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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) May 4, 2012

BIOSCRIP, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**0-28740**	**05-0489664**
(State of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

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

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

N/A
(Former name or former address, if changed since last report)

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

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

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

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

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

Item 1.01 Entry into a Material Definitive Agreement.

On May 4, 2012, BioScrip, Inc. (referred to herein as “the Company,” “we,” “us” and “our”) entered into an Amendment No. 1 (the “Amendment”) to the Community Pharmacy and Mail Business Purchase Agreement, dated as of February 1, 2012 (the “Asset Purchase Agreement”) by and among Walgreen Co., an Illinois corporation (“Walgreens Parent”), Walgreens Mail Service, Inc., an Illinois corporation, Walgreens Specialty Pharmacy, LLC, a Delaware limited liability company, and Walgreen Eastern Co., Inc, a New York corporation (collectively, the “Buyers”), on the one hand, and the Company and BioScrip Pharmacy (NY), Inc., a New York corporation, BioScrip Pharmacy Services, Inc., an Ohio corporation, BioScrip Pharmacy, Inc., a Minnesota corporation, Bradhurst Specialty Pharmacy, Inc., a New York corporation, BioScrip Infusion Services, Inc., a California corporation, and Natural Living Inc., a New York corporation (the “Sellers”, and together with the Company, the “Selling Parties”), on the other hand, in connection with the closing of the transactions contemplated by the Asset Purchase Agreement. as amended (the “Closing”). Capitalized terms not defined herein have the meanings ascribed to them in the Asset Purchase Agreement, as amended. The Amendment modified the Asset Purchase Agreement as follows:

- the following items were excluded from the Purchased Assets:
    - prescription files for plan members of United Health Group or its affiliates that have a limited specialty pharmacy benefit that requires them to use an in-network specialty pharmacy provider (the “United Patients”); and
    - inventory that is (i) committed inventory that has not been shipped or delivered as of the Effective Time, (ii) 340(B) Inventory (i.e., inventory held for dispensing on behalf of 340(B) covered entities), (iii) any controlled substance inventory located in the State of Florida and (iv) any inventories on hand that the Company designates to services the United Patients at or following Closing;
- the retention of an amount of approximately $740,000 by the Buyers for payment to the Selling Parties if a certain Required Consent was received by May 9, 2012, which amount has now been remitted to the Selling Parties;
- the exclusion of the Stores located in Orlando, Tampa and West Palm Beach (the “Excluded Florida Stores”) from the definition of Transferred Facilities (but not exclusion of the assets located at such Stores, other than Excluded Assets, all 340(B) Inventory, all controlled substances and, in the case of the Excluded Stores other than Orlando, all pharmaceutical inventory), provided that the applicable Selling Party and applicable Buyer would, with respect to the Orlando Store, enter into a sublease providing the applicable Buyer with the right to occupy such Orlando Store for a period of not less than ninety days with renewal and assumption options at the end of such period; and
- a carve-out to the non-compete imposed on the Selling Parties was added to permit the Selling Parties to service the United Patients for a period not to exceed thirty days following the Closing.

The Buyers are moving the business of the Excluded Florida Stores to the nearest Walgreens location following the Closing or, in the case of the Orlando Store, the expiration or termination of the sublease with respect to such Orlando Store. To the extent that the store net revenue for any of the five Florida locations owned by the Company prior to Closing, including the Excluded Florida Stores, during the twelve month period following the Closing is less than specified amounts (based generally on historical net revenues of the respective Store location), the Selling Parties shall be obligated to pay the Buyers an amount up to $6.4 million, calculable on a store-by-store basis based on the amount of displaced store net revenue at such Store. This description of the Amendment is qualified in its entirety by the Amendment filed as Exhibit 2.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 4, 2012, pursuant to the terms of the Asset Purchase Agreement, as amended, the Company received a total purchase price of approximately $158.0 million at Closing, including the estimated value of inventories on hand attributable to the operations subject to the sale of certain assets, rights and properties (the “Pharmacy Services Asset Sale”) relating to the Sellers’ traditional and specialty pharmacy mail operations and community retail pharmacy stores pursuant to such Asset Purchase Agreement. The purchase price of the inventory and transferred pre-paid expenses is subject to adjustment following the completion of post-closing inventory counts and other accounting matters. Based on events related directly or indirectly to the Buyers’ retention of certain business after the Closing, the Company may receive up to approximately $15.0 million in additional purchase price (in addition to the amount reflected in the second bullet under Item 1.01) or be required to refund up to approximately $6.4 million of purchase price to the Buyers as described in Item 1.01. The purchase price excluded all accounts receivable and working capital liabilities relating to the operations subject to the Pharmacy Services Asset Sale, which were carried at $64.3 million of net assets based on the Company's Consolidated Balance Sheet at March 31, 2012, and will be retained by the Company. The Company estimates that the pretax gain will be approximately $111.3 million based on March 31, 2012 asset balances, however, this amount is subject to change once final entries are recorded in May. In addition, the Company expects to recognize approximately $22.3 million of restructuring costs, transaction costs, and other one-time charges as a result of the transaction in the second quarter for a net effect of approximately $89.0 million. As part of the Pharmacy Services Asset Sale and consistent with maintaining key customer relationships, the Company is providing ongoing lower margin transitional services, including services for certain key customers through the end of the third quarter.

