termination upon the occurrence of certain events.

Capitation payments under TennCare contracts are based upon the latest eligible member data provided by the State of Tennessee. On a monthly basis, the Company receives payments (and recognizes revenue) for those members eligible for the current month, plus or minus capitation amounts for those persons determined to be retroactively eligible or ineligible for prior months under the contract. The amounts for retroactive capitation payments are based upon management's estimates and are included in receivables in the accompanying consolidated balance sheets. The related receivables at December 31, 1994 and 1995 and June 30, 1996 were approximately $3,578, $1,740 and $1,733, respectively. The related capitated revenue for the years ended December 31, 1994 and 1995 was approximately $93,100 and $192,625, respectively, and for the six months ended June 30, 1995 and 1996 was $61,667 and $124,867, respectively.

Fee-for-Service Agreements. Certain pharmacy benefit management contracts are fee-for-service agreements pursuant to which the Company is paid by the plan sponsor an amount reflecting the cost of a prescription plus a service fee. Under these contracts, the Company is obligated to pay network pharmacies for pharmacy service provided to plan members only to the extent that the plan sponsor pays the Company for the cost of the service. Service fee revenue is recognized at the time a pharmacy prescription claim is received. The related fee-for-service revenue for the years ended December 31, 1994 and 1995 was approximately $14,072 and $16,525, respectively, and for the six months ended June 30, 1995 and 1996 was $8,377 and $7,607, respectively.

Receivables. Receivables include amounts due from plan sponsors under the Company's pharmacy benefit management contracts and amounts due from pharmaceutical manufacturers, which represent rebates resulting from the distribution of certain drugs through retail pharmacies.

Cost of Revenue. Cost of revenue includes pharmacy claims, fees paid to pharmacists and other direct costs associated with pharmacy management and claims processing operations, offset by fees received from pharmaceutical manufacturers in connection with the Company's drug purchasing and formulary management programs.

Payables to Plan Sponsors and Others

Certain pharmacy benefit management contracts provide for an income or loss share with the plan sponsor. The income or loss share is calculated by deducting all related costs and expenses from revenues earned under the contract. To the extent revenues exceed costs, the Company records a payable representing the plan sponsor's share of the profit attributable to that contract, and to the extent costs exceed revenues the Company records a receivable. Agreements between RxCare and certain plan sponsors also provide for the sharing of pharmaceutical manufacturers' rebates with the plan sponsor. The Company is also obligated to share with RxCare the cumulative profit, if any, under the Company's agreement with RxCare (see Note 3). The Company estimates that any difference between the recorded liability on the accompanying consolidated balance sheets and the ultimate exposure under those contract provisions will not have a material adverse effect on the consolidated financial statements.

Cash and Cash Equivalents

For the purpose of the accompanying consolidated statements of cash flows, cash and cash equivalents are defined as demand deposits and overnight investments at banks.

Property and Equipment

The Company provides for depreciation and amortization using the straight-line method over the estimated useful lives of assets ranging from three to five years or in the case of leases, over the life of the lease. Maintenance and repairs are expensed as incurred.

Long-Lived Assets

During 1995, the Company adopted the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets" ("SFAS 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. As a result of its review, the Company does not believe that any impairment currently exists related to its long-lived assets.

Claims Payable

The Company is responsible for all covered prescriptions provided to plan members during the contract period. At December 31, 1994 and 1995 and at June 30, 1996, certain prescriptions were dispensed to members for which the related claims had not yet been presented to the Company for payment. Estimates of $2,925, $3,823 and $3,783 at December 31, 1994 and 1995 and at June 30, 1996, respectively, have been accrued for these claims in the accompanying consolidated balance sheets. Unpaid claims incurred and reported amounted to $7,338, $10,971 and $9,947 at December 31, 1994 and 1995 and at June 30, 1996, respectively.

The Company has experienced losses on one of its TennCare contracts since the contract was entered into as of April 1, 1995. The Company recognized losses under the contract during 1995 of $10,000, including the accrual of approximately $4,500 to cover management's estimate of losses to be incurred during the remainder of this contract; $2,098 of such accrual remained at June 30, 1996. These amounts are included in claims payable in the accompanying consolidated balance sheets.

Minority Interest

The minority interest in MIM Strategic is reflected as a reduction of net income in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 utilizes the liability method, and deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities at currently enacted tax laws and rates.

Disclosure of Fair Value of Financial Instruments

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

Accounting for Stock-Based Compensation

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 requires that an entity account for employee stock compensation under a fair value-based method. However, SFAS 123 also allows an entity to continue to measure compensation cost for employee stock-based compensation plans using the intrinsic value-based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Effective for fiscal years beginning after December 15, 1995, entities electing to remain with accounting under APB 25 are required to make pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting under SFAS 123 had been applied. The Company will continue to account for employee stock-based compensation under APB 25 and will make the pro forma disclosures required under SFAS 123.

Interim Financial Information

The financial statements at June 30, 1996 and for the six months ended June 30, 1995 and 1996 are unaudited. In the opinion of the Company's management, the unaudited financial statements at June 30, 1996 and for the six months ended June 30, 1995 and 1996 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. The results of operations for the six months ended June 30, 1996 are not necessarily indicative of the results to be expected for the full year.

Earnings Per Share

Net income (loss) per share is calculated based on the weighted average number of common shares outstanding during the period plus, in periods in which they have a dilutive effect, the effect of the common shares contingently issuable from stock options. Common shares outstanding and per share amounts reflect the Formation (see Note 1) and are considered outstanding from the date each entity was formed.

NOTE 3--RELATED PARTY TRANSACTIONS

Due to/from Affiliates

During 1993 the Company borrowed $38 from a relative of an officer of the Company. The amount was fully repaid in 1994.

During 1994 the Company loaned $150 to a relative of an officer of the Company in return for a demand note bearing interest at the prime rate (8.5% at December 31, 1994). At December 31, 1994, accrued interest amounted to approximately $8. The full amount of principal and interest was repaid in 1995.

In 1994 the Company made approximately $40 of short-term advances to an officer of the Company. These advances were repaid in full during 1995.

During 1995 the Company advanced RxCare approximately $1,957 to fund the losses RxCare had incurred in connection with one of its pharmacy benefit management contracts that is currently being managed by the Company under the Company's agreement with RxCare. Although the Company does not intend to seek repayment of the advance, the Company intends to offset such amount against future profit sharing amounts, if any, due to RxCare under the Company's agreement with RxCare. As RxCare's revenue is largely dependent upon the Company's results of operations in Tennessee, the collectibility of this amount is uncertain, and a full reserve has been recorded against the advance.

As part of its agreement with RxCare, the Company is obligated to share with RxCare the Company's cumulative profit, if any, from the RxCare pharmacy benefit management contracts. Based on estimated results of operations for 1994, the Company accrued $473 during 1994, which was included in Payables to Plan Sponsors and Others on the accompanying consolidated balance sheet at December 31, 1994 and was paid in 1995. Although actual operations for 1994 were subsequently determined not to be profitable, the Company does not intend to request repayment of the fee but intends to offset such amount against future profit sharing amounts, if any, due to RxCare under the agreement. No amount was due RxCare for the year ended December 31, 1995 or for the six months ended June 30,1996.

The Company is currently marketing and promoting certain preferred generic drugs of Zenith Goldline pursuant to two three-year contracts entered into in December 1995. In return, the Company receives a fee based on a percentage of the growth in Zenith Goldline's gross margins from related sales. Included in due from affiliates is management's estimate of revenues earned under these agreements.

During 1996, the Company made short-term advances to MIM Holdings and Alchemie Properties, LLC ("Alchemie") of $99 and $25, respectively. Repayments by MIM Holdings and Alchemie through June 30, 1996 were $13 and $25, respectively. The remaining balance of $86 from MIM Holding at June 30, 1996 is scheduled to be repaid by September 30, 1996 without interest. Both companies are controlled by an officer and his family.

In June 1996, an executive officer of the Company loaned $500 to the Company for working capital purposes pursuant an unsecured, 10% promissory note that is payable upon demand. The loan amount plus $2.5 for interest and fees was repaid by June 30, 1996.

Other Activities

In 1994, the Company entered into an agreement with RxCare for, among other things, the use of certain office space and equipment provided by RxCare on behalf of the Company. The agreement initially provided for payments of $10 per month and was amended to provide for $20 per month beginning November 1995. The

agreement expires in December 1998. Expenses under this agreement were $100 and $140 for the years ended December 31, 1994 and 1995, respectively, and $40 and $120 for the six months ended June 30, 1995 and 1996, respectively.

In December 1994, the Company entered into a ten-year agreement to lease a facility from Alchemie. The lease provides for monthly payments of $3 plus real estate taxes and condominium association fees. Rent expense was approximately $5 and $60 for the years ended December 31, 1994 and 1995, respectively, and $30 for the six months ended June 30, 1995 and 1996.

The future minimum rental payments under these agreements are included in Note 5 with the Company's other operating leases.

Consulting and Service Agreements

In January 1994, the Company entered into consulting agreements with three minority stockholders of the Company. These agreements expire in 1999 and provide for payments to be made as services are rendered. In 1994, payments of $75 were made to each consultant. No amounts were paid in 1995 or in the six months ended June 30, 1996.

In January 1994, the Company entered into a consulting agreement for various marketing, distribution and promotional services with an officer of RxCare which provides for payments by the Company of $5.5 per month, and additional compensation as agreed by the parties for special projects, through December 1996. The Company paid a total of $516 in 1994 (including $150 upon execution of the RxCare agreement and $300 for special projects related to the establishment of the Company's TennCare business), $66 in 1995 and $33 for the six months ended June 30, 1995 and 1996, respectively, to the officer and a related party assignee.

In September 1995, the Company entered into a contract with MIM Holdings to receive management consulting services in return for monthly payments to MIM Holdings of $75. Consulting expenses amounted to $300 for the year ended December 31, 1995 and $225 for the six months ended June 30, 1996. The contract was terminated on March 31, 1996.

A professional services agreement was entered into as of January 1, 1996 between MIM Holdings and the Company. Under this agreement, MIM Holdings provides to the Company operational professional services required to perform the Company's obligations under a Marketing Services Agreement with Zenith Goldline (see Note 1), for which the Company paid MIM Holdings $150 for the six months ended June 30, 1996. The agreement was terminated in May 1996.

Stockholder Notes Receivable

In June 1994, the Company advanced to an officer approximately $979 for purposes of acquiring a principal residence, $975 of which is collateralized by a first mortgage on the residence. In exchange for the funds, the Company received two promissory notes, the aggregate outstanding principal balance of which was $979 at December 31, 1994 and 1995 and $956 (including accrued interest) at June 30, 1996. The notes are due on June 15, 1997 and bear interest at 5.42% per annum payable monthly. Interest income on the notes for the years ended December 31, 1994 and 1995 was $29 and $55, respectively, and $26 for the six months ended June 30, 1995 and 1996.

In August 1994, the Company advanced to Alchemie $299 for the purposes of acquiring the building leased by the Company, of which approximately $299, $280 and $280 was outstanding at December 31, 1994 and 1995

and June 30, 1996, respectively. The note bears interest at a rate of 10% per annum with principal due on December 1, 2004. Interest income was $12 and $29 for the years ended December 31, 1994 and 1995, respectively, and $14 for the six months ended June 30, 1995 and 1996. The note is secured by a lien on Alchemie's rental income.

In December 1995, the Company advanced to MIM Holdings $800 for certain consulting services to be performed for the Company in 1996. During 1995, the Company also paid $278 for certain expenses on behalf of MIM Holdings. These amounts, totaling $1,078, were recorded as a stockholder note receivable at December 31, 1995. The Company has received a note from MIM Holdings guaranteed by an officer of the Company for $456. The note bears interest at 10% per annum, payable quarterly, with principal due on March 31, 2001. The note is further secured by the assignment of two notes due to MIM Holdings also in the amount of $456. The remaining balance of $622 will not be repaid and was treated as a stockholder distribution during the first quarter of 1996. The outstanding principal balance plus accrued interest at June 30, 1996 was $467.

NOTE 4--PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following:

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
Computer and office equipment, including equipment under capital leases	$ 787	$1,614	$2,185
Furniture and fixtures	130	173	205
Leasehold improvements	439	480	480
	1,356	2,267	2,870
Less: Accumulated depreciation and amortization	(94)	(460)	(700)
	$1,262	$1,807	$2,170

NOTE 5--COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company from time to time is involved in legal proceedings in the normal course of business. The Company is currently a third-party defendant in a proceeding in the Superior Court in the State of Rhode Island. The third-party complaint alleges that the Company interfered with certain contractual relationships and that it misappropriated certain confidential information. The third-party complaint seeks to enjoin the Company from using the allegedly misappropriated confidential information and seeks an unspecified amount of compensatory and consequential damages, interest and attorneys' fees. Although the Company believes that the third-party plaintiffs' allegations are without merit, the loss of this litigation could have a material adverse effect on the Company's financial position and results of operations.

Government Regulation

The Company's current and planned businesses are subject to extensive Federal and state laws and regulations. Subject to certain exceptions, a Federal law (the "Federal Anti-Kickback Statute") prohibits the payment or receipt of any remuneration, directly or indirectly, to induce, arrange for or recommend the purchase of health care items or services paid for in whole or in part by the Medicare or state health care programs (including Medicaid and TennCare), and certain state laws (including professional licensing laws prohibiting fee-splitting) contain similar provisions that may extend the prohibition to cover items or services that are paid for

by private insurance and self-pay patients. There can be no assurance that some of the Company's practices will be found to be protected by certain so-called "safe harbor" regulations, which provide insulation from prosecution under the Federal Anti-Kickback Statute, and in some instances it is clear that they are not so protected. Federal authorities enforcing the Federal Anti-Kickback Statute have issued Fraud Alerts describing suspect activity and have initiated enforcement proceedings involving practices that have similar features to some of the practices of the Company.

In June 1996, the proposed consent decree between the Federal Trade Commission (the "FTC") and RxCare and its parent, the Tennessee Pharmacists Association, prohibiting certain allegedly anti-competitive practices, became final. Because the FTC justified its challenge and the decree, in part, on RxCare's potential market power in Tennessee, business arrangements and practices involving RxCare, either directly or indirectly, or involving sales to or purchases by RxCare-affiliated pharmacies may face heightened scrutiny or continued review from an anti-competitive perspective by state or Federal regulators and possible challenge by private parties. The existence of this consent order may hamper the Company's efforts to develop or pursue competitive opportunities, in Tennessee or elsewhere, in areas such as group purchasing or market advocacy on behalf of drug manufacturers. Prolonged proceedings involving regulatory or private party challenges to the Company's activities would be costly to the Company and divert its resources, including key personnel. An adverse determination in such a proceeding could have a material adverse effect on the Company's financial position and results of operations.

The Company is also subject to various false claim, drug distribution and consumer protection laws and may be subject to certain other laws, including various state insurance laws.

While management believes that the Company is in material compliance with all existing laws and regulations material to the operation of its business, many of the laws and regulations affecting it are uncertain in their application and are subject to interpretation and change. Laws regulating healthcare businesses, and interpretations thereof, are undergoing rapid change. As controversies continue to arise in this area, for example, regarding the efforts of plan sponsors and pharmacy benefit managers to limit formularies, alter drug choice and establish limited networks of participating pharmacies, Federal and state regulation and enforcement priorities in this area can be expected to increase, the impact of which on the Company cannot be predicted. There can be no assurance that the Company will not be subject to scrutiny or challenge under one or more of these laws or that any such challenge would not be successful. Any such challenge, whether or not successful, could have a material adverse effect upon the Company's financial position and results of operations. Violation of the Federal Anti-Kickback Statute, for example, may result in substantial criminal penalties, as well as exclusion from the Medicare and Medicaid (including TennCare) programs. Further, there can be no assurance that the Company will be able to obtain or maintain any of the regulatory approvals that may be required to operate its business, and the failure to do so could have a material adverse effect on the Company's financial position and results of operations.

Non-Compete Covenants

The Company's Chief Executive Officer and Chief Financial Officer, both former executives of Zenith Laboratories, Inc. ("Zenith"), agreed to continue in consultant and employment capacities with Zenith through December 1998 and December 1996, respectively. In connection with these agreements, both executives agreed not to own, manage or be employed by any business that is substantially competitive with Zenith's business as conducted in early 1996. Such covenants expire at the end of December 1998 and December 1996, respectively. Such covenants may restrict the Company's ability to compete in certain areas of the Company's preferred generics business, its planned drug distribution business and certain other business areas.

Employment Agreements

The Company has entered into employment agreements with certain key employees which expire at various dates through May 2000. Total minimum commitments under these agreements are approximately as follows:

1996	$1,100
1997	1,500
1998	1,300
1999	1,200
2000	500
	$5,600

Other Agreements

The Company has various consulting agreements which will require payments of $786 in the aggregate through 1998. As discussed in Note 3, the Company rents its main facility from Alchemie. Rent expense for non-related party leased facilities and equipment was approximately $95 and $116 for the years ended December 31, 1994 and 1995, respectively, and $67 and $84 for the six months ended June 30, 1995 and 1996, respectively.

Operating Leases

The Company leases its facilities and certain equipment under various operating leases. The future minimum lease payments under these operating leases at December 31, 1995 are as follows:

	AMOUNT
1996	$ 95
1997	64
1998	51
1999	48
2000	45
Thereafter	160
	$463

Capital Leases

The Company leases certain equipment under various capital leases. Future minimum lease payments under the capital lease agreements at December 31, 1995 are as follows:

	AMOUNT
1996	$235
1997	93
1998	24
Total minimum lease payments	352
Less: Amount representing interest	26
Obligations under leases	326
Less: current portion of lease obligation	216
	$110

NOTE 6--INCOME TAXES

The Company accounts for income taxes in accordance with SFAS 109. Under SFAS 109, deferred tax assets or liabilities are computed based on the differences between the financial statement and income tax bases of assets and liabilities as measured by currently enacted tax laws and rates. Deferred income tax expenses and credits are based on changes in the deferred assets and liabilities from period to period.

The effect of temporary differences which give rise to a significant portion of deferred taxes are as follows as of December 31, 1994 and 1995:

	1994	1995
Deferred tax assets:		
Reserves and accruals not yet deductible for tax purposes	$ 872	$ 2,952
Net operating loss carryforward	432	783
Subtotal	1,304	3,735
Less: valuation allowance	(922)	(3,669)
Total deferred tax assets	382	66
Deferred tax liabilities:		
Revenue not yet recognized for tax purposes	(378)	0
Property basis differences	(4)	(66)
Total deferred tax liability	(382)	(66)
Net deferred taxes	$ --	$ --

It is uncertain whether the Company will realize full benefit from its deferred tax assets, and it has therefore recorded a valuation allowance. The Company will assess the need for the valuation allowance at each balance sheet date.

There is no provision (benefit) for income taxes for the period from inception (June 22, 1993) through December 31, 1993 or for the years ended December 31, 1994 and 1995. A reconciliation to the tax provision (benefit) at the Federal statutory rate is presented below:

	1993	1994	1995
Tax provision (benefit) at statutory rate	$ 14	$(835)	$(2,303)
State tax provision (benefit), net of federal taxes	3	(162)	(447)
Provision for valuation allowance	--	922	2,747
Other	(17)	75	3
Recorded income taxes	$ --	$ --	$ --

At December 31, 1995, the Company had, for tax purposes, unused net operating loss carryforwards of approximately $1,900 that are available to offset future taxable income, if any, and which will begin expiring in 2008. The Tax Reform Act of 1986 contains provisions that limit the net operating loss carryforwards available to be used in any given year upon the occurrence of certain events, including significant changes in ownership.

