AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 6, 1996

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, $.0001 par				

value.....	4,600,000	$16.00	$73,600,000	$25,380

(1) Includes 600,000 shares which the Underwriters have the option to purchase to cover over-allotments, if any.
(2) Estimated pursuant to Rule 457(a) solely for the purpose of calculating the registration fee.

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 JUNE 6, 1996

4,000,000 SHARES

[LOGO]

MIM CORPORATION

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.

Application has been made to have the Common Stock approved for quotation on the Nasdaq National Market under the symbol "MIMS."

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 $, 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 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 and (ii) 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 published 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 May 31, 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 industry average of 40% during 1994.

The retail pharmaceutical market has grown in recent years, with over two billion prescriptions filled and sales of approximately $57 billion in 1994. Approximately 45% of retail prescription sales dollars during 1994 were paid by plan sponsors, with over 51 million people in the United States belonging to managed care organizations at the end of 1994. According to published reports, by the year 2000 approximately 80 million people in the United States are expected to belong to managed care organizations, and such organizations are expected to be responsible for approximately 76% of all retail prescription sales dollars. 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, which typically sell at a 30% to 70% discount to brand name drug equivalents, were approximately $5.6

billion in 1994. However, in 1994 there were approximately $28 billion of off-patent brand name drug sales for which a generic equivalent was available. In addition, brand name drugs with approximately $25 billion in 1994 sales are scheduled to go off-patent during the next ten years.

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 intends to market its pharmacy benefit management services to sponsors of public and private health plans throughout the country 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 intends 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 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 3,821,853 shares of Common Stock issuable upon exercise of outstanding options under the Company's 1996 Stock Incentive Plan at May 31, 1996 at a weighted average exercise price of approximately $3.22 per share.

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

	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
			(UNAUDITED)	
STATEMENT OF OPERATIONS DATA				
Revenue	$ 109,326	$ 213,929	$ 29,196	$ 66,589
Cost of revenue	106,717	213,398	28,111	64,790
Gross profit	2,609	531	1,085	1,799
General and administrative expenses	5,256	8,048	1,689	2,235
Income (loss) from operations	(2,647)	(7,517)	(604)	(436)
Interest income, net	191	745	84	137
Income (loss) before minority interest	(2,456)	(6,772)	(520)	(299)
Minority interest in loss	--	--	--	9
Net income (loss)	$ (2,456)	$ (6,772)	$ (520)	$ (290)
Net income (loss) per common and common equivalent share	$ (0.55)	$ (1.43)	$ (0.12)	$ (0.04)
Weighted average shares outstanding	4,500	4,732	4,500	8,024

		MARCH 31, 1996	
	DECEMBER 31, 1995	ACTUAL	AS ADJUSTED (1)
		(UNAUDITED)	
BALANCE SHEET DATA			
Cash and cash equivalents	$ 1,804	$ 4,485	$ 59,285
Working capital (deficit)	(12,080)	(12,498)	42,302
Total assets	18,924	20,482	75,282
Accumulated deficit	(9,188)	(10,100)	(10,100)

Stockholders' equity (deficit).....	(11,524)	(11,778)	43,022

- --------

(1) 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 three months ended March 31, 1996, the Company incurred net losses of $6.8 million and $0.3 million, respectively. As of March 31, 1996, the Company had an accumulated deficit of $10.1 million, a working capital deficit of $12.5 million and a stockholders' deficit of $11.8 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 included herein.

LIMITED OPERATING HISTORY; ABILITY TO MANAGE 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 providing services to plan sponsors under the RxCare agreement since March 1994, the sponsors have not, when required, formally consented to the Company's provision of such services on behalf of RxCare. 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 June 1996 and 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 one contract with a plan sponsor that is scheduled to expire in June 1996, the Company underestimated the utilization of prescription drugs by the plan's members and expects to incur losses under that contract of approximately $10 million in the aggregate. All such losses were reflected in the Company's results of operations 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 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 (although not those of Tennessee) 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 January 1996, the Federal Trade Commission (the "FTC") promulgated a proposed consent decree with RxCare and its parent, the Tennessee Pharmacists Association, prohibiting certain allegedly anti-competitive practices. 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.

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

While management believes that the Company is in compliance with all existing laws and regulations material to the operation of its business, many of the laws affecting it are uncertain in their application and are subject to interpretation and 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."

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 of such employment agreements. See "Management--Employment Agreements."

RELATIONSHIP OF CERTAIN EXECUTIVE OFFICERS WITH ZENITH GOLDLINE

Prior to their employment with the Company, Messrs. Klein and Friedman were executive officers of Zenith Goldline, a major generic drug manufacturer and marketer. 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'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 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."

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 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 AND REGULATORY 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.

Since January 1996, RxCare has been under audit by the Division of State Audit (Department of Audit of the Comptroller of the Treasury) of the State of Tennessee regarding its operations. Any restrictions on the business activities of RxCare arising from any adverse audit findings could have a material adverse effect on the Company's business and results of operations. See "Business--Legal and Regulatory Proceedings."

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 180 days 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 4,000,000 shares of Common Stock has been established for issuance under the Company's 1996 Stock Incentive Plan. At May 31, 1996, options to purchase a total of 3,821,853 shares of Common Stock were outstanding under that Plan, of which options to purchase 2,683,400 shares were exercisable. See "Management--Stock Incentive Plan."

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 $11.42 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 March 31, 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.

	MARCH 31, 1996	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS, EXCEPT FOR SHARE DATA)	
Cash and cash equivalents	$ 4,485	$ 59,285
Long-term debt, including capital lease obligations	$ 93	$ 93
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	--	54,800
Accumulated deficit	(10,100)	(10,100)
Stockholder notes receivable	(1,679)	(1,679)
Total stockholders' equity (deficit)	(11,778)	43,022
Total capitalization	$ (11,685)	$ 43,115

- ---

(1) Excludes 3,003,900 shares of Common Stock issuable upon exercise of outstanding options at March 31, 1996. Also excludes 817,953 shares of Common Stock issuable upon exercise of additional options that were granted in May 1996.

DILUTION

The net tangible book value of the Company at March 31, 1996 was approximately ($11.8 million), or ($1.47) 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 as of March 31, 1996 would have been approximately $3.58 per share. This represents an immediate increase of $5.05 per share to existing stockholders and an immediate dilution of $11.42 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.....	$(1.47)	
Increase in net tangible book value per share attributable to new public investors.....	5.05	
Net tangible book value per share after the Offering.....		3.58
Dilution per share to new investors.....		$11.42

The following table summarizes at May 31, 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 May 31, 1996. At May 31, 1996, 3,821,853 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 $3.22 per share. To the extent that these outstanding options are exercised, the dilution per share to new investors would be $11.51. See "Management--Stock Incentive Plan."

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 March 31, 1996 and for the three months ended March 31, 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 three months ended March 31, 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, 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	THREE MONTHS ENDED MARCH 31, 1995	THREE MONTHS ENDED MARCH 31, 1996
	(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)				
STATEMENT OF OPERATIONS DATA					
Revenue	$ 122	$ 109,326	$ 213,929	$ 29,196	$ 66,589
Cost of revenue	--	106,717	213,398	28,111	64,790
Gross profit	122	2,609	531	1,085	1,799
General and administrative expenses	82	5,256	8,048	1,689	2,235
Income (loss) from operations	40	(2,647)	(7,517)	(604)	(436)
Interest income, net	--	191	745	84	137
Income (loss) before minority interest	40	(2,456)	(6,772)	(520)	(299)
Minority interest	--	--	--	--	9
Net income (loss)	$ 40	$ (2,456)	$ (6,772)	$ (520)	$ (290)
Net income (loss) per common and common equivalent share	$ 0.01	$ (0.55)	$ (1.43)	$ (0.12)	$ (0.04)
Weighted average shares outstanding	4,500	4,500	4,732	4,500	8,024

	DECEMBER 31, 1993	DECEMBER 31, 1994	DECEMBER 31, 1995	MARCH 31, 1996
		(IN THOUSANDS)		
BALANCE SHEET DATA				
Cash and cash equivalents	$--	$ 2,933	$ 1,804	$ 4,485
Working capital (deficit)	(3)	(5,087)	(12,080)	(12,498)
Total assets	93	15,260	18,924	20,482
Accumulated earnings (deficit)	40	(2,416)	(9,188)	(10,100)
Stockholders' equity (deficit)	41	(3,693)	(11,524)	(11,778)

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. Under the RxCare contract, the Company pays certain amounts to RxCare and shares 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 May 31, 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.

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; Ability to Manage Growth."

RESULTS OF OPERATIONS

Three months ended March 31, 1996 compared to three months ended March 31, 1995

For the three months ended March 31, 1996, the Company recorded a net loss of $0.3 million on revenue of $66.6 million. This compares with a net loss of $0.5 million on revenue of $29.2 million for the same period in 1995. The increase of $37.4 million in revenue was primarily due to the addition of the Blue Cross contract in April 1995. For the first quarter of 1996, approximately 92% of the Company's revenue was generated through capitated contracts, compared with 83% during the first quarter of 1995.

At December 31, 1995, the Company had accrued $4.5 million to cover the losses expected to be incurred under the remaining term of the Blue Cross contract through June 1996; approximately $1.7 million of such accrual remained at March 31, 1996. The Company is currently in the process of renegotiating the contract.

Cost of revenue as a percentage of revenue increased from 96.3% in the first quarter of 1995 to 97.3% in the first quarter of 1996, primarily due to an increase in claims paid as a result of higher drug utilization rates per member under the Company's programs.

General and administrative expenses were $2.2 million for the three months ended March 31, 1996 and $1.7 million for the three months ended March 31, 1995, an increase of 29.4%. The $0.5 million increase was largely attributable to the costs of additional personnel to support expanded marketing efforts in the commercial marketplace as well as further opportunities in Medicaid programs similar to TennCare. As a percentage of revenue, general and

administrative expenses declined from 5.8% in the first quarter of 1995 to 3.4% in the first quarter 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 ongoing losses, the Company had a working capital deficit of $12.5 million at March 31, 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% promissory note that is payable upon demand.

Cash and cash equivalents were $4.5 million at March 31, 1996, compared with $1.8 million at December 31, 1995. Operating activities of the Company generated $3.0 million in cash for the three months ended March 31, 1996 as compared with $1.4 million in the year ended December 31, 1995, an increase of $1.6 million. The increase during the first quarter of 1996 was primarily the result of a decrease in receivables of $1.3 million and increases in payables to plan sponsors and others and accrued expenses of $1.9 million and $0.4 million, respectively. The impact of these items was partially offset by a decrease in claims payable of $0.4 million. The Company does not currently have any significant capital commitments.

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. 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 May 31, 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 industry average of 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 intends to market its pharmacy benefit management services to sponsors of public and private health plans throughout the country 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 intends 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 Goldline."

INDUSTRY OVERVIEW

Pharmacy Benefit Management. The retail pharmaceutical market has grown in recent years, with over two billion prescriptions filled and sales of approximately $57 billion in 1994. 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 45% of retail prescription sales dollars during 1994 were paid by plan sponsors, with over 51 million people in the United States belonging to managed care organizations at the end of 1994. According to published reports, by the year 2000 approximately 80 million people in the United States are expected to belong to managed care organizations, and such organizations are expected to be responsible for approximately 76% of all retail prescription sales dollars.

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. Published industry reports estimate that brand name drugs with approximately $60 billion in sales during 1994 are expected to be subject to generic competition within ten years. This potential market opportunity has three components. First, there were approximately $28 billion of off-patent brand name drug sales in 1994 for which a generic equivalent was available. Second, patents on brand name drugs with 1994 sales of approximately $25 billion are scheduled to expire during the next ten years. Third, there is an additional $7 billion of off patent brand-name drugs for which no generic drug equivalent has been approved. Generic drug sales have increased steadily in recent years, reaching approximately $5.6 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 shares 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 or establishing 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 providing services to plan sponsors under the RxCare agreement since March 1994, the sponsors have not, when required, formally consented to the Company's provision of such services on behalf of RxCare. 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 May 31, 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."

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. 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.

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 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 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 compliance with all existing laws and regulations material to the operation of its business, many of the laws affecting it are uncertain in their application and are subject to interpretation and 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 (although not those of Tennessee) 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, 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. 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 by the one subsequent case to rule on this question. 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, 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. However, management believes that the kinds of financial incentives paid to or by the Company where it has been acting as a purchaser of drug products on behalf of plan sponsors in connection with the TennCare Program 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 a successful prosecution 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 the Company believes that its payments to RxCare and RxCare's Chairman, a consultant to the Company, comply with the Federal Anti-Kickback Statute, no assurances can be given that a challenge might not be brought involving one or more such payments, or that such a challenge might not be successful. 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. If the settlement proceeds under its present terms, 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 January 1996, the FTC promulgated a proposed consent decree with RxCare and its parent, the Tennessee Pharmacists Association ("TPA"). 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 offered by RxCare must reduce their 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 pharmacists 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, 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 AND REGULATORY 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 and its operations.

Since January 1996, RxCare has been under audit by the Division of State Audit (Department of Audit of the Comptroller of the Treasury) of the State of Tennessee regarding its operations. The Company believes that this audit, which is expected to last several more months, has not uncovered any improprieties or illegality in RxCare's operations, and the Company believes that RxCare has not engaged in any improper or illegal activities. However, any restrictions on the business activities of RxCare arising from any adverse audit findings could have a material adverse effect on the Company and its 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 additional local facilities to support effective delivery by the Company of its programs and services.

At May 31, 1996, the Company employed a total of 74 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 five 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

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 and marketer 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 November 1993 and also served as President and Chief Executive Officer of Pro-Mark from November 1993 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 September 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 1991 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.

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 Audit Committee and a Compensation Committee of the Board of Directors. The Audit Committee, currently comprised of Messrs. Daniels, Friedman and , 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, and reviews and evaluates the Company's internal accounting controls. The Compensation Committee, currently comprised of Messrs. and , makes decisions concerning salaries and incentive compensation for employees and consultants of the Company and administers the Company's 1996 Stock Incentive Plan. See "--Stock Incentive Plan."

COMPENSATION OF DIRECTORS

Directors who are not officers of the Company 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. 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

NAME AND PRINCIPAL POSITION WITH PRO-MARK(1)	YEAR	ANNUAL COMPENSATION SALARY	BONUS	OTHER ANNUAL COMPENSATION(2)	LONG-TERM COMPENSATION AWARDS 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	--

- --------

(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 and Regulatory 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)	54.0%	$.0067	3/30/10	$ 9,665	$ 28,460
Todd R. Palmieri.....	906,750(2)	36.6	.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

- ---
(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

- ---
(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 PLAN

The Company's 1996 Stock Incentive Plan (the "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 3,003,900 shares of Common Stock under the Plan (of which options to purchase 2,683,400 shares were fully vested at May 31, 1996) at an exercise price of $.0067 per share in exchange for options to purchase shares of Pro-Mark common stock. In May 1996, the Company also granted options to purchase an aggregate of 817,953 shares of Common Stock under the Plan (none of which were vested at May 31, 1996) at an exercise price equal to the initial public offering price of the shares offered in the Offering. Options granted under the 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.

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 3,003,900 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. Messrs. Corvese and Palmieri and MIM Holdings are each principal stockholders of MIM Corporation. See "Principal Stockholders."

RELATIONSHIP OF CERTAIN EXECUTIVE OFFICERS WITH 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 sole 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. 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 any business or enterprise that is substantially competitive with any material portion of the business of manufacturing or distributing 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 May 31, 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 $60,000 during 1994, 1995 and the first quarter 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 quarter 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), $66,000 and $16,500, 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. Indebtedness of $975,000 under the loan is secured by a first mortgage on their principal residence located in Peace Dale, Rhode Island.

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.

In December 1994, MIM Strategic entered into a ten-year lease with Alchemie for approximately 7,200 square feet of office space in Peace Dale, Rhode Island. MIM Strategic paid $5,000, $60,000 and $15,000 in rent for this space during 1994, 1995 and the first quarter of 1996, respectively. MIM Strategic 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, MIM Strategic 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, MIM Strategic 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 and March 31, 1996. 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 remaining balance of $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, which amounts are 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 and relationships in 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 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 $.10 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 $.10 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 June 1996, Mr. Klein loaned $500,000 to the Company for working capital purposes pursuant to an unsecured, 10% promissory note that is payable upon demand. The Company agreed to pay up to $5,000 of Mr. Klein's expenses incurred 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 May 31, 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	2,423,053(7)	30.2	20.2
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)	*	*
All directors and current executive officers as a group (5 persons).....	10,271,250(10)	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 2,423,053 shares held by MIM Holdings, LLC, a Rhode Island limited liability company, the principal 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) See footnotes 3 through 8 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"). As of May 31, 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 180 days 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 Plan options to purchase an aggregate of 3,821,853 shares of Common Stock, 2,683,400 of which will then be exercisable. Restricted securities, including shares issuable upon exercise of options under the Plan, 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 Plan. 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.

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 2,341,200 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 180 days 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, or 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 180 days 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 or restricted stock awards, under the Employee Plan and (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 180-day 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 Plan or to fulfill tax withholding obligations.

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.

Application has been made to approve the Common Stock for quotation on the Nasdaq National Market under the symbol "MIMS."

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. 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,		MARCH 31,
	1994	1995	1996
			(UNAUDITED)
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,933	$ 1,804	$ 4,485
Receivables, less allowance for doubtful accounts of $340, $360 and $360 at December 31, 1994 and 1995 and March 31, 1996, respectively	10,115	14,823	13,531
Prepaid expenses and other current assets	579	481	512
Total current assets	13,627	17,108	18,528
Property and equipment, net	1,262	1,807	1,720
Due from affiliates, less $1,957 allowance for doubtful account at December 31, 1995 and March 31, 1996	198	--	225
Other assets, net	173	9	9
Total assets	$15,260	$ 18,924	$ 20,482
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current liabilities			
Current portion of capital lease obligations	$ 198	$ 216	$ 177
Accounts payable	1,447	1,071	1,038
Claims payable	10,263	19,294	18,871
Payables to plan sponsors and others	6,433	8,436	10,365
Accrued expenses	373	171	575
Total current liabilities	18,714	29,188	31,026
Capital lease obligations, net of current portion	239	110	93
Commitments and contingencies (Note 5)			
Minority interest	--	1,150	1,141
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 March 31, 1996, respectively	1	1	1
Accumulated deficit	(2,416)	(9,188)	(10,100)
Stockholder notes receivable	(1,278)	(2,337)	(1,679)
Total stockholders' deficit	(3,693)	(11,524)	(11,778)
Total liabilities and stockholders' deficit	$15,260	$ 18,924	$ 20,482

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

MIM CORPORATION AND SUBSIDIARIES

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

	PERIOD FROM INCEPTION (JUNE 22, 1993) THROUGH DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	THREE MONTHS ENDED MARCH 31, 1995	THREE MONTHS ENDED MARCH 31, 1996
				(UNAUDITED)	
Revenue	$ 122	$ 109,326	$ 213,929	$ 29,196	$ 66,589
Cost of revenue	--	106,717	213,398	28,111	64,790
Gross profit	122	2,609	531	1,085	1,799
General and administrative expenses	82	5,256	8,048	1,689	2,235
Income (loss) from operations	40	(2,647)	(7,517)	(604)	(436)
Interest income, net	--	191	745	84	137
Income (loss) before minority interest	40	(2,456)	(6,772)	(520)	(299)
Minority interest	--	--	--	--	9
Net income (loss)	$ 40	$ (2,456)	$ (6,772)	$ (520)	$ (290)
Net income (loss) per common and common equivalent share	$ 0.01	$ (0.55)	$ (1.43)	$ (0.12)	$ (0.04)
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	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)	--	--	36	36
Stockholder distribution (unaudited)	--	(622)	622	--
Net loss (unaudited)	--	(290)	--	(290)
Balance, March 31, 1996 (unaudited)	$ 1	$(10,100)	$(1,679)	$ (11,778)

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	THREE MONTHS ENDED MARCH 31, 1995	THREE MONTHS ENDED MARCH 31, 1996
				(UNAUDITED)	
Cash flows from operating activities:					
Net income (loss).....	$ 40	$ (2,456)	$ (6,772)	$ (520)	$ (290)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Net loss allocated to minority interest...	--	--	--	--	(9)
Depreciation and amortization.....	2	92	366	69	140
Provision for losses on receivables and due from affiliates	--	340	1,977	--	--
Changes in assets and liabilities:					
Receivables.....	(49)	(10,455)	(4,728)	5,402	1,292
Prepaid expenses and other current assets.....	--	(530)	98	(277)	(31)
Accounts payable.....	--	1,447	(376)	116	(33)
Claims payable.....	--	10,263	9,031	(36)	(423)
Payables to plan sponsors and others.....	--	6,433	2,003	(4,411)	1,929
Accrued expenses.....	14	359	(202)	913	404
Net cash provided by operating activities.....	7	5,493	1,397	1,256	2,979
Cash flows from investing activities:					
Purchase of property and equipment.....	(41)	(810)	(802)	(486)	(53)
(Increase) decrease in other assets.....	(5)	(168)	164	162	--
Net cash used in investing activities.....	(46)	(978)	(638)	(324)	(53)
Cash flows from financing activities:					
Principal payments on capital lease obligations.....	--	(68)	(220)	(49)	(56)
Loans from (to) affiliates.....	38	(236)	(1,759)	148	(225)
Minority interest investment.....	--	--	1,150	--	--
Stockholder loans, net.....	--	(1,278)	(1,059)	--	36
Issuance of common stock.....	1	--	--	--	--
Net cash provided by (used in) financing activities.....	39	(1,582)	(1,888)	99	(245)

Net increase (decrease) in cash and cash equivalents	--	2,933	(1,129)	1,031	2,681
Cash and cash equivalents--beginning of period	--	--	2,933	2,933	1,804
Cash and cash equivalents--end of period	$ --	$ 2,933	$ 1,804	$ 3,964	$ 4,485
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Income taxes	$ --	$ 72	$ 286	$ 129	$ --
Interest	$ --	$ 6	$ 31	$ 8	$ 6
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:					
Equipment acquired under capital lease obligations	$ --	$ 505	$ 109	$ --	$ --
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 MARCH 31, 1996 AND FOR THE THREE MONTHS ENDED MARCH 31, 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.