The transaction included the sale of 27 community pharmacy locations and certain assets of three community pharmacy locations and three traditional and specialty mail service operations, which constituted all of the Company's operations in the community pharmacy and mail order lines of business. Two mail order locations which were not transferred as part of the Pharmacy Services Asset Sale will be converted in the second half of the year to provide infusion pharmacy services. The Company is evaluating whether to convert some or all of the other retained locations to provide infusion pharmacy services.

As previously reported, the Company and BioScrip Pharmacy Services, Inc. ("BioScrip Pharmacy"), on the one hand, and DS Pharmacy, Inc. and drugstore.com, inc., both subsidiaries of Walgreens Parent (together, "drugstore.com"), on the other hand, entered into an agreement concurrently with the Asset Purchase Agreement providing that BioScrip Pharmacy ceases to be the sole fulfillment pharmacy for customers who come through the drugstore.com website, except for existing customers who have previously purchased pharmaceutical products through the website from BioScrip Pharmacy. The agreement provided for a cash payment of $3 million to the Company and the release of $2.9 million of funds held in escrow by the Company to drugstore.com following the execution of the agreement on February 1, 2012. At the closing of the Pharmacy Services Asset Sale, BioScrip Pharmacy's existing e-commerce patient files and related assets transferred to the Buyers. The agreement also contained a mutual settlement and release of claims between the parties.

The information contained in Item 1.01 is incorporated herein by reference. The Company is filing as an exhibit the Company's unaudited pro forma consolidated financial information with respect to the Pharmacy Services Asset Sale, which is included as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
2.1	Amendment No. 1, dated as of May 4, 2012, to the Community Pharmacy and Mail Business Purchase Agreement, dated as of February 1, 2012, by and among Walgreen Co., an Illinois corporation, Walgreens Mail Service, Inc., an Illinois corporation, Walgreens Specialty Pharmacy, LLC, a Delaware limited liability company, and Walgreen Eastern Co., Inc., a New York corporation, the Company and subsidiaries of the Company listed on Annex A thereto
99.1	Unaudited Pro Forma Consolidated Financial Information of BioScrip, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BIOSCRIP, INC.

Date: May 10, 2012

/s/ Kimberlee Seah

By: Kimberlee Seah
Senior Vice President, Secretary and General Counsel

EXHIBIT INDEX

Exhibit No.	Description
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99.1	Unaudited Pro Forma Consolidated Financial Information of BioScrip, Inc.

Exhibit 2.1

EXECUTION COPY

AMENDMENT NO.1 TO COMMUNITY PHARMACY AND MAIL BUSINESS PURCHASE AGREEMENT

This Amendment No. 1 to Community Pharmacy and Mail Business Purchase Agreement dated as of May 4, 2012 (this "**Amendment**") is entered into by and by and among Walgreen Co., an Illinois corporation ("**Parent**"), Walgreens Mail Service, Inc., an Illinois corporation ("**Buyer 1**"), Walgreens Specialty Pharmacy, LLC, a Delaware limited liability company ("**Buyer 2**"), and Walgreen Eastern Co., Inc., a New York corporation ("**Buyer 3**" and, together with Parent, Buyer 1 and Buyer 2, the "**Buyers**"), BioScrip, Inc., a Delaware corporation ("**BioScrip**"), BioScrip Pharmacy (NY), Inc., a New York corporation, BioScrip Pharmacy Services, Inc., an Ohio corporation, BioScrip Pharmacy, Inc., a Minnesota corporation, Bradhurst Specialty Pharmacy, Inc., a New York corporation, BioScrip Infusion Services, Inc., a California corporation and Natural Living Inc., a New York corporation (together with BioScrip, the "**Selling Parties**"). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement (as defined below).

RECITALS

A. On February 1, 2012, Parent, Buyers and the Selling Parties executed that certain Community Pharmacy and Mail Business Purchase Agreement (the "**Agreement**") pursuant to which the Buyers will acquire substantially all of the assets of the Business.

B. On the terms and subject to the conditions set forth herein, Parent, Buyers and the Selling Parties desire to amend the Agreement as set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, and covenants set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. ***Amendment of Definitions***. Section 12.01 of the Agreement is hereby amended as follows:

(a) A new definition of "340(B) Inventory" shall be added as follows:

"**340(B) Inventory**" means all pharmaceutical and non-pharmaceutical inventories on hand attributable to the Business at the Facilities (or in transit to the Facilities) and owned by the Sellers or held by the Seller as custodians for any third party or any Affiliate thereof (including private label inventory) and supplies (including containers, labels and packaging items) as of the Effective Time being held by the Selling Parties or their Affiliates for dispensing on behalf of 340(B) covered entities."