NOTE 7--STOCKHOLDERS' EQUITY

In 1994, Pro-Mark established the Pro-Mark Holdings 1994 Stock Plan (the "Pro-Mark Plan"). The Pro-Mark Plan provided for, among other awards, options to employees, contractors and consultants to purchase 60,000 shares of Pro-Mark common stock at an option price not less than 100% of the fair market value of the shares on the grant date. The period during which an option may be exercised varied, but no option could be exercised after 15 years from the date of grant. During 1994, options to purchase 3,738 shares of common stock were granted at $1.00 per share (560,700 shares of the Company's Common Stock at $0.0067 per share as a result of the Formation--see Note 1). On January 9, January 16, March 24, March 31, August 8, and October 9, 1995, options to purchase 50, 60, 1,300, 15,108, 60 and 50 shares of common stock, respectively, were granted at $1.00 per share (a total of 2,494,200 shares of the Company's Common Stock at $0.0067 per share as a result of the Formation--see Note 1). All of such options were deemed to have been granted at fair market value and were exchanged in the Formation for options under the Company's Plan (as defined below).

In May 1996, the Company adopted the MIM Corporation 1996 Stock Incentive Plan (the "Plan"). The Plan provides for the granting of incentive stock options (ISOs) and non-qualified stock options to employees and key contractors of the Company. Options granted under the Plan generally vest over a three-year period, but vest in full upon a change in control of the Company or at the discretion of the Company's compensation committee, and generally are exercisable up to 15 years from the date of grant. The exercise price of ISOs granted under the Plan will not be less than 100% of the fair market value on the date of grant (110% for ISOs granted to more than a 10% shareholder). If non-qualified stock options are granted at an exercise price less than fair market value on the grant date, the amount by which fair market value exceeds the exercise price will be charged to compensation expense over the period the options vest. A reserve of 4,000,000 shares has been established for issuances under the Plan. In May and July 1996, options to purchase 811,810 and 63,929 shares of Common Stock, respectively, were granted at a price that will equal the initial public offering price. In June 1996, the Company agreed to grant an option to purchase 15,000 shares of Common Stock, at a price equal to the initial public offering price, to a member of the Company's Medical Advisory Board upon completion of the Company's initial public offering. At July 15, 1996, 102,361 shares remained available for grant under the Plan.

No options were exercisable at December 31, 1994. As of December 31, 1995 and June 30, 1996, the exercisable portion of outstanding options was 2,442,100 and 2,686,400, respectively. Stock option activity under the Plan through December 31, 1995 is as follows:

	OPTIONS	PRICE
Balance, December 31, 1993	--	--
Granted	560,700	$0.0067
Canceled	(8,400)	
Balance, December 31, 1994	552,300	$0.0067
Granted	2,494,200	$0.0067
Canceled	(24,600)	
Balance, December 31, 1995	3,021,900	$0.0067

In July 1996, the Company adopted the MIM Corporation 1996 Non-Employee Directors Stock Incentive Plan (the "Directors Plan"). The purpose of the Directors Plan is to attract and retain qualified individuals to serve as non-employee directors of the Company ("Outside Directors"), to provide incentives and rewards to such directors and to associate more closely the interests of such directors with those of the Company's stockholders. The Directors Plan provides for the automatic granting of non-qualified stock options to Outside Directors joining the Company since the adoption of the Directors Plan. Each such Outside Director receives an option to purchase 20,000 shares of Common Stock upon his or her initial appointment or election to the Board of Directors. The exercise price of such options is equal to the fair market value of the Common Stock on the date of grant. Options granted under the Directors Plan generally vest over three years. A reserve of 100,000 shares of Common Stock has been established for issuance under the Directors Plan. Options to purchase 40,000 shares of Common Stock are currently outstanding under the Directors Plan at an exercise price equal to the initial public offering price of the shares offered in the Offering.

Other Stockholder Activities

Prior to the affiliation of three unrelated individuals with the Company (each of whom became a director of the Company and two of whom also became officers of the Company), the Company primarily was a pharmacy benefit manager providing capitated services to the TennCare Medicaid population of Tennessee. Drawing upon their experience, know-how, contacts and relationships, managerial expertise, contracts under negotiation and strategic understandings and plans relating to the generic drug and health care industries, the Company has determined to pursue a business strategy that emphasizes the promotion and distribution of generic drugs through exclusive contracts with preferred generic drug manufacturers and the marketing of risk sharing pharmacy benefit programs to sponsors of public and private health plans outside of Tennessee. Negotiations are currently proceeding with a number of generic drug manufacturers and plan sponsors. Management believes that combining the interests of these individuals with the interests of the Company has resulted in a business strategy uniquely suited to capitalize on the present and expected conditions in the pharmaceutical and health care industries. Based upon the foregoing, in May 1996 the majority stockholder of the Company granted to these individuals options to purchase an aggregate of 3,600,000 shares of Common Stock owned by him at $0.10 per share. These options are immediately exercisable and have a term of ten years, subject to earlier termination upon a change in control of the Company, as defined. In connection with these options, for the six months ended June 30, 1996 the Company recorded a nonrecurring, noncash charge for compensation expense and a credit to additional paid-in capital of $26,640, representing the difference between the exercise price and the deemed fair market value of the Common Stock at the date of grant. In addition, the majority stockholder granted to one of these individuals an additional option ("additional option") to purchase 1,860,000 shares of Common Stock owned by him at $7.50 per share. The additional option has a term of six years, subject to earlier termination (a) upon a change in control of the Company, as defined, (b) non-renewal of his employment contract, as defined, or (c) voluntary termination of employment prior to May 2001. Although the additional option is immediately exercisable, the majority stockholder will have the right to repurchase from this individual, at a price of $7.50 per share, Common Stock issued upon exercise of the additional option commencing seven months after the occurrence of an event described in (b) or (c) above, provided that the repurchase option will terminate upon a change in control of the Company, as defined, or to the extent the Company achieves certain levels of consolidated net income in any one fiscal year.

NOTE 8--CONCENTRATION OF CREDIT RISK

The majority of the Company's revenues have been derived from TennCare contracts pursuant to its contract with RxCare. The following table outlines contracts with plan sponsors having revenues which individually exceeded 10% of total revenues during the applicable time period:

	PLAN SPONSOR			
	A	B	C	D
Year ended December 31, 1994				
% of total revenue	60%	13%	15%	--
% of total accounts receivable at period end	49%	*	*	--
Year ended December 31, 1995				
% of total revenue	30%	*	*	45%
% of total accounts receivable at period end	*	*	*	28%
Six months ended June 30, 1995				
% of total revenue	45%	13%	12%	18%
% of total accounts receivable at period end	16%	*	*	*
Six months ended June 30, 1996				
% of total revenue	20%	--	*	56%
% of total accounts receivable at period end	*	--	*	36%

- --------
* Less than 10%.

There were no other contracts representing 10% or more of the Company's total revenue for the years ended December 31, 1994 and 1995 and the six months ended June 30, 1995 and 1996. There were no TennCare contracts in place in 1993. It is possible that the State of Tennessee or the Federal government could require modifications to the TennCare program. The Company is unable to predict the effect of any such future changes to the TennCare program.

NOTE 9--PROFIT SHARING PLAN

The Company maintains a deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer up to 15% of their salary, subject to Internal Revenue Service limits. The Company may make a discretionary match. The Company made no matching contributions during the period from inception (June 22, 1993) through December 31, 1993, the years ended December 31, 1994 and 1995 or the six months ended June 30, 1996.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

TABLE OF CONTENTS

UNTIL , 1996, ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

4,000,000 SHARES

[LOGO]

MIM CORPORATION

COMMON STOCK

PROSPECTUS

PAINEWEBBER INCORPORATED

DILLON, READ & CO. INC.

, 1996

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION
1	Form of Underwriting Agreement
10.23(a)	Amendment No. 1 dated July 29, 1996 to Stock Option Agreement II between E. David Corvese and John H. Klein dated as of May 30, 1996
10.24(a)	Amendment No. 1 dated July 29, 1996 to Repurchase Agreement between E. David Corvese and John H. Klein dated as of May 30, 1996
10.30	Registration Rights Agreement-I dated July 29, 1996 between MIM Corporation and John H. Klein, Richard H. Friedman, Leslie B. Daniels, E. David Corvese and MIM Holdings, LLC
10.31	Registration Rights Agreement-II dated July 29, 1996 between MIM Corporation and John H. Klein, Richard H. Friedman and Leslie B. Daniels
10.32	Registration Rights Agreement-III dated July 29, 1996 between MIM Corporation and John H. Klein and E. David Corvese
23.1	Consent of Arthur Andersen LLP

(B) FINANCIAL STATEMENT SCHEDULES.

The following financial statement schedule of the Company is furnished at the indicated page:

All other schedules not listed are omitted because of the absence of conditions under which they are required.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN PEARL RIVER, NEW YORK ON JULY 30, 1996.

MIM CORPORATION

By: /s/ Richard H. Friedman
RICHARD H. FRIEDMAN CHIEF OPERATING OFFICER

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT ON FORM S-1 HAS BEEN SIGNED BY THE FOLLOWING PERSONS, IN THE CAPACITIES INDICATED, ON THE 30TH DAY OF JULY, 1996.

SIGNATURE	TITLE
/s/ John H. Klein JOHN H. KLEIN	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Richard H. Friedman RICHARD H. FRIEDMAN	Chief Financial Officer, Chief Operating Officer, Treasurer and Director (Principal Financial and Accounting Officer)
E. David Corvese* E. DAVID CORVESE	Vice Chairman of the Board and Director
Todd R. Palmieri* TODD R. PALMIERI	Executive Vice President--Business Development and Director
Leslie B. Daniels* LESLIE B. DANIELS	Director
Louis A. Luzzi* LOUIS A. LUZZI	Director
Scott R. Yablon* SCOTT R. YABLON	Director

* RICHARD H. FRIEDMAN, PURSUANT TO A POWER OF ATTORNEY EXECUTED BY EACH OF THE DIRECTORS AND OFFICERS NOTED ABOVE AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AS EXHIBIT 24 TO THIS REGISTRATION STATEMENT, BY SIGNING HIS NAME HERETO, DOES HEREBY SIGN AND EXECUTE THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT ON BEHALF OF EACH OF THE PERSONS NOTED ABOVE, IN THE CAPACITIES INDICATED, AND DOES HEREBY SIGN AND EXECUTE THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT ON HIS OWN BEHALF, IN THE CAPACITIES INDICATED.

/s/ Richard H. Friedman
RICHARD H. FRIEDMAN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

To MIM Corporation and Subsidiaries:

We have audited in accordance with generally accepted auditing standards the 1993, 1994 and 1995 financial statements of MIM Corporation and Subsidiaries included in this Registration Statement and have issued our report thereon dated April 10, 1996 (except with respect to the matter discussed in Note 1, as to which the date is May 24, 1996), which includes an explanatory paragraph that describes the ability of the Company to continue as a going concern discussed in Note 1 to the consolidated financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 16(b) of this Registration Statement is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements as of December 31, 1994 and 1995 and for the period from inception (June 22, 1993) through December 31, 1993 and for the years ended December 31, 1994 and 1995, and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Roseland, New Jersey
April 10, 1996

MIM CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR THE PERIOD FROM INCEPTION (JUNE 22, 1993) THROUGH DECEMBER 31, 1993 ANDFOR
THE YEARS ENDED DECEMBER 31, 1994 AND 1995

(IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	OTHER CHARGES	BALANCE AT END OF PERIOD
Period from inception (June 22, 1993) through December 31, 1993				
Accounts receivable	$ 0	$ 0	$ 0	$ 0
Accounts receivable, other	$ 0	$ 0	$ 0	$ 0
Year ended December 31, 1994				
Accounts receivable	$ 0	$ 340	$ 0	$ 340
Accounts receivable, other	$ 0	$ 0	$ 0	$ 0
Year ended December 31, 1995				
Accounts receivable	$340	$ 20	$ 0	$ 360
Accounts receivable, other	$ 0	$1,957	$ 0	$1,957

INDEX TO EXHIBITS

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23.1	Consent of Arthur Andersen LLP

EXHIBIT 1

4,000,000 Shares
MIM CORPORATION

Common Stock

UNDERWRITING AGREEMENT

August , 1996

PAINEWEBBER INCORPORATED
DILLON, READ & CO., INC.
As Representatives of the
several Underwriters
named on Schedule I
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Dear Ladies and Gentlemen:

MIM Corporation, a Delaware corporation (the "Company"), proposes to sell an aggregate of 4,000,000 shares (the "Firm Shares") of the Company's Common Stock, $.0001 par value per share (the "Common Stock"), to you and the other underwriters named in Schedule I (collectively, the "Underwriters"), for whom you are acting as representatives (the "Representatives"). The Company has also agreed to grant to you and the other Underwriters an option (the "Option") to purchase up to an additional 600,000 shares of Common Stock (the "Option Shares") on the terms and for the purposes set forth in Section 1(b). The Firm Shares and the Option Shares are hereinafter collectively referred to as the "Shares."

The initial public offering price per share for the Shares and the purchase price per share for the Shares to be paid by the several Underwriters shall be agreed upon by the Company and the Representatives, acting on behalf of the several Underwriters, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "Price Determination Agreement"). The Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication among the Company and the Representatives and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the Shares will be governed by this Agreement, as supplemented by the Price Determination Agreement. From and after the date of the execution and delivery of the Price Determination Agreement, this Agreement shall be deemed to incorporate, and unless the context otherwise indicates, all references contained herein to "this Agreement" and to the phrase "herein" shall be deemed to include, the Price Determination Agreement.

The Company confirms as follows its agreements with the Representatives and the several other Underwriters:

1. Agreement to Sell and Purchase.

(a) On the basis of the representations, warranties and agreements of the Company herein contained and subject to all the terms and conditions of this Agreement, the Company agrees to sell to each Underwriter named below, and each Underwriter, severally and not jointly, agrees to purchase from the Company at the purchase price per share for the Firm Shares to be agreed upon by the Representatives and the Company in accordance with Section 1(c) or 1(d) and set forth in the Price Determination Agreement, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I, plus such additional number of Firm Shares which such Underwriter may become obligated to purchase pursuant to Section 8 hereof. Schedule I may be attached to the Price Determination Agreement.

(b) Subject to all the terms and conditions of this Agreement, the Company grants the Option to the several Underwriters to purchase, severally and not jointly, up to 600,000 Option Shares from the Company at the same price per share as the Underwriters shall pay for the Firm Shares. The Option may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters and may be exercised in whole or in part at any time (but not more than once) on or before the 45th day after the date of this Agreement (or, if the Company has elected to rely on Rule 430A, on or before the 45th day after the date of the Price Determination Agreement), upon written or telegraphic notice (the "Option Shares Notice") by the Representatives to the Company no later than 12:00 noon, New York City time, at least two and no more than five business days before the date specified for closing in the Option Shares Notice (the "Option Closing Date") setting forth the aggregate number of Option Shares to be purchased and the time and date for such purchase. On the Option Closing Date, the Company will issue and sell to the Underwriters the number of Option Shares set forth in the Option Shares Notice, and each Underwriter will purchase such percentage of the Option Shares as is equal to the percentage of Firm Shares that such Underwriter is purchasing, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares.

(c) The initial public offering price per share for the Firm Shares and the purchase price per share for the Firm Shares to be paid by the several Underwriters shall be agreed upon and set forth in the Price Determination Agreement. If the Company has elected to rely on Rule 430A, in the event such price has not been agreed upon and the Price Determination Agreement has not been executed by the close of business on the fourteenth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Section 6 shall remain in effect.

(d) If the Company has elected not to rely on Rule 430A, the initial public offering price per share for the Firm Shares and the purchase price per share for the Firm Shares to be paid by the several Underwriters shall be agreed upon and set forth in the Price Determination Agreement, which shall be dated the date hereof, and an amendment to the Registration Statement (as hereinafter defined) containing such per share price information shall be filed before the Registration Statement becomes effective.

2. Delivery and Payment. Delivery of the Firm Shares shall be made on the Closing Date [to the Representatives for the accounts of the Underwriters at the office of PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019] [by credit to the account of PaineWebber Incorporated with The Depository Trust Company ("DTC"), for further credit to the respective accounts of the Underwriters] against payment of the purchase price by [wire transfer of immediately available funds (net of the cost, if any, to PaineWebber Incorporated of obtaining such immediately available funds) to an account designated in writing by the Company at least one business day prior to the Closing Date] [credit to the account of the Company with DTC]. Such payment shall be made on the [third] [fourth] business day after the date on which the first bona fide offering of the Shares to the public is made by the Underwriters or at such time on such other date, not later than ten business days after such date, as may be agreed upon by the Company and the Representatives (such date is hereinafter referred to as the "Closing Date").

To the extent the Option is exercised, delivery of the Option Shares against payment by the Underwriters (in the manner specified above) will take place at the offices specified above for the Closing Date at the time and date (which may be the Closing Date) specified in the Option Shares Notice.

Certificates evidencing the Shares shall be in definitive form and shall be registered in such names and in such denominations as the Representatives shall request at least two business days prior to the Closing Date or the Option Closing Date, as the case may be, by written notice to the Company. For the purpose of expediting the checking and packaging of certificates for the Shares, the Company agrees to make such certificates available for inspection at least 24 hours prior to the Closing Date or the Option Closing Date, as the case may be.

The cost of original issue tax stamps, if any, in connection with the issuance and delivery of the Firm Shares and Option Shares by the Company to the respective Underwriters shall be borne by the Company. The Company will pay and save each Underwriter and any subsequent holder of the Shares harmless from any and all liabilities with respect to or resulting from any failure or delay in paying Federal and state stamp and other transfer taxes, if any, which may be payable or determined to be payable in connection with the original issuance or sale to such Underwriter of the Firm Shares and Option Shares.

3. Representations and Warranties of the Company. The Company represents, warrants and covenants to each Underwriter that:

(a) A registration statement (Registration No. 333-05327) on Form S-1 relating to the Shares, including a preliminary prospectus and such amendments to such registration statement as may have been required to the date of this Agreement, has been prepared by the Company under the provisions of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (collectively referred to as the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission. The term "preliminary prospectus" as used herein means a preliminary prospectus as contemplated by Rule 430 or Rule 430A ("Rule 430A") of the Rules and Regulations included at any time as part of the registration statement. Copies of such registration statement and amendments and of each related preliminary prospectus have been delivered to the Representatives. The term "Registration Statement" means the registration statement as amended at the time it becomes or became effective (the "Effective Date"), including financial statements and all exhibits and any information deemed to be included by Rule 430A or Rule 434 of the Rules and Regulations. If the Company files a registration statement to register a portion of the Shares and relies on Rule 462(b) of the Rules and Regulations for such registration statement to become effective upon filing with the Commission (the "Rule 462 Registration Statement"), then any reference to the "Registration Statement" shall be deemed to include the Rule 462 Registration Statement, as amended from time to time. The term "Prospectus" means the prospectus as first filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations or, if no such filing is required, the form of final prospectus included in the Registration Statement at the Effective Date.