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 providing services to plan sponsors under the RxCare agreement since January 1994, the sponsors have not, when required, formally consented to the Company's provision of such services on behalf of RxCare.

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 March 31, 1996 were approximately $1,733, $1,740 and $3,578, 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 three months ended March 31, 1995 and 1996 was $24,267 and $61,443, 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 three months ended March 31, 1995 and 1996 was $4,443 and $3,805, 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 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 March 31, 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 $3,816 at December 31, 1994 and 1995 and at March 31, 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 $13,361 at December 31, 1994 and 1995 and at March 31, 1996, respectively.

The Company has experienced losses on one of its TennCare contracts since the contract was entered into as of April 1, 1995. Management expects these losses to continue through the contract expiration date of June 30, 1996. The Company had 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 under the remainder of this contract; $1,694 of such accrual remained at March 31, 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 loss 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 as of March 31, 1996 and for the three months ended March 31, 1995 and 1996 are unaudited. In the opinion of the Company's management, the unaudited financial statements as of March 31, 1996 and for the three months ended March 31, 1995 and 1996 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. The results of operations for the three months ended March 31, 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).

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 three months ended March 31,1996.

At March 31, 1996, the Company had outstanding short-term advances to MIM Holdings and Alchemie Properties, LLC ("Alchemie") of $99 and $25, respectively. Amounts due from each entity are 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.

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 $10 and $60 for the three months ended March 31, 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 $15 for the three months ended March 31, 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 three months ended March 31, 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 through December 1996. The Company paid a total of $516 in 1994 (including $150 upon execution of the RxCare agreement), $66 in 1995 and $16.5 for the three months ended March 31, 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 three months ended March 31, 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 three months ended March 31, 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 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 $943 at March 31, 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 $13 for the three months ended March 31, 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 March 31, 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 $7 for the three months ended March 31, 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, have been recorded as a stockholder note receivable at December 31, 1995 and March 31, 1996. 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.

NOTE 4--PROPERTY AND EQUIPMENT

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

	DECEMBER 31,		MARCH 31,
	1994	1995	1996
Computer and office equipment, including equipment under capital leases	$ 787	$1,614	$1,665
Furniture and fixtures	130	173	175
Leasehold improvements	439	480	480
	1,356	2,267	2,320
Less: Accumulated depreciation and amortization	(94)	(460)	(600)
	$1,262	$1,807	$1,720

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, 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 (although not those of Tennessee) 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 January 1996, the Federal Trade Commission (the "FTC") promulgated a proposed consent decree with RxCare and its parent, the Tennessee Pharmacists Association, prohibiting certain allegedly anti-competitive practices. 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 claims laws, drug distribution laws and consumer protection laws and may be subject to certain other laws, including ERISA and various state insurance laws.

While management believes that the Company is in compliance with all existing laws and regulations material to the operation of its business, many of the laws affecting it are uncertain in their application and are subject to interpretation and 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 $31 and $34 for the three months ended March 31, 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 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	2,748
Other	(17)	75	2
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 1, 1995, March 24, 1995, March 31, 1995 and October 9, 1995, options to purchase 50, 1,300, 15,108 and 50 shares of common stock, respectively, were granted at $1.00 per share (a total of 2,476,200 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 1996, options to purchase 817,953 shares of Common Stock were granted at a price that will equal the initial public offering price. At May 31, 1996, 178,147 shares remain available for grant under the Plan.

No options were exercisable at December 31, 1994. As of December 31, 1995 and March 31, 1996, the exercisable portion of outstanding options was 2,442,100 and 2,509,600, respectively. Stock option activity under the Plan through March 31, 1996 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	2,476,200	$0.0067
Canceled	(24,600)	
Balance, December 31, 1995 and March 31, 1996	3,003,900	$0.0067

Other Stockholder Activities

Prior to the affiliation of three unrelated individuals with the Company (each of whom became directors 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 and relationships in 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 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 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 $0.10 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 $0.10 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 revenue have been derived from TennCare contracts pursuant to its contract with RxCare. For the year ended December 31, 1994, gross revenue from the three largest TennCare contracts totaled approximately $95,727 representing approximately 88% of total revenue. For the three months ended March 31, 1995, gross revenue from the three largest TennCare contracts totaled approximately $24,948 representing approximately 85% of total revenue. For the year ended December 31, 1995 and the three months ended March 31, 1996, gross revenue from the two largest TennCare contracts totaled approximately $159,409 and $53,894 representing approximately 75% and 81% of total revenue, respectively. Receivables on these contracts was approximately $5,801, $5,116 and $4,516 at December 31, 1994 and 1995 and March 31, 1996, respectively. 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 three months ended March 31, 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 three months ended March 31, 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 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

- ---

- ---

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

SEC registration fee	$25,380
NASD filing fee	7,860
NASDAQ listing fee	
Printing and engraving expenses	
Accounting fees and expenses	
Legal fees and expenses	
Blue sky filing and counsel fees and expenses	
Transfer agent and registrar fees	
Miscellaneous expenses	
Total	$

---

* Estimated.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Amended and Restated Certificate of Incorporation of the Registrant provides as follows:

> A director of the Corporation shall have no personal liability to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except to the extent that Section 102(b)(7) (or any successor provision) of the Delaware General Corporation Law, as amended from time to time, expressly provides that the liability of a director may not be eliminated or limited.

The Registrant's By-Laws generally require the Registrant to indemnify directors and officers to the full extent permissible under Delaware law.

Reference is also made to the indemnification provisions of the Underwriting Agreement to be filed as Exhibit 1 to this Registration Statement and to the second undertaking contained in Item 17 of this Registration Statement.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The Company was incorporated in Delaware in March 1996 for the purpose of combining the businesses and operations of Pro-Mark and MIM Strategic. In connection therewith, the following transactions occurred in May 1996:

> -- All of the stockholders of Pro-Mark, consisting of E. David Corvese, the Company's Vice Chairman and a director, and three other employees of Pro-Mark, transferred all of their Pro-Mark shares to the Company in exchange for an aggregate of 4,500,000 shares of Common Stock of the Company, and all of the holders of options to purchase shares of common stock of Pro-Mark exchanged such options for options to purchase an aggregate of 3,003,900 shares of Common Stock of the Company;
>
> -- Mr. Corvese transferred a portion of his ownership interest in MIM Strategic to the Company in exchange for 905,000 shares of Common Stock of the Company;
>
> -- Todd R. Palmieri, the Company's Executive Vice President--Business Development and a director, transferred all of his ownership interests in MIM Strategic to the Company in exchange for 195,747 shares of Common Stock of the Company; and
>
> -- MIM Holdings, LLC, a Rhode Island limited liability company, the principal owners of which are Mr. Corvese, his wife and various trusts for the benefit of their family, assigned certain of its contract rights

and transferred all of its ownership interests in MIM Strategic to the Company in exchange for an aggregate of 2,423,053 shares of Common Stock of the Company.

The foregoing transactions were made pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and/or Regulation D promulgated under the Securities Act.

In May 1996, the Company issued options to purchase an aggregate of 817,953 shares of Common Stock to certain of its employees and key contractors pursuant to the Company's 1996 Stock Incentive Plan. Such issuances were made without consideration and did not constitute sales of a security within the meaning of the Securities Act or, alternatively, were made pursuant to Section 4(2) and/or Rule 701 of the Securities Act.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION
1	Form of Underwriting Agreement(1)
3.1	Amended and Restated Certificate of Incorporation of MIM Corporation
3.2	By-laws of MIM Corporation
5	Opinion of Drinker Biddle & Reath regarding legality of securities being registered(1)
10.1	Drug Benefit Program Services Agreement between Pro-Mark Holdings, Inc. and RxCare of Tennessee, Inc. dated as of March 1, 1994, as amended January 1, 1995(2)
10.2	Capitation Agreement between Blue Cross and Blue Shield of Tennessee and RxCare of Tennessee, Inc. dated as of April 1, 1995(2)
10.3	Pharmaceutical Network Service Agreement between Tennessee Primary Care Network, Inc. and RxCare of Tennessee, Inc.(2)
10.4	Marketing Services Agreement between Zenith Goldline Pharmaceuticals, Inc. and MIM Strategic Marketing, LLC dated as of December 8, 1995(2)
10.5	Pharmaceutical Reimbursement Agreement between Pro-Mark Holdings, Inc. and Zenith Goldline Pharmaceuticals, Inc. dated as of December 8, 1995(2)
10.6	Software Licensing and Support Agreement between ComCoTec, Inc. and Pro-Mark Holdings, Inc. dated November 21, 1994
10.7	Consulting Agreement between Gary Cripps and Pro-Mark Holdings, Inc. dated as of January 1, 1995
10.8	Demand Note of Brian Corvese in favor of Pro-Mark Holdings, Inc. dated March 28, 1994
10.9	Promissory Notes of E. David Corvese and Nancy Corvese in favor of Pro-Mark Holdings, Inc. dated June 15, 1994
10.10	Promissory Note of Alchemie Properties, LLC in favor of Pro-Mark Holdings, Inc. dated August 14, 1994
10.11	Promissory Note from MIM Holdings, LLC to MIM Stretegic, LLC dated March 31, 1996
10.12	Demand Note from MIM Corporation to John H. Klein dated June 4, 1996
10.13	Management Agreement between MIM Holdings, LLC and Pro-Mark Holdings, Inc. dated August 31, 1995
10.14	Start-Up Professional Services Agreement between MIM Holdings, LLC and MIM Strategic Marketing, LLC dated as of January 1, 1996
10.15	On-Going Professional Services Agreement between MIM Holdings, LLC and MIM Strategic Marketing, LLC dated as of January 1, 1996
10.16	Employment Agreement between MIM Corporation and John H. Klein dated as of May 30, 1996

EXHIBIT NUMBER	DESCRIPTION
10.17	Employment Agreement between MIM Corporation and E. David Corvese dated as of May 30, 1996
10.18	Employment Agreement between MIM Corporation and Richard H. Friedman dated as of May 30, 1996
10.19	Employment Agreement between MIM Corporation and Todd R. Palmieri dated as of May 30, 1996
10.20	Employment Agreement between Pro-Mark Holdings, Inc. and Richard H. Krupski dated April 3, 1995
10.21	Employment Agreement between Pro-Mark Holdings, Inc. and Michael R. Ryan
10.22	Stock Option Agreement I between E. David Corvese and John H. Klein dated as of May 30, 1996
10.23	Stock Option Agreement II between E. David Corvese and John H. Klein dated as of May 30, 1996
10.24	Repurchase Agreement between E. David Corvese and John H. Klein dated as of May 30, 1996
10.25	Stock Option Agreement between E. David Corvese and Richard H. Friedman dated as of May 30, 1996
10.26	Stock Option Agreement between E. David Corvese and Leslie B. Daniels dated as of May 30, 1996
10.27	Lease between Alchemie Properties, LLC and Pro-Mark Holdings, Inc. dated as of December 1, 1994
10.28	MIM Corporation 1996 Stock Incentive Plan
21	Subsidiaries of the Company
23.1	Consent of Arthur Andersen LLP
23.2	Consent of Drinker Biddle & Reath (contained in their opinion to be filed as Exhibit 5)(1)
24	Powers of Attorney

---

(1)To be filed by amendment.

(2) Certain information has been omitted from this Exhibit pursuant to a request for confidential treatment filed with the Secretary of the Securities and Exchange Commission.

(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.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the contractual and By-Law provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore,

unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN PEARL RIVER, NEW YORK ON JUNE 6, 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 REGISTRATION STATEMENT ON FORM S-1 HAS BEEN SIGNED BY THE FOLLOWING PERSONS, IN THE CAPACITIES INDICATED, ON THE 6TH DAY OF JUNE, 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

* 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 REGISTRATION STATEMENT ON BEHALF OF EACH OF THE PERSONS NOTED ABOVE, IN THE CAPACITIES INDICATED, AND DOES HEREBY SIGN AND EXECUTE THIS 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

EXHIBIT NUMBER	DESCRIPTION	PAGE
10.21	Employment Agreement between Pro-Mark Holdings, Inc. and Michael R. Ryan	
10.22	Stock Option Agreement I between E. David Corvese and John H. Klein dated as of May 30, 1996	
10.23	Stock Option Agreement II between E. David Corvese and John H. Klein dated as of May 30, 1996	
10.24	Repurchase Agreement between E. David Corvese and John H. Klein dated as of May 30, 1996	
10.25	Stock Option Agreement between E. David Corvese and Richard H. Friedman dated as of May 30, 1996	
10.26	Stock Option Agreement between E. David Corvese and Leslie B. Daniels dated as of May 30, 1996	
10.27	Lease between Alchemie Properties, LLC and Pro-Mark Holdings, Inc. dated as of December 1, 1994	
10.28	MIM Corporation 1996 Stock Incentive Plan	
21	Subsidiaries of the Company	
23.1	Consent of Arthur Andersen LLP	
23.2	Consent of Drinker Biddle & Reath (contained in their opinion to be filed as Exhibit 5)(1)	
24	Powers of Attorney	

---

(1) To be filed by amendment.

(2) Certain information has been omitted from this Exhibit pursuant to a request for confidential treatment filed with the Secretary of the Securities and Exchange Commission.

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

MIM CORPORATION

THE UNDERSIGNED, for the purpose of amending and restating the certificate of incorporation of MIM Corporation, the original certificate of incorporation of which was filed with the Secretary of State of Delaware on March 22, 1996, does hereby certify as follows:

FIRST: The name of the Corporation is MIM Corporation.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is forty-five million (45,000,000) shares, par value one-one hundredth of a cent ($.0001) per share, of which forty million (40,000,000) shares are designated as Common Stock and five million (5,000,000) shares are designated as Preferred Stock.

FIFTH: The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of Article FOURTH, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the Delaware General Corporation law, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and relative rights of each such series and the qualifications, limitations, or restrictions thereof. Each class or series shall be appropriately designated by a distinguishing designation prior to the issuance of any shares thereof. The Preferred Stock of all series shall have powers, preferences and relative rights and shall be subject to qualifications, limitations and restrictions identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of shares of other series of the same class.

SIXTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation except as otherwise specifically provided therein.

SEVENTH: Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed by the Corporation under the provisions of Ssection 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Sesction 279 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

EIGHTH: A director of the Corporation shall have no personal liability to the Corporation or to its stockholders for monetary damages for breach of fiduciary duty as a director except to the extent that Section 102(b)(7) (or any successor or additional provision) of the Delaware General Corporation Law, as amended from time to time, expressly provides that the liability of a director may not be eliminated or limited.

The Corporation not having received any payment for any of its stock, the above amendment and restatement was duly adopted in accordance with the provisions of Sections 141(f), 241 and 245 of the Delaware General Corporation Law by written unanimous consent of the directors of the Corporation.

Dated: May 24, 1996.

/s/ E. David Corvese

E. David Corvese, Chief Executive Officer

/s/ Douglas C. Leonard

Douglas C. Leonard, Assistant Secretary

EXHIBIT 3.2

BY-LAWS

of

MIM Corporation
(a Delaware corporation)

ARTICLE 1
OFFICES

Section 1.01. Offices. The Corporation may have offices at such places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

Section 2.01. Place of Meeting. Meetings of the stockholders shall be held at such place, within the State of Delaware or elsewhere, as may be fixed from time to time by the Board of Directors. If no place is so fixed for a meeting, it shall be held at the Corporation's then principal executive office.

Section 2.02. Annual Meeting. The annual meeting of stockholders shall be held, unless the Board of Directors shall fix some other hour or date therefor, at 10:00 o'clock A.M. on the third Wednesday of May in each year, if not a legal holiday under the laws of Rhode Island, and, if a legal holiday, then on the next succeeding secular day not a legal holiday under the laws of Rhode Island, at which the stockholders shall elect by plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 2.03. Notice of Annual Meetings. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than 10 days nor more than 60 days before the date of the meeting.

Section 2.04. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be so specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.05. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chairman or the Vice Chairman and shall be called by the Chief Operating Officer or Secretary at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.06. Notice of Special Meetings. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than 10 days nor more than 60 days before the date of the meeting.

Section 2.07. Quorum; Voting. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the

stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When a quorum is present at any meeting, except for elections of directors, which shall be decided by plurality vote, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no shares shall be voted pursuant to a proxy more than three years after the date of the proxy unless the proxy provides for a longer period.

Section 2.08. Action Without a Meeting. Unless otherwise restricted
---

by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered

mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days after the earliest dated consent delivered in the manner required by this Section to the corporation, written consents signed by a sufficient number of stockholders to take action are delivered in the manner required by this Section to the Corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE 3
DIRECTORS

Section 3.01. Number and Term of Office. The number of directors of the Corporation shall be such number as shall be designated from time to time by resolution of the Board of Directors and initially shall be two. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 3.02 hereof. Each director elected shall hold office for a term of one year and shall serve until his successor is elected and qualified or until his earlier death, resignation or removal. Directors need not be stockholders.

Section 3.02. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10 percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill

any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3.03. Resignations. Any director may resign at any time by giving written notice to the Board of Directors, the Chairman, the Chief Operating Officer, the Secretary or any Assistant Secretary. Such resignation shall take effect at the time of receipt thereof or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04. Direction of Management. The business of the Corporation shall be managed under the direction of its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 3.05. Place of Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.06. Annual Meeting. Immediately after each annual election of directors, the Board of Directors shall meet for the purpose of organization, election of officers, and the transaction of other business, at the place where such election of directors was held or, if notice of such meeting is given, at the place specified in such notice. Notice of such meeting need not be given. In the absence of a quorum at said meeting, the same may be held at any other time and place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by the directors, if any, not attending and participating in the meeting.

Section 3.07. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

Section 3.08. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the Vice

Chairman on 2 days' notice to each director; either personally (including telephone), or in the manner specified in Section 4.01; special meetings shall be called by the Chairman, the Vice Chairman or the Secretary in like manner and on like notice on the written request of two directors.

Section 3.09. Quorum; Voting. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business; and at all meetings of any committee of the Board, a majority of the members of such committee shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting of the Board of Directors or any committee thereof at which there is a quorum present shall be the act of the Board of Directors or such committee, as the case may be, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors or committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 3.11. Participation in Meetings. One or more directors may participate in any meeting of the Board or committee thereof by means of conference telephone or similar communications equipment by which all persons participating can hear each other.

Section 3.12. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member

at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise all of the powers and authority of the Board of Directors and may authorize the seal of the Corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution providing for the issuance of shares of stock adopted by the Board of Directors, fix any preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when requested.