(b) A new definition of "Committed Inventory" shall be added as follows:

"**Committed Inventory**" means all pharmaceutical and non-pharmaceutical inventories on hand attributable to the mail and specialty components of the Business and located at the Columbus Facility (or in transit to such Facility) and owned by the Sellers or held by the Seller as custodians for any third party or any Affiliate thereof (including private label inventory) and supplies (including containers, labels and packaging items) as of the Effective Time with respect to which the Selling Parties or their Affiliates commit to sell prior to the Effective Time but that has not been shipped or delivered by the Selling Parties or their Affiliates as of the Effective Time.

(c) The definition of "**Effective Time**" is hereby amended and restated in its entirety to be read as follows:

"**Effective Time**" means 11:00 p.m. CDT.

2. ***Amendment of Section 1.01(c)***. Section 1.01(c) of the Agreement is hereby amended and restated in its entirety to be read as follows:

"(c) except to the extent prohibited by applicable Law, in original form where available, any and all electronic and hard copy (and electronic images thereof) or faxed prescriptions (and electronic images thereof), prescription files and records, customer lists and patient profiles, including refill history and status reports, insurance coverages, and any clinical and customer service notes and references, any files or records maintained electronically including authentication credentials, etc., any files or records added between the date of this Agreement and the Closing Date for a period of eighteen (18) months for all "active patients" of the Business (i.e. patients that received a prescription in the twelve (12) months prior to the Closing Date) including, without limitation e-commerce customers and the drugstore.com customer list, but excluding, in all instances, plan members of United Health Group or its Affiliates that have a limited specialty pharmacy benefit that requires them to use an in-network specialty pharmacy provider (the "**United Patients**"), *provided*, *however*, that with respect to hard copy files, such eighteen (18) months shall be increased to the longer of twenty-four (24) months or such time as required to be retained by applicable Law (it being understood that the Sellers will retain the prescription files that are associated with the Remaining Business or that are otherwise required to be retained by the Sellers by applicable Law) (the "**Prescription Files**");"

3. ***Amendment of Section 1.01(f)***. Section 1.01(f) of the Agreement is hereby amended and restated in its entirety to be read as follows:

"(f) all pharmaceutical and non-pharmaceutical inventories on hand attributable to the Business at the Facilities (or in transit to the Facilities) and owned by the Sellers or held by the Seller as custodians for any third party or any Affiliate thereof (including private label inventory) and supplies (including containers, labels and packaging items) as of the Effective Time other than (i) Committed Inventory, (ii) 340(B) Inventory, (iii) any controlled substance inventory located in the State of Florida and (iv) any inventories on hand that BioScrip designates to service the United Patients at or following Closing (collectively, the "**Inventory**");"

4. ***Amendment of Section 1.06***. Section 1.06 shall be amended by adding the following new subsection (d) at the end of such Section:

"(d) The Buyers and Selling Parties hereby agree that an amount of $737,688 (the "**Additional Holdback**") of the Purchase Price shall be retained by the Buyers and, if, on or prior to May 9, 2012, the Selling Parties receive a consent to assignment with respect to the Required Consent listed on Section 1.13(a) of the Disclosure Letter which has a Purchase Price Reduction ascribed to it in the amount of the Additional Holdback and provided that the failure to have such consent at the Closing does not result in a non-de minimus loss to Buyers, the Buyers shall promptly pay such Additional Holdback amount to BioScrip by wire transfer of immediately available funds to BioScrip pursuant to the wire instructions provided by BioScrip."

5. ***Amendment of Section 1.11.*** Section 1.11 shall be amended by adding the following sentence at the end of such Section:

"For the sake of clarity, the Parties agree and acknowledge that all 340(B) Inventory and Committed Inventory shall be segregated from the Inventory prior to the Inventory Count and shall not be included in such Inventory Count. All 340(B) Inventory shall be returned to the supplier thereof at the Selling Parties' expense."

6. ***Addition of Section 1.16***. A new Section 1.16 shall be added as follows:

"With respect to the Stores located in the State of Florida (the "**Florida Stores**"), the process set forth in Section 1.16 of the Disclosure Letter shall be followed. The Florida Stores located in (i) Orlando, (ii) Tampa and (iii) West Palm Beach (collectively "**Excluded Florida Stores**") will not, for purposes of the Agreement, as amended, constitute Transferred Facilities, provided, however, that the applicable Selling Party and the applicable Buyer shall, with respect to the Orlando Store, enter into a sublease (or similar agreement) providing the applicable Buyer with the right to occupy such Orlando Store for a period of not less than ninety (90) days with renewal and assumption options at the end of such period. The Buyers shall acquire the assets that constitute Purchased Assets that are located in or associated with the Florida Stores (but not the Excluded Florida Stores themselves), other than Excluded Assets, all 340B Inventory, all controlled substances and, in the case of the Excluded Florida Stores other than Orlando, all other pharmaceutical Inventory, provided, however, that the computer and telecommunications equipment contained in the Excluded Florida Stores (other than the Orlando Store) shall remain in such locations and be available for the use of the Selling Parties for a period ninety (90) days following Closing at which time the Selling Parties shall, at their expense, deliver such assets to a location designated by Buyers.