(b) On the Effective Date, the date the Prospectus is first filed with the Commission pursuant to Rule 424(b) (if required), at all times subsequent to and including the Closing Date and, if later, the Option Closing Date and when any post-effective amendment to the Registration Statement becomes effective or any amendment or supplement to the Prospectus is filed with the Commission, the Registration Statement and the Prospectus (as amended or as supplemented if the Company shall have filed with the Commission any amendment or supplement thereto), including the financial statements included in the Prospectus, did or will comply with all applicable provisions of the Act and the Rules and Regulations and did or will contain all statements required to be stated therein in accordance with the Act and the Rules and Regulations. On the Effective Date and when any post-effective amendment to the Registration Statement becomes effective, no part of the Registration Statement or any such amendment did or will contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading. At the Effective Date, the date the Prospectus or any amendment or supplement to the Prospectus is filed with the Commission and at the Closing Date and, if later, the Option Closing Date, the Prospectus did not or will not contain any untrue statement of a material fact or omit to state a

material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing representations and warranties in this Section 3(b) do not apply to any statements or omissions made in reliance on and in conformity with information relating to any Underwriter furnished in writing to the Company by the Representatives specifically for inclusion in the Registration Statement or Prospectus or any amendment or supplement thereto. For all purposes of this Agreement, the statements contained (i) in the legend regarding stabilization activities on the inside front cover page of the Prospectus and (ii) in the first, third and sixth paragraphs and in the second and third sentences of the eighth paragraph under the heading "Underwriting" in the Prospectus constitute the only information relating to any Underwriter furnished in writing to the Company by the Representatives specifically for inclusion in the Registration Statement, the preliminary prospectus or the Prospectus. The Company has not distributed any offering material in connection with the offering or sale of the Shares other than the Registration Statement, the preliminary prospectus, the Prospectus or any other materials, if any, permitted by the Act.

(c) The only subsidiaries (as defined in the Rules and Regulations) of the Company are the subsidiaries listed on Exhibit 21 to the Registration Statement (the "Subsidiaries"). The Company and each of its Subsidiaries is, and at the Closing Date will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. The Company and each of its Subsidiaries has, and at the Closing Date will have, full power and authority to conduct all the activities conducted by it, to own or lease all the assets owned or leased by it and to conduct its business as described in the Registration Statement and the Prospectus. The Company and each of its Subsidiaries is, and at the Closing Date will be, duly licensed or qualified to do business and in good standing as a foreign corporation in all jurisdictions in which the nature of the activities conducted by it or the character of the assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a material adverse effect on the business, properties, business prospects, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole. Except as disclosed in the Registration Statement and the Prospectus, all of the outstanding equity interests of the Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable and owned by the Company free and clear of all liens, encumbrances and claims whatsoever. Except for its equity interests in the Subsidiaries, the Company does not own, and at the Closing Date will not own, directly or indirectly, any shares of stock or any other equity or long-term debt securities of any corporation or have any equity interest in any firm, partnership, joint venture, association or other entity. Complete and correct copies of the organizational documents of the Company and each of its Subsidiaries and all amendments thereto have been delivered to the Representatives, and no changes therein will be made subsequent to the date hereof and prior to the Closing Date or, if later, the Option Closing Date.

(d) The outstanding shares of Common Stock have been, and the Shares to be issued and sold by the Company upon such issuance will be, duly authorized, validly issued, fully paid and nonassessable by the Company and will not be subject to any statutory or contractual preemptive right. The description of the Common Stock in the Registration Statement and the Prospectus is, and at the Closing Date will be, complete and accurate in all material respects. Except as described in the Registration Statement and the Prospectus, the Company does not have outstanding, and at the Closing Date will not have outstanding, any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or any contracts or commitments to issue or sell, any shares of Common Stock, any shares of capital stock of any Subsidiary or any such warrants, convertible securities or obligations.

(e) The financial statements and schedules included in the Registration Statement or the Prospectus present fairly the consolidated financial condition of the Company as of the respective dates thereof and the consolidated results of operations and cash flows of the Company for the respective periods covered thereby, all in conformity with generally accepted accounting principles applied on a consistent basis throughout the entire period involved, except as otherwise disclosed in the Prospectus. No other financial statements or schedules of the Company are required by the Act or the Rules and Regulations to be included in the Registration Statement or the Prospectus. Arthur Andersen LLP (the "Accountants"), who have reported on such financial statements and schedules, are independent accountants with respect to the Company as required by the Act and the Rules and Regulations. The statements included in the Registration Statement with respect to the Accountants pursuant to Rule 509 of Regulation S-K of the Rules and Regulations are true and correct in all material respects.

(f) The Company maintains a system of internal accounting control sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(g) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus and prior to the Closing Date, except as set forth in or contemplated by the Registration Statement and the Prospectus, (i) there has not been, will not have been and no development shall have occurred which could reasonably be expected to result in any material change in the capitalization of the Company, or in the business, properties, business prospects, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole, arising for any reason whatsoever, (ii) neither the

Company nor any of its Subsidiaries has incurred nor will it incur any material liabilities or obligations, direct or contingent, nor has it entered into nor will it enter into any material transactions other than pursuant to this Agreement and the transactions referred to herein and (iii) the Company has not and will not have paid or declared any dividends or other distributions of any kind on any class of its capital stock.

(h) The Company is not an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, amended.

(i) Except as described in the Registration Statement and the Prospectus, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any of their respective officers in their capacity as such, before or by any Federal or state court, commission, regulatory body, administrative agency or other governmental body, domestic or foreign, wherein an unfavorable ruling, decision or finding could reasonably be expected to materially and adversely affect the Company and its Subsidiaries, taken as a whole, or its business, properties, business prospects, condition (financial or otherwise) or results of operations.

(j) Except as set forth in the Registration Statement and the Prospectus, the Company and each of its Subsidiaries has, and at the Closing Date will have, (i) all governmental licenses, permits, consents, orders, approvals and other authorizations necessary to carry on its business as contemplated in the Prospectus, (ii) complied in all respects with all laws, regulations and orders applicable to it or its business, unless noncompliance would not have a material adverse effect on the business, properties, business prospects, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole, and (iii) performed all its obligations required to be performed by it, and is not, and at the Closing Date will not be, in default, under any indenture, mortgage, deed of trust, voting trust agreement, loan agreement, bond, debenture, note agreement, lease, contract or other agreement or instrument (collectively, a "contract or other agreement") to which it is a party or by which its property is bound or affected, unless nonperformance would not have a material adverse effect on the business, properties, business prospects, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole. To the best knowledge of the Company and each of its Subsidiaries, no other party under any material contract or other agreement to which it is a party is in default in any respect thereunder. Neither the Company nor any of its Subsidiaries is, nor at the Closing Date will any of them be, in violation of any provision of its articles of organization or in material violation of any provision of its by-laws or similar document.

(k) No consent, approval, authorization or order of, or filing or declaration with, any court or governmental agency or body is required in connection with the authorization,

issuance, transfer, sale or delivery of the Shares by the Company, in connection with the execution, delivery and performance of this Agreement by the Company or in connection with the taking by the Company of any action contemplated hereby, except such as have been obtained under the Act or the Rules and Regulations and such as may be required under state securities or Blue Sky laws or the by-laws and rules of the National Association of Securities Dealers, Inc. (the "NASD") in connection with the purchase and distribution by the Underwriters of the Shares.

(l) The Company has full corporate power and authority to enter into this Agreement. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company and is enforceable against the Company in accordance with the terms hereof, except that enforceability may be affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws now or hereafter in effect and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The Formation (as defined in the Registration Statement and the Prospectus) was duly authorized by the Company and was completed prior to the Closing Date. The Formation did not, and the performance of this Agreement and the consummation of the transactions contemplated hereby and the application of the net proceeds from the offering and sale of the Shares in the manner set forth in the Prospectus under "Use of Proceeds" will not, result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company or any of its Subsidiaries pursuant to the terms or provisions of, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or give any other party a right to terminate any of its obligations under, or result in the acceleration of any obligation under, the certificate of incorporation or by-laws of the Company or the organizational documents of any of its Subsidiaries or any material contract or other agreement to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of its properties is bound or affected, or violate or conflict with any judgment, ruling, decree, order, statute, rule or regulation of any court or other governmental agency or body applicable to the business or properties of the Company or any of its Subsidiaries.

(m) The Company and each of its Subsidiaries has good title to all properties and assets described in the Prospectus as owned by it, free and clear of all liens, charges, encumbrances or restrictions, except such as are described in the Prospectus or are not material to the business of the Company and its Subsidiaries, taken as a whole. The Company and each of its Subsidiaries has valid, subsisting and enforceable leases for the properties described in the Prospectus as leased by it, with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such properties by the Company and such Subsidiaries.

(n) There is no document or contract of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required. All such contracts to which the Company or any Subsidiary is a party have been duly authorized, executed and delivered by the Company or such Subsidiary, constitute valid and binding agreements of the Company or such Subsidiary and are enforceable against the Company or such Subsidiary in accordance with the terms thereof, except that enforceability may be affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws now or hereafter in effect and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(o) No statement, representation, warranty or covenant made by the Company in this Agreement or made in any certificate or document required by this Agreement to be delivered to the Representatives was or will be, when made, inaccurate, untrue or incorrect in any material respect.

(p) Neither the Company nor any of its directors, officers or controlling persons has taken, directly or indirectly, any action intended, or which might reasonably be expected, to cause or result, under the Act or otherwise, in, or which has constituted, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(q) Except as set forth in the Registration Statement and the Prospectus, no holder of securities of the Company has rights to the registration of any securities of the Company because of the filing of the Registration Statement.

(r) The Shares have been duly authorized for inclusion, subject to official notice of issuance, on the Nasdaq National Market.

(s) Neither the Company nor any of its Subsidiaries is involved in any material labor dispute nor, to the knowledge of the Company, is any such dispute threatened.

(t) The Company and its Subsidiaries own, or are licensed or otherwise have the right to use, all material trademarks and trade names which are used in or necessary for the conduct of their respective businesses as described in the Prospectus. To the knowledge of the Company, no claims have been asserted by any person to the use of any such trademarks or trade names or challenging or questioning the validity or effectiveness of any such trademark or trade name. The use, in connection with the business and operations of the Company and its Subsidiaries, of such trademarks and trade names does not, to the Company's knowledge, infringe on the rights of any person.

(u) Neither the Company nor any of its Subsidiaries nor, to the Company's knowledge, any employee or agent of the Company or any Subsidiary has made any payment of funds of the Company or any Subsidiary or received or retained any funds in violation of any law, rule or regulation or of a character required to be disclosed in the Prospectus.

(v) The Company has complied, and until the completion of the distribution of the Shares will comply, with all of the provisions of (including, without limitation, filing all forms required by) Section 517.075 of the Florida Securities and Investor Protection Act and regulation 3E-900.001 issued thereunder with respect to the offering and sale of the Shares.

(w) MIM Strategic Marketing, LLC has at all times since its inception been classified, for Federal income tax purposes, as a partnership, and not as a corporation or a publicly traded partnership.

4. Agreements of the Company. The Company agrees with the several Underwriters as follows:

(a) The Company will not, either prior to the Effective Date or thereafter during such period as the Prospectus is required by law to be delivered in connection with sales of the Shares by an Underwriter or dealer, file any amendment or supplement to the Registration Statement or the Prospectus, unless a copy thereof shall first have been submitted to the Representatives within a reasonable period of time prior to the filing thereof and the Representatives shall not have objected thereto in good faith.

(b) The Company will use its best efforts to cause the Registration Statement to become effective, and will notify the Representatives promptly, and will confirm such advice in writing, (1) when the Registration Statement has become effective and when any post-effective amendment thereto becomes effective, (2) of any request by the Commission for amendments or supplements to the Registration Statement or the Prospectus or for additional information, (3) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose or the threat thereof, (4) of the happening of any event during the period mentioned in the third sentence of Section 4(e) that in the judgment of the Company makes any statement made in the Registration Statement or the Prospectus untrue or that requires the making of any changes in the Registration Statement or the Prospectus in order to make the statements therein, in light of the circumstances in which they are made, not misleading and (5) of receipt by the Company or any representative or attorney of the Company of any other communication from the Commission relating to the Company, the Registration Statement, any preliminary prospectus or the Prospectus. If at any time the Commission shall issue any order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal of such order at the earliest possible moment. The Company will use its best efforts to comply with the

provisions of and make all requisite filings with the Commission pursuant to Rule 430A and to notify the Representatives promptly of all such filings.

(c) The Company will furnish to the Representatives, without charge, two signed copies of the Registration Statement and of any post-effective amendment thereto, including financial statements and schedules, and all exhibits thereto and will furnish to the Representatives, without charge, for transmittal to each of the other Underwriters, a copy of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules but without exhibits.

(d) The Company will comply with all the provisions of any undertakings contained in the Registration Statement.

(e) On the Effective Date, and thereafter from time to time, the Company will deliver to each of the Underwriters, without charge, as many copies of the Prospectus or any amendment or supplement thereto as the Representatives may reasonably request. The Company consents to the use of the Prospectus or any amendment or supplement thereto by the several Underwriters and by all dealers to whom the Shares may be sold, both in connection with the offering or sale of the Shares and for any period of time thereafter during which the Prospectus is required by law to be delivered in connection therewith. If during such period of time any event shall occur which in the judgment of the Company or counsel to the Underwriters should be set forth in the Prospectus in order to make any statement therein, in the light of the circumstances under which it was made, not misleading, or if it is necessary to supplement or amend the Prospectus to comply with law, the Company will forthwith prepare and duly file with the Commission an appropriate supplement or amendment thereto, and will deliver to each of the Underwriters, without charge, such number of copies thereof as the Representatives may reasonably request.

(f) Prior to any public offering of the Shares by the Underwriters, the Company will cooperate with the Representatives and counsel to the Underwriters in connection with the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives may request; provided, that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject.

(g) During the period of five years commencing on the Effective Date, the Company will furnish to the Representatives and each other Underwriter who may so request copies of such financial statements and other periodic and special reports as the Company may from time to time distribute generally to the holders of any class of its capital stock, and will

furnish to the Representatives and each other Underwriter who may so request a copy of each annual or other report it shall be required to file with the Commission.

(h) The Company will make generally available to holders of its securities as soon as may be practicable but in no event later than the last day of the fifteenth full calendar month following the calendar quarter in which the Effective Date falls, an earnings statement (which need not be audited but shall be in reasonable detail) for a period of twelve months ended commencing after the Effective Date, and satisfying the provisions of Section 11(a) of the Act (including Rule 158 of the Rules and Regulations).

(i) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay, or reimburse if paid by the Representatives, all costs and expenses incident to the performance of the obligations of the Company under this Agreement, including but not limited to costs and expenses of or relating to (1) the preparation, printing and filing of the Registration Statement and exhibits to it, each preliminary prospectus, the Prospectus and any amendment or supplement to the Registration Statement or the Prospectus, (2) the preparation and delivery of certificates representing the Shares, (3) the word processing, printing and reproduction of this Agreement, the Agreement Among Underwriters, any Dealer Agreements and any Underwriters' Questionnaire, (4) furnishing (including costs of shipping, mailing and courier) such copies of the Registration Statement, the Prospectus and any preliminary prospectus, and all amendments and supplements thereto, as may be requested for use in connection with the offering and sale of the Shares by the Underwriters or by dealers to whom Shares may be sold, (5) the inclusion of the Shares on the Nasdaq National Market, (6) any filings required to be made by the Underwriters with the NASD, and the fees (up to $7,000), disbursements and other charges of counsel for the Underwriters in connection therewith, (7) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions designated pursuant to Section 4(f), including the reasonable fees, disbursements and other charges of counsel to the Underwriters in connection therewith, and the preparation and printing of preliminary, supplemental and final Blue Sky Surveys, (8) counsel to the Company, (9) the transfer agent for the Shares and (10) the Accountants.

(j) If this Agreement shall be terminated by the Company pursuant to any of the provisions hereof (otherwise than pursuant to Section 8) or if for any reason the Company shall be unable to perform its obligations hereunder, the Company will reimburse the several Underwriters for all out-of-pocket expenses (including the fees, disbursements and other charges of counsel to the Underwriters) reasonably incurred by them in connection herewith.

(k) The Company will not at any time, directly or indirectly, take any action intended, or which might reasonably be expected, to cause or result in, or which will constitute,

stabilization of the price of the shares of Common Stock to facilitate the sale or resale of any of the Shares.

(l) The Company will apply the net proceeds from the offering and sale of the Shares to be sold by the Company in the manner set forth in the Prospectus under "Use of Proceeds" and shall file such reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required in accordance with Rule 463 under the Act.

(m) Except as provided in Section 4(n)(a) below, during the period of 180 days commencing at the Closing Date, the Company will not, without the prior written consent of PaineWebber Incorporated, grant options to purchase shares of Common Stock at a price less than the initial public offering price.

(n) The Company will not, and will cause each of its executive officers and directors and MIM Holdings, LLC to enter into agreements with the Representatives in the form set forth in Exhibit B to the effect that they will not, for a period of one-year after the date of the Prospectus, without the prior written consent of PaineWebber Incorporated, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, directly or indirectly, any shares of capital stock of the Company or warrants or other rights to purchase such shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for any capital stock of the Company or, in the case of the Company, file any registration statement in respect of any of the foregoing, except that (a) the Company may issue shares of Common Stock upon the exercise of options, or grant options to purchase shares of Common Stock, or grant restricted stock awards, in each case pursuant to stock option plans or in connection with other employee or director incentive compensation arrangements, (b) directors, executive officers and MIM Holdings, LLC may dispose of shares of Common Stock (i) as bona fide gifts to donees who agree not to sell or otherwise dispose of such Common Stock during the one-year period following the date of the Prospectus without the prior written consent of PaineWebber Incorporated, (ii) pursuant to the laws of testamentary or intestate descent, (iii) pursuant to a final and nonappealable order of a court or other body of competent jurisdiction, or (iv) in consideration of the cashless exercise of options under stock option plans or to fulfill tax withholding obligations and (c) MIM Holdings, LLC may distribute or otherwise transfer shares of Common Stock to its members who agree not to sell or otherwise dispose of such Common Stock during the one-year period following the date of the Prospectus without the prior written consent of PaineWebber Incorporated.

5. Conditions of the Obligations of the Underwriters. In addition to the execution and delivery of the Price Determination Agreement, the obligations of each Underwriter hereunder are subject to the following conditions:

(a) Notification that the Registration Statement has become effective shall be received by the Representatives not later than 5:00 p.m., New York City time, on the date of this Agreement or at such later date and time as shall be consented to in writing by the Representatives and all filings required by Rule 424 of the Rules and Regulations and Rule 430A shall have been made.

(b) (i) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall be pending or threatened by the Commission, (ii) no order suspending the effectiveness of the Registration Statement or the qualification or registration of the Shares under the securities or Blue Sky laws of any jurisdiction shall be in effect and no proceeding for such purpose shall be pending before or threatened or contemplated by the Commission or the authorities of any such jurisdiction, (iii) any request for additional information on the part of the staff of the Commission or any such authorities shall have been complied with to the satisfaction of the staff of the Commission or such authorities and (iv) after the date hereof no amendment or supplement to the Registration Statement or the Prospectus shall have been filed unless a copy thereof was first submitted to the Representatives and the Representatives did not object thereto in good faith, and the Representatives shall have received certificates, dated the Closing Date and the Option Closing Date and signed by the Chief Executive Officer or the Chairman of the Board of Directors of the Company and the Chief Financial Officer of the Company (who may, as to proceedings threatened, rely upon the best of their information and belief), to the effect of clauses (i), (ii) and (iii).

(c) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, (i) there shall not have been, and no development shall have occurred which could reasonably be expected to result in, a material adverse change in the general affairs, business, business prospects, properties, management, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, in each case other than as set forth in or contemplated by the Registration Statement and the Prospectus and (ii) the Company and its Subsidiaries, taken as a whole, shall not have sustained any material loss or interference with its business or properties from fire, explosion, flood or other casualty, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree, which is not set forth in the Registration Statement and the Prospectus, if in the sole judgment of the Representatives any such development makes it impracticable or inadvisable to consummate the sale and delivery of the Shares by the Underwriters at the initial public offering price.