Section 3.13. Compensation of Directors. Each director shall be entitled to receive such compensation, if any, as may from time to time be fixed by the Board of Directors. Members of special or standing committees may be allowed like compensation for attending committee meetings. Directors may also be reimbursed by the Corporation for all reasonable expenses incurred in traveling to and from the place of each meeting of the Board or of any such committee or otherwise incurred in the performance of their duties as directors. No payment referred to herein shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4
NOTICES

Section 4.01. Notices. Whenever, under the provisions of law or of the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, such requirement shall not be construed to necessitate personal notice. Such notice may in every instance be effectively given by depositing a writing in a post office or letter box, in a postpaid, sealed wrapper, or by dispatching a prepaid telegram, cable, telecopy or telex or by delivering a writing in a sealed wrapper prepaid to a courier service guaranteeing delivery within 2 business days, in each case addressed to such director or stockholder, at his address as it appears on the records of the Corporation in the case of a stockholder and at his business address (unless he shall have filed a written request with the Secretary that notices be directed to a different address) in the case of a director. Such notice shall be deemed to be given at the time it is so dispatched.

Section 4.02. Waiver of Notice. Whenever, under the provisions of law or of the Certificate of Incorporation or of these By-Laws, notice is required to be given, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent thereto. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE 5
OFFICERS

Section 5.01. Number. The officers of the Corporation shall be a Chief Executive Officer, a Secretary and a Treasurer, and may also include a Chairman, Vice Chairman, one or more Executive Vice Presidents and/or Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other officers as may be elected by the Board of Directors. Any number of offices may be held by the same person.

Section 5.02. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors. Officers shall hold office at the pleasure of the Board.

Section 5.03. Removal. Any officer may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 5.04. Chairman. The Chairman, if there is one, shall preside at all meetings of the Board of Directors and shall perform such other duties, if any, as may be specified by the Board from time to time.

Section 5.05. Vice Chairman. The Vice Chairman, if there is one, shall preside at all meetings of the Board of Directors in the absence of the Chairman, and shall perform such other duties, if any, as may be specified by the Board from time to time.

Section 5.05. Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have overall responsibility for the management of the business and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. In the absence of the Chairman and the Vice Chairman he shall preside over meetings of the Board of Directors. In general, he shall perform all duties incident to the office of Chief Executive Officer, and such other duties as from time to time may be assigned to him by the Board.

Section 5.06. Executive Vice Presidents and Vice Presidents. The Executive Vice Presidents and Vice Presidents shall perform such duties and have such authority as may be specified in these By-Laws or by the Board of Directors or the Chief Executive Officer.

Section 5.07. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the stockholders and of the Board of Directors in a book to be

kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument, and when so affixed it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 5.08. Assistant Secretaries. The Assistant Secretary or Secretaries shall, in the absence or disability of the Secretary, perform the duties and exercise the authority of the Secretary and shall perform such other duties and have such other authority as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 5.09. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer or the Chief Financial Officer, taking proper vouchers for such disbursements, and shall render to the Board of Directors when the Board so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 5.10. Assistant Treasurers. The Assistant Treasurer or Treasurers shall, in the absence or disability of the Treasurer, perform the duties and exercise the authority of the Treasurer and shall perform such other duties and have such other authority as the Board of Directors may from time to time prescribe.

ARTICLE 6
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 6.01. Indemnification. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving while a director or officer of the Corporation at the request of the Corporation as a director, officer, employee, agent, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permissible under Delaware law.

Section 6.02. Advances. Any person claiming indemnification within the scope of Section 6.01 shall be entitled to advances from the Corporation for payment of the expenses of defending actions against such person in the manner and to the full extent permissible under Delaware law.

Section 6.03. Procedure. On the request of any person requesting indemnification under Section 6.01, the Board of Directors or a committee thereof shall determine whether such indemnification is permissible or such determination shall be made by independent legal counsel if the Board or committee so directs or if the Board or committee is not empowered by statute to make such determination.

Section 6.04. Other Rights. The indemnification and advancement of expenses provided by this Article 6 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any insurance or other agreement, vote of shareholders or disinterested directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has

ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6.05. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, agent, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these By-laws.

Section 6.06. Modification. The duties of the Corporation to indemnify and to advance expenses to a director or officer provided in this Article 6 shall be in the nature of a contract between the Corporation and each such director or officer, and no amendment or repeal of any provision of this Article 6 shall alter, to the detriment of such director or officer, the right of such person to the advancement of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

ARTICLE 7
CERTIFICATES OF STOCK

Section 7.01. Stock Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate in the form prescribed by the Board of Directors signed on behalf of the Corporation by the Chairman or Vice Chairman or Chief Executive Officer or Chief Operating Officer or an Executive Vice President or Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares owned by him in the Corporation. Any or all signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 7.02. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 7.03. Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate

to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 7.04. Fixing Record Date. The Board of Directors of the Corporation may fix a record date for the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to consent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and such record date shall not be (i) in the case of such a meeting of stockholders, more than 60 nor less than 10 days before the date of the meeting of stockholders, or (ii) in the case of consents in writing without a meeting, more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors, or (iii) in other cases, more than 60 days prior to the payment or allotment or change, conversion or exchange or other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 7.05. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of stock to receive dividends and to vote as such owner, and shall be entitled to hold liable for calls and assessments a person registered on its books as the owner of stock, and shall not be bound to recognize any equitable or other claim to, or interest in, such stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 8
AMENDMENTS

Section 8.01. Amendments. These By-Laws may be altered, amended or repealed, and new By-Laws may be adopted, by the stockholders or by the Board of Directors at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such special meeting.

EXHIBIT 10.1

NOTE: The Company is seeking confidential treatment with respect to certain information contained in this agreement. Therefore, such information (which is identified by an asterisk) has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

Drug Benefit Program Services Agreement

This Agreement is between Pro-Mark Drug Benefit Marketing Services, LLC, a Rhode Island limited liability company with offices at 25 North Road, Peace Dale, Rhode Island 02883 ("Pro-Mark"), and RxCare of Tennessee, Inc., a Tennessee corporation with offices at 226 Capitol Boulevard, Suite 510, Nashville, Tennessee 37219 ("RxCare").

Recitals

A. Pro-Mark designs, implements, operates and manages programs providing for the provision of pharmaceutical services to persons covered by medical benefit plans, and services related thereto ("Drug Benefit Programs").

B. RxCare is a pharmacy-based organization which has implemented one or more Drug Benefit Programs for the medical benefit plans listed on Attachment 1 - ("Existing RxCare Drug Benefit Programs").

C. RxCare and Pro-Mark desire for Pro-Mark to operate and manage the Existing RxCare Drug Benefit Programs, and for Pro-Mark to design, develop, implement and operate additional Drug Benefit Programs for RxCare and its participating pharmacies, on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the mutual promises contained in this Agreement, Pro-Mark and RxCare agree as follows:

1. Definitions. For purposes of this Agreement, the following terms will have the following meanings:

(a) "Drug Benefit Program": see recital A. -

(b) "Existing RxCare Drug Benefit Program": see recital B. -

(c) "Future RxCare Drug Benefit Program": an RxCare Drug Benefit Program implemented for a Plan other than a Plan listed on Attachment 1, or - for a class of covered persons other than the class(es) of persons presently covered by such a Plan, subsequent to the date of this Agreement.

(d) "Network Services Agreement": an agreement between RxCare and a Participating Plan, pursuant to which RxCare agrees to arrange for the provision of pharmaceutical services to persons covered by the Plan, and to provide services related thereto, in return for the payment to RxCare and Participating Pharmacies of the compensation provided therein.

(e) "Participating Pharmacy" or "Pharmacy": a pharmacy that is a party to a Participating Provider Agreement with RxCare.

(f) "Participating Plan" or "Plan": a medical benefit plan which provides pharmaceutical-related benefits to persons covered by the Plan and which is a party to a Network Services Agreement with RxCare.

(g) "Participating Provider Agreement": an agreement between RxCare and a Participating Pharmacy pursuant to which the Participating Pharmacy agrees to provide pharmaceutical services to persons covered by a Plan in return for the payment to the Pharmacy of the compensation provided therein.

(h) "Pro-Mark Services": the services performed by Pro-Mark under Section 2.1 of this Agreement.
---

2. Pro-Mark Services.

2.1 Pro-Mark will operate and manage all Existing RxCare Drug Benefit Programs, and design, operate and manage all Future RxCare Drug Benefit Programs. The services performed by Pro-Mark under this Section 2.1 will consist of the
---
following:

(a) marketing, including the targeting and soliciting of Plans and Pharmacies for participation in Future RxCare Drug Benefit Programs;

(b) negotiating amendments to and renewals of existing Network Services Agreements and/or Participating Provider Agreements for the Existing RxCare Drug Benefit Programs;

(c) negotiating new Network Services Agreements and/or Participating Provider Agreements, and amendments to and renewals thereof, for Future RxCare Drug Benefit Programs;

(d) except as otherwise expressly provided in this Agreement, exercising all rights and performing all obligations of RxCare under Network Services Agreements and Participating Provider Agreements relative to all

Existing and Future RxCare Drug Benefit Programs, including but not limited to the following:

(i) recommending and/or implementing the list of pharmaceutical services, and procedures for the provision of the same, to be included from time to time in the drug formulary or other list of pharmaceutical-related services covered by Participating Plans;

(ii) providing, or arranging for third parties to provide, all services customarily associated with the processing of Participating Pharmacy claims, including but not limited to drug utilization review and prior authorization activities, implementation of formulary changes, Pharmacy training and Pharmacy check processing;

(iii) receiving all amounts payable to RxCare from Plans in reimbursement of pharmaceutical services provided to persons covered by Plans and/or in compensation of the services related thereto performed by Pro-Mark on behalf of RxCare;

(iv) paying, or arranging for Plans to pay, all amounts due Participating Pharmacies in reimbursement for pharmaceutical services provided to persons covered by the Plans; and

(v) designing and administering, directly and/or on behalf of RxCare and Plans, rebate and other incentive programs with suppliers of pharmaceutical products and services to Pharmacies, including negotiating, entering into, performing and receiving payments under agreements with suppliers providing for the payment to Pro-Mark of rebates on the purchase of pharmaceutical products and services furnished to persons covered by the Plans.

(e) using best efforts to obtain binding commitments from, or to otherwise cause, pharmaceutical manufacturers participating in the rebate programs referred to in Section 2.1(d)(v) to provide reasonable support to the educational programs and journal advertising of the Tennessee Pharmacists Association.

2.2 Except as otherwise provided in Section 3.1, all personnel and all financial and other resources necessary to perform the Pro-Mark Services will be provided by Pro-Mark.

3. Rights and Obligations of RxCare.

3.1 RxCare will provide reasonable support and assistance to Pro-Mark in the performance of the Pro-Mark Services, including but not limited to the following:

(a) the use, for purposes related to the Existing and Future, RxCare Drug Benefit Programs, of any available or unused space, equipment, furniture fixtures and furnishings in, and maintenance of the lease to, the RxCare premises located at 226 Capitol Boulevard, Suite 510, Nashville, Tennessee;

(b) assistance in communications and maintenance of relationships between Pro-Mark and the Pharmacies, Plans and other persons participating in Existing and Future RxCare Drug Benefit Programs; and

(c) assistance, directly and through the Tennessee Pharmacists Association, in lobbying governmental officials and entities on matters related to the Existing and Future RxCare Benefit Programs.

3.2 RxCare will allow Pro-Mark discretion, in accordance with the Program policies established by RxCare, in the performance of the Pro-Mark Services and will execute such agreements and other documents, and take such other actions, as reasonably may be requested by Pro-Mark in connection with the performance of the Pro-Mark Services, subject to the following limitations:

(a) RxCare reasonably may decline to execute any Network Services Agreement, Participating Provider Agreement, or amendment or renewal thereof, negotiated by Pro-Mark; and

(b) RxCare will have the right to inspect and audit, or to cause a third party to inspect and audit, the books, records and affairs of Pro-Mark for the purpose of determining Pro-Mark's compliance or non-compliance with the terms and conditions of this Agreement, including but not limited to the terms and conditions of compensation to Pro-Mark set forth in Section 4.

3.3 RxCare will maintain its corporate existence and a board of directors and will retain, exercise and perform all of rights and obligations not granted to, exercise and performed by Pro-Mark under this Agreement, including but not limited to the right to

establish and collect from Pharmacies the membership fees provided in the Participating Provider Agreements.

4. Pro-Mark Compensation.

4.1 For the Pro-Mark Services, Pro-Mark will have the right to retain all revenues received by Pro-Mark in accordance with this Agreement, which remain after payment or deduction of the following:

(a) a one-time contribution to the Tennessee Pharmacists Association's Research and Education Foundation in the amount of twenty-five thousand dollars ($25,000.00);

(b) the amount of [*] dollars ($[*]) payable to RxCare each for as long as Pro-Mark uses the real and personal property described in Section 3.1(a);

(c) all amounts payable by Pro-Mark to Pharmacies under Sections 2.1(d)(ii) and (iv);

(d) all other reasonable costs and expenses incurred or paid by Pro-Mark in connection with the performance of the Pro-Mark Services, including selling, general and administrative expenses and other overhead expenses of Pro-Mark fairly allocable to the performance of the Pro-Mark Services, and excluding only taxes imposed on the income derived therefrom by Pro-Mark; and

(e) an amount, payable to RxCare on or before March 31 of each year, equal to [*] percent ([*]%) of the revenues received by Pro-Mark in the immediately preceding calendar year from the performance of the Pro-Mark Services specified in Section 2.1(d), which remain after payment or deduction of the amounts provided in (a) through (d) above for such year (excluding the amount set forth in (a) subsequent to the year of payment thereof).

4.2 Pro-Mark will furnish RxCare pro-forma statements of revenue and expenses calculated in the manner provided herein, for the period and for the year-to-date, together with such further information as reasonably may be requested by RxCare, within thirty (30) days of the end of each calendar quarter.

4.3 Any dispute between the parties with respect to the amount deducted by Pro-Mark under Section 4.1(d) will be settled by arbitration. The parties will first attempt to agree on a single arbitrator to settle the dispute. If the parties are unable to agree, each party will select one arbitrator, the two arbitrators so chosen will select a third arbitrator and the decision of the majority will be final and binding upon the parties.

5. Term and Termination.

5.1 This Agreement will be in effect from the date hereof until January 1, 1997, and will continue thereafter for successive periods of one year each, unless written notice of non-renewal is given by a party at least ninety (90) days before the expiration of the initial or any renewal term.

5.2 This Agreement will terminate prior to its scheduled expiration date:

(a) upon breach by a party of any material provision of this Agreement and a failure to cure said breach within thirty days after written notice from the other party; or

(b) upon the making an assignment for the benefit of creditors of either party or the filing of a petition of insolvency or bankruptcy by or against either party, which is not dismissed within sixty days; or

6. Confidentiality; Use of Data.

6.1 Except as otherwise expressly provided in this Agreement, neither party will ever use or disclose any confidential information disclosed to or otherwise obtained by a party under or in connection with this Agreement, which relates to the other party and/or its business, operations, personnel, finances, income, expenditures, products, or services. Immediately upon termination of this Agreement, each party will deliver to the other party all records and other things, including copies, containing confidential information of the other party, then within its possession or control.

6.2 RxCare hereby grants Pro-Mark a perpetual royalty-free, non exclusive sublicense of any and all of its rights in and to the claims data, prescription data and other data created or obtained by RxCare or Pro-Mark as a result of the performance of Pro-Mark Services. Pro-Mark will have the unrestricted right to use these data in the manner and to the extent permitted by applicable law, without additional obligation to RxCare.

7. Representations and Warranties.

Each party represents and warrants that its execution of this Agreement has not breached, and that its performance of this Agreement will not breach, any duty owed by it to any other individual or entity under any law, regulation, court order, agreement or otherwise, and agrees to indemnify and hold harmless the other party from any claims, demands, costs, judgments, liabilities, losses, attorneys' fees and costs incurred by the other party as the result of a breach of this warranty.

8. Miscellaneous.

8.1 Any notice given under this Agreement shall be in writing and deemed given when delivered personally, or mailed certified mail, return receipt requested, to a party at the address set forth below or subsequently specified in a notice given in such manner:

If to Pro-Mark:	If to RxCare:
E. David Corvese	Gary Cripps
President	Chairman
Pro-Mark	RxCare of Tennessee, Inc.
25 North Road	226 Capitol Blvd., Suite 510
Peace Dale, RI 02883	Nashville, TN 37219

8.2 A party may not assign any of its rights or obligations under this Agreement, except to a parent, subsidiary or affiliate, without the prior written consent of the other party.

8.3 This Agreement shall be binding upon and inure to the benefit of the parties hereto and respective successors and permitted assigns.

8.4 This Agreement contains the entire understanding and agreement of the parties. No other further agreements or understandings between the parties with respect to the subject matter of this Agreement shall be valid or enforceable nor may any term or provision hereof be altered, changed, or waived except by an instrument in writing signed by the parties.

8.5 It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is illegal, the validity of the remaining provisions shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be illegal.

8.6 Titles to the paragraphs in this Agreement are solely for convenience and do not constitute a substantive part of this Agreement.

IN WITNESS WHEREOF, the partes hereto have caused this Agreement to be executed by their duly authorized representatives as of the 1st day of March, 1994.

Pro-Mark Drug Benefit Marketing Services, LLC	RxCare of Tennessee, Inc.
/s/ E. David Corvese	/s/ Gary Cripps
- ----------	----------
E. David Corvese, President	Gary Cripps, Chairman

Attachment 1

Existing Drug Benefit Programs of RxCare

1. Public Programs (TennCare)

   a. Access MedPlus (Tennessee Primary Care Network, Inc.)
   b. Advantage Care (Phoenix Holdings, Inc.)
   c. Preferred Health Partnership of Tennessee, Inc.
   d. Affordable Health Care Corporation
   e. TLC Family Care Healthplan (Memphis Managed Care Corporation)
   f. Health Net, Inc.
   g. Vanderbilt Health Plans (VUMC Care, Inc.)
   h. John Deere Health Care (Heritage National Healthplan, Inc.) - Long Term Care Benefits Only
   i. Blue Cross and Blue Shield of Tennessee

2. Private Programs

   a. Blue Cross and Blue Shield of Tennessee
   b. All other current RxCare private programs

Amendment No. 1
to
Drug Benefit Program Services Agreement

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, being the parties to that certain Drug Benefit Program Services Agreement dated as of March 1, 1994 (the "SERVICE AGREEMENT"), hereby amend the Service Agreement effective January 1, 1995 as follows (where any term defined in the Service Agreement has the same meaning when used in this Amendment):

1. Sections 3.1(a) of the Service Agreement is hereby revised to read as follows:

> "(a) (i) through October 1995, the use of available or unused space, equipment, furniture, fixtures and furnishings in, and maintenance of the lease to, the RxCare premises located at 226 Capitol Boulevard, Suite 510, Nashville, Tennessee for which Pro-Mark will pay RxCare [*] ($[*]) dollars per month through October 1995, and (ii) thereafter, Pro-Mark will pay RxCare [*] ($[*]) dollars per month commencing November 1995;"

2. Section 4.1 of the Service Agreement is hereby revised to read as follows:

> "4.1 For the Pro-Mark Services, Pro-Mark will have the right to retain all revenues received by Pro-Mark in accordance with this Agreement ("CONTRACT REVENUES") except that, in addition to the amounts payable by ProMark to RxCare under Section 3.1(a) hereof ("SERVICE PAYMENTS") and payable for calendar year 1994 under Section 4.1(e) hereof as it appeared prior to this Amendment ("OLD PROFIT PAYMENTS"), by the 31st of May of 1996 and of each succeeding year Pro-Mark shall make a payment (a "NEW PROFIT PAYMENT") to RxCare equal to the amount (if any) by which [*] ([*]%) percent of Cumulative Profit (if any) exceeds the sum of all previous Old and New Profit Payments (if any). As used herein, "CUMULATIVE PROFIT" means (i) total cumulative Contract Revenues hereunder during the period from January 1, 1995 through December 31 of the calendar year immediately preceding the Profit Payment date minus (ii) the sum of the following payments and deductions payable or made with respect to said period:
>
> "(a) the twenty-five ($25,000) dollars contribution made by Pro-Mark under Section 4.1(a) as it appeared prior to this Amendment;

"(b) all Service Payments;

"(c) an amount per pharmacy claim processed on or after January 1, 1995 by Pro-Mark (or any parent, subsidiary or affiliate thereof) reflecting market prices as from time to time shall be mutually agreed upon in writing;

"(d) all amounts payable by Pro-Mark to third-parties under Section 2.1(d)(ii) (other than amounts payable to any Pro-Mark parent, subsidiary or affiliate for claims processing described in (b) above);

"(e) all amounts payable by Pro-Mark to Pharmacies under Sections 2.1(d)(iv);

"(f) all other reasonable costs and expenses incurred or paid by Pro-Mark in connection with the performance of the Pro-Mark Services during calendar year 1994, including selling, general and administrative expenses and other overhead expenses of Pro-Mark fairly allocable to the performance of the Pro-Mark Services, and excluding only taxes imposed on the income derived therefrom by Pro-Mark;

"(g) [*] ([*]%) percent of Contract Revenues during calendar year 1995, and [*] ([*]%) percent of all subsequent Contract Revenues, provided that such percentages will be adjusted by mutual agreement if the simple average of the number of persons covered by the RxCare Drug Benefit Programs at the beginning and end of a given calendar year deviates from the corresponding average for calendar year 1995 by more than [*] ([*]%) percent.