7. ***Amendment of Section 4.04.*** Section 4.04 shall be amended by (i) deleting the "and" at the end of Section 4.04(d)(iii), (ii) replacing the "." with a "; and" at the end of Section 4.04(d)(iv) and (iii) adding the following clause (v) under Subsection (d) of such Section:

"(v), nothing in this Section 4.04(d) shall limit the Selling Parties, for a period not to exceed thirty (30) days following the Closing from servicing the United Patients consistent with past practice."

8. ***Amendment to Annex B.*** Annex B shall be amended to include the attached Addendum 1.

9. ***Disclosure Letter***. The Disclosure Letter is being amended as of the date hereof to amend and restate in its entirety Section 1.01(g) and 8.01(a) of the Disclosure Letter and to add a new Section 1.16 thereto. All references to the "Disclosure Letter" in this Amendment, the Agreement or the Disclosure Letter shall refer to the Disclosure Letter, as amended by this Amendment.

10. ***References to the Agreement***. All references to the "Agreement" in this Amendment, the Agreement or the Disclosure Letter shall refer to the Agreement, as amended by this Amendment.

11. ***Miscellaneous***.

(a) *Continuing Effect*. Except as expressly modified or amended by this Amendment, all the terms and provisions of the Agreement shall remain in full force and effect.

(b) *Governing Law*. This Amendment and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of the State of Delaware or of any other state.

(c) *Counterparts*. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages will be deemed binding originals.

(Signature Page Follows)

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

WALGREEN CO.

BY: /s/ Kermit R. Crawford
NAME: Kermit R. Crawford
TITLE: President, Pharmacy, Health and Wellness Services and Solutions

WALGREENS MAIL SERVICE, INC.

BY: /s/ Kermit R. Crawford
NAME: Kermit R. Crawford
TITLE: President

WALGREENS SPECIALTY PHARMACY, LLC

BY: /s/ Kermit R. Crawford
NAME: Kermit R. Crawford
TITLE: President

WALGREEN EASTERN CO., INC.

BY: /s/ Kermit R. Crawford
NAME: Kermit R. Crawford
TITLE: Vice President

BIOSCRIP, INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President and Chief Executive Officer

BIOSCRIP PHARMACY (NY), INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

BIOSCRIP PHARMACY SERVICES, INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

BIOSCRIP PHARMACY, INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

BRADHURST SPECIALTY PHARMACY, INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

BIOSCRIP INFUSION SERVICES, INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

NATURAL LIVING INC.

BY: /s/ Richard M. Smith
NAME: Richard M. Smith
TITLE: President

SIGNATURE PAGE TO AMENDMENT NO.1 TO COMMUNITY PHARMACY AND MAIL BUSINESS PURCHASE AGREEMENT

ADDENDUM 1

ADDITIONAL PROCEDURES FOR THE 5/4/12 CLOSING PHYSICAL INVENTORY

Community Pharmacies

Additional inventory procedures:

1. Quantity issues – in addition to counting all pharmaceutical products (including partial bottles) as well as OTC and supply items maintained in the inventory master files:

    a. Shipping supplies will be counted and documented (see Exhibit A for related process)

    b. The following categories will be excluded from inventory procedures and valuation on 5/4/2012:

        i. Any over-the-counter (OTC) item that is not inventoried in BioScrip's operating systems (PFW and Creehan/ScriptMed).

        ii. Any medical supply item that is not maintained in BioScrip's two operating systems: PFW and Creehan/ScriptMed.

        iii. Minor equipment required for compounding prescriptions (mortar & pestals, graduated cylinders).

        iv. Advisory labels (e.g. Take with Food or Milk)

        v. Prescription labels used for PFW and Creehan/ScriptMed operating system.

        vi. Items provided to BioScrip Community Stores at no cost (e.g. Pill Counting Trays).

        vii. Office Supplies (e.g. pens, paper, toner, paper clips)

        viii. Pill Reminders / Organizers, Pill Splitters, Oral Dose syringes or spoons.

        ix. Prescription bottle caps with BioScrip Logo.

        x. Prescription bottles.

        xi. Print materials containing BioScrip logo.

System-generated count sheets will be used for all items maintained in PfW or Creehan/ScriptMed. Excel-based count sheets will be used for all shipping supplies. See exhibit A.

2. No intercompany transfers will be done after May 1st, 2012, unless it is an approved exception. Approval by either Meen Kang or Tim Owen.

3. All locations should make every effort to minimize split orders and partial (“IOU”) dispenses in the three weeks period prior to 5/4/2012. Any split orders or will need to be reversed before physical inventory begins.

4. Any reshipments required after physical count will be addressed with the reship policy agreed by BioScrip and WAG, which is documented in a separate document.