(d) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there shall have been no litigation or other proceeding instituted against the Company or any of its Subsidiaries or any of their respective officers or

directors in their capacities as such, before or by any Federal, state or local court, commission, regulatory body, administrative agency or other governmental body, domestic or foreign, in which litigation or proceeding an unfavorable ruling, decision or finding would materially and adversely affect the business, properties, business prospects, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries, taken as a whole.

(e) Each of the representations and warranties of the Company contained herein shall be true and correct in all material respects at the Closing Date and, with respect to the Option Shares, at the Option Closing Date, as if made at the Closing Date and, with respect to the Option Shares, at the Option Closing Date, and all covenants and agreements herein contained to be performed on the part of the Company and all conditions herein contained to be fulfilled or complied with by the Company at or prior to the Closing Date and, with respect to the Option Shares, at or prior to the Option Closing Date shall have been duly performed, fulfilled or complied with.

(f) The Representatives shall have received, at the request of the Company, opinions dated the Closing Date (and with respect to the Option Shares, the Option Closing Date) and satisfactory in form and substance to counsel for the Underwriters, from (i) Drinker Biddle & Reath, counsel to the Company, to the effect set forth in Exhibit C, (ii) Hinkley, Allen & Snyder, special regulatory counsel to the Company, to the effect set forth in Exhibit D and (iii) Howell, Martin & Steegall, Tennessee counsel to the Company, to the effect set forth in Exhibit E.

(g) The Representatives shall have received an opinion dated the Closing Date (and with respect to the Option Shares, the Option Closing Date) from Cahill Gordon & Reindel, counsel to the Underwriters, with respect to the Registration Statement, the Prospectus and this Agreement, which opinion shall be satisfactory in all respects to the Representatives.

In addition, Cahill Gordon & Reindel shall state that they have participated in conferences with officers and other representatives of the Company, counsel for the Company, representatives of the independent public accountants for the Company and your representatives at which the contents of the Registration Statement and Prospectus and related matters were discussed, and although such counsel are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus, on the basis of the foregoing (relying as to materiality to a large extent upon the opinions of officers and other representatives of the Company), no facts have come to their attention which lead them to believe that the Registration Statement at the time it became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus as of its date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein,

in light of the circumstances under which they were made, not misleading (it being understood that such counsel have not been requested to and do not make any comment with respect to the financial statements, schedules and other financial and statistical data contained in or incorporated by reference in the Registration Statement and the Prospectus).

(h) On the date of the Prospectus, the Accountants shall have furnished to the Representatives a letter, dated the date of its delivery, addressed to the Representatives and in form and substance satisfactory to the Representatives, confirming that they are independent accountants with respect to the Company as required by the Act and the Rules and Regulations and with respect to the financial and other statistical and numerical information contained in the Registration Statement. On the Closing Date and, as to the Option Shares, the Option Closing Date, the Accountants shall have furnished to the Representatives a letter, dated the date of its delivery, which shall confirm, on the basis of a review in accordance with the procedures set forth in the letter from the Accountants, that nothing has come to their attention during the period from the date of the letter referred to in the prior sentence to a date (specified in the letter) not more than three days prior to the Closing Date and the Option Closing Date which would require any change in their letter dated the date of the Prospectus, if it were required to be dated and delivered at the Closing Date and the Option Closing Date. In addition, on the Closing Date, at the time of purchase of the Shares, the Representatives shall be satisfied that the Accountants will deliver to the Company an unqualified report with respect to the consolidated financial statements of the Company.

(i) At the Closing Date and, as to the Option Shares, the Option Closing Date, there shall be furnished by the Company to the Representatives an accurate certificate, dated the date of its delivery, signed on behalf of the Company by each of the Chief Executive Officer and the Chief Financial Officer of the Company, in form and substance satisfactory to the Representatives, to the effect that:

(1) Each signer of such certificate has carefully examined the Registration Statement and the Prospectus and (A) as of the date of such certificate, such documents are true and correct in all material respects and do not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading and (B) since the Effective Date, no event has occurred as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein not untrue or misleading in any material respect.

(2) Each of the representations and warranties of the Company contained in this Agreement was, when originally made, and is, at the time such certificate is delivered, true and correct in all material respects.

(3) Each of the covenants required herein to be performed by the Company on or prior to the delivery of such certificate has been duly, timely and fully performed in all material respects and each condition herein required to be complied with by the Company on or prior to the date of such certificate has been duly, timely and fully complied with.

(j) On or prior to the Closing Date, the Representatives shall have received the executed agreements referred to in Section 4(n).

(k) The Shares shall be qualified for sale in such states as the Representatives may reasonably request and each such qualification shall be in effect and not subject to any stop order or other proceeding on the Closing Date and the Option Closing Date.

(l) Prior to the Closing Date, the Shares shall have been duly authorized for inclusion on the Nasdaq National Market upon official notice of issuance.

(m) The Company shall have furnished to the Representatives such certificates, in addition to those specifically mentioned herein, as the Representatives may have reasonably requested as to the accuracy and completeness at the Closing Date and the Option Closing Date of any statement in the Registration Statement or the Prospectus, as to the accuracy at the Closing Date and the Option Closing Date of the representations and warranties of the Company herein, as to the performance by the Company of its obligations hereunder, or as to the fulfillment of the conditions concurrent and precedent to the obligations hereunder of the Representatives.

6. Indemnification.

(a) The Company will indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person, if any, who controls each Underwriter within the meaning of Section 15 of the Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from and against any and all losses, claims, liabilities, expenses and damages (including any and all investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), to which they, or any of them, may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based on any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus, or the omission or alleged omission to state in such document a

material fact required to be stated in it or necessary to make the statements in it not misleading, provided that (i) the Company will not be liable to the extent that such loss, claim, liability, expense or damage arises from the sale of the Shares in the public offering to any person by an Underwriter and is based on an untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to any Underwriter furnished in writing to the Company by the Representatives on behalf of any Underwriter expressly for inclusion in the Registration Statement, any Preliminary Prospectus or the Prospectus and (ii) the Company will not be liable to any Underwriter under the indemnity agreement in this Section 6(a) with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results solely from an untrue statement of a material fact contained in, or the omission of a material fact from, such Preliminary Prospectus which untrue statement or omission was completely corrected in the Prospectus, if the Company shall sustain the burden of proving that such Underwriter sold Shares to the person alleging such loss, claim, damage or liability without sending or giving, at or prior to the written confirmation of such sale, a copy of the Prospectus if the Company had previously furnished copies thereof to such Underwriter within a reasonable amount of time prior to such sale or such confirmation. The Company and each Underwriter acknowledge that the statements set forth (i) in the legend regarding stabilization activities on the inside front cover page of the Prospectus and (ii) in the first, third and sixth paragraphs and in the second sentence of the eighth paragraph under the heading "Underwriting" in any Preliminary Prospectus and in the Prospectus constitute the only information furnished in writing to the Company by or on behalf of the several Underwriters for inclusion in any Preliminary Prospectus or Prospectus, and you, as Representatives on behalf of the Underwriters, confirm that such statements are correct. This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) Each Underwriter will indemnify and hold harmless the Company, each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, each director of the Company and each officer of the Company who signs the Registration Statement to the same extent as the foregoing indemnity from the Company to each Underwriter, but only insofar as losses, claims, liabilities, expenses or damages arise out of or are based on any untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to any Underwriter furnished in writing to the Company by the Representatives on behalf of such Underwriter expressly for use in the Registration Statement, the Preliminary Prospectus or the Prospectus. The Company acknowledges that the statements set forth (i) in the legend regarding stabilization activities on the inside front cover page of the Prospectus and (ii) in the first, third and sixth paragraphs and in the second sentence of the eighth paragraph under the heading "Underwriting" in any Preliminary Prospectus and in the Prospectus constitute the only information furnished in writing to the Company by or on behalf of the several Underwriters for inclusion in any Preliminary Prospectus or the Prospectus, and you, as the Representatives,

confirm that such statements are correct. This indemnity will be in addition to any liability that each Underwriter might otherwise have.

(c) Any party that proposes to assert the right to be indemnified under this Section 6 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 6, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve it from any liability that it may have to any indemnified party under the foregoing provisions of this Section 6 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel (which shall be selected by PaineWebber Incorporated in the event the indemnified party is an Underwriter, or a director, officer, employee, or agent of an Underwriter, or a person that controls an Underwriter) in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not be liable for any settlement of any action or claim effected without

its written consent (which consent will not be unreasonably withheld). No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 6 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 6 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or the Underwriters, the Company and the Underwriters will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than the Underwriters, such as persons who control the Company within the meaning of the Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and any one or more of the Underwriters may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions which resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Representatives on behalf of the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 6(d) were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense or damage, or action in respect thereof, referred to above in this Section 6(d) shall be deemed

to include, for purposes of this Section 6(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(d), no Underwriter shall be required to contribute any amount in excess of the underwriting discounts received by it and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute as provided in this Section 6(d) are several in proportion to their respective underwriting obligations and not joint. For purposes of this Section 6(d), any person who controls a party to this Agreement within the meaning of the Act will have the same rights to contribution as that party, and each officer and director of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 6(d), will notify any such party or parties from whom contribution may be sought, but the omission so to notify will not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 6(d). No party will be liable for contribution with respect to any action or claim settled without its written consent (which consent will not be unreasonably withheld).

(e) The indemnity and contribution agreements contained in this Section 6 and the representations and warranties of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriters, (ii) acceptance of the Shares and payment therefor or (iii) any termination of this Agreement.

7. Termination. The obligations of the several Underwriters under this Agreement may be terminated at any time on or prior to the Closing Date (or, with respect to the Option Shares, on or prior to the Option Closing Date), by notice to the Company from the Representatives, without liability on the part of any Underwriter to the Company, if, prior to delivery and payment for the Shares (or the Option Shares, as the case may be), in the sole judgment of the Representatives, (i) trading in any of the equity securities of the Company shall have been suspended by the Commission, by an exchange that lists the Shares or by the NASDAQ Stock Market, (ii) trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum or maximum prices shall have been generally established on such exchange, or additional material governmental restrictions, not in force on the date of this Agreement, shall have been imposed upon trading in securities generally by such exchange or by order of the Commission or any court or other governmental authority, (iii) a general banking moratorium shall have been declared by either Federal or New York State authorities or (iv) any material adverse change in the financial or securities markets in the United States or in political, financial or economic conditions in the United States or any outbreak or

material escalation of hostilities or declaration by the United States of a national emergency or war or other calamity or crisis shall have occurred the effect of any of which is such as to make it, in the sole judgment of the Representatives, impracticable or inadvisable to market the Shares on the terms and in the manner contemplated by the Prospectus.

8. Substitution of Underwriters. If any one or more of the Underwriters shall fail or refuse to purchase any of the Firm Shares which it or they have agreed to purchase hereunder, and the aggregate number of Firm Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of Firm Shares, the other Underwriters shall be obligated, severally, to purchase the Firm Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase, in the proportions which the number of Firm Shares which they have respectively agreed to purchase pursuant to Section 1 bears to the aggregate number of Firm Shares which all such non-defaulting Underwriters have so agreed to purchase, or in such other proportions as the Representatives may specify; provided that in no event shall the maximum number of Firm Shares which any Underwriter has become obligated to purchase pursuant to Section 1 be increased pursuant to this Section 8 by more than one-ninth of the number of Firm Shares agreed to be purchased by such Underwriter without the prior written consent of such Underwriter. If any Underwriter or Underwriters shall fail or refuse to purchase any Firm Shares and the aggregate number of Firm Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase exceeds one-tenth of the aggregate number of the Firm Shares and arrangements satisfactory to the Representatives and the Company for the purchase of such Firm Shares are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company for the purchase or sale of any Shares under this Agreement. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken pursuant to this Section 8 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

9. Miscellaneous. Notice given pursuant to any of the provisions of this Agreement shall be in writing and, unless otherwise specified, shall be mailed or delivered (a) if to the Company, at the office of the Company, MIM Corporation, One Blue Hill Plaza, Pearl River, New York 10965, Attention: Chief Executive Officer, or (b) if to the Underwriters, to the Representatives at the offices of PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019, Attention: Corporate Finance Department. Any such notice shall be effective only upon receipt. Any notice under Section 7 or 8 may be made by telex or telephone, but if so made shall be subsequently confirmed in writing.

This Agreement has been and is made solely for the benefit of the several Underwriters and the Company and of the controlling persons, directors and officers referred to in Section 6, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" as used in this Agreement shall not include a purchaser, as such purchaser, of Shares from any of the several Underwriters.

All representations, warranties and agreements of the Company contained herein or in certificates or other instruments delivered pursuant hereto, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any of its controlling persons and shall survive delivery of and payment for the Shares hereunder.

Any action required or permitted to be taken by the Representatives under this Agreement may be taken by them jointly or by PaineWebber Incorporated.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE.

This Agreement may be signed in two or more counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

The Company and the Underwriters each hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby.

This Agreement may not be amended or otherwise modified or any provision hereof waived except by an instrument in writing signed by the Representatives and the Company.

Please confirm that the foregoing correctly sets forth the agreement among the Company and the several Underwriters.

Very truly yours,

MIM CORPORATION

By:

Name:
Title:

Confirmed as of the date first
above mentioned:

PAINEWEBBER INCORPORATED
DILLON, READ & CO., INC.
Acting on behalf of
themselves and as the
Representatives of the
other several Underwriters
named in Schedule I hereof.

PAINEWEBBER INCORPORATED

By:

Name:
Title:

DILLON, READ & CO., INC.

By:

Name:
Title:

SCHEDULE I

UNDERWRITERS

Name of Underwriters	Number of Firm Shares to be Purchased
PaineWebber Incorporated	
Dillon, Read & Co., Inc.	
Total	4,000,000

EXHIBIT A

MIM CORPORATION

_____

PRICE DETERMINATION AGREEMENT

August , 1996

PAINEWEBBER INCORPORATED
DILLON, READ & CO., INC.
As Representatives of the several Underwriters
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Dear Sirs:

Reference is made to the Underwriting Agreement, dated August , 1996 (the "Underwriting Agreement"), among MIM Corporation, a Delaware corporation (the "Company"), and the several Underwriters named in Schedule I thereto or hereto (the "Underwriters"), for whom PaineWebber Incorporated and Dillon, Read & Co., Inc. are acting as representatives (the "Representatives"). The Underwriting Agreement provides for the purchase by the Underwriters from the Company, subject to the terms and conditions set forth therein, of an aggregate of 4,000,000 shares (the "Firm Shares") of the Company's common stock, par value $.0001 per share. This Agreement is the Price Determination Agreement referred to in the Underwriting Agreement.

Pursuant to Section 1 of the Underwriting Agreement, the undersigned agree with the Representatives as follows:

The initial public offering price per share for the Firm Shares shall be $_____.

The purchase price per share for the Firm Shares to be paid by the several Underwriters shall be $_____ representing an amount equal to the initial public offering price set forth above, less $_____ per share.

The Company represents and warrants to each of the Underwriters that the representations and warranties of the Company set forth in Section 3 of the Underwriting Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by the Underwriting Agreement, attached as Schedule I is a completed list of the several Underwriters, which shall be a part of this Agreement and the Underwriting Agreement.

THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE.

If the foregoing is in accordance with your understanding of the agreement among the Underwriters and the Company, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the Underwriting Agreement shall be a binding agreement among the Underwriters and the Company in accordance with its terms and the terms of the Underwriting Agreement.

Very truly yours,

MIM CORPORATION

By:

Name:
Title:

Confirmed as of the date
first above mentioned:

PAINEWEBBER INCORPORATED
DILLON, READ & CO., INC.
Acting on behalf of themselves
and as the Representatives
of the other several Underwriters
named in Schedule I hereof.

By: PAINEWEBBER INCORPORATED

By: _____
Name:
Title:

DILLON, READ & CO., INC.

By: _____
Name:
Title:

EXHIBIT B

FORM OF LOCK-UP AGREEMENT

PAINEWEBBER INCORPORATED
DILLON, READ & CO., INC.
As Representatives of the
several Underwriters
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Dear Sirs:

In consideration of the agreement of the several Underwriters, for which PaineWebber Incorporated and Dillon, Read & Co., Inc. (the "Representatives") intend to act as Representatives, to underwrite a proposed public offering (the "Offering") of up to 4,600,000 shares of Common Stock, par value $.0001 per share (the "Common Stock") of MIM Corporation, a Delaware corporation, as contemplated by a registration statement with respect to such shares filed with the Securities and Exchange Commission on Form S-1 (Registration No. 333-05327), the undersigned hereby agrees that the undersigned will not, for a period of one-year after the commencement of such Offering, without the prior written consent of PaineWebber Incorporated, offer, sell, contract to sell, grant any option to sell, or otherwise dispose of, directly or indirectly, any shares of capital stock of the Company or warrants or other rights to acquire shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for any capital stock of the Company of which the undersigned is now, or may in the future become, the beneficial owner within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), except that the undersigned may dispose of shares of Common Stock (i) as bona fide gifts to donees who agree not to sell or otherwise dispose of such Common Stock during the one-year period following the date of the commencement of the Offering without the prior written consent of PaineWebber Incorporated, (ii) pursuant to the laws of testamentary or intestate descent, (iii) pursuant to a final and nonappealable order of a court or other body of competent jurisdiction, or (iv) in consideration of the exercise of options under stock option plans or to fulfill tax withholding obligations.

Very truly yours,

By: _____

Print Name: _____

EXHIBIT C

FORM OF OPINION OF
COUNSEL TO THE COMPANY

All references in this opinion to the Agreement shall include the Price Determination Agreement.

(a) The Company and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of organization and has full power and authority to conduct all the activities conducted by it, to own or lease all the assets owned or leased by it and to conduct its business as described in the Registration Statement and the Prospectus. Except as described in the Registration Statement and the Prospectus, the Company is the sole record owner and, to our knowledge, the sole beneficial owner of all of the equity interests of each of its Subsidiaries. All of the outstanding shares of Common Stock have been, and the Shares, when paid for by the Underwriters in accordance with the terms of the Agreement, will be, duly authorized, validly issued, fully paid and nonassessable by the Company and will not be subject to any preemptive right under (i) the statutes, judicial and administrative decisions, and the rules and regulations of the governmental agencies of the State of Delaware, (ii) the Company's certificate of incorporation or by-laws or (iii) any instrument, document, contract or other agreement referred to in the Registration Statement or any instrument, document, contract or agreement filed as an exhibit to the Registration Statement. Except as described in the Registration Statement and the Prospectus, to the best of our knowledge, there is no commitment or arrangement to issue, and there are no outstanding options, warrants or other rights calling for the issuance of, any share of capital stock of the Company or any Subsidiary to any person or any security or other instrument that by its terms is convertible into, exercisable for or exchangeable for capital stock of the Company.

(b) No consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body is required in connection with (i) the Formation, (ii) the authorization, issuance, transfer, sale or delivery of the Shares by the Company, (iii) the execution, delivery and performance of the Agreement by the Company or (iv) the taking by the Company of any action contemplated by this Agreement or in connection with the Formation, except such as have been obtained under the Delaware General Corporation Law, under the Act and the Rules and Regulations or otherwise and such as may be required under state securities or "Blue Sky" laws in connection with the Formation and the purchase and distribution by the Underwriters of the Shares to be sold by the Company or by the by-laws and rules of the NASD in connection with the purchase and distribution by the Underwriters of the Shares to be sold by the Company. Notwithstanding anything to the contrary contained in this item (b), no opinion is given as to any consent, approval, authorization or order, or any filing or declaration with, any court or governmental agency or body, required under any Anti-kickback Laws (as defined in the Prospectus), the Federal Robinson-Patman Act, the Federal Food, Drug and Cosmetics Act, Medicaid or Medicare or any similar state health care program,

or any other laws or regulations governing the provision of pharmacy benefits by the Company or the contemplated distribution of drugs as described in the Registration Statement and Prospectus.