3. Section 5.1 of the Service Agreement is hereby revised to read as follows:

5.1 This Agreement will be in effect from the date hereof until December 31, 1998, and will renew for successive one year periods on January 1st of 1999 and of each succeeding year unless and until written notice of non-renewal is given by a party at least ninety (90) days before the next renewal date.

4. The Service Agreement, as hereby amended, remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives as of January 1, 1995.

Pro-Mark Holdings, Inc.	RxCare of Tennessee, Inc.
By /s/ Richard H. Krupski	By /s/ Gary Cripps
Richard H. Krupski, President	Gary Cripps, Chairman

Amendment No. 2
to
Drug Benefit Program Services Agreement

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, being the parties to that certain Drug Benefit Program Services Agreement dated as of March 1, 1994 (the "Service Agreement"), hereby amend the Service Agreement effective January 1, 1996 as follows (where any term defined in the Service Agreement has the same meaning when used in this Amendment):

A new section 4.4 is added to Section 4 of the Agreement as follows:

> "4.4 Pro-Mark is not liable, in whole or in part, for any cost, loss or expense incurred by RxCare between January 1, 1995 and March 31, 1995 pursuant to RxCare's agreement with Blue Cross and Blue Shield of Tennessee ("BCBST") to provide pharmaceutical benefit services. RxCare acknowledges and agrees that such cost, loss and expense incurred by RxCare during that period pursuant to the BCBST contract is the sole obligation and responsibility of RxCare."

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives as of the date first above written.

Pro-Mark Holdings, Inc. (Successor to Pro-Mark Drug Benefit Marketing Services, LLC	RxCare of Tennessee, Inc.
By /s/ Richard H. Krupski --- Richard H. Krupski, President	By /s/ Gary Cripps --- Gary Cripps, Chairman

EXHIBIT 10.2

NOTE: The Company is seeking confidential treatment with respect to certain information contained in this agreement. Therefore, such information (which is identified by an asterisk) has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

BLUE CROSS AND BLUE SHIELD OF TENNESSEE AND RXCARE OF TENNESSEE CAPITATION AGREEMENT

This Agreement, made and entered into to be effective as of this 1st day of April, 1995, by and between RxCare of Tennessee, Inc. (hereinafter "RxCare"), and Blue Cross and Blue Shield of Tennessee (hereinafter "BCBST").

W I T N E S S E T H:

WHEREAS, BCBST participates as a contractor in the TennCare Program established and administered by the State of Tennessee (the "TennCare Program"), pursuant to a written agreement, including several amendments thereto, between BCBST and the State of Tennessee (collectively referred to as the "TennCare Agreement"); and

WHEREAS, pursuant to and in accordance with the TennCare Program and the TennCare Agreement, BCBST intends to arrange for the provision of managed health care and other related services to its Enrollees through Provider Agreements with hospitals, physicians, and other health care providers and managed care organizations; and

WHEREAS, RxCare provides, through a network of participating pharmacies, pharmaceutical services to persons covered by medical benefit plans, and services related thereto; and

WHEREAS, BCBST and RxCare desire for RxCare to provide, through its network of participating pharmacies, pharmaceutical services to TennCare Enrollees covered by BCBST;

WHEREAS, BCBST and RxCare desire to enter into a written agreement to set forth the terms and conditions of their agreement concerning the rights, obligations, duties and responsibilities of each party to this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties agree as follows:

1. Definitions. The following definitions shall be used in the interpretation and implementation of this Agreement:

a. "CAPITATION PAYMENT" means the fee which is paid by the State of Tennessee to BCBST for each Enrollee covered under the BCBST plan.

b. "COMMUNITY SERVICE AREA" means the geographic area(s) defined by the State of Tennessee in which qualifying health care plans will enroll and serve TennCare Enrollees.

c. "COPAYMENT" means any and all deductibles, coinsurance amounts and special fees for which an Enrollee is responsible as provided under the TennCare Program.

d. "COVERED SERVICE" means the products and services provided and paid for in accordance with this Agreement, consisting of the pharmaceutical products and services listed in and furnished to Enrollees in accordance with the Drug Formulary.

e. "DHHS" means the United States Department of Health and Human Services.

f. "DRUG FORMULARY" means a list of prescription and non-prescription medications, and instructions for the dispensing thereof, as proposed by RxCare through the Pharmacy and Therapeutics Committee and approved by BCBST. The Pharmacy and Therapeutics Committee is a committee established by RxCare made up of a representative from all managed care organizations in RxCare's network.

g. "EMERGENCY MEDICAL SERVICES" means those Covered Services medically necessary and immediately required as a result of a sudden onset of a medical condition manifesting itself by acute symptoms of such severity that the absence of immediate medical attention could reasonably be expected to result in a life threatening dysfunction of, or loss of, any bodily organ or part or death of the individual.

h. "ENROLLEE" or "MEMBER" means any person who is certified by the State of Tennessee as eligible to receive benefits under the TennCare Program and has applied for, qualified and been enrolled for coverage under the BCBST Plan.

i. "FEE SCHEDULE" means a schedule of fees attached hereto as Exhibit A and made a part hereof.

j. "MEDICALLY NECESSITY" or "MEDICAL NECESSITY" shall mean services or supplies (including drugs) provided to a Subscriber by Agency, physician or other providers that are required to identify or treat a patient's illness or injury and which as determined by BCBST are:

A. Appropriate for the symptoms and diagnosis or care of the patient's condition, illness, disease, or injury; and

B. Provided for the diagnosis, or the direct care and treatment of the patient's condition, illness, disease, or injury; and

C. Appropriately provided in accordance with standards of good medical practice; and

D. Not primarily for the convenience of the patient or the patient's provider; and

E. The most appropriate supply or level of service that can safely be provided to the patient.

k. "NON-COVERED SERVICE" means medical treatment or service which is not covered under the TennCare Program.

l. "OFFICE OF INSPECTOR GENERAL" means United States Office of Inspector General of the DHHS.

m. "TENNCARE PLAN OF BCBST" means, collectively, the procedures, contractual relationship and activities of BCBST with respect to Enrollees, BCBST and Providers.

n. "PARTICIPATING PHARMACY" means a pharmacy which has contracted with RxCare to provide Covered Services to Enrollees in accordance with the terms of the Participating Provider Agreement between such pharmacy and RxCare and this Agreement.

o. "POINT OF SALE" means the time and act of dispensing pharmaceuticals and the submission of on-line claims for processing thereafter.

p. "PRIOR APPROVAL PROCESS" means the process of approving certain drugs identified in the Drug Formulary which must be approved prior to their use. The "appeals process" means that if the Personal Benefits Management Section of BCBST has denied the use of a drug pursuant to the Prior Approval Process or for Medical Necessity, a request may be made for an appeal if such request is made in writing by the Prescribing Provider to BCBST's Medical Director. Said Medical Director will make a determination. If the denial is upheld by the Medical Director, the Prescribing Provider will be notified in writing. If the denial is overturned by the Medical Director, said Medical Director will instruct the Personal Benefits Management Section to notify the appropriate Provider and authorize on-line claims processing for the use of said drug.

q. "PROVIDER" means any contracting hospital, contracting health care facility, contracting physician, or contracting medical associate or any other person or entity contracting with BCBST regarding provision of services or supplies to Enrollees, including, but not limited to, RxCare and each Participating Pharmacy.

r. "PROVIDER AGREEMENT" means the agreement between BCBST and a Provider for the provision of Covered Services to Enrollees.

s. "QUALITY MONITORING PROGRAM" means a program of monitoring a Participating Pharmacy to determine whether or not said Participating Pharmacy adheres to the professional, legal and ethical standards of Pharmacy Care Practice.

t. "TENNCARE PROGRAM" means the TennCare Program established and administered by the State of Tennessee.

2. Term. The initial term of this Agreement shall be from April 1995 through June 30, 1996, unless earlier terminated in accordance with the provisions of this Agreement or the TennCare Program. Upon the expiration of the initial term, this Agreement may be renewed by the parties in accordance with the reappointment policy of BCBST, referred to in Section 13 below, for an additional one (1) year term unless this Agreement has been earlier terminated in accordance with Section 14 below.

3. Obligations of RxCare and the Participating Pharmacies.

a. RxCare shall establish and maintain a network of Participating Pharmacies with such network having a sufficient number of pharmacies to properly service the Members and satisfy the obligations of RxCare under this Agreement in an efficient manner.

b. A Participating pharmacy shall not refuse to offer medically necessary or preventative Covered Services to an Enrollee provided the Enrollee has been certified by BCBST as being eligible and enrolled. Each Participating Pharmacy shall cooperate with BCBST in providing to the State of Tennessee any and all information necessary for BCBST to receive from the State of Tennessee the full Capitation Payment with respect to each Enrollee.

c. RxCare agrees to arrange and provide sufficient Participating Pharmacies to provide for the availability of medically necessary or preventative Covered Services to all Enrollees in the Community Service Areas covered by BCBST. RxCare shall cause each Participating Pharmacy to provide such Covered Services upon the written or verbal prescription of a

licensed Provider properly authorized to prescribe pharmaceutical services or prescription medications.

d. RxCare agrees to arrange and provide sufficient Participating Pharmacies to provide for the availability of covered Services to Enrollees, according to the terms and conditions of this Agreement, and require each Participating Pharmacy to provide Covered Services without discriminating on the basis of age, sex, race, color, religion, or national origin, or the medical nature of the illness involved. A Participating Pharmacy shall not refuse to render Covered Services to an Enrollee for non-medical reason, including, but not limited to, failure to pay applicable deductibles, copayments, or special fees.

e. Each Participating Pharmacy shall provide Covered Services routinely offered by such Participating Pharmacy to its customers to Enrollees according to the terms and conditions of this Agreement. This Agreement applies only to Covered Services and is not intended to prohibit any Participating Pharmacy, in any way, from offering or rendering Non-Covered Services to Enrollees, provided that the Participating Pharmacy makes independent financial arrangements with the Enrollee concerning payment for such Non-Covered Services prior to providing such Non-Covered Services.

f. RxCare and each Participating Pharmacy shall comply with the Utilization Management policy of BCBST, a copy of which has been furnished to RxCare and RxCare shall provide same to each Participating Pharmacy. RxCare and each Participating Pharmacy shall also cooperate with BCBST risk-sharing procedures, quality assurance, pre-admission, record-keeping, peer review, drug formulary and any other policies and procedures adopted by BCBST, copies of which will be furnished to RxCare and each Participating Pharmacy upon request. Further, RxCare and each Participating Pharmacy shall cooperate with any quality assurance, utilization review, peer review, drug utilization review and grievance procedures established by the State of Tennessee as part of the TennCare Program, copies of which will be furnished to RxCare and each Participating Pharmacy upon request, subject to the availability of such procedures from the State of Tennessee.

g. RxCare and each Participating Pharmacy shall maintain for the term of this Agreement and any renewal periods hereof professional liability insurance coverage in an amount at least equal to One Million Dollars ($1,000,000) per incident and Three Million Dollars ($3,000,000) maximum annual liability and such other insurance as is necessary to insure RxCare and such Participating Pharmacy and its agents, servants and employees, acting within the scope of their employment, against any claim or claims for damage arising as a result of personal injury or death

occasioned directly or indirectly in connection with the performance or nonperformance of any Covered Service provided or any other activities performed pursuant to the Agreement by RxCare and such Participating Pharmacy, its agents, servant or employees. RxCare and each Participating Pharmacy shall provide to BCBST written evidence of such professional liability coverage, at any time requested by BCBST.

h. RxCare and each Participating Pharmacy shall abide by all state, federal and local laws, regulations, policies, procedures and guidelines applicable to the TennCare Program.

i. Under the Quality Monitoring Program, BCBST shall have the right to monitor, whether announced or unannounced, the quality of services and products delivered to Enrollees and initiate corrective action where necessary to improve the quality of services and products in accordance with that level of care which is recognized as acceptable professional practice in the Community Service Area served by RxCare and/or the standards established by the State of Tennessee. BCBST has adopted a Quality Monitoring Program, a copy of which has been furnished to RxCare. RxCare shall comply and shall cause each Participating Pharmacy to comply with the provisions of the Quality Monitoring Program, including, but not limited to, compliance with any corrective action plan initiated by BCBST, and submission of all reports and clinical information requested or required by BCBST. Further, RxCare must adhere and cause each Participating Pharmacy to adhere to the Quality of Care Monitors included in Attachment IV to the TennCare Agreement and set forth on Exhibit B attached to this Agreement. In addition to the foregoing, if not covered by the Quality Monitoring Program, BCBST shall have the right to monitor, whether announced or unannounced, the credentialing and credentialing process of RxCare and initiate corrective action when BCBST deems such to be appropriate. RxCare agrees to comply and shall cause each Participating Pharmacy to comply with the credentialing and credentialing process, including, but not limited to, compliance with any corrective action plans initiated by BCBST, and submission of reports and clinical information requested or required by BCBST.

j. RxCare shall maintain and shall cause each Participating Pharmacy to maintain current records in accordance with accepted professional standards of all relevant information regarding Covered Services provided to each Enrollee served by RxCare or a Participating Pharmacy. Such records shall include, but not be limited to, the services performed or medications supplied, charges for such services or medications, dates of services, prescriptions orders, and all other information necessary for the evaluation of the quality, quantity, appropriateness, and timeliness of services performed and medications supplied by RxCare or the Participating Pharmacy. Such records must be legible and maintained in detail consistent

with professional practice which permits effective internal and external peer review and/or medical audit and facilitates an adequate system of follow-up treatment. RxCare and each Participating Pharmacy shall designate a specific person, qualified by training and experience, to be responsible for the record system of RxCare or such Participating Pharmacy. Such records shall be maintained during the term of the Agreement and at least five years following the date of termination of this Agreement, and for a longer period of time if required by BCBST until review and audit is complete if the records are under review or audit or notice has been received regarding review or audit. Such records shall be made available to BCBST and the authorized representatives of the State of Tennessee, upon request, in accordance with federal and state law and professional ethics governing the ownership, maintenance and confidentiality of such records for the fiscal audit, medical audit, medical review, utilization review, and other periodic monitoring upon request of the authorized representative of BCBST or the State of Tennessee. Enrollees and their representatives shall be given access to the Enrollee's records, to the extent and in the manner provided by Tennessee Code Annotated Section 63-2-101 and 63-2-102 and, subject to reasonable charges, be given copies thereof upon request. An authorized representative of the State of Tennessee, the DHHS, and the Office of Inspector General shall have the right to evaluate through inspection, whether announced or unannounced, or other means any records pertinent to this Agreement including quality, appropriateness and timeliness of services performed or medication supplied with the cooperation and, upon request, the assistance of RxCare and the Participating Pharmacy.

k. RxCare shall assure and shall cause each Participating Pharmacy to assure that all material and information relating to Enrollees which is provided to or obtained by or through RxCare for such Participating Pharmacy's performance under this Agreement, whether verbal, written, tape, or otherwise shall be treated as confidential information to the extent confidential treatment is provided under state and federal laws. Neither RxCare nor the Participating Pharmacy shall use any information so obtained in any manner except as necessary for the proper discharge of its obligations and securance of its rights under this Agreement. All information as to personal facts and circumstances concerning Enrollees obtained by RxCare or a Participating Pharmacy shall be treated as privileged communications, shall be held confidential, and shall not be divulged without the written consent of the State of Tennessee or the Enrollee, provided that nothing stated herein shall prohibit the disclosure of information in summary, statistical, or other form which does not identify particular individuals. The use or disclosure of information concerning Enrollees shall be limited to purposes directly connected with the administration of this Agreement.

l. In addition to the services described above, RxCare shall provide, directly or through third parties, the following additional services:

(i) on-line computer to computer communications for processing claims at the Participating Pharmacy, including transmission and receipt of transactions, verification of Enrollee eligibility and service coverage, determination of allowable charges, transmission of drug utilization messages and acceptance or rejection of transactions and management of a Medical Necessity and Prior Approval Process and program;

(ii) design and management of Covered Services, including the recommendation and implementation of the list of drugs and supplies to be included from time to time in the Drug Formulary or other list of Covered Services;

(iii) design and administration of drug rebate and similar supplier incentive programs, including the negotiation, entry into, performance and receipt of payments under agreements with suppliers of products and services to Participating Pharmacies, providing for the payment to RxCare of rebates on the purchase of products and services furnished to Enrollees by Participating Pharmacies.

(iv) services related to the receipt, processing, payment, and reporting of claims submitted on behalf of Enrollees confined to long term care facilities.

(v) encounter data reporting to the State of Tennessee as required by the TennCare Program, and shall indemnify BCBST for any late fees, penalties, or other charges imposed by the State due to failure of the reports to comply with the reporting standards established by the State, which may include report content, report format, and/or resort time frames.

(vi) appropriate utilization and management reports on a routine basis to BCBST.

(vii) education and utilization information to Participating Pharmacies and where appropriate to Enrollees on behalf of, but only after obtaining the approval of BCBST.

(viii) RxCare will provide for a Medical Necessity/Prior Approvals Process.

4. RxCare Warranties and Representations. RxCare warrants and represents the following:

a. Each Participating Pharmacy has executed the Participating Provider Agreement, a copy of which is attached hereto as Exhibit C (the "Participating Provider Agreement").

b. An accurate and complete list of Participating Pharmacies as of the date of this Agreement is attached hereto as Exhibit D. RxCare shall notify BCBST in writing within a reasonable period of time (not longer than 10 days) of any additions or deletions from the Participating Pharmacies.

c. RxCare shall cause each of the Participating Pharmacies to comply with the terms of this Agreement, including, but not limited to, the provision of Covered Services to Enrollees in accordance with the terms of this Agreement. BCBST shall be deemed a "Payor" under the terms of the Participating Provider Agreement.

d. RxCare is a corporation duly and validly organized, existing and in good standing under the laws of the State of Tennessee. RxCare has all requisite corporate power to enter into this Agreement and has, by all necessary corporate action, duly authorized the execution, delivery, and performance of this Agreement, and when duly executed and delivered by RxCare and by BCBST, this Agreement will constitute a legal, valid and binding agreement of RxCare.

e. The Participating Pharmacies shall include only those pharmacies which have properly contracted with RxCare and met and continue to meet each of the requirements in the Participating Provider Agreement. Any Participating Pharmacy who contracts with RxCare subsequent to the date of this Agreement shall be included within the Participating Pharmacies.

f. Without limiting the foregoing, each Participating Pharmacy is and at all times during the term of this Agreement will be properly and validly licensed to operate as a pharmacy.

g. RxCare shall indemnify and hold BCBST harmless from and against all claims, demands, costs, expenses, liabilities and losses (including reasonable attorney's fees) which may result against BCBST as a consequence of its recommendation and implementation of the list of drugs and supplies to be included from time to time in the Drug Formulary or other list of Covered Services or any acceptance or rejection by RxCare of a transaction covered by this Agreement, to the extent that the recommendation or implementation, acceptance or rejection is not rejected by BCBST.

h. RxCare shall provide a sufficient number of Participating Pharmacies to adequately service the Enrollees in an orderly and efficient manner.