5. All locations should make every effort to minimize the amount of Will Call items as of the 5/4/2012 physical inventory date. For all Will Call items not picked up or delivered by the beginning of the physical inventory on 5/4/2012, the related claim will need to be reversed, and inventory returned to stock before the physical count begins.

6. Each Community pharmacy location will maintain a file of those items reversed for priority dispensing by Walgreens subsequent to closing.

7. Please note written company policy regarding the identification and disposition of excess/obsolete inventory (including product with expiration dates within 30 days for Community). Any such product noted such be isolated, excluded from the count and shipped to GENCO for credit. In order to minimize such items as of the 5/4/2012 physical inventory, each location will perform a thorough review of its inventory the week before the physical, and return such product, as appropriate to GENCO.

8. Physical inventory count will be determined by BioScrip employee(s). Inventory count sheets will include product name, package size (unit of measure), quantity, and actual count. WAG will hire RGIS, an outside inventory service, to conduct an inventory of all product. WAG representatives will review the BioScrip counts compared to the RGIS counts. WAG representatives will spot-check specific items to ensure counts are accurate. Any discrepancies will be reviewed with the BioScrip representative and the items in question will be counted together, so that a final count for each item can be agreed upon. Each count sheet will be signed off by both parties. Final detail inventory listing (ScriptMed report 3016, supplies excel spreadsheet, PfW final ICR inventory report) will be signed and approved by both parties before leaving the facility. One copy will be sent to BioScrip Finance (Giovanna Angelats, who will also copy BioScrip Legal), and one copy will be sent to WAG.

9. The objective on 5/4/2012 is for BioScrip and WAG to validate inventory quantities on hand. Priced out inventory valuations, which include quantities and extended costs, will be delivered to WAG for review and approval within 30 calendar days of closing after being reviewed and verified for reasonableness by BioScrip’s Finance and Supply Chain departments.

10. In order to lower the OTC inventory not in the ScriptMed or PfW systems, a pre-inventory sale for employees and patients will be done from 4/19/2012 to 5/3/2012.

11. Store closing information for 5/4/2012 is noted in a separate document.

12. Any questions, contact:

  a. Tim Owen (Community Operations)
  b. Meen Kang (Community Operations)
  c. MJ Graves, CFO
  d. Giovanna Angelats (Accounting Director)
  e. John Hoefer (Supply Chain)
  f. Jesse Oman (IT)

Mail Order

Additional inventory procedures (note that Columbus will begin its count on Monday, May 7; Lake Success and Burbank will begin their counts on Saturday, May 5):

1. Quantity issues – in addition to counting pharmaceutical products (including partial bottles), the following non-pharmaceutical products will also be counted for valuation:

  a. OTC items
  b. Pharmaceutical supplies
  c. Medical supplies
  d. Shipping supplies

BioScrip Supply Chain will provide a list of the most common purchased supplies. The staff at each location will record the quantity on hand of those non-pharmaceutical products on the day of closing, 5/4/12 (in Ohio we would need to do this on Saturday 5/5 after shipping as we will continue to use these supplies for shipped on Saturday). If an item is not found on the list, the item will be added by the staff performing the count, and valuation will be determined by Supply Chain.

2. No intercompany transfers will be done after May 1st, 2012, unless it is an approved exception. Approval must be by Russ Corvese.

3. Split orders and Partial ("IOU") dispenses – in order to minimize the workload related to split orders and partial dispenses as of Closing, Mail will stop doing any partial dispenses as of May 3, 2012. For split orders, the remaining items on the script will need to be transferred to Walgreens.For any remaining IOU dispenses as of the physical inventory date, the procedure will be to reverse claim and bill for only the product that was shipped. This needs to be done before the physical count begins. BioScrip will then reimburse WAG for the costs of shipments it makes subsequent to closing to satisfy the remaining quantities on IOU dispenses, under the same terms and conditions as negotiated between the parties for reshipments (reference is made to separate reship document for the related terms).

4. Any reshipments required after physical count will be addressed with the reship policy agreed by BioScrip& WAG, which is addressed in a separate document.

5. Need to determine policy and procedures related to drop ship items.

6. Count teams will consist of one BioScrip employee and one WAG representative. Both would be present to perform and agree to count. Discrepancies would be resolved at the time of the count. Each count sheet would be signed off by both parties. Final detail inventory listing (ScriptMed report 3016, TechRx final inventory report) would be signed and approved by both parties before leaving the facility. One copy will be sent to BioScrip Finance (who will also copy BioScrip Legal), and one copy will be sent to WAG.

7. Please note written company policy regarding the identification and disposition of excess/obsolete inventory (including product with expiration dates within 90 days for Mail Order). Any such product noted such be isolated, excluded from the count and shipped to GENCO for credit. In order to minimize such items as of the 5/4/2012 physical inventory, each location will perform a thorough review of its inventory the week before the physical, and return such product, as appropriate to GENCO.