(c) The authorized, issued and outstanding capital stock of the Company is as set forth in the Registration Statement and the Prospectus under the caption "Capitalization." The description of the capital stock of the Company contained in the Prospectus is complete and accurate in all material respects. The form of certificate used to evidence the Common Stock is in due and proper form and complies with all applicable statutory requirements.

(d) The Registration Statement and the Prospectus comply in all material respects as to form with the applicable requirements of the Act and the Rules and Regulations (except that we express no opinion as to financial statements, schedules and other financial data contained in the Registration Statement or the Prospectus).

(e) The statements under the headings "Certain Transactions," "Management -- Employment Agreements," and "Management -- Stock Incentive Plans," insofar as such statements purport to summarize certain agreements or documents referred to therein, and the statements under the headings "Description of Capital Stock" and "Shares Eligible for Future Sale," insofar as such statements constitute a summary of the Delaware General Corporation Law and federal law, are accurate and fairly and correctly present the information called for with respect to such agreements, documents or matters.

(f) To the best of our knowledge, any instrument, document, lease, license, contract or other agreement (collectively, "Documents") required to be described or referred to in the Registration Statement or the Prospectus has been properly described or referred to therein and any Document required to be filed as an exhibit to the Registration Statement has been filed as an exhibit thereto; and, to the best of our knowledge, except as described in the Registration Statement and Prospectus no default exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any Document filed or required to be filed as an exhibit to the Registration Statement.

(g) To the best of our knowledge, except as disclosed in the Registration Statement or the Prospectus, no person or entity has the right to require the registration under the Act of shares of Common Stock or other securities of the Company by reason of the filing or effectiveness of the Registration Statement.

(h) To the best of our knowledge, the Company is not in violation of, or in default with respect to, any federal, state or local law, rule, regulation, order, judgment or decree, except as may be described in the Prospectus or such as in the aggregate do not now have and will not in the future have a material adverse effect upon the operations, business or

assets of the Company and the Subsidiaries, taken as a whole, except that no opinion is given as to any violation of, or default under, any Anti-kickback Laws (as defined in the Prospectus), the Federal Robinson-Patman Act, the Federal Food, Drug and Cosmetics Act, Medicaid or Medicare or any similar state health care program, or any other laws or regulations governing the provision of pharmacy benefits by the Company or the contemplated distribution of drugs as described in the Registration Statement and Prospectus.

(i) The Company has full corporate power and authority to enter into the Agreement, and the Agreement has been duly authorized, executed and delivered by the Company.

(j) The Formation and the transactions described in the Prospectus under the heading "Certain Transactions-Formation" have been duly authorized by the Company and the Formation was completed prior to the Closing Date.

(k) The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Agreement do not and will not, and the Formation did not, (i) violate the certificate of incorporation or by-laws of the Company, (ii) breach or result in a default under, cause the time for performance of any obligation to be accelerated under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company or any of its Subsidiaries pursuant to the terms of, (x) any indenture, mortgage, deed of trust, loan agreement, bond, debenture, note agreement, capital lease or other evidence of indebtedness of which we have knowledge, (y) any voting trust arrangement or any contract or other agreement to which the Company is a party that restricts the ability of the Company to issue securities and of which we have knowledge or (z) any Document filed as an exhibit to the Registration Statement, (iii) breach or otherwise violate any existing obligation of the Company under any court or administrative order, judgment or decree of which we have knowledge or (iv) violate applicable provisions of the Delaware General Corporation Law or any statute or regulation of the United States, except that, with respect to the foregoing clauses (iii) and (iv), no opinion is given as to any breach or violation with respect to any obligation under, or provision of, any Anti-kickback Laws (as defined in the Prospectus), the Federal Robinson-Patman Act, the Federal Food, Drug and Cosmetics Act, Medicaid or Medicare or any similar state health care program, or any other laws or regulations governing the provision of pharmacy benefits by the Company or the contemplated distribution of drugs as described in the Registration Statement and Prospectus.

(l) Delivery of certificates for the Shares will, against payment therefor as provided in the Agreement, transfer valid and marketable title thereto to each Underwriter that has purchased such Shares in good faith and without notice of any adverse claim with respect thereto.

(m) The Company is not an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

(n) The Shares have been duly authorized for listing by the Nasdaq National Market upon official notice of issuance.

We hereby confirm to you that based solely upon a telephone conversation with the Commission, the Registration Statement has become effective under the Act and that no order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or is pending, or, to the best of our knowledge, is threatened or contemplated.

We hereby further confirm to you that, to the best of our knowledge, there are no actions, suits, proceedings or investigations pending or overtly threatened in writing against the Company or any of its Subsidiaries, or any of their respective officers or directors in their capacities as such, before or by any court, governmental agency or arbitrator which (i) seek to challenge the legality or enforceability of the Agreement, (ii) seek to challenge the legality of the Formation or the legality or enforceability of any of the Documents filed, or required to be filed, as exhibits to the Registration Statement, (iii) seek damages or other remedies with respect to any of the Documents filed, or required to be filed, as exhibits to the Registration Statement, (iv) except as set forth in or contemplated by the Registration Statement and the Prospectus, seek money damages or seek to impose criminal penalties upon the Company, any of its Subsidiaries or any of their respective officers or directors in their capacities as such or (v) except as set forth in or contemplated by the Registration Statement and the Prospectus, seek to enjoin any of the business activities of the Company or any of its Subsidiaries or any of their respective officers or directors in their capacities as such or the transactions described in the Prospectus.

We also advise you that we take no responsibility for the accuracy and the completeness of the statements made or included in the Registration Statement and the Prospectus by the Company. However, in the course of the preparation of the Registration Statement and the Prospectus by the Company, we have conferred with representatives of the Company, with its auditors and with the Underwriters and their counsel. Although we have not undertaken to determine independently and cannot assure the Underwriters as to the accuracy or completeness of the statements contained in the Registration Statement or the Prospectus, nothing has come to our attention which leads us to believe that the Registration Statement at the time it became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus as of the effective date and as of the date hereof or any amendment or supplement thereto contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances

under which they were made, not misleading (except that we express no view as to the financial statements, notes to financial statements, related schedules or other financial information which are contained therein).

This letter is furnished by us solely for your benefit in connection with the transactions referred to in the Agreement and may not be circulated to, or relied upon by, any other person.

In rendering the foregoing opinion, counsel may rely, to the extent they deem such reliance proper, on the opinions (in form and substance reasonably satisfactory to Underwriters' counsel) of other counsel reasonably acceptable to Underwriters' counsel as to matters governed by the laws of jurisdictions other than the United States and the State of Delaware, and as to matters of fact, upon certificates of officers of the Company and of government officials; provided such counsel shall state that the opinion of any other counsel is in form satisfactory to such counsel. Copies of all such opinions and certificates shall be furnished to counsel to the Underwriters on the Closing Date.

EXHIBIT D

FORM OF OPINION OF
SPECIAL REGULATORY COUNSEL

We have made such investigations of the Company's business as we have deemed necessary or appropriate to render the following opinion, including the review of the Registration Statement and the Prospectus, particularly the sections of the Registration Statement and the Prospectus relating to the healthcare industry and the regulation thereof and other regulatory matters, and, based upon the foregoing, we are of the opinion that:

1. the statements in the Prospectus set forth (i) under the subcaptions "--Government Regulation," "--FTC Consent Decree with RxCare" and the second paragraph of "--Effects of Certain Legal Proceedings" under the caption "Risk Factors," (ii) under the subcaptions "--Anti-Kickback Laws," "--Antitrust Laws," "--Drug Distribution Laws," "--State Regulation" and "--ERISA" under the caption "Business--Government Regulation" and (iii) in the sixth paragraph under the caption "Relationship with RxCare and TennCare," insofar as such statements constitute a summary of statutes, regulations, legal or governmental proceedings or documents (collectively, the "Regulatory Statements"), fairly present the information called for with respect to such statutes, regulations, legal or governmental proceedings or documents;

2. no consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body is required in connection with the Formation and the execution, delivery and performance of the Agreement by the Company;

3. the Company is not in violation of, or in default with respect to, any federal, state or local law, rule, regulation, order, judgment, or decree, except as may be described in the Prospectus or such as in the aggregate do not now have and will not in the future have a material adverse effect upon the operations, business or assets of the Company and the Subsidiaries, taken as a whole; and

4. the execution and delivery by the Company of, and the performance by the Company of its obligations under, the Agreement do not and will not, and the Formation did not, (i) breach or otherwise violate any existing obligation of the Company under any court or administrative order, judgment or decree of which we have knowledge or (ii) violate any applicable provisions of any statute or regulations in the States of Rhode Island and Massachusetts.

The opinions set forth in items (2), (3) and (4) above are limited to Federal Anti-Kickback Laws (as defined in the Prospectus), anti-kickback laws of the States of Rhode Island and Massachusetts, the Federal Robinson-Patman Act, the Federal Food, Drug and Cosmetics Act, Medicaid or Medicare or any similar state healthcare program in the States of Rhode Island

and Massachusetts and any other laws or regulations of the States of Rhode Island and Massachusetts governing the provision of pharmacy benefits by the Company or the contemplated distribution of drugs as described in the Registration Statement and Prospectus.

We have participated in the preparation of the text included under the captions "Business--Government Regulation," "Risk Factors--Government Regulations," "Risk Factors--FTC Consent Decree with RxCare," the second paragraph under "Risk Factors--Effects of Certain Legal Proceedings" and the sixth paragraph under "Relationship with RxCare and TennCare" (together, the "Pertinent Sections") in the Registration Statement and Prospectus and met with representatives of the Company, counsel to the Company, the Underwriters and counsel to the Underwriters and have conducted such other inquiries as described above. In the course of the foregoing and without assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus (except as expressly set forth above), nothing has come to our attention which leads us to believe that the text contained in the Pertinent Sections of the Registration Statement as of the Effective Date, and the Pertinent Sections of the Prospectus at the Closing Date and at the Option Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading. We express no opinion as to financial statements, schedules or other financial data contained in the Registration Statement or the Prospectus.

EXHIBIT E

FORM OF OPINION OF
TENNESSEE COUNSEL

We have made such investigations of the Company's business as we have deemed necessary or appropriate to render the following opinion, including the review of the Registration Statement and the Prospectus, particularly the sections of the Registration Statement and the Prospectus relating to the healthcare industry and the regulation thereof and other regulatory matters, and, based upon the foregoing, we are of the opinion that:

1. The Company is in good standing and is qualified to do business in the State of Tennessee.

2. No consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body in the State of Tennessee is required in connection with the Formation and the execution, delivery and performance of the Agreement by the Company.

3. The Company is not in violation of, or in default with respect to, any state or local law, rule, regulation, order, judgment, or decree, except as may be described in the Prospectus or such as in the aggregate do not now have and will not in the future have a material adverse effect upon the operations, business or assets of the Company and the Subsidiaries, taken as a whole.

4. The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Agreement do not and will not, and the Formation did not, (i) breach or otherwise violate any existing obligation of the Company under any court or administrative order, judgment or decree of which we have knowledge or (ii) violate any applicable provisions of any statute or regulations in the State of Tennessee.

5. The statements contained in the Registration Statement and Prospectus that refer to Tennessee statutes or regulations relating to the Company's business accurately summarize such statutes and regulations and fairly present the information called for with respect to such statutes and regulations.

6. Nothing has come to our attention that leads us to conclude that the Company is not in compliance with those Tennessee statutes and regulations affecting the conduct of its business in Tennessee or that the Registration Statement, as of its effective date, and the Prospectus as of the Closing Date and the Option Closing Date, solely as they relate to Tennessee law, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

EXHIBIT 10.23(a)

AMENDMENT NO. 1
TO
STOCK OPTION AGREEMENT-II

THIS AMENDMENT is made on July 29, 1996 between E. David Corvese ("Corvese") and John H. Klein ("Optionee").

Background

1. Pursuant to a Stock Option Agreement-II dated as of May 30, 1996 (the "Option Agreement"), Corvese granted to Optionee the right and option (the "Option") to purchase 1,860,000 of his shares of common stock, par value $.0001 per share, of MIM Corporation (the "Option Shares").

2. Corvese and Optionee wish to amend the Option Agreement to change the purchase price of the Option Shares.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Section 2 of the Option Agreement is amended and restated in its entirety to read as follows:

> "2. Purchase Price. The purchase price per share (the "Option Price") of the Option Shares shall be $7.50.

2. Upon exercise of the Option, Corvese shall have the right to cause MIM Holdings, LLC ("Holdings") to sell and transfer to Optionee an appropriate number of Holdings' shares of common stock of MIM Corporation in lieu of Corvese's Option Shares in satisfaction of Corvese's obligations under the Option Agreement.

3. This Agreement shall bind and inure to the benefit of the parties hereto and the successors and assigns of Corvese and the executors, administrators, legatees, heirs and legal representatives of Optionee.

4. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without regard to principles of conflict of laws thereof.

5. Except as provided in this Amendment, all of the terms and provisions of the Option Agreement shall remain in full force and effect.

6. The foregoing amendment is effective as of May 30, 1996.

IN WITNESS WHEREOF, Corvese and Optionee hereby execute this Amendment as of the day and year first above written.

/s/ E. David Corvese
_____
E. David Corvese

/s/ John H. Klein
_____
John H. Klein

EXHIBIT 10.24(a)

AMENDMENT NO. 1
TO
REPURCHASE AGREEMENT

THIS AMENDMENT is made on July 29, 1996 between E. David Corvese ("Corvese") and John H. Klein ("Klein").

Background

1. Pursuant to a Repurchase Agreement dated as of May 30, 1996 (the "Repurchase Agreement"), Klein granted to Corvese the right and option (the "Option") to repurchase shares of common stock, par value $.0001 per share, of MIM Corporation (the "Option Shares") purchased by Klein under a Stock Option Agreement-II between Corvese and Klein dated as of May 30, 1996, as amended on the date hereof.

2. Corvese and Klein wish to amend the Repurchase Agreement to change the purchase price of the Option Shares.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Section 1 of the Option Agreement is amended by replacing the phrase "purchase price of $.10 per share," with "purchase price of $7.50 per share,".

2. This Agreement shall bind and inure to the benefit of the parties hereto and the successors and assigns of Corvese and the executors, administrators, legatees, heirs and legal representatives of Klein.

3. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without regard to principles of conflict of laws thereof.

4. Except as provided in this Amendment, all of the terms and provisions of the Repurchase Agreement shall remain in full force and effect.

5. The foregoing amendment is effective as of May 30, 1996.

IN WITNESS WHEREOF, Corvese and Klein hereby execute this Amendment as of the day and year first above written.

/s/ E. David Corvese
_____
E. David Corvese

/s/ John H. Klein
_____
John H. Klein

EXHIBIT 10.30

REGISTRATION RIGHTS AGREEMENT - I

THIS REGISTRATION RIGHTS AGREEMENT - I (the "Agreement") is made and entered into on July 29, 1996 by and among MIM Corporation, a Delaware corporation (the "Company"), E. David Corvese ("Corvese"), John H. Klein ("Klein"), Richard H. Friedman ("Friedman"), Leslie B. Daniels ("Daniels") and MIM Holdings, LLC, a Rhode Island limited liability company ("Holdings").

RECITALS

1. In order to induce Klein, Friedman and Daniels to combine their experience, know-how, extensive relationships within the generic drug industry, and strategic plans relating to the generic drug industry, as well as contracts under negotiation relating to the drug distribution business, with that of the Company, Corvese has, pursuant to Stock Option Agreements dated as of May 30, 1996, as amended on the date hereof, granted to Klein, Friedman and Daniels options to purchase up to an aggregate of 5,460,000 of his shares of common stock, par value $.0001 per share, of the Company ("Common Stock").

2. In order to induce Corvese to enter into such Stock Option Agreements and in order to further induce Klein, Friedman and Daniels to so combine their knowledge and above-mentioned assets relating to the generic drug industry with that of the Company, the Company has agreed to provide registration rights with respect to its Common Stock.

The parties hereby agree as follows:

1. Definitions.

(a) The term "Holders" means, collectively, any and all persons who hold or have the right to acquire Registrable Securities.

(b) The term "Corvese Option Shares" means the shares of Common Stock issuable by the Company pursuant to the Corvese Options.

(c) The term "Corvese Options" means the options to purchase up to an aggregate of 1,336,950 shares of Common Stock granted by the Company to Corvese pursuant to the Company's stock option plan.

(d) The term "Corvese Shares" means the 3,600,000 shares of Common Stock currently held by Corvese, except that such term shall not include any shares while and to the extent they remain subject to the terms of the Daniels Option Agreement, the Klein Option Agreement or the Friedman Option Agreement.

(e) The term "Daniels Option Shares" means the shares of Common Stock that Daniels has the option to purchase pursuant to the Daniels Option Agreement.

(f) The term "Daniels Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Daniels and Corvese, whereby Daniels has the option to purchase from Corvese up to 300,000 shares of Common Stock.

(g) The term "Holdings Shares" means the 2,323,053 shares of Common Stock currently held by Holdings.

(h) The term "Klein Option Shares" means the shares of Common Stock that Klein has the option to purchase pursuant to the Klein Option Agreement.

(i) The term "Klein Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Klein and Corvese, whereby Klein has the option to purchase from Corvese up to 1,800,000 shares of Common Stock.

(j) The term "Friedman Option Shares" means the shares of Common Stock that Friedman has the option to purchase pursuant to the Friedman Option Agreement.

(k) The term "Friedman Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Friedman and Corvese, whereby Friedman has the option to purchase from Corvese up to 1,500,000 shares of Common Stock.

(l) The term "Registrable Securities" means any and all of the following: (1) the Corvese Shares, (2) the Corvese Option Shares, (3) the Daniels Option Shares, (4) the Holdings Shares, (5) the Klein Option Shares, (6) the Friedman Option Shares, and (7) any other securities issued in exchange for or as dividends or other distributions on, or by way of a split of, any of the foregoing Shares; provided, however, that Registerable Securities will cease to
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be Registrable Securities when (i) a registration statement filed pursuant to the Securities Act of 1933, as amended (the "Act"), covering such Registrable Securities has been declared effective and they have been disposed of pursuant to such effective registration statement, (ii) they are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Act, (iii) they are eligible to be sold pursuant to Rule 144(k) under the Act without limitation as to the amount of securities to be sold or as to the manner of sale, or (iv) they have been otherwise transferred and the Company has delivered new certificates or other evidences of ownership for them not subject to any legal or other restriction on transfer.

2. Demand Registration.

(a) Request for Registration. Subject to the terms of this Section 2, at any time after the first anniversary of the closing of the Company's initial public offering of equity securities under the Act ("IPO") and ending on the tenth anniversary of the closing of the Company's IPO, the Holders holding in the aggregate at least 2,250,000 shares of the then outstanding Registrable Securities (the "Demand Holders") may make a written request for registration under the Act of all or part of their Registrable Securities, which request shall state that the demand registration is pursuant to this Agreement (i.e. Registration Rights Agreement - I) and shall specify the number of shares of Registrable Securities to be included in the registration (a "Demand Registration"); provided, however, that the Company shall not be required to effect more than one (1) Demand Registration under this Agreement. Within five (5) business days after receipt of such request from the Demand Holders for the Demand Registration, the Company shall give written notice (the "Demand Registration Notice") of such request to all Holders, and thereupon the Company shall include in such Demand Registration all Registrable Securities with respect to which the Company receives written requests for inclusion therein within fifteen (15) business days after the date of the Demand Registration Notice. The number of shares of Registrable Securities set forth in this Section 2(a) that is required to make a Demand Registration shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of the Company occurring subsequent to the date hereof.