5. Payment for Services. RxCare and each Participating Pharmacy shall be paid for services rendered pursuant to this Agreement as follows:

a. BCBST shall pay to RxCare an Enrollee Payment in accordance with the compensation schedule set forth on Exhibit A attached hereto and made a part hereof. An estimated amount will be paid as set forth in Paragraph 7.b. Thereafter, the remaining compensation shall be paid to RxCare at its current address the following month and shall be made based on the total TennCare enrollment of BCBST as of the latest supplied to BCBST by the State of Tennessee. Upon request, BCBST shall provide RxCare with documented verification of enrollment.

b. RxCare or the Participating Pharmacy shall also be authorized to collect from each Enrollee any Copayment required to be paid by Enrollee. The amount of Copayment required to be paid by each Enrollee shall be designated on the enrollment card provided to each Enrollee by BCBST and/or as communicated to the Participating Pharmacy via the Point of Sale system and if different in which case the Point of Sale information will be considered the more accurate.

c. Except for Copayments (which shall be collected from Enrollee and not BCBST), each Participating Pharmacy shall look solely to RxCare for payment for Covered Services furnished pursuant to this Agreement to Enrollees. In no event, including, but not limited to nonpayment, BCBST insolvency, or breach of this Agreement by either party thereto, shall RxCare or a Participating Pharmacy solicit or accept any surety or guarantee of payment, bill, charge, collect a deposit from, seek compensation from, seek remuneration or reimbursement from, or seek any other recourse against Enrollees or persons or entities other than RxCare in excess of the Copayments. This provision shall not prohibit a Participating Pharmacy from collecting supplemental charges from Enrollees for services that are Non-Covered Services, subject to the terms of this Agreement. Each Participating Pharmacy shall look solely to Enrollees and/or appropriate third party payors for payment for services rendered by Participating Pharmacy which are Non-Covered Services. Further, each Participating Pharmacy shall look solely to Enrollees and/or third party payors. (other than BCBST) for payment of any and all Copayments. The hold harmless provision and warranty contained in this Subsection 5.c shall survive the termination of this Agreement, regardless of the cause giving rise to the termination and this hold harmless provision and warranty supersedes any oral or written contrary agreement previously entered into between RxCare or Participating Pharmacy and Enrollees or persons acting on their behalf.

6. Conflict of Interest. RxCare and each Participating Pharmacy hereby warrants that no part of the total amount paid to

each Participating Pharmacy pursuant to this Agreement shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee subcontractor, or consultant to a Participating Pharmacy in connection with any work contemplated or performed pursuant to this Agreement. This Agreement may be terminated by BCBST or the State of Tennessee if it is determined that RxCare or a Participating Pharmacy, its agents or employees, offered or gave gratuities of any to any officials or employees of the State of Tennessee. RxCare certifies on behalf of itself and each Participating Pharmacy, that no member of or delegate of Congress, the General Accounting Office, the United States Department of Health and Human Services, the Health Care Financing Administration, or any other federal agency has or will benefit financially or materially from this Agreement.

7. Obligations of BCBST.

a. BCBST will provide to RxCare the 1994 TennCare claims data used to calculate the final per member per month rate to be used for the term of this Agreement.

b. BCBST will pay monthly to RxCare a good faith estimate of the amount to be paid under Paragraph 5.a. of this Agreement within forty-eight (48) hours of receipt of the State's capitation payment to BCBST. Prior to making such payment, BCBST shall reduce the capitation amount by any and all payments made to the Tennessee Health Department clinic facility for drugs.

c. BCBST will provide and pay for ambulatory claims processing services, through PCS Health Systems, Inc., or another qualified processor mutually agreed to by RxCare. As a part of said services, management and utilization reports will be provided to BCBST and RxCare.

d. BCBST will provide RxCare with appropriate BCBST TennCare eligibility data and pharmacy claims data.

e. BCBST will provide for an appeals process for Medical Necessity/Prior Approval denials coordinated by the BCBST Medical Director.

f. BCBST will assist and work with RxCare in the identification and management of prescribers with prescription utilization patterns outside acceptable ranges, and enforcing any sanctions that are reached in mutual agreement between BCBST and RxCare.

g. Right to Audit. At any time and from time to time, BCBST shall have the right to review and/or audit any and all records relevant to this Agreement.

8. BCBST and RxCare are Independent Legal Entities. Nothing in this Agreement shall be construed to create the relationship of employer and employee, or principal and agent, or any relationship other than that of independent parties contracting with each other solely for the purpose of carrying out the terms of this Agreement. Neither BCBST nor RxCare nor any of their respective agents or employees shall control or have any right to control the activities of the other party in carrying out the terms of this Agreement, nor shall either party, its respective agents or employees, be liable to third parties for any act or omission of the other party.

9. References to Participating Pharmacy and BCBST. RxCare hereby consents on its behalf and on behalf of each Participating Pharmacy to reference to RxCare and each Participating Pharmacy in any marketing or solicitation campaigns initiated by BCBST, and to references to each Participating Pharmacy by BCBST in informing other Providers. BCBST agrees to identify each Participating Pharmacy as a Provider in informational material provided to Enrollees and in other appropriate marketing and promotional materials generated by BCBST. References to BCBST in any marketing or solicitation campaigns initiated by RxCare, shall be subject to written approval of BCBST. Subject to such approval, RxCare agrees to identify BCBST as a TennCare Provider with whom any Participating Pharmacy is associated in informational material provided to each Participating Pharmacy's patients and in other appropriate marketing and promotional materials generated by RxCare, upon reasonable request of BCBST.

10. Indemnification by RxCare. RxCare shall indemnify, defend and hold BCBST free and harmless from and against any and all claims, demands, liabilities, losses, damages, costs, and expenses including reasonable attorneys' fees, based upon or arising out of any breach or violation by RxCare of any representations or warranties set forth in Section 4 hereof or based upon any negligent or wilful act by RxCare or a Participating Pharmacy.

11. BCBST's Right to Make Enrollee Payments Directly to PCS. In the event PCS notifies BCBST and RxCare that it is exercising its rights pursuant to the PCS agreement with BCBST which is approved and agreed to by RxCare, dated _____, BCBST shall have the right to make any payments due pursuant to Section 5 hereof directly to PCS.

12. Dispute Resolution. Except as otherwise provided in this Agreement, in the event that a dispute arises between the parties involving a contention by one party that the other party had failed to perform its obligations and responsibilities under this Agreement or the TennCare Plan of BCBST, the complaining party shall promptly give written notice to the other party. Such notice shall set forth in detail, the basis for the

complaining party's contention. The responding party shall have thirty (30) days within which to satisfy the complaining party regarding the matter as to which notice was given. Following such thirty (30) day period, if the complaining party remains dissatisfied, it shall so notify the responding party and matter shall be promptly submitted to arbitration. In the event of such arbitration, three arbitrators shall be selected, with one arbitrator to be selected by each of the parties and one arbitrator to be selected by agreement of the two arbitrators chosen by the parties. The arbitrators so selected shall act by majority vote. Each party shall be responsible for any and all legal fees incurred by such party in connection with any dispute arising under this Agreement. Notwithstanding the foregoing, the appeals process established by BCBST shall be the sole remedy with respect to any problems or disputes involving denial of appointment or reappointment as a Provider and any such problems or disputes shall not be subject to this Section. Further, the appeals process established under the Utilization Management Policy or Quality Monitoring Program shall be the sole remedy with respect to any problems or disputes involving determinations made pursuant to the Utilization Management Policy or Quality Monitoring Program and any such problems or disputes shall not be subject to this Section 12.

13. Annual Reappointment. RxCare agrees to be subject to the annual reappointment policy of BCBST and to provide any information reasonably requested by BCBST in connections with such reappointment. Under the terms of such reappointment policy, BCBST may notify RxCare in writing sixty (60) days prior to the expiration of each one year term of this Agreement of RxCare's option to apply for reappointment for an additional one year term. If BCBST does not notify RxCare of such option at least sixty (60) days prior to the expiration of the term of this Agreement, the Agreement shall be automatically renewed for an additional one (1) year term, unless otherwise terminated in accordance with the terms of this Agreement.

14. Termination of Agreement. This Agreement may be terminated as follows:

a. This Agreement may be terminated upon thirty (30) days prior written notice by either party upon failure of the other party to keep, observe, or perform any covenant, agreement, term, or provision of this Agreement or the Plan Description; provided, however, that the non-defaulting party shall have first complied with the provision of Section 12 above.

b. This Agreement may be terminated by either party, with or without cause, upon ninety (90) days prior written notice; provided, however, BCBST will not terminate this Agreement solely because RxCare has met BCBST's price per member per month set forth in Exhibit A, Subsection (1).

c. In the event of nonpayment by either party of any amounts due under this Agreement, the other party may terminate this Agreement upon thirty (30) days notice provided the party receiving notice does not cure said problem within the next thirty-day period.

d. This Agreement may be terminated without notice at any time by either party upon the bankruptcy or insolvency of the other party as adjudicated by any court of competent jurisdiction.

e. This Agreement may be terminated by the non-defaulting party in the event the other party fails to comply with any federal, state or local law. This shall include any violation of the Medicare/Medicaid laws, rules, regulations, Policies, procedures or guidelines and any violations of the federal or state anti-trust laws, where the non-compliant party fails to regain compliance within sixty (60) days from receipt of notice of the non-compliant party of its intention to terminate this Agreement.

f. This Agreement may be terminated immediately by the other party if a non-terminating party is convicted of a felony arising out of the operation or management of the services rendered under this Agreement.

g. This Agreement may be terminated in the event the TennCare Contract between BCBST and the State of Tennessee is terminated.

h. This Agreement may be terminated or transferred to PCS at the sole election of BCBST if PCS exercises its right to require BCBST to pay PCS the obligations due RxCare under this Agreement, pursuant to the Three-Party Agreement between PCS, RxCare and BCBST dated _____.

i. BCBST may, at BCBST's sole election, terminate this Agreement at any time with or without cause if any action of RxCare taken under this Agreement materially affects the tax exempt status of BCBST.

j. The termination or expiration of this Agreement shall not affect, in any manner, the rights and obligations of the parties arising out of transactions occurring prior to such expiration or termination.

k. If BCBST decides to enter into an agreement with anyone for a global capitation arrangement for any Community Service Area or any geographic area, then BCBST may at BCBST's sole election, upon thirty (30) days prior written notice to RxCare, terminate this Agreement, with regard to any one or more

geographical regions or any one or more Community Service Areas or parts thereof.

15. Amendment. No amendment to this Agreement shall he valid unless it is in writing, signed by each of the parties, and attached to the original of this Agreement. BCBST is authorized to amend any BCBST policies, procedures, rules and regulations without the consent of RxCare; provided, however, that any such amendments must be reasonable and necessary to facilitate the arrangement by BCBST for the provisions of health care services in accordance with the TennCare Program or TennCare Agreement. RxCare shall be notified in writing of any such amendment which is applicable to RxCare or any Participating Pharmacy within a reasonable period of time following its adoption by BCBST. In the event that RxCare does not desire to be bound by any such amendment, RxCare may notify BCBST of its objection to such amendment. In the event the amendment is not withdrawn or revised by BCBST within ninety (90) days following written notice by RxCare of its objection to such amendment, RxCare may terminate this Agreement.

16. Legal Defense and Hold Harmless. The defense of any legal action instituted on a claim of malpractice against RxCare or a Participating Pharmacy relating to services provided pursuant to this Agreement shall not be an obligation of BCBST. BCBST shall not be responsible for any expenses including, without limitation, attorney's fees, cost and necessary disbursements, in connection with any such legal action against RxCare or a Participating Pharmacy. BCBST shall, however, fully cooperate with RxCare or the Participating Pharmacy by furnishing such material or information as it has available in connection with the defense of any such action. RxCare shall give prompt written notice to BCBST whenever RxCare becomes aware that an Enrollee or other person has filed a claim or given written notice of intent to commence any suit or other action against a Participating Pharmacy, RxCare, or BCBST in connection with this Agreement.

17. General Provisions.

a. All notices by either party to the other shall he made by depositing such notice in the mail of the United States of America, certified mail, return receipt requested, and such notice shall be deemed to have been served on the date of receipt by the addressee unless otherwise provided. All notices shall be addressed as follows:

TO BCBST:

Blue Cross and Blue Shield of Tennessee
801 Pine Street
Chattanooga, TN 37402
Attn: Barry K. Martins
Senior Vice President

TO RxCARE:

RxCare of Tennessee, Inc.
1226 17th Avenue, South
Nashville, TN 37212
Attn: Michael R. Ryan, Ph.D.
President

or at such other address as the parties may from time to time designate in the manner provided in this Paragraph 17 (a).

---

b. If any term, covenant, or condition of this Agreement or the application thereof to any person or event shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant, and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

c. This Agreement shall be governed by, and constructed in accordance with, the laws of the State of Tennessee.

d. The parties hereto agree that neither party shall be precluded from entering into similar agreements to provide the types of services set forth herein to other entities, persons, or organizations.

e. The waiver of either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision.

f. Neither party may assign or subcontract any part or all of this Agreement or any part thereof to a third party without the prior written consent of the other party. Any such assignment or subcontracting in violation of this provision shall be null and void. Notwithstanding the foregoing, BCBST may assign its rights, obligations, and liabilities under this Agreement to a subsidiary or affiliated entity of BCBST or to the State of Tennessee to the extent such assignment is required under the TennCare Agreement.

g. RxCare expressly acknowledges its understanding that this Agreement constitutes a legally binding agreement between RxCare and BCBST. BCBST is an independent not for-profit corporation operating under a license with the Blue Cross and Blue Shield Association, an Association of independent Blue Cross and Blue Shield Plans, (the "ASSOCIATION") permitting BCBST to use the Blue Cross and Blue Shield Service Marks in the state of Tennessee, and that BCBST is not contracting as the agent of the Association. RxCare further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BCBST and that no person, entity, or organization other than BCBST shall be held accountable or liable to Association for any of BCBST's obligations to RxCare created under this Agreement. This Paragraph shall not create any additional obligations whatsoever on the part of BCBST other than those obligations created under other provisions of this Agreement.

h. RxCare agrees that BCBST shall have the right to audit any information it deems appropriate to evaluate the program from time to time. RxCare shall make the information available for such auditing purposes at its offices during normal hours of operation.

18. Entire Agreement. This Agreement, together with the documents incorporated herein by reference, supersedes all previous contracts and constitutes the entire agreement between or among the parties with respect to the TennCare Program. No party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect; the parties rely solely upon the representations and agreements contained in this Agreement and no others.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of either party, their successors and assigns.

IN WITNESS WHEREOF, the parties have executed the Agreement the day and year first above written.

RxCARE OF TENNESSEE, INC.

By: /s/ Gary W. Cripps

Title: President, Chairman and CEO

Date: 8/14/95

BLUE CROSS AND BLUE SHIELD OF TENNESSEE

By: /s/ Thomas Kinser

Title: Chief Executive Officer

Date: 8/2/95

EXHIBIT A

Compensation Schedule

1. BCBST agrees to pay RxCare a capitation fee of [*] ("Agreed to Price") per member per month for 1995, for all Covered Services furnished hereunder, including, without limitation:

a. All Covered Services furnished to Enrollees by Participating Pharmacies.

b. All Covered Services furnished to Enrollees by participating Health Departments.

c. All administrative services furnished by RxCare related to, without limitation, network management and support, and conduct of utilization review, quality assurance and member grievance programs.

2. Clarification of Calculation of Fee: The following are items discussed and agreed to between the parties have been agreed to clarify certain issues regarding the fees being charged and the calculations being made under this Agreement:

a. April - May 1995

For this interim period, BCBST will pay RxCare capitation for the Long Term Care ("LTC") claims. Since BCBST will still be processing ambulatory claims, BCBST will not actually pay the capitation to RxCare. However, the capitation arrangement is still effective for both LTC and ambulatory claims as of 4/1/95. A settlement will be performed. Dates for interim and final settlements for claims incurred before 6/1/95 will be made on or before 9/30/95, for interim settlement and 11/30/95 for final settlement.

After 6/1/95, the capitation rate will be a blended rate of $[*] PMPM less than the 1994 paid amount (incurred in 1994, paid through 6/30/95 less carve outs with an IBNR adjustment) for both LTC and ambulatory claims. However, since the LTC claims expenses are higher, RxCare requests that BCBST pay a higher rate for these enrollees for these two months so that they can cover the cost of claims (about $[*] PMPM). Then, BCBST will settle this pro rata when BCBST pays the capitation amount in July, August and September of 1995.

b. June 1995 forward

An interim rate will be calculated using paid data for 1994. This rate will be adjusted after 6/30/95 when BCBST has six months run out for 1994 claims. After 6/30/95 the parties agree to use actual paid for 1994 less carve outs and adjust for an IBNR factor. (Again, RxCare agreed to use the BCBST IBNR calculation if BCBST provides support for the calculation). With this June payment, BCBST will adjust the total capitation amount to account for the excess capitation paid in April and May for the LTC enrollees.

c. Enrollee Counts

BCBST's Information Systems Department will get a LTC enrollment count for January - March 1995. This count will be used for the period of April and May when BCBST will pay RxCare a capitation for the LTC claims.

d. Starting with the first full capitation payment in June 1995, RxCare requests they be paid based on cumulative member months. The following matrix illustrates this methodology for both LTC and Ambulatory Care:

	Month 1	Month 2	Total		
Month 1	500,000		500,000 x $10	=	$ 5,000,000
Month 2	1,000	502,000	1,003,000 x $10	=	$10,030,000
Less amount paid in Month 1					5,000,000
Amount Owed for month 2					$ 5,030,000

Note: For the month of June we will subtract the payments made for April and May for the LTC capitation when calculating the amount owed for June.

The above methodology will be based on a 12 month rolling average (for example, each month we will update changes in enrollment for the previous 12 month period). These enrollment counts will need to be "snapshot" enrollments for each month since BCBST does not currently have the capability to calculate daily enrollment. If in the future BCBST is able to calculate daily enrollment changes, this procedure may be examined again.

3. BCBST agrees RxCare will be entitled to retain [*] percent ([*] %) of any rebate dollars collected under any manufacturer's volume discount programs.

4. If during the term of this Agreement, the actual costs of Covered Services per member per month are less than the Agreed to Price per member per month, RxCare will retain all savings that are between the Agreed to Price per member per month and [*]

($[*]) Dollars per member per month. All savings resulting from the costs of Covered Services being less than [*] Dollars ($[*]) per member per month will be distributed: [*] percent ([*]%) to RxCare, [*] percent ([*]%) to BCBST.

5. Annual Settlement. If necessary an annual settlement will be paid in cash or check and will be made within one hundred-eighty (180) days following March 11, 1996, and each March 31st thereafter.

6. Final Settlement. A final settlement will be paid in cash or check and will be made within one hundred eighty (180) days following the termination of this Agreement.

7. The cost of products identified below are specifically excluded from Covered Services, and will be reimbursed by BCBST, if appropriate, under other programs and/or other means:

- diabetic supplies

- durable medical equipment

- psychotropic drugs (Clozaril, Risperdal, and others that may be added with mutual agreement which will be a financial obligation of the Nervous and Mental care payor.)

- drugs authorized for payment by BCBST's Medical staff and for which RxCare's staff does not agree, which may include:

  . [*] percent ([*]%) of the dollar amount of prior authorization and medical necessity reversals

  . prescribing physician sanctions that are rejected

EXHIBIT B

Quality of Care Monitors

1. Quality of Care will be monitored in an on-going manner by TennCare staff.

2. Managed Care organizations will be required to establish a Quality Improvement Unit to review inpatient and outpatient care provided by the organization.

3. Managed Care organizations will be required to establish a PEER Review Committee to monitor Quality of Care issues. This Committee will have a clear and concise chain of command.

4. The PEER Review Committee will be responsible for directly addressing issues of concern by letter and face-to-face with the responsible provider.

5. The Managed Care organization shall immediately report to TennCare all cases of suspected provider or recipient fraud or abuse.

6. TennCare and/or its agent shall be provided immediate access to medical and other patient related records by the Managed Care organization of its employees providers of service, or its contract providers of service.

7. TennCare and/or its agent shall make unannounced visits either on a random basis or for a specific reason, to review medical and other patient related records.

8. The Managed Care organization shall immediately notify Medicaid of any malpractice actions brought against any of its providers.

9. For the purpose of monitoring Quality of Care, Access to Care and Availability of Care, the Managed Care organization shall provide the following information for its TennCare patients and for any other patients it cares for, regardless of the method of payment. These reports will be furnished separately in a manner prescribed by TennCare. The following pharmacy items are requested by the State:

   a. Number of schedule #2 drugs per recipients per month.

   b. Number of schedule #3 drugs per recipients per month.

   c. Number of schedule #4 drugs per recipients per month.

   d. Number of schedule #5 drugs per recipients per month.