8. The following inventory will need to be segregated at the Ohio Mail Order location and EXCLUDED from the physical count:

   a. CPR+ Infusion related inventory

   b. Lake Success compounds for orders adjudicated before closing but dispensed on Monday or Tuesday following closing

   c. Any inventories on hand that BioScrip designates to service the United Patients at or following closing

9. Adjudication will be shut off and a final ABC order will be placed, after which the 100% physical inventory count can begin. The current plan is as follows:

   a. Shut adjudication off at 2:30 p.m (EDT). on 5/4/12

   b. Place afternoon order with ABC on 5/4/12 for delivery on the morning of 5/5/12

   c. Complete and ship orders all adjudicated and dispensed orders on 5/5/12. Record 5/5 shipments as BioScrip revenue.

   d. If some orders cannot ship on Saturday, such as refrigerated items, these claims will be reversed. BioScrip will send its pending order file to WAG on Saturday for orders that we started but that they need to complete.

   e. Perform 100% inventory count on 5/7/12

10. BioScrip will use its count sheets for the inventory count. Additionally, BioScrip will add two fields in order to include WAG shipping information. This information will be provided by WAG in advance of preparation of the physical inventory count sheets.

11. The objective on 5/4/2012 is for BioScrip and WAG to validate inventory quantities on hand. Priced out inventory valuations, which include quantities and extended costs, will be delivered to WAG for review and approval within 30 calendar days of closing after being reviewed and verified for reasonableness by BioScrip's Finance and Supply Chain departments.

Exhibit A

Shipping Supply Inventory Valuation Process

a) Definitions

i) Shipping Supplies: Any item not in Creehan/ScirptMed or PFW operating system that is used to package prescriptions for delivery to customers (e.g. boxes, insulated shipping boxes, bubble mailers, foil bubble mailers, and ice packs). Items excluded from this category are items provided by a vendor at no charge (FedEx boxes).

b) Process for Valuing Shipping Supply Inventory

i) All locations will receive a Microsoft Excel document (count sheet) that lists all the common items used for shipping supplies. The count sheet includes the vendor item number, item description, quantity, unit of measure (UOM), and unit cost.

ii) Each location will enter the location name, person(s) counting the inventory, and date of the physical count.

iii) Each location will enter the quantity on hand (e.g. number of units) boxes in the count sheet. The extended cost will automatically be calculated in the spreadsheet.

iv) Items on hand, but not pre-listed on the count sheet will be manually entered by the individuals counting the inventory. These items will be priced by BioScrip Supply Chain subsequent to the physical inventory count.

BIOSCRIP, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Pharmacy Services Asset Sale

On February 1, 2012, the Company entered into a Community Pharmacy and Mail Business Purchase Agreement, as amended by Amendment No. 1 dated May 4, 2012 (as amended, the “Asset Purchase Agreement”), by and among Walgreen Co. and certain subsidiaries (collectively, the “Buyers”) and the Company and certain subsidiaries with respect to the sale of certain assets, rights and properties (the “Pharmacy Services Asset Sale”) relating to the Company’s traditional and specialty pharmacy mail operations and community retail pharmacy stores.

On May 4, 2012, the Company and the Buyers completed the sale of the assets subject to the Asset Purchase Agreement. The Company received a total purchase price of approximately $158.0 million at closing, including the value of inventories on hand attributable to the operations subject to the Pharmacy Services Asset Sale. Based on events related directly or indirectly to the Buyers’ retention of certain business after the closing, BioScrip has received approximately $740,000 and may receive up to an additional $15.0 million in additional purchase price or be required to refund up to approximately $6.4 million of purchase price to the Buyers. The purchase price excluded all accounts receivable and working capital liabilities relating to the traditional and specialty pharmacy mail operations and community retail pharmacy stores, which was approximately $64.3 million as of March 31, 2012. We intend to continue to collect retained accounts receivable and realize additional proceeds from the sale of any remaining equipment and fixtures not sold to the Buyers.

Concurrently with the execution of the Asset Purchase Agreement on February 1, 2012, the Company, BioScrip Pharmacy Services, Inc. and certain subsidiaries of Walgreen Co. entered into an agreement which provided that BioScrip Pharmacy Services, Inc. ceased to be the sole fulfillment pharmacy for customers who came through the drugstore.com website. The agreement provided for a cash payment of $3.0 million to the Company and the payment of $2.9 million to a subsidiary of Walgreen Co. related to contingent consideration from the Company’s 2010 acquisition of the prescription pharmacy business of DS Pharmacy, both of which occurred during the three months ended March 31, 2012.