(b) Limitations on Demand. Notwithstanding the foregoing, (1) the Company shall not be obligated to file a registration statement relating to the Demand Registration under Section 2(a) hereof (i) if counsel to the Company renders an opinion to the Company to the effect that registration is not required for the proposed transfer of Registrable Securities or (ii) at any time during the six month period immediately following the effective date of another registration statement (other than a registration statement relating to shares of Common Stock issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan of the Company or in connection with an acquisition by the Company of another person); and

(2) with respect to any registration statement filed or to be filed pursuant to Section 2(a), if the Company's Board of Directors shall determine, in its good faith judgment, that to maintain the effectiveness of such registration statement or to permit such registration statement to become effective (or, if no registration statement has yet been filed, to file such a registration statement) would be significantly disadvantageous (a "Disadvantageous Condition") to the Company or its stockholders in light of the existence, or in anticipation, of any acquisition or financing activity involving the Company or the unavailability for reasons beyond the Company's reasonable control of any required financial statements, or any other event or condition of similar significance to the Company, the Company may, until such Disadvantageous Condition no longer exists, cause such registration statement to be withdrawn and the effectiveness of such registration statement to

be terminated or, if no registration statement has yet been filed, elect not to file such registration statement.

If the Company determines to take any action pursuant to clause 2(b)(2) above, the Company shall deliver a notice to the Demand Holders and to any other Holders selling Registrable Securities pursuant to an effective registration statement to such effect, and furnish to such persons a certified copy of the resolution of the Board of Directors authorizing such action, together with a general description of the applicable Disadvantageous Condition. Upon the receipt of any such notice, such persons shall forthwith discontinue use of the prospectus contained in such registration statement and, if so directed by the Company, shall deliver to the Company all copies of the prospectus then covering such Registrable Securities current at the time of receipt of such notice (or, if no registration statement has yet been filed, all drafts of the prospectus covering such Registrable Securities). If any Disadvantageous Condition shall cease to exist, the Company shall promptly notify the Demand Holders (and any other Holders who shall have ceased selling securities pursuant to an effective registration statement as a result of such Disadvantageous Condition) to such effect. The Company shall, if any registration statement shall have been withdrawn, file, at such time as it in good faith deems appropriate, a new registration statement covering the Registrable Securities that were covered by such withdrawn registration statement, and the effectiveness of such registration statement shall be maintained for such time as may be necessary so that the period of effectiveness of such new registration statement, when aggregated with the period during which such withdrawn registration statement was effective, shall be such time as may be otherwise required by this Agreement.

(c) Effective Registration; Expenses. A registration will not count as the
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Demand Registration under Section 2(a) hereof until it has become effective; provided, however, that except to the extent otherwise provided below in this
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Section 2(c), if the Demand Holders shall cause or request the Company to withdraw any registration statement filed in connection with the Demand Registration, such Holders shall nevertheless be deemed to have used their Demand Registration under this Agreement. Notwithstanding the foregoing and anything in Subsection 2(a) to the contrary, at any time after the withdrawal by the Company of any such registration statement at the request of the Demand Holders, such Holders may request the Company to reinstate such withdrawn registration statement, if permitted under the Act, or to file another registration statement, in accordance with the procedures set forth in this Section 2, whereupon the Company shall so reinstate such withdrawn registration statement or file such other registration statement, as the case may be, provided that such Holders agree in writing to reimburse the Company for all Registration Expenses (as defined in Section 6 hereof) over and above those Registration Expenses which the Company would have incurred had such Demand Registration not been withdrawn. The Company shall use its best efforts to cause the registration statement relating to the Demand Registration to remain effective for the lesser of 90 days or the time until all Registrable Securities involved therein have been sold (the "Effective Period"). Except as provided above, the Company will pay all Registration Expenses in connection therewith, whether or not the Registration Statement becomes effective.

(d) Underwritten Offering; Priority on Demand Registrations. The Company shall have the right to require in good faith that the offering of Registrable Securities pursuant to the Demand Registration be in the form of an underwritten offering. In such event, if the managing underwriter or underwriters of such offering in good faith advise the Company in writing that in its or their opinion the aggregate amount of Common Stock requested to be included in such offering would materially and adversely affect the success of such offering or the price of the Common Stock to be offered, then the Company shall reduce the number of shares of Common Stock to be included in such Demand Registration to the amount of Common Stock which the Company is advised can be sold in such offering, in the manner set forth in the next sentence. For purposes of this Section 2(d), the amount of Common Stock to be included in the offering shall be determined in the following order of priority: (x) first, Registrable Securities requested to be included in such Demand Registration, pro rata among the Holders in proportion to the number of Registrable Securities sought to be registered by each of the Holders, (y) second, Common Stock to be sold by the Company in such Demand Registration, and (z) third, Common Stock requested to be included in such Demand Registration by other stockholders of the Company exercising "piggyback" registration rights, pro rata among such other stockholders in proportion to the number of shares of Common Stock sought to be registered by such other stockholders, to the extent necessary to reduce the total amount of Common Stock to be included in such Demand Registration to the amount recommended by such managing underwriter or underwriters.

(e) Selection of Underwriters. If the Demand Registration is in the form of an underwritten offering, the Company shall first offer to PaineWebber Incorporated ("PaineWebber") and/or Dillon, Read & Co. Inc. ("Dillon"), the position of manager or managers with respect to the offering, provided that PaineWebber and/or Dillon shall perform such services as underwriter at their or its then customary market rates for similar underwriting services. If within seven days neither PaineWebber nor Dillon agree to act as manager or managers of the offering, the Company may select any other manager or managers to administer the offering, which manager or managers must be reasonably acceptable to the Demand Holders.

(f) Termination of Rights. Notwithstanding anything to the contrary contained herein, in the event of the merger or consolidation of the Company with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of the Company on a consolidated basis to, an "Unrelated Third-Party" (i.e. a party who is not an affiliate, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, of the Company), all rights to demand or participate in a registration of Registrable Securities under this Agreement shall terminate at the effective time of such merger, consolidation or sale.

3. Piggyback Registration.

Subject to the terms of this Section 3, if the Company proposes to file a registration statement under the Act with respect to an offering of its Common Stock, whether for its own account or for the account of any other security holder or both (other than a registration statement (i) on Form S-4 or S-8 (or any form substituting therefor), (ii) filed in connection with an exchange offer or an offering of securities solely to the Company's existing stockholders or employees, or (iii) relating to a Demand Registration under Section 2(a) hereof), during the period commencing on the closing of the Company's IPO and ending on the third anniversary of the closing of the Company's IPO, the Company shall in each case give written notice of such proposed filing to each Holder at least twenty (20) days before the anticipated filing date, and such notice shall offer each Holder the opportunity to register such number of Registrable Securities as it may request in writing within ten (10) days after the date of such notice. The Company shall use its reasonable best efforts to cause the Registrable Securities as to which registration shall have been so requested by a Holder to be included among the securities to be covered by the registration statement proposed to be filed by the Company. In the event that any registration pursuant to this Section 3 shall be, in whole or in part, an underwritten public offering, the Company shall use its reasonable best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit such Holders to include such securities in such offering on the same terms and conditions as any similar securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering deliver a written opinion to the Company to the effect that the total amount of securities which the Holders, the Company and any other persons or entities intend to include in such offering would materially and adversely affect the success of such offering, then the Company shall reduce the number of shares of Common Stock to be included in such offering to the amount of Common Stock which the Company is so advised can be sold in such offering, in the manner set forth in the next sentence. For purposes of this Section 3, the amount of Common Stock to be included in the offering shall be determined in the following order of priority: (a) first, Common Stock to be sold by the Company pursuant to such offering and (b) second, Common Stock requested to be included in such registration, pro rata among the stockholders of the Company (who have rights to include shares of Common Stock in such registration) in proportion to the number of shares of Common Stock sought to be registered by such stockholders, to the extent necessary to reduce the total amount of Common Stock to be included in such offering to the amount recommended by such managing underwriter or underwriters.

4. Holdback Agreements.

(a) Restriction on Public Sale by Holder of Registrable Securities.

To the extent not inconsistent with applicable law, each Holder agrees not to effect any public sale or distribution of the issue being registered or a similar security of the Company, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the Act, during the 14 days prior to, and during the 90-day

period beginning on, the effective date of any registration statement referred to in Section 2 or Section 3 hereof (except as part of the registration).

(b) Restrictions on Public Sale by the Company and Others. The Company agrees not to effect, on its own behalf or for the benefit of any other security holder, any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities (other than any such sale or distribution of such securities in connection with (i) an exchange offer or an offering of securities solely to the Company's existing stockholders or employees or (ii) any merger or consolidation by the Company or any subsidiary thereof or the acquisition by the Company or a subsidiary thereof of the capital stock or substantially all of the assets of any other person), during the 14 days prior to the effective date of the registration statement referred to in Section 2 or Section 3 hereof and during the Effective Period.

5. Registration Procedures.

(a) Whenever a Holder (each a "Selling Holder") has requested that any Registrable Securities be registered pursuant to Section 2 or 3 hereof, the Company will use its reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as reasonably practicable, and in connection with any such request, the Company will as expeditiously as possible:

(i) prepare and file with the Securities and Exchange Commission (the "Commission") a registration statement with respect to such securities, including all financial statements required by the Commission to be filed therewith, and use its reasonable best efforts to cause such registration statement to become and remain effective for the Effective Period;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the Effective Period and comply with the provisions of the Act with respect to the disposition of all Registrable Securities covered by such registration statement;

(iii) furnish to each Selling Holder, prior to filing a registration statement, copies of such registration statement as proposed to be filed, and thereafter such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as each Selling Holder may reasonably request in order to facilitate the disposition of such Registrable Securities owned by each Selling Holder;

(iv) use its best efforts to register or qualify such Registrable Securities under the state securities or blue sky laws of such jurisdictions as the managing underwriter or underwriters shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable each Selling Holder to consummate the disposition in such jurisdictions of such Registrable Securities owned by each Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (iv), (B) subject itself to taxation in any such jurisdiction, or (C) consent to general service of process in any such jurisdiction;

(v) use its reasonable best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable each Selling Holder to consummate the disposition of such Registrable Securities;

(vi) notify each Selling Holder at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and the company will prepare a supplement or amendment to such prospectus as soon as reasonably practicable thereafter so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) enter into and perform customary agreements (including, without limitation, an underwriting agreement containing customary representations, underwriters compensation and indemnity and other customary terms and conditions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(viii) make available for inspection by each Selling Holder, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by a Selling Holder or any such underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties and other pertinent information of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all pertinent information reasonably requested by any such Inspector in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (A) the disclosure of such Records is necessary to avoid or correct a

misstatement or omission in the registration statement, (B) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (C) the information in such Records has been made generally available to the public. The seller of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(ix) in the event such sale is pursuant to an underwritten offering, use its reasonable best efforts to obtain a "cold comfort" letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the managing underwriter reasonably requests;

(x) use its reasonable best efforts to obtain an opinion or opinions from counsel for the Company in customary form addressed to the managing underwriter or underwriters, if any;

(xi) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to the security holders, as soon as reasonably practicable, an earnings statement covering a period of twelve months, beginning within three months after the end of the fiscal quarter in which the registration statement becomes effective, which earnings statement shall satisfy the provisions of Section 11(a) of the Act; and

(xii) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange, if any, on which similar securities issues by the Company are then listed, provided that the applicable listing requirements are satisfied.

(b) The Company may require each Selling Holder to furnish to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request.

(c) Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(a)(vi) hereof, it will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until its receipt of the copies of the supplemented or amended prospectus contemplated by Section 5(a)(vi) hereof, and, if so directed by the Company, each Selling Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the Company shall use its reasonable best efforts to extend the period during which such registration

statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and excluding the date of the giving of such notice pursuant to Section 5(a)(vi) hereof to and including the date when such Selling Holder shall have received the copies of the supplemented or amended prospectus contemplated by Section 5(a)(vi) hereof.

6. Registration Expenses.

Except as set forth in Section 2(c) hereof, all expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange on which such securities are required to be listed, and fees and disbursement of counsel for the Company and its independent certified public accountants (including "cold comfort" letters required by or incident to such performance), securities acts liability insurance (if the Company elects to obtain such insurance), the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other persons retained by the Company (all such expenses being herein called "Registration Expenses"), but excluding any underwriting discounts or commissions attributable to the sale of Registrable Securities, will be borne by the Company; provided, however, that in connection with the registration or qualification of the Registrable Securities under state securities laws, nothing herein shall be deemed to require the Company to make any payments to third parties in order to obtain "lock-up," escrow or other extraordinary agreements. Each Selling Holder shall pay the fees and expenses of its own counsel, underwriting discounts and commissions attributable to the sale of the Registrable Securities, and its other expenses.

7. Indemnification; Contribution.

(a) Indemnification by the Company. The Company shall agree to indemnify, to the full extent permitted by law, each Holder, its officers, directors and agents and each person who controls such Holder (within the meaning of the Act), and any investment adviser thereof or agent therefor, against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) caused by any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, except insofar as the same are caused by or contained in any information with respect to such Holder furnished in writing to the Company by such Holder for use therein or caused by such

Holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same. If requested by the underwriters of the Registrable Securities, the Company will also indemnify such underwriters, their officers and directors and each person who controls such underwriters (within the meaning of the Act) to the same extent as provided above with respect to the indemnification of the Holders.

(b) Indemnification by the Selling Holders. In connection with any registration statement in which a Selling Holder is participating, the Selling Holder will furnish to the Company in writing such information and affidavits with respect to such Holder as the Company reasonably requests for use in connection with any such registration statement or prospectus and shall indemnify, to the full extent permitted by law, the Company, its directors and officers and each person who controls the Company (within the meaning of the Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) resulting from any untrue or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto, or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is caused by or contained in any information or affidavit with respect to such Holder or the shares or its investment therein furnished in writing by such Holder, or caused by such Holder's failure to deliver a copy of the prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party after the receipt by such person of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such person may claim indemnification or contribution pursuant to this Agreement and, unless in the reasonable judgment of such indemnified party a conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to such indemnified party. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim, unless in the reasonable judgment of counsel for such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels. The indemnifying party will not be subject to any liability for any settlement made without its consent.

(d) Contribution. If the indemnification provided for in this Section 7 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 7(c) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph.

If indemnification is available under this Section 7, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 7(a) and (b) hereof without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 7(d).

8. Participation in Underwritten Registrations.

A Selling Holder may not participate in any registration hereunder unless such Holder (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements, and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. Miscellaneous.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of the Company and Holders holding in the aggregate at least 66% of the outstanding Registrable Securities.

(b) Notices. Any notice or other communications required or permitted hereunder shall be validly given, made or served, when delivered personally or by telecopier (except for legal process), or upon receipt by the party entitled to receive the notice when sent by registered or certified mail, postage prepaid, or by a recognized overnight delivery service, addressed as follows or to such other address or addresses or telecopier number as may hereafter be furnished to the Company in writing by notice similarly given by one party to the other parties hereto:

To the Company:	MIM Corporation One Blue Hill Plaza Pearl River, New York 10965 Telecopier No.: (914) 735-3599 Attn: Chief Financial Officer and Secretary
To E. David Corvese or MIM Holdings, LLC:	c/o MIM Corporation 25 North Road Peace Dale, Rhode Island 02883 Telecopier No.: (401) 783-3520
To John H. Klein or Richard H. Friedman:	c/o MIM Corporation One Blue Hill Plaza Pearl River, New York 10965 Telecopier No.: (914) 735-3599
To Leslie B. Daniels:	c/o CAI Advisors & Co. 767 Fifth Avenue New York, New York 10153 Telecopier No.: (212) 319-0232

Notice given by telecopier shall be deemed delivered on the day the sender receives telecopier confirmation that such notice was received at the telecopier number of the addressee. Notice given by mail as set out above shall be deemed received three days after the date the same is postmarked, except that such notice given by a recognized overnight delivery service as set forth above shall be deemed received on the business day following the date the same is sent.

(c) Successors and Assigns. This Agreement, and all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto, shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto (including, without limitation, transferees of any Restricted Securities) whether so expressed or not; provided, however, that registration rights conferred herein on the Holders shall only inure to the benefit of a transferee of a Holder's Restricted Securities if (i) the transfer is made pursuant to the laws of testamentary or intestate descent, (ii) the transfer is

made as a bona fide gift or (iii) with respect to a transferee of Holdings, the transfer is made pursuant to a distribution to the members of Holdings, provided, that in each of the foregoing cases, as a condition to such transfer, such transferee shall deliver to the Company a written instrument by which it agrees to be bound by the obligations imposed upon the Holders under this Agreement. Except as otherwise provided above, this Agreement shall not be assignable by a Holder, by operation of law or otherwise, without the prior written consent of the Company.

(d) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(e) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the Holders shall be enforceable to the fullest extent permitted by law.

(f) Entire Agreement. The rights granted to each of the Holders hereunder are in addition to the rights a Holder may have pursuant to a Registration Rights Agreement dated the date hereof among the Company, Klein, Friedman and Daniels, and a Registration Rights Agreement dated the date hereof among the Company, Corvese and Klein. With respect to the Company and each Holder individually, this Agreement, together with the other Registration Rights Agreements referred to above, is intended by such parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of such parties in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed wholly therein without regard to principles of conflict of laws.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

MIM Corporation

By: /s/ Richard H. Friedman

/s/ E. David Corvese

E. David Corvese

/s/ John H. Klein

John H. Klein

/s/ Richard H. Friedman

Richard H. Friedman

/s/ Leslie B. Daniels

Leslie B. Daniels

MIM Holdings, LLC

By: /s/ E. David Corvese

EXHIBIT 10.31

REGISTRATION RIGHTS AGREEMENT - II

THIS REGISTRATION RIGHTS AGREEMENT - II (the "Agreement") is made and entered into on July 29, 1996 by and among MIM Corporation, a Delaware corporation (the "Company"), John H. Klein ("Klein"), Richard H. Friedman ("Friedman") and Leslie B. Daniels ("Daniels").

RECITALS

1. In order to induce Klein, Friedman and Daniels to combine their experience, know-how, extensive relationships within the generic drug industry, and strategic plans relating to the generic drug industry, as well as contracts under negotiation relating to the drug distribution business, with that of the Company, E. David Corvese ("Corvese") has, pursuant to Stock Option Agreements dated as of May 30, 1996, as amended on the date hereof, granted to Klein, Friedman and Daniels options to purchase up to an aggregate of 5,460,000 of his shares of common stock, par value $.0001 per share, of the Company ("Common Stock").

2. In order to induce Corvese to enter into such Stock Option Agreements and in order to further induce Klein, Friedman and Daniels to so combine their knowledge and above-mentioned assets relating to the generic drug industry with that of the Company, the Company has agreed to provide registration rights with respect to its Common Stock.

The parties hereby agree as follows:

1. Definitions.

(a) The term "Holders" means, collectively, any and all persons who hold or have the right to acquire Registrable Securities.

(b) The term "Daniels Option Shares" means the shares of Common Stock that Daniels has the option to purchase pursuant to the Daniels Option Agreement.

(c) The term "Daniels Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Daniels and Corvese, whereby Daniels has the option to purchase from Corvese up to 300,000 shares of Common Stock.

(d) The term "Klein Option Shares" means the shares of Common Stock that Klein has the option to purchase pursuant to the Klein Option Agreement.

(e) The term "Klein Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Klein and Corvese, whereby Klein has the option to purchase from Corvese up to 1,800,000 shares of Common Stock.

(f) The term "Friedman Option Shares" means the shares of Common Stock that Friedman has the option to purchase pursuant to the Friedman Option Agreement.