EXHIBIT 10.3

NOTE: The Company is seeking confidential treatment with respect to certain information contained in this agreement. Therefore, such information (which is identified by an asterisk) has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

PHARMACEUTICAL NETWORK SERVICE AGREEMENT

THIS AGREEMENT is between Tennessee Primary Care Network, Inc. dba Tennessee Managed Care Network dba Access MedPLUS (hereafter referred to as the Plan) and RxCare of Tennessee (hereafter referred to as Network).

WHEREAS, the Plan has been organized to make comprehensive health care services available to selected individuals and groups of individuals on a prepaid basis.

WHEREAS, the Plan has included or intends to include, as a part of its health care coverage, or other coverages to be extended to Covered Persons by the Plan, its parent, subsidiaries, or affiliates, certain outpatient pharmaceutical services to be rendered to Plan's Covered Persons as specified as Exhibit A, attached hereto ("Covered Services"). Covered Person is defined in Section 1.1 of the Participating Pharmacy Agreement; and,

WHEREAS, the Plan desires to arrange for the provision of Covered Services to Covered Persons through an exclusive arrangement with an entity capable of meeting its requirements for geographic distribution, quality assurance, and cost effectiveness; and,

WHEREAS, the Network is a fully operational pharmacy-based corporation that, inter alia, provides drug benefit programs to health insurers through arrangements with regional and national pharmacy networks; and,

WHEREAS, Network Participating Pharmacies are members of the Network, contractually bound to meet Network standards, including but not limited to, hours of operation, emergency services, patient profiles, patient consultation and medication information, and utilization review; and,

WHEREAS, Network has identified the distribution of Network Participating Pharmacies in a listing incorporated by reference to this Agreement as Exhibit B; and,

WHEREAS, the Plan and Network desire to promote high standards of pharmaceutical care on a cost effective basis through drug utilization review activities.

Now therefore, this AGREEMENT is for the purpose of setting forth the terms and conditions under which Pharmacy shall render pharmaceutical services covered by benefit plans sponsored or issued by Payor. For services rendered on or after the Effective Date, this Agreement supersedes and replaces any existing agreements between the parties relating to the same subject matter.

SECTION 1
DEFINITIONS

SECTION 1.1: DEFINITIONS. The following terms shall have the following meaning.

ADDITIONAL DRUG BENEFIT LIST: The list of Pharmaceutical Products which are approved by Plan for dispensing in quantities or days supplies other than the standard quantities and days supplies covered under a Covered Person's Benefit Plan as set forth in Exhibit A. If applicable, the Additional Drug Benefit List shall be set forth in the Exhibit A and shall state the quantity or days supply limitation applicable to each Pharmaceutical Product listed.

ANCILLARY CHARGE: A charge, in addition to the Co-payments and Deductibles which a Covered Person is required to pay to a Participating Pharmacy for Pharmaceutical Services which, through the request of the Covered Person or Prescribing Physician, have been dispensed in nonconformance with the Drug Formulary or the Additional Drug Benefit List.

AVERAGE WHOLESALE PRICE: The average wholesale price for a Pharmaceutical Product as established in the Plan price file and updated no less than twice monthly by Medi-Span.

BENEFIT PLAN: A health care covered plan sponsored or issued by Payor, which contains the terms and conditions of a Covered Person's coverage.

CO-PAYMENT CHARGE OR CO-INSURANCE CHARGE: The amount a Covered Person is required to pay for certain Pharmaceutical Services in accordance with the Covered Person's Benefit Plan.

COVERED PERSON: An individual who is properly enrolled for coverage under a Benefit Plan.

CUSTOMARY CHARGE: The reasonable and customary fees charged by Pharmacy which do not exceed the fees Pharmacy would charge any other person regardless of whether the person is a Covered Person.

DEDUCTIBLE: The annual amount of charges for Pharmaceutical Services and/or medical expenses as provided in the Benefit Plan that the Covered Person is required to pay.

DRUG FORMULARY: The list of Pharmaceutical Products, established by Plan for determining coverage of such Pharmaceutical Products, which may be dispensed by Participating Pharmacies to Covered Persons in accordance with the instructions therein, or in Exhibit A.

PARTICIPATING PHARMACY, PHARMACY: A pharmacy, including Pharmacy, that has entered into a participating pharmacy agreement with Network to provide Pharmaceutical Services to Covered Persons.

PAYOR: The entity or person authorized by Plan to access Plan's network of Participating Pharmacies, and that has the financial responsibility for payment of Pharmaceutical Services covered by that Payor's Benefit Plans.

PHARMACEUTICAL PRODUCT: A medication or a pharmaceutical product or device.

PHARMACEUTICAL SERVICE: A Pharmaceutical Product provided for outpatient administration to a Covered Person which is covered under the Covered Person's Benefit Plan and meets the criteria set forth in Exhibit A.

PHYSICIAN: A Doctor of Medicine or other health care professional who is duly licensed and qualified under the laws of the jurisdiction in which Pharmaceutical Services are received, and may, in the usual course of his or her practice, legally prescribe Pharmaceutical Products for Covered Persons.

PRESCRIPTION ORDER OR REFILL: The authorization for the dispensing of a pharmaceutical Product issued by a Physician who is duly licensed to make such authorization in the ordinary course of his or her professional practice.

SECTION 2
PROVISION OF PHARMACEUTICAL SERVICES

SECTION 2.1: PROVISION OF PHARMACEUTICAL SERVICES AND QUALITY OF SERVICES. Network shall provide Pharmaceutical Services to all Covered Persons in accordance with the standard of practice of the communities in which Pharmacy provides Pharmaceutical Services and in a manner so as to assure the quality of such services. Pharmacy shall provide Pharmaceutical Services to all Members, without regard to race, religion, sex, color, national origin, age, or physical or mental health status. The parties agree that the location from which Pharmacy shall provide

Pharmaceutical Services to Covered Persons is set forth in Exhibit B ("Pharmacy Locations").

SECTION 2.2: COMPLIANCE WITH DRUG FORMULARY AND ADMINISTRATIVE MANUAL. In providing any Pharmaceutical Service to a Covered Person, Pharmacy shall comply with the Drug Formulary to the extent the Drug Formulary applies to such Pharmaceutical Service, unless Pharmacy is otherwise directed by a Physician via a prescription which contains the words "Dispense as Written", the letters "DAW", or such other equivalent words or letters as may be required by applicable laws or regulations to indicate the same intention. Pharmacy agrees further that it shall at all times comply with the Participating Pharmacy Administrative Manual in providing Pharmaceutical Services to Covered Persons.

SECTION 2.3: COLLECTION OF CO-PAYMENTS, CO-INSURANCE, DEDUCTIBLES, AND ANCILLARY CHARGES. Pharmacy shall collect any Co-payments, Co-Insurance Charges, Deductibles, Ancillary Charges, or other charges for Pharmaceutical Services provided by Pharmacy to Covered Persons, as may be specified in Exhibit A.

SECTION 2.4: UTILIZATION MANAGEMENT AND QUALITY ASSURANCE. Network shall cooperate with all utilization review management, quality assurance, peer review, and other similar programs established by Plan.

SECTION 2.5: PAYMENT FOR ZERO BALANCE CLAIMS. Plan requires that Pharmacy submit all claims for Pharmaceutical Services, even zero balance claims. This information is necessary for the Plan's DUR activities and will be audited by the Plan periodically.

SECTION 2.6: PATIENT RELATIONSHIP. The parties acknowledge that neither of them is authorized to provide health care services and that Participating Pharmacies and Physicians shall be solely responsible for all clinical decisions regarding the care of Members, notwithstanding the receipt by Participating Pharmacies and Physicians, whether in writing or otherwise, of any information, recommendation, authorization, or denial of authorization pursuant to any utilization management and quality assurance activities. The Network further acknowledges that communications pursuant to such utilization management and quality assurance activities shall be recommendations regarding reimbursement for alternative courses of treatment and that nothing contained in this Agreement shall interfere with or in any way alter the patient-provider relationship. Participating Pharmacies and Physicians shall retain the sole responsibility for the care and treatment of Members.

SECTION 3
PAYMENT FOR PHARMACEUTICAL SERVICES

SECTION 3.1: PAYMENT FOR PHARMACEUTICAL SERVICES. Payor shall pay Network or make sufficient funds available to Plan for distribution to Network, in accordance with Exhibit A for Pharmaceutical Services provided by Pharmacy to a Covered Person pursuant to a Physician's authorization.

SECTION 3.2: OBLIGATION FOR PAYMENT. Obligation for payment under this Agreement for any Pharmaceutical Services rendered to a Covered Person is solely that of Payor and Plan. Any funds obtained by Plan for payment on behalf of Payor under this Agreement shall be used exclusively for payment and distributed to Network in accordance with the terms of this Agreement.

SECTION 3.3: COVERED PERSON HOLD HARMLESS. This Section shall apply only to such Covered Persons as may be afforded the protection of this Section by applicable statutes or regulations. To the extent this Section conflicts with any other provisions of this Agreement, including, without limitation, Section 3.3 the terms and conditions of this Section shall apply. Network shall accept as payment in full for Pharmaceutical Services rendered to Covered Persons such amounts as are paid by Payor pursuant to this Agreement. In no event, including, but not limited to, non-payment by Payor for Pharmaceutical Services rendered to Covered Persons by Pharmacy, insolvency of Plan, or breach by Plan of any term or condition of this Agreement, shall Network bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against any Covered Person or persons acting on behalf of the Covered Person for Pharmaceutical Services eligible for reimbursement under this Agreement; provided, however, that Network may collect from the Covered Person Co-payment, Co-Insurance Charges, Deductibles, Ancillary Charges, or other charges for services not covered under the Covered Person's Benefit Plan. The provisions of this Section shall (a) apply to all Pharmaceutical Services rendered while this Agreement is in force; (b) with respect to Pharmaceutical Services rendered while this Agreement is in force, survive the termination of this Agreement regardless of the cause of termination; (c) be construed to be for the benefit of Covered Persons; and (d) supersede any oral or written agreement, existing or subsequently entered into, between Pharmacy and a Covered Person or person acting on a Covered Person's behalf, that required Covered Person to pay for Pharmaceutical Services.

SECTION 4
RELATIONSHIP BETWEEN PARTIES

SECTION 4.1: RELATIONSHIP BETWEEN PLAN AND NETWORK. The relationship between Plan and Network is that of independent contractors, and nothing in this Agreement or otherwise shall be construed or deemed to create any other relationship, including one of employment, agency, or joint venture.

SECTION 4.2: RELATIONSHIP BETWEEN NETWORK AND COVERED PERSONS. The Relationship between Pharmacy and Covered Person is that of pharmaceutical provider and patient. Nothing in this Agreement shall be construed to require Pharmacy to provide any Pharmaceutical Service if in the Pharmacy's professional judgment such Pharmaceutical Service should not be provided.

SECTION 5
LIABILITY INSURANCE AND INDEMNIFICATION

SECTION 5.1: PHARMACY LIABILITY INSURANCE. Participating Pharmacies shall procure and maintain, at Pharmacy's sole expense, professional liability and malpractice insurance with limits of no less than One Million Dollars ($1,000,000) for each claim and One Million Dollars ($1,000,000) aggregate, as well as comprehensive general liability insurance. Pharmacy shall also assure that all pharmacists and other health care professionals employed or under contract with Pharmacy to render Pharmaceutical Services to Covered Persons procure and maintain such insurance, unless they are covered under Pharmacy's insurance policies. Pharmacy's, pharmacists', and other health care professionals' professional liability insurance shall be either occurrence or claims made with an extended period reporting option under such terms and conditions as may be reasonably required by Plan. Upon request by Plan, Pharmacy shall submit to Plan in writing evidence of insurance coverage. Pharmacy shall notify Plan in writing, to the attention of the Chief Executive Officer, fifteen (15) days prior to any denial of, restriction on, or termination of Pharmacy's general or professional liability insurance, except where such insurance is immediately replaced by equivalent insurance not subject to such denial, restriction, or termination. Pharmacy shall also notify Plan, to the attention of the Chief Executive Officer, within fifteen (15) days of any settlement or judgment adverse to Pharmacy which resulted from a malpractice complaint against Pharmacy.

SECTION 5.2: INDEMNIFICATION. Network and Plan each agree to indemnify and hold harmless the other party from any and all claims, liabilities, damages, or judgments imposed upon, incurred by or asserted against the other party which arise solely out of or derive solely from the negligence or fault of the first party.

SECTION 6
LAWS, REGULATIONS, AND LICENSES

SECTION 6.1: LAWS, REGULATIONS, AND LICENSES. Participating Pharmacies shall maintain all federal, state, and local licenses, certifications, and permits, without restriction, required to provide Pharmaceutical Services to Covered Persons and shall comply fully with all applicable laws and regulations. Pharmacy shall notify Plan in writing, to the attention of the Chief Executive Officer, within ten (10) days of any suspension, revocation, condition, limitation, qualification, or other restriction on Pharmacy's license by any state in which Pharmacy is authorized to provide Pharmaceutical Services which would prohibit Pharmacy from performing any of its obligations under this Agreement.

SECTION 7
SYMBOLS AND TRADEMARKS

SECTION 7.1: USE BY PHARMACY. Participating Pharmacies shall have the right to designate and make oral or published reference to its status as a Participating Pharmacy; provided, however, that Pharmacy shall not otherwise use Plan's name or its trademark for any advertising unless first approved in writing in advance by Plan.

SECTION 7.2: USE BY PLAN. Plan shall have the right to designate and make oral or published reference to Pharmacy as a Participating Pharmacy; provided, however, that Plan shall not otherwise use Pharmacy's name or its trademark for any advertising unless first approved in writing in advance by Pharmacy.

SECTION 8
BOOKS AND RECORDS

SECTION 8.1: ACCESS TO AND RELEASE OF BOOKS AND RECORDS. Subject to applicable confidentiality laws and regulations, during regular business hours and upon reasonable notice and demand, Plan and Payor shall have access to all information and records or copies of records maintained by Network related to Pharmaceutical Services provided by Participating Pharmacies under this Agreement or related to analysis of the efficiency of health care management techniques by Plan or Payor. Unless otherwise required by applicable laws or regulations, Plan and Payor shall have such access at any time up to three (3) years following the date the Pharmaceutical Service was provided. Participating Pharmacies shall provide records or copies of records requested by Plan or Payor or their duly authorized agents within thirty (30) days from the date such request is

made, or within such shorter time (not less than fourteen (14) days) as may be required by applicable laws or regulations.

SECTION 8.2: COMPLIANCE WITH LAWS AND REGULATIONS. The federal, state, and local governments and any of their authorized representatives shall have access to, and Plan and Payor are authorized to release, in accordance with applicable laws and regulations, all information and records, or copies of such, within the possession of Plan or Payor or Network, which are pertinent to and involve transactions related to this Agreement and access to which is necessary to comply with laws and regulations applicable to Plan or Payor.

SECTION 8.3: PRIVACY OF COVERED PERSONS' RECORDS. Plan, Payor, and participating pharmacy shall maintain the confidentiality of all information regarding Covered Persons in accordance with any applicable laws and regulations.

SECTION 8.4: CONFIDENTIAL BUSINESS INFORMATION. Plan and Pharmacy shall take all necessary steps to provide maximum protection to the other party's trade secrets and other confidential business information. Such information shall not be disclosed to third parties without the express written consent of the party to whom the information belongs, unless such disclosure is required to comply with any law or is expressly permitted by this Agreement.

SECTION 9
TERM AND TERMINATION

SECTION 9.1: TERM AND TERMINATION. The term of this Agreement shall be for three (3) years commencing January 1, 1994 and ending December 31, 1997.

SECTION 9.2: TERM AND TERMINATION. This Agreement may be terminated immediately by either party upon written notice in the event of material breach of any provision of this Agreement, including, without limitation, non-payment, insolvency, fraud, material misrepresentation, unilateral change by Plan of its reimbursement policies, failure to maintain minimum membership.

SECTION 9.3: TERM AND TERMINATION. Except as otherwise herein provided in Section 9.2, this Agreement may be terminated by either party by giving written notice (certified mail) ninety (90) days in advance of such Termination Date. During such ninety (90) days notice period, Network will continue to act as agent for the Network Participating Pharmacies and shall be required to perform all of its obligations in compliance with this Agreement.

SECTION 9.4: TERM AND TERMINATION. Unless this Agreement is terminated, termination of a Participating Pharmacy Agreement by the Network Participating Pharmacy will not affect the obligations of Network to maintain the required network of Network Participating Pharmacies as described in this Agreement or of non-terminating Network Pharmacies all of whom will continue to be bound by the provisions of their separate Participating Agreements unless such Agreements are themselves terminated. A Network Participating Pharmacy may be terminated by action of the Plan, or such committee as they may appoint pursuant to the criteria set forth as Exhibit C attached hereto. The Plan shall give written notice to the Network Participating Pharmacy and to the Network at least thirty (30) days prior to the effective date of such termination and shall state the reason for said termination in such notice. During this notice period, the Network Participating Pharmacy may continue to exercise all participation privileges and obligations, including the provision of Covered Services if deemed appropriate and approved by the Plan. Termination of a Network Participating Pharmacy by the Plan will not affect the obligations of the Network and of the other Network Participating Pharmacies to perform in accordance with their separate Agreements with the Plan.

SECTION 10
MISCELLANEOUS

SECTION 10.1: AMENDMENT. This Agreement may be amended only by mutual agreement in writing executed by the parties, except as otherwise provided in this Agreement and except that Plan may amend this Agreement (a) to comply with applicable laws or regulations or (b) by giving 60 days written notice of a proposed amendment to Pharmacy to which Pharmacy does not make a written objection to Plan within 30 days after receipt of the proposed amendment.

SECTION 10.2: ASSIGNMENT. Plan may assign all or any of its rights or responsibilities under this Agreement to any entity controlling, controlled by, or under common control with Plan. Network acknowledges that persons and entities under contract with Plan may perform certain administrative services under this Agreement. Network may not assign any of its rights or responsibilities under this Agreement to any person or entity without the prior written consent of Plan, which consent shall not be unreasonably withheld.

SECTION 10.3: ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties with respect to its subject matter.

SECTION 10.4: NOTICES. Any notice or other communication required or permitted under this Agreement shall be in writing.

The notice or communication shall be deemed to have been given when delivered in person; or if delivered by first-class United States mail, on the date mailed, proper postage prepaid and properly addressed to the address set forth next to the appropriate party's name at the end of this Agreement or to another more recent address of which the sending party has received written notice.

SECTION 10.5: EXCLUSIVITY. Plan agrees not to contract with any other Tennessee pharmacy to provide Pharmaceutical Services to Covered Persons within the service area of Plan, except upon Network's approval, which shall not be unreasonably withheld (a) where current Pharmacy locations are not reasonably or readily accessible to Covered Persons, or (b) where Plan enrollment exceeds Network's ability to provide Pharmaceutical Services to Covered Persons in a timely manner.

SECTION 10.6: GOVERNING LAW. This Agreement shall be construed in accordance with the laws of the State of Tennessee.

In witness whereof, the parties have caused this AGREEMENT to be executed on their behalf by their respective, dually authorized, proper corporate officers. Pending final review and authorization by Plan counsel and TennCare.

Network: RxCare of Tennessee

By: /s/ Michael R. Ryan

Print Name: Michael R. Ryan

Print Title: President

Date: _____

Plan: Tennessee Primary Care Network, Inc. dba Tennessee Managed Care Network dba Access ... MedPLUS

By: /s/ Anthony J. Cebrun

Print Name: Anthony J. Cebrun, J.D., M.P.H.

Print Title: President and Chief Executive Officer

_____

Date: _____

Letterhead of

R\\X\\ CARE
TENNESSEE

December 14, 1993

Mr. Anthony J. Cebrun J.D., M.P.H.
Tennessee Managed Care Network
Parkview Towers
205 Reldhurst Avenue
Nashville, TN 37203

Dear Mr. Cebrun:

The following Tenncare proposal is submitted to the Tennessee Managed Care Network on behalf of the Board of Directors of RxCare of Tennessee. This proposal has been developed after numerous conversations between TMCN and RxCare personnel and I hope that it will meet the expectations of both your Tenncare enrollees and staff.

PROVIDER NETWORK

RxCare of Tennessee has established the largest pharmacy network of any organization operating in the state. No other Pharmacy Benefit Manager, insurer or Administrative Service Organization has an expansive pharmacy network as RxCare. Currently, over 1,600 pharmacies provide drug benefit services to over 300,000 private insured and expect to cover an additional 600,000 Tenncare enrollees effective January 1, 1994.