Pro Forma Information

The accompanying unaudited pro forma consolidated statements of operations of the Company for the year ended December 31, 2011 and the three months ended March 31, 2012 are presented as if the sale of the Company’s traditional and specialty pharmacy mail operations and community retail pharmacy stores had occurred on January 1, 2011. The accompanying unaudited pro forma consolidated balance sheet of the Company as of March 31, 2012 is presented as if the Pharmacy Services Asset Sale had occurred on March 31, 2012. The pro forma adjustments related to the Pharmacy Services Asset Sale do not reflect the final purchase price or final asset and liability balances of the Company’s traditional and specialty pharmacy mail operations and community retail pharmacy stores. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma consolidated financial information. The unaudited pro forma financial information is not necessarily indicative of the results of operations or financial position that might have been achieved for the dates or periods indicated, nor is it necessarily indicative of the results of operations or financial position that may occur in the future.

The historical consolidated financial information has been adjusted in the unaudited pro forma financial information to give effect to pro forma events that are (1) directly attributable to the disposal, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma information does not reflect several changes the Company expects to realize after the Pharmacy Services Asset Sale because the changes are not certain. The effects of the following are not reflected in the pro forma information:

- corporate operating cost savings which are expected to be realized after the Pharmacy Services Asset Sale,
- expenses related to post-closing exit costs that may be incurred by the Company in connection with the Pharmacy Services Asset Sale,
- reduction of interest expense that is anticipated when sale proceeds are used to reduce indebtedness and
- growth through acquisition or new site development that is anticipated when proceeds of the Pharmacy Services Asset Sale are invested in the continuing businesses.

The following is a brief description of the amounts recorded under each of the column headings in the unaudited pro forma consolidated statements of operations and balance sheet:

Historical BioScrip

This column reflects the Company's historical audited operating results for the year ended December 31, 2011 and the historical unaudited operating results of continuing operations and financial condition as of and for the three months ended March 31, 2012 prior to any adjustment for the sale described above. The three month period ended March 31, 2012 does not include the results of the Company's traditional and specialty pharmacy mail operations and community retail pharmacy stores business due to its presentation in discontinued operations in that period.

Disposition

This column reflects the elimination of the historical operating results of the Company's traditional and specialty pharmacy mail operations and community retail pharmacy stores business for the year ended December 31, 2011 at the amounts that have been reflected in the Company's consolidated statement of operations for that period. The disposition column on the unaudited pro forma consolidated balance sheet as of March 31, 2012 reflects the value of assets included in the Pharmacy Services Assetas of that date.

Pro Forma Adjustments

This column on the unaudited pro forma consolidated balance sheet reflects the pro forma effect of the receipt and use of the approximately $162 million of net cash proceeds from the sale of the Company's traditional and specialty pharmacy mail operations and community retail pharmacy stores business and adjustments to remove accounts receivable and working capital liabilities of the sold business which were retained by the Company and will be collected, paid or otherwise resolved during the remainder of the year.

This column on the unaudited pro forma consolidated statement of operations for the year ended December 31, 2011 reflects adjustments to the historical BioScrip statement of operations for expenses that because those historical expenses will be modified directly related to the disposition.

Pro forma adjustments on the unaudited pro forma consolidated statement of operations for the three months ended March 31, 2012 are not required because the historical statement of operations included in the quarterly report on Form 10-Q for the period ended March 31, 2012 filed on May 10, 2012 already reflects the effect of the disposition.

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
(in thousands)

	As of March 31, 2012			
	Historical BioScrip	Disposition	Pro Forma Adjustments	Pro Forma
ASSETS				
Current assets				
Cash and cash equivalents	$ —	$ —	$ 158,170(A)	$158,170
Receivables, less allowance for doubtful accounts	242,173	—	(137,008)(B)	105,165
Inventory	13,783	—	(1,307)(B)	12,476
Prepaid expenses and other current assets	6,442	—	(18)(B)	6,424
Current assets from discontinued operations	32,171	(32,171)	—	—
Total current assets	294,569	(32,171)	19,837	282,235
Property and equipment, net	26,229	—	(5,881)(B)	20,348
Goodwill	312,387	—	—	312,387
Intangible assets, net	18,743	—	—	18,743
Deferred financing costs	3,678	—	—	3,678
Other non-current assets	1,420	—	(44)(B)	1,376
Non-current assets from discontinued operations	17,010	(17,010)	—	—
Total assets	$ 674,036	$(49,181)	$ 13,912	$638,767
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current portion of long-term debt	$ 64,053	$ —	$ (32,729)(B)	$ 31,324
Accounts payable	84,742	—	(61,259)(B)	23,483
Claims payable	5,168	—	—	5,168
Amounts due to plan sponsors	24,345	—	(4,518)(B)	19,827
Accrued interest	11,614	—	—	11,614
Accrued expenses and other current liabilities	28,445	—	(8,224)(B)	20,221
Total current liabilities	218,367	—	(106,730)	111,637
Long-term debt, net of current portion	227,318	—	(867)(B)	226,451
Deferred taxes	9,995	—	—	9,995
Other non-current liabilities	3,681	—	(1,652)(B)	2,029
Total liabilities	459,361	—	(109,249)	350,112
Stockholders' equity				
Preferred stock, $.0001 par value;	—	—	—	—
Common stock, $.0001 par value	6	—	—	6
Treasury stock, shares at cost:	(10,461)	—	—	(10,461)
Additional paid-in capital	377,624	—	—	377,624
Accumulated deficit	(152,494)	(49,181)	123,161	(78,514)
Total stockholders' equity	214,675	(49,181)	123,161	288,655
Total liabilities and stockholders' equity	$ 674,036	$(49,181)	$ 13,912	$638,767