(g) The term "Friedman Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Friedman and Corvese, whereby Friedman has the option to purchase from Corvese up to 1,500,000 shares of Common Stock.

(h) The term "Registrable Securities" means any and all of the following: (1) the Daniels Option Shares, (2) the Klein Option Shares, (3) the Friedman Option Shares, and (4) any other securities issued in exchange for or as dividends or other distributions on, or by way of a split of, any of the foregoing Shares; provided, however, that Registrable Securities will cease to
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be Registrable Securities when (i) a registration statement filed pursuant to the Securities Act of 1933, as amended (the "Act"), covering such Registrable Securities has been declared effective and they have been disposed of pursuant to such effective registration statement, (ii) they are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Act, (iii) they are eligible to be sold pursuant to Rule 144(k) under the Act without limitation as to the amount of securities to be sold or as to the manner of sale, or (iv) they have been otherwise transferred and the Company has delivered new certificates or other evidences of ownership for them not subject to any legal or other restriction on transfer.

2. Demand Registration.

(a) Request for Registration. Subject to the terms of this Section 2,
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at any time after the first anniversary of the closing of the Company's initial public offering of equity securities under the Act ("IPO") and ending on the tenth anniversary of the closing of the Company's IPO, the Holders holding in the aggregate at least 1,900,000 shares of the then outstanding Registrable Securities (the "Demand Holders") may make a written request for registration under the Act of all or part of their Registrable Securities, which request shall state that the demand registration is pursuant to this Agreement (i.e. Registration Rights Agreement - II) and shall specify the number of shares of Registrable Securities to be included in the registration (a "Demand Registration"); provided, however, that the Company shall not be required to
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effect more than one (1) Demand Registration under this Agreement. Within five (5) business days after receipt of such request from the Demand Holders for the Demand Registration, the Company shall give written notice (the "Demand Registration Notice") of such request to all Holders, and thereupon the Company shall include in such Demand Registration all Registrable Securities with respect to which the Company receives written requests for inclusion therein within fifteen (15) business days after the date of the Demand Registration Notice. The number of shares of Registrable Securities set forth in this Section 2(a) that is required to make a Demand Registration shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of the Company occurring subsequent to the date hereof.

(b) Limitations on Demand. Notwithstanding the foregoing, (1) the Company shall not be obligated to file a registration statement relating to the Demand Registration under Section 2(a) hereof (i) if counsel to the Company renders an opinion to the Company to the effect that registration is not required for the proposed transfer of Registrable Securities or (ii) at any time during the six month period immediately following the effective date of another registration statement (other than a registration statement relating to shares of Common Stock issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan of the Company or in connection with an acquisition by the Company of another person); and

(2) with respect to any registration statement filed or to be filed pursuant to Section 2(a), if the Company's Board of Directors shall determine, in its good faith judgment, that to maintain the effectiveness of such registration statement or to permit such registration statement to become effective (or, if no registration statement has yet been filed, to file such a registration statement) would be significantly disadvantageous (a "Disadvantageous Condition") to the Company or its stockholders in light of the existence, or in anticipation, of any acquisition or financing activity involving the Company or the unavailability for reasons beyond the Company's reasonable control of any required financial statements, or any other event or condition of similar significance to the Company, the Company may, until such Disadvantageous Condition no longer exists, cause such registration statement to be withdrawn and the effectiveness of such registration statement to be terminated or, if no registration statement has yet been filed, elect not to file such registration statement.

If the Company determines to take any action pursuant to clause 2(b)(2) above, the Company shall deliver a notice to the Demand Holders and to any other Holders selling Registrable Securities pursuant to an effective registration statement to such effect, and furnish to such persons a certified copy of the resolution of the Board of Directors authorizing such action, together with a general description of the applicable Disadvantageous Condition. Upon the receipt of any such notice, such persons shall forthwith discontinue use of the prospectus contained in such registration statement and, if so directed by the Company, shall deliver to the Company all copies of the prospectus then covering such Registrable Securities current at the time of receipt of such notice (or, if no registration statement has yet been filed, all drafts of the prospectus covering such Registrable Securities). If any Disadvantageous Condition shall cease to exist, the Company shall promptly notify the Demand Holders (and any other Holders who shall have ceased selling securities pursuant to an effective registration statement as a result of such Disadvantageous Condition) to such effect. The Company shall, if any registration statement shall have been withdrawn, file, at such time as it in good faith deems appropriate, a new registration statement covering the Registrable Securities that were covered by such withdrawn registration statement, and the effectiveness of such registration statement shall be maintained for such time as may be necessary so that the period of effectiveness of such new registration statement, when aggregated with the period during which such withdrawn registration statement was effective, shall be such time as may be otherwise required by this Agreement.

(c) Effective Registration; Expenses. A registration will not count as the Demand Registration under Section 2(a) hereof until it has become effective; provided, however, that except to the extent otherwise provided below in this Section 2(c), if the Demand Holders shall cause or request the Company to withdraw any registration statement filed in connection with the Demand Registration, such Holders shall nevertheless be deemed to have used their Demand Registration under this Agreement. Notwithstanding the foregoing and anything in Subsection 2(a) to the contrary, at any time after the withdrawal by the Company of any such registration statement at the request of the Demand Holders, such Holders may request the Company to reinstate such withdrawn registration statement, if permitted under the Act, or to file another registration statement, in accordance with the procedures set forth in this Section 2, whereupon the Company shall so reinstate such withdrawn registration statement or file such other registration statement, as the case may be, provided that such Holders agree in writing to reimburse the Company for all Registration Expenses (as defined in Section 5 hereof) over and above those Registration Expenses which the Company would have incurred had such Demand Registration not been withdrawn. The Company shall use its best efforts to cause the registration statement relating to the Demand Registration to remain effective for the lesser of 90 days or the time until all Registrable Securities involved therein have been sold (the "Effective Period"). Except as provided above, the Company will pay all Registration Expenses in connection therewith, whether or not the Registration Statement becomes effective.

(d) Underwritten Offering; Priority on Demand Registrations. The Company shall have the right to require in good faith that the offering of Registrable Securities pursuant to the Demand Registration be in the form of an underwritten offering. In such event, if the managing underwriter or underwriters of such offering in good faith advise the Company in writing that in its or their opinion the aggregate amount of Common Stock requested to be included in such offering would materially and adversely affect the success of such offering or the price of the Common Stock to be offered, then the Company shall reduce the number of shares of Common Stock to be included in such Demand Registration to the amount of Common Stock which the Company is advised can be sold in such offering, in the manner set forth in the next sentence. For purposes of this Section 2(d), the amount of Common Stock to be included in the offering shall be determined in the following order of priority: (x) first, Registrable Securities requested to be included in such Demand Registration, pro rata among the Holders in proportion to the number of Registrable Securities sought to be registered by each of the Holders, (y) second, Common Stock to be sold by the Company in such Demand Registration, and (z) third, Common Stock requested to be included in such Demand Registration by other stockholders of the Company exercising "piggyback" registration rights, pro rata among such other stockholders in proportion to the number of shares of Common Stock sought to be registered by such other stockholders, to the extent necessary to reduce the total amount of Common Stock to be included in such Demand Registration to the amount recommended by such managing underwriter or underwriters.

(e) Selection of Underwriters. If the Demand Registration is in the form of an underwritten offering, the Company shall first offer to PaineWebber Incorporated ("PaineWebber") and/or Dillon, Read & Co. Inc. ("Dillon"), the position of manager or managers with respect to the offering, provided that PaineWebber and/or Dillon shall perform such services as underwriter at their or its then customary market rates for similar underwriting services. If within seven days neither PaineWebber nor Dillon agree to act as manager or managers of the offering, the Company may select any other manager or managers to administer the offering, which manager or managers must be reasonably acceptable to the Demand Holders.

(f) Termination of Rights. Notwithstanding anything to the contrary contained herein, in the event of the merger or consolidation of the Company with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of the Company on a consolidated basis to, an "Unrelated Third-Party" (i.e. a party who is not an affiliate, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, of the Company), and all rights to demand or participate in a registration of Registrable Securities under this Agreement shall terminate at the effective time of such merger, consolidation or sale.

3. Holdback Agreements.

(a) Restriction on Public Sale by Holder of Registerable Securities. To the extent not inconsistent with applicable law, each Holder agrees not to effect any public sale or distribution of the issue being registered or a similar security of the Company, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the Act, during the 14 days prior to, and during the 90-day period beginning on, the effective date of any registration statement referred to in Section 2 hereof (except as part of the registration).

(b) Restrictions on Public Sale by the Company and Others. The Company agrees not to effect, on its own behalf or for the benefit of any other security holder, any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities (other than any such sale or distribution of such securities in connection with (i) an exchange offer or an offering of securities solely to the Company's existing stockholders or employees or (ii) any merger or consolidation by the Company or any subsidiary thereof or the acquisition by the Company or a subsidiary thereof of the capital stock or substantially all of the assets of any other person), during the 14 days prior to the effective date of the registration statement referred to in Section 2 hereof and during the Effective Period.

4. Registration Procedures.

(a) Whenever a Holder (each a "Selling Holder") has requested that any Registrable Securities be registered pursuant to Section 2 hereof, the Company will use its reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as reasonably practicable, and in connection with any such request, the Company will as expeditiously as possible:

(i) prepare and file with the Securities and Exchange Commission (the "Commission") a registration statement with respect to such securities, including all financial statements required by the Commission to be filed therewith, and use its reasonable best efforts to cause such registration statement to become and remain effective for the Effective Period;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the Effective Period and comply with the provisions of the Act with respect to the disposition of all Registrable Securities covered by such registration statement;

(iii) furnish to each Selling Holder, prior to filing a registration statement, copies of such registration statement as proposed to be filed, and thereafter such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as each Selling Holder may reasonably request in order to facilitate the disposition of such Registrable Securities owned by each Selling Holder;

(iv) use its best efforts to register or qualify such Registrable Securities under the state securities or blue sky laws of such jurisdictions as the managing underwriter or underwriters shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable each Selling Holder to consummate the disposition in such jurisdictions of such Registrable Securities owned by each Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (iv), (B) subject itself to taxation in any such jurisdiction, or (C) consent to general service of process in any such jurisdiction;

(v) use its reasonable best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable each Selling Holder to consummate the disposition of such Registrable Securities;

(vi) notify each Selling Holder at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and the company will prepare a supplement or amendment to such prospectus as soon as reasonably practicable thereafter so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) enter into and perform customary agreements (including, without limitation, an underwriting agreement containing customary representations, underwriters compensation and indemnity and other customary terms and conditions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(viii) make available for inspection by each Selling Holder, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by a Selling Holder or any such underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties and other pertinent information of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all pertinent information reasonably requested by any such Inspector in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (A) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement, (B) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (C) the information in such Records has been made generally available to the public. The seller of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(ix) in the event such sale is pursuant to an underwritten offering, use its reasonable best efforts to obtain a "cold comfort" letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the managing underwriter reasonably requests;

(x) use its reasonable best efforts to obtain an opinion or opinions from counsel for the Company in customary form addressed to the managing underwriter or underwriters, if any;

(xi) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to the security holders, as soon as reasonably practicable, an earnings statement covering a period of twelve months, beginning within three months after the end of the fiscal quarter in which the registration statement becomes effective, which earnings statement shall satisfy the provisions of Section 11(a) of the Act; and

(xii) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange, if any, on which similar securities issues by the Company are then listed, provided that the applicable listing requirements are satisfied.

(b) The Company may require each Selling Holder to furnish to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request.

(c) Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(a)(vi) hereof, it will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until its receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(a)(vi) hereof, and, if so directed by the Company, each Selling Stockholder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Stockholder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the Company shall use its reasonable best efforts to extend the period during which such registration statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and excluding the date of the giving of such notice pursuant to Section 4(a)(vi) hereof to and including the date when such Selling Holder shall have received the copies of the supplemented or amended prospectus contemplated by Section 4(a)(vi) hereof.

5. Registration Expenses.

Except as set forth in Section 2(c) hereof, all expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, internal expenses (including, without limitation, all salaries and expenses of its officers and

employees performing legal or accounting duties), the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange on which such securities are required to be listed, and fees and disbursement of counsel for the Company and its independent certified public accountants (including "cold comfort" letters required by or incident to such performance), securities acts liability insurance (if the Company elects to obtain such insurance), the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other persons retained by the Company (all such expenses being herein called "Registration Expenses"), but excluding any underwriting discounts or commissions attributable to the sale of Registrable Securities, will be borne by the Company; provided, however, that in connection with the registration or qualification of the Registrable Securities under state securities laws, nothing herein shall be deemed to require the Company to make any payments to third parties in order to obtain "lock-up," escrow or other extraordinary agreements. Each Selling Holder shall pay the fees and expenses of its own counsel, underwriting discounts and commissions attributable to the sale of the Registrable Securities, and its other expenses.

6. Indemnification; Contribution.

(a) Indemnification by the Company. The Company shall agree to indemnify, to the full extent permitted by law, each Holder, its officers, directors and agents and each person who controls such Holder (within the meaning of the Act), and any investment adviser thereof or agent therefor, against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) caused by any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, except insofar as the same are caused by or contained in any information with respect to such Holder furnished in writing to the Company by such Holder for use therein or caused by such Holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same. If requested by the underwriters of the Registrable Securities, the Company will also indemnify such underwriters, their officers and directors and each person who controls such underwriters (within the meaning of the Act) to the same extent as provided above with respect to the indemnification of the Holders.

(b) Indemnification by the Selling Holders. In connection with any registration statement in which a Selling Holder is participating, the Selling Holder will furnish to the Company in writing such information and affidavits with respect to such Holder as the Company reasonably requests for use in connection with any such registration statement or prospectus and shall indemnify, to the full extent permitted by law, the Company, its directors and officers and each person who controls the Company (within the

meaning of the Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) resulting from any untrue or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto, or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is caused by or contained in any information or affidavit with respect to such Holder or the shares or its investment therein furnished in writing by such Holder, or caused by such Holder's failure to deliver a copy of the prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party after the receipt by such person of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such person may claim indemnification or contribution pursuant to this Agreement and, unless in the reasonable judgment of such indemnified party a conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to such indemnified party. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim, unless in the reasonable judgment of counsel for such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels. The indemnifying party will not be subject to any liability for any settlement made without its consent.

(d) Contribution. If the indemnification provided for in this Section 6 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred

to above shall be deemed to include, subject to the limitations set forth in Section 6(c) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph.

If indemnification is available under this Section 6, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 6(a) and (b) hereof without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 6(d).

7. Participation in Underwritten Registrations.

A Selling Holder may not participate in any registration hereunder unless such Holder (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements, and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. Miscellaneous.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of the Company and Holders holding in the aggregate at least 1,900,000 of the outstanding Registrable Securities.

(b) Notices. Any notice or other communications required or permitted hereunder shall be validly given, made or served, when delivered personally or by telecopier (except for legal process), or upon receipt by the party entitled to receive the notice when sent by registered or certified mail, postage prepaid, or by a recognized overnight delivery service, addressed as follows or to such other address or addresses or telecopier number as may hereafter be furnished to the Company in writing by notice similarly given by one party to the other parties hereto:

To the Company: MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965
Telecopier No.: (914) 735-3599
Attn: Chief Financial Officer and Secretary

To John H. Klein or
Richard H. Friedman: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965
Telecopier No.: (914) 735-3599

To Leslie B. Daniels: c/o CAI Advisors & Co.
767 Fifth Avenue
New York, New York 10153
Telecopier No.: (212) 319-0232

Notice given by telecopier shall be deemed delivered on the day the sender receives telecopier confirmation that such notice was received at the telecopier number of the addressee. Notice given by mail as set out above shall be deemed received three days after the date the same is postmarked, except that such notice given by a recognized overnight delivery service as set forth above shall be deemed received on the business day following the date the same is sent.

(c) Successors and Assigns. This Agreement, and all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto, shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto (including, without limitation, transferees of any Restricted Securities) whether so expressed or not; provided, however, that registration rights conferred herein on the Holders shall only inure to the benefit of a transferee of a Holder's Restricted Securities if (i) the transfer is made pursuant to the laws of testamentary or intestate descent or (ii) the transfer is made as a bona fide gift, provided, that in each of the foregoing cases, as a condition to such transfer, such transferee shall deliver to the Company a written instrument by which it agrees to be bound by the obligations imposed upon the Holders under this Agreement. Except as otherwise provided above, this Agreement shall not be assignable by a Holder, by operation of law or otherwise, without the prior written consent of the Company.

(d) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(e) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the Stockholders shall be enforceable to the fullest extent permitted by law.

(f) Entire Agreement. The rights granted to each of the Holders hereunder are in addition to the rights a Holder may have pursuant to a Registration Rights Agreement dated the date hereof among the Company, Klein, Friedman, Daniels, Corvese and MIM Holdings, LLC, and a Registration Rights Agreement dated the date hereof among the Company, Corvese and Klein. With respect to the Company and each Restricted Holder individually, this Agreement, together with the other Registration Rights Agreements referred to above, is intended by such parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of such parties in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed wholly therein without regard to principles of conflict of laws.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

MIM Corporation

By: /s/ Richard H. Friedman

/s / John H. Klein

John H. Klein

/s/ Richard H. Friedman

Richard H. Friedman

/s/ Leslie B. Daniels

Leslie B. Daniels

EXHIBIT 10.32

REGISTRATION RIGHTS AGREEMENT - III

THIS REGISTRATION RIGHTS AGREEMENT - III (the "Agreement") is made and entered into on July 29, 1996 by and among MIM Corporation, a Delaware corporation (the "Company"), E. David Corvese ("Corvese") and John H. Klein ("Klein").

RECITALS

1. In order to induce Klein to combine his experience, know-how, extensive relationships within the generic drug industry, and strategic plans relating to the generic drug industry, as well as contracts under negotiation relating to the drug distribution business, with that of the Company, Corvese has, pursuant to a Stock Option Agreement dated as of May 30, 1996, as amended on the date hereof, granted to Klein, an option to purchase up to 1,860,00 of his shares of common stock, par value $.0001 per share, of the Company ("Common Stock"). Pursuant to the terms of a Repurchase Agreement dated as of May 30, 1996, as amended on the date hereof, Klein has given Corvese the right to repurchase certain shares of Common Stock issued upon exercise of Klein's option commencing seven months after the occurrence of certain events.

2. In order to induce Corvese to enter into such Stock Option Agreement and in order to further induce Klein to so combine his knowledge and above-mentioned assets relating to the generic drug industry with that of the Company, the Company has agreed to provide registration rights with respect to its Common Stock.

The parties hereby agree as follows:

1. Definitions.

(a) The term "Holders" means, collectively, any and all persons who hold or have the right to acquire Registrable Securities.

(b) The term "Corvese Option Shares" means the shares of Common Stock that Corvese, upon the occurrence of certain events, has the option to purchase pursuant to the Repurchase Agreement.

(c) The term "Corvese Shares" means 1,860,000 shares of Common Stock currently held by Corvese, except that such term shall not include any shares while and to the extent they remain subject to the terms of the Klein Option Agreement.

(d) The term "Klein Option Shares" means the shares of Common Stock that Klein has the option to purchase pursuant to the Klein Option Agreement, except

that such term shall not include any shares while and to the extent they are or may be subject to repurchase under the terms of the Repurchase Agreement.

(e) The term "Klein Option Agreement" means the Stock Option Agreement dated as of May 30, 1996 between Klein and Corvese, whereby Klein has the option to purchase from Corvese up to 1,860,000 shares of Common Stock.

(f) The term "Repurchase Agreement" means the Repurchase Agreement dated as of May 30, 1996 between Klein and Corvese, whereby Corvese will have the option to repurchase from Klein up to 1,860,000 shares of Common Stock upon the occurrence of certain events.