Our provider network includes both chain and independent pharmacy outlets as well as long term care and institutional pharmacies. All participating pharmacies have contractually agreed to adhere all administrative, reimbursement, and clinical protocols established by RxCare. Further, our provider network will assist RxCare MCO's in the recruitment of new Tenncare members.

Enclosed are both the Participating Pharmacy Agreement and a pharmacy provider listing for your review.

ADMINISTRATIVE SERVICES

RxCare in cooperation with First Health and Promark have developed and implemented the following administrative and management services for both its private and Tenncare customers. These programs are designed to enable RxCare to provide state of the art Drug Benefit Programs to its clients.

Listed below are the management services that we are offering in this proposal to TMCN:

1. Point of Sale Electronic Claims Adjudication
2. Both Prospective and Retrospective Drug Use Evaluation
3. Prior Authorization and Therapeutic Drug Protocol Administration
4. Drug Formulary and T & T Committee Management
5. Drug Rebate Program Administration
6. Automated Subscriber Eligibility Verification
7. Provider Network and Prescriber Education Programs in Cooperation with TMCN
8. Quarterly Newsletter Distribution to:
   - Pharmacies
   - Prescribers
   - Subscribers
9. Financial Reports
   - Pharmacy Reimbursement Reports (Monthly)
   - Top 200 Drug Utilization Report (Monthly)
   - PM/PM Reports
   - Drug Rebate Reports (Quarterly)
10. Monthly or Quarterly Utilization Reports
    - Pharmacy
    - Prescriber
    - Subscriber
    - Formulary Compliance
    - Rebate Compliance
11. Generic Dispensing Program with Pharmacists Dispensing Incentives

In addition to the aforementioned services RxCare will provide to TMCN the services of a one-half FTE clinical pharmacist to assist with both provider and prescriber program education and compliance. This individual will focus on drug utilization, appropriate use and therapeutic noncompliance which may impact non drug related health care expenditures.

ECONOMIC

RxCare is proposing the following reimbursement methodology by TMCN for the Tenncare program:

1. $[*] per member per month
2. TMCN will share [*]% of the Drug Rebate collected from the pharmaceutical industry.
3. Both RxCare and TMCN will share [*] in all profits or shortfalls to the program. This share shall be calculated on an annual basis.
4. Only formulary items are covered and generic products must be dispensed when available.

5. All administrative, claims processing and other program management costs associated with this program are the responsibility of RxCare.
6. Total risk to TMCN shall not exceed $[*].
7. Capitation payments are due to RxCare 15 days prior to the 1st day of each month.
8. Contract term is for three years with a mutually agreed upon capitation adjustment for years two and three.

I look forward to discussing this proposal with you on December 13, 1995. Hopefully, this proposal will meet the needs of both your organization and your Tenncare enrollees.

If you should have any questions or comments regarding this proposal please contact either Mike Ryan or me. Thank you for your cooperation.

Sincerely,

/s/ E. David Corvese

E. David Corvese
Tenncare Consultant

Letterhead of

R\\X\\ CARE
TENNESSEE

December 15, 1993

Mr. Anthony J. Cebrun J.D., M.P.H.
Tennessee Managed Care Network
Parkview Towers
205 Reldhurst Avenue
Nashville, TN 37203

Dear Mr. Cebrun:

Please accept this letter as an addendum to the RxCare/TMCN Tenncare proposal submitted to you on December 14, 1993.

MENTAL HEALTH SERVICES

In an effort to minimize the pharmaceutical expenses associated with the Tenncare mental health population RxCare is proposing the following:

1. Pharmaceutical expenses associated with this population will not be covered in the capitation rates previously submitted by RxCare under separate cover. RxCare is proposing to cover these individuals under a separate capitation rate of $[*] per member per month.

2. In an effort to further contain the expenses within this population RxCare will negotiate a differential reimbursement rate with selected pharmacies. These pharmacies will be chosen after demographic analysis of the subscribers who are covered under this program. Effectively, RxCare will create a network within our existing network to provide pharmaceuticals to this population.

3. To insure that only medically necessary drugs are utilized by this population RxCare will create a special psychotropic drug formulary. The products included in this formulary and their respective utilization patterns will be subject to rigorous protocols and prior authorization stipulations.

4. RxCare will solicit from selected manufacturers of the products included on the psychotropic drug formulary unique financial incentives and programs to lessen the

costs associated with this population. The types of programs under consideration are guaranteed success, manufacturer capitation and preferential pharmacists dispensing fees. It is our expectation that these programs will evolve and be implemented throughout 1994.

5. RxCare will mandate to our psychotropic pharmaceutical network that "mail order" equivalent reimbursement, distribution and quantities be adopted to augment this program.

OTHER SERVICES

It is our expectation that throughout the term of this contract that RxCare will continue to develop, implement and administer creative programs that will strive to reduce both medical and pharmaceutical related expenditures. In particular, we will effectively measure and quantify the outcome costs associated with specific drug and medical therapies.

We believe that our relationship with TMCN will uniquely position us to manage both pharmaceutical and medical expenses in your controlled service population.

If you should have any questions regarding this proposal do not hesitate to contact either Mike Ryan or me. Thank you for considering RxCare to be your Tenncare pharmacy network.

Sincerely,

/s/ E. David Corvese

E. David Corvese

EXHIBIT 10.4

NOTE: The Company is seeking confidential treatment with respect to certain information contained in this agreement. Therefore, such information (which is identified by an asterisk) has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

MARKETING SERVICES AGREEMENT

THIS AGREEMENT, dated as of December 8, 1995 is between Zenith Goldline Pharmaceuticals, Inc., a Florida Corporation with offices at 140 Legrand Avenue, Northvale, New Jersey 07647 ("Zenith") and MIM Strategic Marketing, LLC, a Rhode Island limited liability company with offices at 25 North Road, Peace Dale, Rhode Island 02883 ("MIM").

RECITALS

Zenith manufactures and sells generic and non-prescription pharmaceutical products. MIM has expertise in the marketing of prescription and OTC pharmaceutical products to pharmacies and pharmacy buying networks. Zenith and MIM desire that MIM be retained by Zenith to provide Zenith with consulting and marketing services to assist Zenith in marketing and promoting sales of its products and distributing its products more efficiently, all on and subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, when used in this Agreement the terms set forth below shall have the meanings indicated.

1.1 "Affiliate" means, with respect to a Person, any other Person controlling, controlled by, or under common control with such Person.

1.2 "Base Profit" for a month means [*] Dollars ($[*]).

1.3 "Customer" means an individual who purchases a Product from a Pharmacy in the Territory, which purchase is not directly or indirectly covered or funded in whole or in part by any state or federal Medicaid program or plan.

1.4 "Effective Date" means the date this Agreement becomes effective as provided in Section 8.1.

1.5 "Incremental Profit" for a month means the difference between (i) the Profit for such month, and (ii) the Base Profit.

1.6 "Pharmacy" means a retail pharmacy in the Territory and does not include any location outside of the Territory.

1.7 "Person" means any natural person, corporation, unincorporated organization, partnership, association, joint stock company, joint venture, trust or government, or any agency or political subdivision of any government, or any other entity.

1.8 "Product" means the medications listed on Schedule 1.8 hereto which are sold by Zenith and recognized as generic prescription drugs or over-the-counter medications under applicable law. By notice to MIM, Zenith will add any other new medications manufactured and sold by Zenith to Schedule 1.8 upon agreement between the parties as to appropriate adjustments to Base Profit and SRA Percentage.

1.9 "Profit" for a month means the sum of the following amount calculated for all Products, less amounts not collected from purchasers after reasonable collection efforts: the product of (i) the number of Units of the Products sold by Zenith during said month to Pharmacies which are dispensed by said Pharmacies to Customers, multiplied by (ii) the difference between the Unit Net Sales and the Unit Cost of said Product for such month. Number of Units sold shall be determined in accordance with Section 4.4.

1.10 "SRA Percentage" means the amount of Zenith's average sales returns and allowances experience with respect to products, expressed as a percentage of Unit Price and calculated by Zenith in accordance with Zenith's records. The SRA Percentage for the period from the date of this Agreement through December 31, 1996 shall be [*]%. The SRA Percentage for each subsequent calendar year during the term of this Agreement shall be the quotient of forecasted total sales returns and allowances divided by total sales approved by Zenith for its business plan for such year.

1.11 "Territory" means the geographic area set forth in Schedule 1.11.

1.12 "Unit" means the selling unit (SKU) of a Product.

1.13 "Unit Cost" with respect to a Product means Zenith's standard cost to produce or acquire a Unit of the Product as determined by Zenith from time to time for financial accounting purposes.

1.14 "Unit Net Sales" with respect to a Product for a month means the Unit Price, minus an amount actual to the product of the SRA Percentage multiplied by the Unit Price.

1.15 "Unit Price" means the monthly average gross selling price charged by Zenith for such Product, calculated by Zenith in accordance with Zenith's records.

2. SERVICES OF MIM.

2.1 Zenith hereby engages MIM to provide to Zenith the following services ("Services") and MIM hereby accepts such engagement:

(a) MIM will consult with and assist Zenith in connection with the marketing and promotion of sales of Products in the Territory.

(b) By the thirtieth day following the end of each calendar quarter, MIM will provide Zenith with a written report which forecasts the aggregate quantity of each Product that retail pharmacies in the Territory are expected to dispense to Customers during each of the succeeding twelve months.

(c) Within ninety (90) days after the and of each calendar quarter, MIM will provide Zenith with a written report which compares the aggregate quantity of each Product expected to be dispensed and actually dispensed to Customers during the immediately preceding calendar quarter.

(d) MIM will perform periodic surveys of selected Pharmacies to determine the causes of variances in the forecasted quantity of each Product expected to be dispensed by Pharmacies to Customers as compared to the actual quantity so dispensed, and will provide a minimum of one written report to Zenith with respect thereto each calendar year.

(e) MIM will consult with Zenith and assist Zenith with respect to the development and implementation of an automated distribution system that allows Pharmacies to order and/or pay for Zenith Products through existing claims processing or other systems.

(f) MIM will perform periodic surveys of the prices currently being paid by Pharmacies to purchase each product that competes with each Product, and will provide Zenith with periodic written reports in connection therewith.

(g) In providing services to Zenith hereunder, MIM shall use its best efforts, skills and abilities and devote such time as may be necessary to promote the Products and to diligently and competently perform its duties under this Agreement.

(h) During the Term, MIM shall at all times have at least two sales and marketing employees working full time for MIM.

2.2 MIM shall be solely responsible for the payment of all expenses incurred by it in connection with the performance of its duties hereunder, including but not limited to correspondence, telephone, travel, hotels, meals and other expenses.

3. RIGHT OF FIRST REFUSAL.

MIM agrees that during the Term, neither MIM nor any Affiliate of MIM, at any time or from time to time, will directly or indirectly (i) request or consider any proposal from any other manufacturer or seller of generic or over-the-counter medications to enter into any arrangement the same or similar to that contemplated by this Agreement, with respect to any state or region, without at the same time requesting a proposal from Zenith, or (ii) accept any such proposal from or negotiate or enter into any agreement with any such other manufacturer or seller without first offering such arrangement to Zenith on an exclusive basis and on the same terms and conditions proposed by such other manufacturer or seller. MIM will cause its Affiliates to comply with this Section 3.

4. COMPENSATION.

4.1 As full compensation for MIM's performance of the Services and MIM's observance and performance of all of the provisions hereof, for each calendar month during the Term, Zenith shall pay MIM an amount equal to [*]% of the Incremental Profit for such month until the aggregate, cumulative amount of all such payments totals $[*] and thereafter an amount equal to [*]% of the Incremental Profit for such month, in each case adjusted to take into account underpayments and overpayments for prior months. If for any month Zenith's Profit is less than the Base Profit, the amount of the deficiency shall be carried over to the following month and added to the Base Profit for purposes of calculating Incremental Profit for such month. For any period less than a full calendar month, the amount of the payment will be the applicable percentage of the Incremental Profit for the number of days this Agreement is in effect during such month. The payment with respect to a calendar month will be payable within 60 days after the end of such month. All payments shall be made by check made playable to MIM or by such other means as are mutually agreed to by the parties.

4.2 Zenith will provide the following information to MIM in a format to be agreed upon by the parties:

(a) within forty-five (45) days after the end of each calendar month during the Term, the estimated number of Units of

each Product sold to non-warehousing Pharmacies during such month and the estimated amount of Unit Net Sales, based on Zenith's records as to direct sales to non-warehousing Pharmacies and, with respect to generic prescription drug Products, on reports received by Zenith from its wholesalers as to indirect sales; and

(b) by January 1 of each calendar year during the Term, the Unit Cost for each Product.

4.3 As soon as practicable, within forty-five (45) days after the end of each calendar month during the Term, Pro-Mark will provide to Zenith, in a format to be agreed upon by the parties, documentation submitted by Pharmacies evidencing the number of Units of each Product, by NDC Code, sold by Zenith to Pharmacies during said month.

4.4 The number of Units of each Product sold by Zenith to Pharmacies which are dispensed by said Pharmacies to Customers during a calendar month shall be determined as follows: With respect to generic prescription drugs, the number of Units sold shall be such number as can be verified as sold to non-warehousing Pharmacies and dispensed to Customers by Zenith's invoices with respect to direct sales to such Pharmacies and Zenith's chargeback data with respect to sales to wholesalers. With respect to over-the-counter medications, the number of Units sold shall be such number as can be verified as sold to non-warehousing Pharmacies and dispensed to Customers by Zenith's Invoices with respect to direct sales to such Pharmacies. Any Units of Products sold not covered by the foregoing shall not be included in the calculation of Profit.

4.5 During the Term and continuing for a period of two (2) years after the end of the Term, each party will keep and maintain records in sufficient detail to document the calculation of Profit pursuant to this Agreement. Each party shall have the right, at its own expense, to have an independent certified public accountant reasonably acceptable to the other party examine the relevant books and records and supporting data of the other party upon prior written notice, during normal business hours and no more than once each calendar year to the extent necessary to verify the accuracy and completeness of such data. Said public accountant shall be obligated to maintain the confidentiality of such books and records as to third parties.

5. OWNERSHIP OF INFORMATION.

All reports, research, data, work product and other information of any kind developed or produced by MIM for Zenith ("Information") shall be the sole and exclusive property of Zenith, and MIM shall deliver such Information to Zenith promptly upon Zenith's request, and upon termination or expiration of this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF MIM.

6.1 MIM is a limited liability company duly organized and validly existing and in good standing under the laws of the State of Rhode Island, with full power and authority to enter into this Agreement and to perform its obligations hereunder.

6.2 This Agreement has been duly and validly authorized, executed and delivered by MIM and constitutes the legal, valid and binding obligation of MIM, enforceable against MIM in accordance with its terms, except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

6.3 MIM has (i) no other obligations or commitments of any kind to any person, association, firm, corporation or other entity which would in any way interfere with its acceptance, or the full performance of its obligations hereunder or the exercise of its best efforts in the performance of its duties hereunder; and (ii) the full right and authority to enter into this Agreement and to perform all of MIM's obligations hereunder; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not violate or conflict with any provision of law or regulation or any writ, order, judgment or decree of any court or governmental or regulatory authority, or any agreement or understanding by which MIM is bound, and do not require any consent, approval, waiver or authorization of, or registration, qualification or filing with or notice to any federal, state or local governmental or regulatory authority or any other person.

7. REPRESENTATIONS AND WARRANTIES OF ZENITH.

7.1 Zenith is a corporation duly organized and validly existing under the laws of the State of Florida, with full corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

7.2 This Agreement has been duly and validly authorized, executed and delivered by Zenith and constitutes the legal, valid and binding obligation of Zenith, enforceable against Zenith in accordance with its terms, except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

8. TERM AND TERMINATION.

8.1 The term of this Agreement ("Term") shall commence on the Effective Date and, unless earlier terminated in accordance with the provisions hereof, and on the third anniversary of the

date hereof. The "Effective Date" shall be the date that two full-time sales and marketing employees have been employed by and have commenced working full-time exclusively for MIM.

8.2 This Agreement may be terminated immediately upon written notice by a party if the other party becomes insolvent, is dissolved or liquidated, makes a general assignment for the benefit of creditors, files a petition in bankruptcy, or has filed against it a petition in bankruptcy or has a receiver appointed for a substantial part of its assets and such petition or appointment is not discharged within 60 days.

8.3 In the event of a material breach by a party of any representation, warranty or obligation of it under this Agreement, which breach continues for a period of 30 days after notice thereof is given to the breaching party by the other party, then the other party shall have the right to terminate this Agreement upon giving the breaching party at least 10 days prior written notice of its intention to take such action, and, upon the expiration of said 10-day period, this Agreement shall terminate.

8.4 In the event the average Profit for any consecutive three months (i.e., the quotient of the Profit for such three-month period divided by three) ----
is (i) equal to or less than the Base Profit or (ii) less than [*]% of the average Profit for any consecutive three months within the preceding twelve-month period (in each case other than because of the failure of Zenith to meet its supply obligations to its customers), and if, after notice thereof from Zenith to MIM given no later than 30 days following the end of such three-month period, the Profit for the second calendar month following such three-month period is not equal to or greater than the amounts referred to in clauses (i) and (ii), then Zenith shall have the right to terminate this Agreement effective upon written notice to MIM.

8.5 The termination of this Agreement for any reason shall not affect any right or obligation of a party which accrues prior to the date of termination or any rights or obligations which by their express terms survive termination of this Agreement.

9. GENERAL PROVISIONS.

9.1 MIM recognizes and acknowledges that by virtue of its engagement pursuant to this Agreement, it may acquire or be privy to certain information which Zenith desires to maintain secret and confidential, including but not limited to Information relating to the financial condition, business or operations of Zenith and its affiliates, marketing and sales data and techniques of Zenith and its affiliates, including but not limited to names and addresses of customers and suppliers, sources of leads, methods of obtaining new business and methods

of product pricing, and any and all other information, data, reports, records, know-how and trade secrets relating to Zenith which MIM may heretofore or hereafter have received or had access to (all such information being hereinafter referred to as "Confidential Information"). MIM shall keep all Confidential Information confidential, shall not disclose Confidential Information to any Person (except to those of its employees who need to use such information for MIM to perform its obligations under this Agreement provided that MIM has obligated such employees to maintain the Confidential Information in confidence and not to use or disclose the information except as permitted under this Agreement), and shall not use Confidential Information for any purpose other than as necessary to perform its obligations under this Agreement. The obligations and restrictions of this Section 9.1 shall not apply to Confidential Information that is in the public domain through no fault of MIM, which is received by MIM from an unaffiliated third party having the lawful right to disclose the information without violation of any contractual or fiduciary obligation, or which is required by law to be disclosed. Upon the expiration or termination of this Agreement, MIM shall promptly deliver to Zenith all Confidential Information, including all materials incorporating any Confidential Information, without making or retaining any copies or excerpts thereof. Notwithstanding any provisions of this Agreement to the contrary, the provisions of this Section 9.1 shall be affective and binding upon MIM as of the date of this Agreement, and said provisions shall survive any termination or expiration of this Agreement and continue in full force and effect.

9.2 It is understood and agreed that MIM is an independent contractor and that MIM shall have no right or authority, express or implied, to assume or create any obligation on behalf of Zenith. This Agreement shall not constitute or be construed as creating a partnership or joint venture or relationship of principal and agent between the parties, and Zenith shall not be liable for any debts or obligations of the MIM. MIM shall not in any way be considered as being an agent or representative of Zenith in any dealings with any third party, and MIM may not act for, or bind, Zenith in any such dealings. The provisions of this Agreement are for the exclusive benefit of the parties to this Agreement, and no other Person shall have any right or claim against any party to this Agreement by reason of those provisions or be entitled to enforce any of those provisions against any party to this Agreement.