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except for per share amounts)

	Three Months Ended March 31, 2012		
	Historical BioScrip	Pro Forma Adjustments	Pro Forma
Product revenue	$ 106,803	$ —	$106,803
Service revenue	48,830	—	48,830
Total revenue	155,633	—	155,633
Cost of product revenue	72,326	—	72,326
Cost of service revenue	29,785	—	29,785
Total cost of revenue	102,111	—	102,111
Gross profit	53,522	—	53,522
Selling, general and administrative expenses	44,662	—	44,662
Bad debt expense	3,465	—	3,465
Acquisition and integration expenses	172	—	172
Restructuring expense	300	—	300
Amortization of intangibles	879	—	879
Income from continuing operations	4,044	—	4,044
Interest expense, net	6,569	—	6,569
Loss from continuing operations before income taxes	(2,525)	—	(2,525)
Income tax benefit	(502)	—	(502)
Loss from continuing operations, net of income taxes	(2,023)	—	(2,023)
Loss from continuing operations per common share:			
Basic	$ (0.04)		$ (0.04)
Diluted	$ (0.04)		$ (0.04)
Weighted average common shares outstanding:			
Basic	55,307		55,307
Diluted	55,307		55,307

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except for per share amounts)

	Year Ended December 31, 2011			
	Historical BioScrip	Disposition	Pro Forma Adjustments	Pro Forma
Product revenue	$ 1,622,949	$(1,261,180)	$ —	$361,769
Service revenue	195,077	(2,340)	—	192,737
Total revenue	1,818,026	(1,263,520)	—	554,506
Cost of product revenue	1,400,947	(1,166,649)	—	234,298
Cost of service revenue	104,776	—	—	104,776
Total cost of revenue	1,505,723	(1,166,649)	—	339,074
Gross profit	312,303	(96,871)	—	215,432
Selling, general and administrative expenses	237,274	(74,526)	5,867(C)	168,615
Bad debt expense	18,654	(7,951)	—	10,703
Acquisition and integration expenses	—	—	—	—
Restructuring expense	8,885	(2,450)	—	6,435
Amortization of intangibles	5,189	(1,813)	—	3,376
Legal settlement	4,800	(4,800)	—	—
Income from continuing operations	37,501	(5,331)	(5,867)	26,303
Interest expense, net	28,306	—	(2,764)(D)	25,542
Income from continuing operations before income taxes	9,195	(5,331)	(3,103)	(761)
Income tax expense	1,323		(1,226)(E)	(97)
Income from continuing operations	7,872	(5,331)	(1,877)	(664)
Income from per common share:				
Basic	$ 0.14			$ (0.01)
Diluted	$ 0.14			$ (0.01)
Weighted average common shares outstanding:				
Basic	54,505			54,505
Diluted	55,150			55,150

BIOSCRIP, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(A) The sources and uses of funds relating to the sale are as follows (in thousands):

Sources:	
Cash receivable as disposal consideration	$128,500
Value of inventory on hand	31,982
Accounts receivable, net of working capital liabilities retained	64,332
Uses:	
Payment of accounts payable due to AmerisourceBergen	(52,348)
Repayment of capital leases	(2,031)
Estimated disposal-related transaction costs	(12,265)
Net adjustment of cash and cash equivalents as of March 31, 2012	$158,170

(B) Reflects adjustment to remove assets and liabilities of the community pharmacy and mail order lines of business which were not sold as part of the Pharmacy Services Asset Sale. The Company anticipates the collection, payment or resolution of these balances during the remainder of the year. The assets and liabilities not sold are summarized below as of March 31, 2012 (in thousands).

ASSETS	
Current assets	
Receivables, less allowance for doubtful accounts	$137,008
Inventory	1,307
Prepaid expenses and other current assets	18
Total current assets	138,333
Property and equipment, net	5,881
Other non-current assets	44
Total assets	$144,258
LIABILITIES AND STOCKHOLDERS’ EQUITY	
Current liabilities	
Current portion of long-term debt	$ 32,729
Accounts payable	61,259
Amounts due to plan sponsors	4,518
Accrued expenses and other current liabilities	8,224
Total current liabilities	106,730
Long-term debt, net of current portion	867
Other non-current liabilities	1,652
Total liabilities	$109,249

(C) Reflects certain corporate costs allocated to the traditional and specialty pharmacy mail operations and community retail pharmacy stores businesses in 2011 which are not directly eliminated as a result of the Pharmacy Services Asset Sale.

(D) Reflects the interest expense on the revolving credit facility attributed to the discontinued operations.

(E) Reflects the tax effect of the pre-tax pro forma adjustments at the effective rate of 39.5%.