(g) The term "Registrable Securities" means any and all of the following: (1) the Corvese Shares, (2) the Corvese Option Shares, (3) the Klein Option Shares, and (4) any other securities issued in exchange for or as dividends or other distributions on, or by way of a split of, any of the foregoing Shares; provided, however, that Registrable Securities will cease to
be Registrable Securities when (i) a registration statement filed pursuant to the Securities Act of 1933, as amended (the "Act"), covering such Registrable Securities has been declared effective and they have been disposed of pursuant to such effective registration statement, (ii) they are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Act, (iii) they are eligible to be sold pursuant to Rule 144(k) under the Act without limitation as to the amount of securities to be sold or as to the manner of sale, or (iv) they have been otherwise transferred and the Company has delivered new certificates or other evidences of ownership for them not subject to any legal or other restriction on transfer.

2. Demand Registration.

(a) Request for Registration. Subject to the terms of this Section 2, at any time after the first anniversary of the closing of the Company's initial public offering of equity securities under the Act ("IPO") and ending on the eighth anniversary of the closing of the Company's IPO, the Holders holding in the aggregate at least 940,000 shares of the then outstanding Registrable Securities (the "Demand Holders") may make a written request for registration under the Act of all or part of their Registrable Securities, which request shall state that the demand registration is pursuant to this Agreement (i.e. Registration Rights Agreement - III) and shall specify the number of shares of Registrable Securities to be included in the registration (a "Demand Registration"); provided, however, that the Company shall not be required to
effect more than one (1) Demand Registration under this Agreement. Within five (5) business days after receipt of such request from the Demand Holders for the Demand Registration, the Company shall give written notice (the "Demand Registration Notice") of such request to all Holders, and thereupon the Company shall include in such Demand Registration all Registrable Securities with respect to which the Company receives written requests for inclusion therein within fifteen (15) business days after the date of the Demand Registration Notice. The number of shares of Registrable Securities set forth in this

Section 2(a) that is required to make a Demand Registration shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of the Company occurring subsequent to the date hereof.

(b) Limitations on Demand. Notwithstanding the foregoing, (1) the Company shall not be obligated to file a registration statement relating to the Demand Registration under Section 2(a) hereof (i) if counsel to the Company renders an opinion to the Company to the effect that registration is not required for the proposed transfer of Registrable Securities or (ii) at any time during the six month period immediately following the effective date of another registration statement (other than a registration statement relating to shares of Common Stock issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan of the Company or in connection with an acquisition by the Company of another person); and

(2) with respect to any registration statement filed or to be filed pursuant to Section 2(a), if the Company's Board of Directors shall determine, in its good faith judgment, that to maintain the effectiveness of such registration statement or to permit such registration statement to become effective (or, if no registration statement has yet been filed, to file such a registration statement) would be significantly disadvantageous (a "Disadvantageous Condition") to the Company or its stockholders in light of the existence, or in anticipation, of any acquisition or financing activity involving the Company or the unavailability for reasons beyond the Company's reasonable control of any required financial statements, or any other event or condition of similar significance to the Company, the Company may, until such Disadvantageous Condition no longer exists, cause such registration statement to be withdrawn and the effectiveness of such registration statement to be terminated or, if no registration statement has yet been filed, elect not to file such registration statement.

If the Company determines to take any action pursuant to clause 2(b)(2) above, the Company shall deliver a notice to the Demand Holders and to any other Holders selling Registrable Securities pursuant to an effective registration statement to such effect, and furnish to such persons a certified copy of the resolution of the Board of Directors authorizing such action, together with a general description of the applicable Disadvantageous Condition. Upon the receipt of any such notice, such persons shall forthwith discontinue use of the prospectus contained in such registration statement and, if so directed by the Company, shall deliver to the Company all copies of the prospectus then covering such Registrable Securities current at the time of receipt of such notice (or, if no registration statement has yet been filed, all drafts of the prospectus covering such Registrable Securities). If any Disadvantageous Condition shall cease to exist, the Company shall promptly notify the Demand Holders (and any other Holders who shall have ceased selling securities pursuant to an effective registration statement as a result of such Disadvantageous Condition) to such effect. The Company shall, if any registration statement shall have been withdrawn, file, at such time as it in good faith deems appropriate, a new registration statement covering the Registrable Securities that were covered by such withdrawn

registration statement, and the effectiveness of such registration statement shall be maintained for such time as may be necessary so that the period of effectiveness of such new registration statement, when aggregated with the period during which such withdrawn registration statement was effective, shall be such time as may be otherwise required by this Agreement.

(c) Effective Registration; Expenses. A registration will not count as the Demand Registration under Section 2(a) hereof until it has become effective; provided, however, that except to the extent otherwise provided below in this Section 2(c), if the Demand Holders shall cause or request the Company to withdraw any registration statement filed in connection with the Demand Registration, such Holders shall nevertheless be deemed to have used their Demand Registration under this Agreement. Notwithstanding the foregoing and anything in Subsection 2(a) to the contrary, at any time after the withdrawal by the Company of any such registration statement at the request of the Demand Holders, such Holders may request the Company to reinstate such withdrawn registration statement, if permitted under the Act, or to file another registration statement, in accordance with the procedures set forth in this Section 2, whereupon the Company shall so reinstate such withdrawn registration statement or file such other registration statement, as the case may be, provided that such Holders agree in writing to reimburse the Company for all Registration Expenses (as defined in Section 6 hereof) over and above those Registration Expenses which the Company would have incurred had such Demand Registration not been withdrawn. The Company shall use its best efforts to cause the registration statement relating to the Demand Registration to remain effective for the lesser of 90 days or the time until all Registrable Securities involved therein have been sold (the "Effective Period"). Except as provided above, the Company will pay all Registration Expenses in connection therewith, whether or not the Registration Statement becomes effective.

(d) Underwritten Offering; Priority on Demand Registrations. The Company shall have the right to require in good faith that the offering of Registrable Securities pursuant to the Demand Registration be in the form of an underwritten offering. If the managing underwriter or underwriters of such offering in good faith advise the Company in writing that in its or their opinion the aggregate amount of Common Stock requested to be included in such offering would materially and adversely affect the success of such offering or the price of the Common Stock to be offered, then the Company shall reduce the number of shares of Common Stock to be included in such Demand Registration to the amount of Common Stock which the Company is advised can be sold in such offering, in the manner set forth in the next sentence. For purposes of this Section 2(d), the amount of Common Stock to be included in the offering shall be determined in the following order of priority: (x) first, Registrable Securities requested to be included in such Demand Registration, pro rata among the Holders in proportion to the number of Registrable Securities sought to be registered by each of the Holders, (y) second, Common Stock to be sold by the Company in such Demand Registration, and (z) third, Common Stock requested to be included in such Demand Registration by other stockholders of the Company exercising "piggyback" registration rights, pro rata among such other stockholders in proportion to the number of shares of Common Stock sought to be registered by such other stockholders, to

the extent necessary to reduce the total amount of Common Stock to be included in such Demand Registration to the amount recommended by such managing underwriter or underwriters.

(e) Selection of Underwriters. If the Demand Registration is in the form of an underwritten offering, the Company shall first offer to PaineWebber Incorporated ("PaineWebber") and/or Dillon, Read & Co. Inc. ("Dillon"), the position of manager or managers with respect to the offering, provided that PaineWebber and/or Dillon shall perform such services as underwriter at their or its then customary market rates for similar underwriting services. If within seven days neither PaineWebber nor Dillon agree to act as manager or managers of the offering, the Company may select any other manager or managers to administer the offering, which manager or managers must be reasonably acceptable to the Demand Holders.

(f) Termination of Rights. Notwithstanding anything to the contrary contained herein, in the event of the merger or consolidation of the Company with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of the Company on a consolidated basis to, an "Unrelated Third-Party" (i.e. a party who is not an affiliate, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, of the Company), all rights to demand or participate in a registration of Registrable Securities under this Agreement shall terminate at the effective time of such merger, consolidation or sale.

3. Piggyback Registration.

Subject to the terms of this Section 3, if the Company proposes to file a registration statement under the Act with respect to an offering by the Company of its Common Stock, whether for its own account or for the account of any other security holder or both (other than a registration statement (i) on Form S-4 or S-8 (or any form substituting therefor), (ii) filed in connection with an exchange offer or an offering of securities solely to the Company's existing stockholders or employees or (iii) relating to a Demand Registration under Section 2(a) hereof), during the period commencing on the earlier of (a) the date upon which Corvese's repurchase rights under the Repurchase Agreement commence or (b) the date upon which Corvese's repurchase rights under the Repurchase Agreement terminate, and ending on the third anniversary of such earlier date, the Company shall in each case give written notice of such proposed filing to each Holder at least twenty (20) days before the anticipated filing date, and such notice shall offer each Holder the opportunity to register such number of Registrable Securities as it may request in writing within ten (10) days after the date of such notice. The Company shall use its reasonable best efforts to cause the Registrable Securities as to which registration shall have been so requested by a Holder to be included among the securities to be covered by the registration statement proposed to be filed by the Company. In the event that any registration pursuant to this Section 3 shall be, in whole or in part, an underwritten public offering, the Company shall use its reasonable best efforts to cause the managing underwriter or underwriters of a proposed underwritten

offering to permit such Holders to include such securities in such offering on the same terms and conditions as any similar securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering deliver a written opinion to the Company to the effect that the total amount of securities which the Holders, the Company and any other persons or entities intend to include in such offering would materially and adversely affect the success of such offering, then the Company shall reduce the number of shares of Common Stock to be included in such offering to the amount of Common Stock which the Company is so advised can be sold in such offering, in the manner set forth in the next sentence. For purposes of this Section 3, the amount of Common Stock to be included in the offering shall be determined in the following order of priority: (y) first, Common Stock to be sold by the Company pursuant to such offering and (z) second, Common Stock requested to be included in such registration, pro rata among the stockholders of the Company (who have rights to include shares of Common Stock in such registration) in proportion to the number of shares of Common Stock sought to be registered by such stockholders, to the extent necessary to reduce the total amount of Common Stock to be included in such offering to the amount recommended by such managing underwriter or underwriters.

4. Holdback Agreements.

(a) Restriction on Public Sale by Holder of Registrable Securities.

To the extent not inconsistent with applicable law, each Holder agrees not to effect any public sale or distribution of the issue being registered or a similar security of the Company, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the Act, during the 14 days prior to, and during the 90-day period beginning on, the effective date of any registration statement referred to in Section 2 or Section 3 hereof (except as part of the registration).

(b) Restrictions on Public Sale by the Company and Others. The

Company agrees not to effect, on its own behalf or for the benefit of any other security holder, any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities (other than any such sale or distribution of such securities in connection with (i) an exchange offer or an offering of securities solely to the Company's existing stockholders or employees or (ii) any merger or consolidation by the Company or any subsidiary thereof or the acquisition by the Company or a subsidiary thereof of the capital stock or substantially all of the assets of any other person), during the 14 days prior to the effective date of the registration statement referred to in Section 2 or Section 3 hereof and during the Effective Period.

5. Registration Procedures.

(a) Whenever a Holder (each a "Selling Holder") has requested that any Registrable Securities be registered pursuant to Section 2 or 3 hereof, the Company will use its reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as reasonably practicable, and in connection with any such request, the Company will as expeditiously as possible:

(i) prepare and file with the Securities and Exchange Commission (the "Commission") a registration statement with respect to such securities, including all financial statements required by the Commission to be filed therewith, and use its reasonable best efforts to cause such registration statement to become and remain effective for the Effective Period;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the Effective Period and comply with the provisions of the Act with respect to the disposition of all Registrable Securities covered by such registration statement;

(iii) furnish to each Selling Holder, prior to filing a registration statement, copies of such registration statement as proposed to be filed, and thereafter such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as each Selling Holder may reasonably request in order to facilitate the disposition of such Registrable Securities owned by each Selling Holder;

(iv) use its best efforts to register or qualify such Registrable Securities under the state securities or blue sky laws of such jurisdictions as the managing underwriter or underwriters shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable each Selling Holder to consummate the disposition in such jurisdictions of such Registrable Securities owned by each Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (iv), (B) subject itself to taxation in any such jurisdiction, or (C) consent to general service of process in any such jurisdiction;

(v) use its reasonable best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable each Selling Holder to consummate the disposition of such Registrable Securities;

(vi) notify each Selling Holder at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and the company will prepare a supplement or amendment to such prospectus as soon as reasonably practicable thereafter so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) enter into and perform customary agreements (including, without limitation, an underwriting agreement containing customary representations, underwriters compensation and indemnity and other customary terms and conditions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(viii) make available for inspection by each Selling Holder, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by a Selling Holder or any such underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties and other pertinent information of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all pertinent information reasonably requested by any such Inspector in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (A) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement, (B) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (C) the information in such Records has been made generally available to the public. The seller of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(ix) in the event such sale is pursuant to an underwritten offering, use its reasonable best efforts to obtain a "cold comfort" letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the managing underwriter reasonably requests;

(x) use its reasonable best efforts to obtain an opinion or opinions from counsel for the Company in customary form addressed to the managing underwriter or underwriters, if any;

(xi) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to the security holders, as soon as reasonably practicable, an earnings statement covering a period of twelve months, beginning within three months after the end of the fiscal quarter in which the registration statement becomes effective, which earnings statement shall satisfy the provisions of Section 11(a) of the Act; and

(xii) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange, if any, on which similar securities issues by the Company are then listed, provided that the applicable listing requirements are satisfied.

(b) The Company may require each Selling Holder to furnish to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request.

(c) Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(a)(vi) hereof, it will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until its receipt of the copies of the supplemented or amended prospectus contemplated by Section 5(a)(vi) hereof, and, if so directed by the Company, each Selling Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the Company shall use its reasonable best efforts to extend the period during which such registration statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and excluding the date of the giving of such notice pursuant to Section 5(a)(vi) hereof to and including the date when such Selling Holder shall have received the copies of the supplemented or amended prospectus contemplated by Section 5(a)(vi) hereof.

6. Registration Expenses.

Except as set forth in Section 2(c) hereof, all expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, internal expenses (including, without limitation, all salaries and expenses of its officers and

employees performing legal or accounting duties), the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange on which such securities are required to be listed, and fees and disbursement of counsel for the Company and its independent certified public accountants (including "cold comfort" letters required by or incident to such performance), securities acts liability insurance (if the Company elects to obtain such insurance), the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other persons retained by the Company (all such expenses being herein called "Registration Expenses"), but excluding any underwriting discounts or commissions attributable to the sale of Registrable Securities, will be borne by the Company; provided, however, that in connection with the registration or qualification of the Registrable Securities under state securities laws, nothing herein shall be deemed to require the Company to make any payments to third parties in order to obtain "lock-up," escrow or other extraordinary agreements. Each Selling Holder shall pay the fees and expenses of its own counsel, underwriting discounts and commissions attributable to the sale of the Registrable Securities, and its other expenses.

7. Indemnification; Contribution.

(a) Indemnification by the Company. The Company shall agree to indemnify, to the full extent permitted by law, each Holder, its officers, directors and agents and each person who controls such Holder (within the meaning of the Act), and any investment adviser thereof or agent therefor, against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) caused by any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, except insofar as the same are caused by or contained in any information with respect to such Holder furnished in writing to the Company by such Holder for use therein or caused by such Holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same. If requested by the underwriters of the Registrable Securities, the Company will also indemnify such underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters (within the meaning of the Act), to the same extent as provided above with respect to the indemnification of the Holders.

(b) Indemnification by the Selling Holders. In connection with any registration statement in which a Selling Holder is participating, the Selling Holder will furnish to the Company in writing such information and affidavits with respect to such Holder as the Company reasonably requests for use in connection with any such registration statement or prospectus and shall indemnify, to the full extent permitted by law, the Company, its directors and officers and each person who controls the Company (within the

meaning of the Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) resulting from any untrue or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto, or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is caused by or contained in any information or affidavit with respect to such Holder or the shares or its investment therein furnished in writing by such Holder, or caused by such Holder's failure to deliver a copy of the prospectus or any amendments or supplements thereto in accordance with the requirements of the Act after the Company has furnished such Holder with a copy of the same.

(c) Conduct of Indemnification Proceedings. Any person entitled to
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indemnification hereunder shall give prompt written notice to the indemnifying party after the receipt by such person of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such person may claim indemnification or contribution pursuant to this Agreement and, unless in the reasonable judgment of such indemnified party a conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to such indemnified party. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim, unless in the reasonable judgment of counsel for such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels. The indemnifying party will not be subject to any liability for any settlement made without its consent.

(d) Contribution. If the indemnification provided for in this Section
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7 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred

to above shall be deemed to include, subject to the limitations set forth in Section 7(c) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph.

If indemnification is available under this Section 7, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 7(a) and (b) hereof without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 7(d).

8. Participation in Underwritten Registrations.

A Selling Holder may not participate in any registration hereunder unless such Holder (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements, and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. Miscellaneous.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of all parties hereto.

(b) Notices. Any notice or other communications required or permitted hereunder shall be validly given, made or served, when delivered personally or by telecopier (except for legal process), or upon receipt by the party entitled to receive the notice when sent by registered or certified mail, postage prepaid, or by a recognized overnight delivery service, addressed as follows or to such other address or addresses or telecopier number as may hereafter be furnished to the Company in writing by notice similarly given by one party to the other parties hereto:

To the Company: MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965
Telecopier No.: (914) 735-3599
Attn: Chief Financial Officer and Secretary

To E. David Corvese: c/o MIM Corporation
25 North Road
Peace Dale, Rhode Island 02883
Telecopier No.: (401) 783-3520

To John H. Klein: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965
Telecopier No.: (914) 735-3599

Notice given by telecopier shall be deemed delivered on the day the sender receives telecopier confirmation that such notice was received at the telecopier number of the addressee. Notice given by mail as set out above shall be deemed received three days after the date the same is postmarked, except that such notice given by a recognized overnight delivery service as set forth above shall be deemed received on the business day following the date the same is sent.

(c) Successors and Assigns. This Agreement, and all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto, shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto (including, without limitation, transferees of any Restricted Securities) whether so expressed or not; provided, however, that registration rights conferred herein on the Holders shall only inure to the benefit of a transferee of a Holder's Restricted Securities if (i) the transfer is made pursuant to the laws of testamentary or intestate descent or (ii) the transfer is made as a bona fide gift, provided, that in each of the foregoing cases, as a condition to such transfer, such transferee shall deliver to the Company a written instrument by which it agrees to be bound by the obligations imposed upon the Holders under this Agreement. Except as otherwise provided above, this Agreement shall not be assignable by a Holder, by operation of law or otherwise, without the prior written consent of the Company.

(d) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(e) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the Stockholders shall be enforceable to the fullest extent permitted by law.

(f) Entire Agreement. The rights granted to each of the Holders hereunder are in addition to the rights a Holder may have pursuant to a Registration Rights Agreement dated the date hereof among the Company, Klein, Friedman and Daniels, and a Registration Rights Agreement dated the date hereof among the Company, Corvese, Klein, Friedman, Daniels and MIM Holdings, LLC. With respect to the Company and each Holder individually, this Agreement, together with the other Registration Rights Agreements referred to above, is intended by such parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of such parties in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed wholly therein without regard to principles of conflict of laws.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

MIM Corporation

By:/s/ Richard H. Friedman

/s/ E. David Corvese
E. David Corvese

/s/ John H. Klein
John H. Klein

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

As independent public accountants, we hereby consent to the use of our reports and to all references to our firm included in or made a part of this registration statement.

Arthur Andersen LLP

Roseland, New Jersey
July 29, 1996