9.3 All notices given to a party under this Agreement shall be in writing and shall be deemed to be duly given upon receipt and shall be mailed certified mail, return receipt requested, postage prepaid, or mailed first class mail, postage prepaid, or sent by facsimile transmission or overnight mail or courier service, to the party at its address set forth below, or to such

other address as the party may subsequently designate by notice given in such manner:

If to MIM

MIM Strategic Marketing, LLC
25 North Road
Peace Dale, Rhode Island 02883
Attention: President
Facsimile: (401) 783-3557

with a copy to

MIM Strategic Marketing, LLC
25 North Road
Peace Dale, Rhode Island 02883
Attention: General Counsel
Facsimile: (401) 783-3557

If to Zenith

Zenith Goldline Pharmaceuticals, Inc.
140 Legrand Avenue
Northvale, New Jersey 07647
Attention: President
Facsimile: (201) 767-3804

with a copy to

IVAX Corporation
8800 N.W. 36th Street
Miami, Florida 33178-2404
Attention: General Counsel
Facsimile: (305) 590-2615

9.4 This Agreement, including the Schedules attached hereto and hereby incorporated herein, contain the entire agreement between the parties respecting the subject matter hereof, superseding all prior oral and written agreements and understandings between the parties with respect thereto.

9.5 This Agreement may not be modified or amended except by a writing signed by both parties.

9.6 The failure of a party to enforce at any time any provision of this Agreement shall not be a waiver of the provision or prevent the party from subsequently enforcing the provision. No waiver of any provision of this Agreement will be effective unless given in a writing signed by the party charged with the waiver, and no such waiver will be deemed a waiver of any other or subsequent breach of the same or any other provision.

9.7 Neither party shall have the right to assign or subcontract all or any part of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld, except that Zenith may, without such consent, assign this Agreement in whole or in part to any affiliate of Zenith or any person or entity that acquires substantially all of the assets or stock of Zenith or acquires or is otherwise combined with Zenith in a merger or some other form of business combination. This Agreement shall be binding upon and inure to the benefit of each party, its successors and its permitted assigns.

9.8 Noncompliance with any obligation (other than an obligation to pay money) under this Agreement for reasons of force majeure, such as acts of God; acts, regulations or laws of any government; war or civil commotion; explosion, fire or storm; labor disturbance; failure of public utilities or common carrier, or any other cause beyond the reasonable control of a party, will not constitute a breach of the Agreement.

9.9 MIM shall not use the name or trademarks of Zenith in any advertisement or publicity or for any other purpose, without the prior review and written approval of Zenith.

9.10 If any provision of the Agreement is invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be interpreted and enforced without the invalid or unenforceable provision to the fullest extent permitted by law.

9.11 This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Florida without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

MIM STRATEGIC MARKETING, LLC	ZENITH GOLDLINE PHARMACEUTICALS, INC.
By:	By:
/s/ Todd R. Palmieri - ---------- Name: Todd R. Palmieri Title: President	/s/ Richard H. Friedman ---------- Name: Richard H. Friedman Title: Vice President

SCHEDULE 1.10

TERRITORY

The Territory shall be the State of Tennessee and any other geographical area that may be agreed upon in a writing signed by an authorized representative of each of the parties hereto.

EXHIBIT 10.5

NOTE: The Company is seeking confidential treatment with respect to certain information contained in this agreement. Therefore, such information (which is identified by an asterisk) has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

PHARMACEUTICAL REIMBURSEMENT AGREEMENT

THIS AGREEMENT ("Agreement") is made as of the 8th day of December, 1995, between Pro-Mark Holdings, Inc., a Delaware corporation with offices at 33 North Road, Peace Dale, Rhode Island 02883 ("Pro-Mark") and Zenith Goldline Pharmaceuticals, Inc., a Florida corporation with offices at 140 Legrand Avenue, Northvale, New Jersey 07647 ("Zenith").

RECITALS:

Pro-Mark provides benefit management services designed to improve the quality and cost-effectiveness of pharmaceutical services for persons covered by medical benefit plans. In particular, Pro-Mark provides pharmacy benefit management services to plans under the TennCare Program established and administered by the State of Tennessee (the "TennCare Program"). Pro-Mark implements said services through its contract with RxCare of Tennessee, Inc. ("RxCare"), which provides pharmaceutical services to plans under the TennCare Program. In furtherance of Pro-Mark's quality and cost objectives, Pro-Mark negotiated competitive terms with manufacturers and marketers of pharmaceutical products. Zenith is a manufacturer of pharmaceutical products that desires to offer competitive terms to Pro-Mark, and Pro-Mark desires to expand the use of Zenith products in Plans it manages, all on and subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual promises contained in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, when used in this Agreement the terms set forth below shall have the meanings indicated.

1.1 "Affiliate" means, with respect to a Person, any other Person controlling, controlled by, or under common control with such Person.

1.2 "Class" means a therapeutic category of prescription medications, as established from time to time by the American Hospital Formulary Service.

1.3 "Base Profit" for a month means [*] Dollars ($[*]).

1.4 "Incremental Profit" for a month means the difference between (i) the Profit for such month, and (ii) the Base Profit for such month.

1.5 "Member" means an individual who is entitled to receive and have medications paid for in whole or in part ("covered") under a Plan.

1.6 "Participating Pharmacy" means a retail pharmacy in Tennessee which has contracted with RxCare to provide pharmaceutical products and services to Members pursuant to the Plans.

1.7 "Person" means any natural person, corporation, unincorporated organization, partnership, association, joint stock company, joint venture, trust or government, or any agency or political subdivision of any government, or any other entity.

1.8 "Plan" means a medical benefit plan whose Members primarily reside in Tennessee and are eligible to receive benefits under the TennCare Program, and for which Pro-Mark through its contract with RxCare and RxCare's contract with the Plan, provides PBM Services.

1.9 "PBM Services" means the pharmacy benefit services provided by Pro-Mark to the Plans, pursuant to Pro-Mark's contract with RxCare and RxCare's contracts with the Plans, in connection with the Plans' participation in the TennCare Program, including pharmacy benefit design and compliance procedures with physicians, network pharmacists and patients, such as pharmaceutical coverage/Forumulary design, including mandatory generic drug substitution policies; communications with prescribers to insure awareness of coverage; Member co-payments, differential pharmacy reimbursement and other steps to encourage use of covered products; on-line claims processing with point-of-sale controls, including but not limited to denial of reimbursement for noncovered pharmaceuticals; retrospective drug utilization evaluation and drug step protocols.

1.10 "Product" means the medications listed on Schedule 1.10 hereto which are sold by Zenith and recognized as generic prescription drugs under applicable law. By notice to Pro-Mark, Zenith will add any other new medications manufactured and sold by Zenith to Schedule 1.10 upon agreement between the parties as to appropriate adjustments to Base Profit and SRA Percentage.

1.11 "Profit" for a month means the sum of the following amount calculated for all Products, less amounts not collected from purchasers after reasonable collection efforts: the product of (i) the number of Units of the Product covered by, and dispensed to Members by Participating Pharmacies pursuant to, the Plans during said month, multiplied by (ii) the difference between the Unit Net Sales and the Unit Cost of said Product for such month.

1.12 "SRA Percentage" means the amount of Zenith's average sales returns and allowances experience with respect to products, expressed as a percentage of Unit Price and calculated by Zenith in accordance with Zenith's records. The SRA Percentage for the issued from the date of this Agreement through December 31, 1996 shall be [*]%. The SRA Percentage for each subsequent calendar year during the term of this Agreement shall be the quotient of forecasted total sales returns and allowances divided by total sales as approved by Zenith for its business plan for such year.

1.13 "Unit" means the selling unit (SKU) of a Product.

1.14 "Unit Cost" with respect to a Product means Zenith's standard cost to produce or acquire a Unit of the Product as determined by Zenith from time to time for financial accounting purposes.

1.15 "Unit Net Sales" with respect to a Product for a month means the Unit Price, minus an amount equal to the product of the SRA Percentage multiplied by the Unit Price.

1.16 "Unit Price" means the monthly average gross selling price charged by Zenith for such Product, calculated by Zenith in accordance with Zenith's records.

2. PRO-MARK OBLIGATIONS.

2.1 Pro-Mark will make rebate payments to Participating Pharmacies with respect to purchases of Products by Participating Pharmacies during the Term in accordance with Schedule 2.1, in addition to any other discounts, rebates or similar payments or credits to which Participating Pharmacies may be eligible under the Plans. Pro-Mark shall keep Zenith currently advised as to its plans and actions in this regard and shall work cooperatively with Zenith to effectuate the purposes of this Section as fully and as expeditiously as possible. During any period that a Product is maintained as the only generic medication covered under each Plan, Zenith and Pro-Mark will work cooperatively to determine the appropriate application of this Section 2.1.

2.2 Pro-Mark will use its best efforts to designate, and implement and maintain the designation of Zenith as the preferred supplier of generic products under each Plan in the Classes in

which Zenith sells a Product, and, subject to Zenith's advance consent and subject to Product availability, to establish and maintain the Products as the only generic medications covered under each Plan. It is understood and agreed that, in exercising its best efforts, Pro-Mark will be phasing in over time and/or compromising such exclusivity as, when and to the extent deemed best by Pro-Mark, in recognition of such market factors as the coverage desires of Plans and Plan sponsors and the contractual, inventory, pricing and other pharmaceutical supply concerns of Participating Pharmacies. Pro-Mark shall keep Zenith currently advised as to its plans and actions in this regard and shall work cooperatively with Zenith to effectuate the purposes of this Section as fully and as expeditiously as possible.

2.3 Pro-Mark will notify Zenith in writing within at least 10 days of any of the following: (i) any pharmacies which become, or cease to be, Participating Pharmacies, and (ii) any medical benefit plans which become, or cease to be, Plans.

2.4 Pro-Mark will notify Zenith in writing immediately upon becoming aware of any change or occurrence to or with respect to any of the contracts or performance of any of the contracts between RxCare and any Plan, or between Pro-Mark and RxCare, or any change or occurrence to or with respect to the TennCare Program, which may individually or in the aggregate have a material adverse effect on any of the purposes of or rights or obligations of the parties under this Agreement.

2.5 Within 30 days after the end of each calendar month Pro-Mark shall submit to Zenith, in a mutually agreed format, Pro-Mark's claims data concerning the utilization under the Plans during said month of pharmaceuticals falling within the Products' Classes, including with respect to each Product, claims data documentation submitted by Participating Pharmacies evidencing the Product NDC Code and the number of Units of the Product covered and dispensed to Members by Participating Pharmacies pursuant to the Plans ("Data"). Data shall be true, accurate and complete in all material respects.

2.6 During the Term and continuing for a period of two (2) years after the end of the Term, each party will keep and maintain records in sufficient detail to document, in the case of Zenith, the calculation of its Profit and Unit Net Sales, and in the case of Pro-Mark, the Data and information to be furnished by it to Zenith, pursuant to this Agreement. Each party shall have the right, at its own expense, to have an independent certified public accountant reasonably acceptable to the other party examine the relevant books and records and supporting data of the other party, upon prior written notice, during normal business hours and no more than once each calendar year to the extent necessary to verify the accuracy and completeness of such data.

Said public accountant shall be obligated to maintain the confidentiality of such books and records as to third parties.

2.7 During the Term, neither Pro-Mark nor any Affiliate of Pro-Mark, at any time or from time to time, will directly or indirectly (i) request or consider any proposal from any other manufacturer or seller of generic medications to participate in any program the same or similar to that described in Sections 2.1 and 2.2 above, with respect to any state or region, without at the some time requesting a proposal from Zenith, or (ii) accept any such proposal from or negotiate or enter into any agreement with any such other manufacturer or seller without first offering to Zenith participation in said program on the same terms and conditions proposed by such other manufacturer or seller. Pro-Mark will cause its Affiliates to comply with this Section 2.7.

2.8 Pro-Mark shall indemnify Zenith and hold Zenith and its employees, officers, agents, representatives and Affiliates harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including but not limited to reasonable attorneys' fees and expenses, arising out of third-party claims based upon or arising out of any breach or violation by Pro-Mark of any of its representations, warranties and obligations under this Agreement, except to the extent such claim, demand, liability, loss, damage, cost or expense arises from or as a result of a breach by Zenith of any of its representations, warranties and obligations under this Agreement.

3. ZENITH OBLIGATIONS.

3.1 During the Term, neither Zenith nor any Affiliate thereof shall negotiate or enter into any arrangement or agreement with any third party respecting the payment of compensation by Zenith to the third party in consideration of any preference for coverage of Products under any Plan. Zenith will cause its Affiliates to comply with this Section 3.1.

3.2 As full consideration for Pro-Mark's performance of its obligations under this Agreement, for each calendar month during the Term, Zenith will pay to Pro-Mark an amount equal to the applicable percentage for such month, as set forth below, multiplied by Zenith's Incremental Profit for said month, adjusted to take into account underpayments and overpayments for prior months. If for any month Zenith's Profit is less than the Base Profit, the amount of the deficiency shall be carried over to the following month and added to the Base Profit for purposes of calculating Incremental Profit for such month. The percentage applicable for a calendar month will be determined as described below based on the total number of Members covered under the Plans during said month.

Applicable Percentage for the month	Number of Members covered under the Plans during the month
[*]%	more than 1,000,000 Members
[*]%	from 750,000 Members to 1,000,000 Members
[*]%	from 500,000 Members to 750,000 Members
[*]%	less than 500,000 Members

For any period under this Agreement less than a full calendar month, the amount of the payment will be based on the applicable percentage multiplied by the Incremental Profit for the number of days this Agreement is in effect during such month. The payment with respect to a calendar month will be payable within 30 days after Zenith's receipt of Data respecting such calendar month, provided that if Zenith reasonably disputes the accuracy or completeness of the Data, Zenith shall give Pro-Mark prompt notice thereof and any disputed amounts shall be payable upon resolution of the dispute.

3.3 Zenith agrees that:

(a) The average per Unit net price charged by Zenith for supplying any given Product to a Participating Pharmacy will not exceed, for any calendar quarter, Zenith's published price for such Product for such class of trade.

(b) Zenith will use its best efforts to maintain an adequate supply of Products available for Participating Pharmacies in accordance with such forecasts as may be agreed to by Pro-Mark and Zenith from time to time, and will promptly advise Pro-Mark whenever any availability problem is anticipated; and

(c) Zenith will promptly advise Pro-Mark upon Zenith's introduction of a new Product, including such details as Pro-Mark shall reasonably request.

4. REPRESENTATIONS AND WARRANTIES OF PRO-MARK.

4.1 Pro-Mark is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

4.2 Pro-Mark has the full right and authority to enter into and perform this Agreement, this Agreement has been duly and validly authorized, executed and delivered by Pro-Mark, and this

Agreement constitutes the legal, valid and binding obligation of Pro-Mark, enforceable against Pro-Mark in accordance with its terms, except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

4.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not violate or conflict with any provision of law or regulation or any writ, order, judgment or decree of any court or governmental or regulatory authority, or any agreement or understanding by which Pro-Mark or RxCare is bound, or any policy, procedure or guideline applicable to the TennCare Program or any Plan or any other participant in the TennCare Program, and do not require any consent, approval, waiver or authorization of, or registration, qualification or filing with or notice to any federal, state or local governmental or regulatory authority or any other person.

4.4 Schedule 4.4-A hereto contains an accurate and complete list of each Plan which has contracted with RxCare for the provision of PBM Services and for which Pro-Mark, through its contract with RxCare, provides PBM services, and of the number of Members covered under each such Plan. Schedule 4.4-B hereto contains an accurate and complete list of each Participating Pharmacy. Pro-Mark will notify Zenith of any additions or deletions to any of such lists in accordance with Section 2.3.

5. REPRESENTATIONS AND WARRANTIES OF ZENITH.

5.1 Zenith is a corporation duly organized and validly existing under the laws of the State of Florida, with full corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

5.2 Zenith has the full right and authority to enter into and perform this Agreement, and this Agreement has been duly and validly authorized, executed and delivered by Zenith and constitutes the legal, valid and binding obligation of Zenith, enforceable against Zenith in accordance with its terms, except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

6. TERM AND TERMINATION.

6.1 The term of this Agreement ("Term") shall commence on the date hereof and, unless earlier terminated in accordance with the provisions hereof, end on the third anniversary of the date hereof.

6.2 This Agreement may be terminated immediately upon written notice by a party if the other party becomes insolvent, is dissolved or liquidated, makes a general assignment for the benefit of creditors, files a petition in bankruptcy, or has filed against it a petition in bankruptcy or has a receiver appointed for a substantial part of its assets and such petition or appointment is not discharged within 60 days.

6.3 In the event of a material breach by a party of any representation, warranty or obligation of it under this Agreement, which breach continues for a period of 30 days after notice thereof is given to the breaching party by the other party, then the other party shall have the right to terminate this Agreement upon giving the breaching party at least 10 days prior written notice of its intention to take such action, and, upon the expiration of said 10-day period, this Agreement shall terminate.

6.4 Zenith shall have the right to terminate this Agreement effective upon 30 days prior written notice to Pro-Mark if (i) RxCare or Pro-Mark fails to comply with any federal, state or local law, including but not limited to any Medicare or Medicaid laws, rules, regulations, policies, procedures or guidelines, any federal or state antitrust laws, rules, regulations, policies, procedures or guidelines, or any requirements of the TennCare Program, and such failure is not cured within such 30-day period, (ii) there is at any time fewer than 500,000 Members covered by Plans, or (iii) RxCare or Pro-Mark or any of their respective officers or employees or agents are charged with a criminal offense arising out of or in connection with the provision of any PBM Services to any Person, whether to a Plan or otherwise.

6.5 Pro-Mark shall have the right to terminate this Agreement effective upon 30 days prior written notice to Zenith if (i) Zenith fails to comply with any federal, state or local law applicable to this Agreement, including but not limited to any Medicare or Medicaid laws, rules, regulations, policies, procedures or guidelines, any federal or state antitrust laws, rules, regulations, policies, procedures or guidelines, and such failure is not cured within such 30-day period, or (ii) any of Zenith's officers or employees are charged with a criminal offense arising out of or in connection with the provision or sale of pharmaceuticals to any Person, whether to a Plan or otherwise.

6.6 The termination of this Agreement for any reason shall not affect any right or obligation of a party which accrues prior to the date of termination or any rights or obligations which by their express terms survive termination of this Agreement. Without limiting the foregoing, the provisions of Section 2.8 shall survive termination or expiration of this Agreement and continue in full force and effect.

7. GENERAL.

7.1 The parties acknowledge that each will be providing certain of its proprietary and confidential information ("Confidential Information") to the other in connection with the performance of this Agreement. Each party shall keep all Confidential Information of the other party confidential, shall not disclose such Confidential Information to others (except those employees, agents and representatives and, in the case of Zenith, Affiliates, who need to use such Confidential Information in connection with this Agreement and who the receiving party has obligated to maintain the information in confidence and not to use or disclose the information except as permitted under this Agreement), and shall not use such Confidential Information for any purpose other than as required in connection with its performance of this Agreement. The terms of this Agreement shall be treated as Confidential Information. The obligations and restrictions of this Section 7.1 shall not apply to Confidential Information that is in the public domain through no fault of the receiving party, which is received by the receiving party from a third party having the lawful right to disclose the information without violation of any contractual or fiduciary obligation, or which is required by law to be disclosed. Disclosure of the terms of this Agreement may be made to the direct and indirect payors under, and administrators of, the Plans. The parties hereby acknowledge that as between the parties hereto, all Data are and shall remain the exclusive property and Confidential Information of Pro-Mark, and all data and information made available by Zenith to Pro-Mark pursuant to this Agreement are and shall remain the exclusive property and Confidential Information of Zenith.

7.2 This Agreement shall not constitute of be construed as creating a partnership or joint venture or relationship of principal and agent between the parties, and neither party shall be liable for any debts or obligations of the other party. Neither party shall in any way be considered as being an agent or representative of the other party in any dealings with any third party, and neither party may act for, or bind, the other party in any such dealings. The provisions of this Agreement are for the exclusive benefit of the parties to this Agreement, and no other Person shall have any right or claim against any party to this Agreement by reason of those provisions or be entitled to enforce any of those provisions against any party to this Agreement.

7.3 All notices given to a party under this Agreement shall be in writing and shall be deemed to be duly given upon receipt and shall be mailed certified mail, return receipt requested, postage prepaid, or mailed first class mail, postage prepaid, or sent by facsimile transmission or overnight mail or courier service, to the party at its address set forth below, or to such

other address as the party may subsequently designate by notice given in such manner:

If to Pro-Mark

Pro-Mark Holdings, Inc.
33 North Road
Peace Dale, Rhode Island 02883
Attention: President
Facsimile: (401) 783-3520

with a copy to

Pro-Mark Holdings, Inc.
33 North Road
Peace Dale, Rhode Island 02883
Attention: General Counsel
Facsimile: (401) 783-3520

If to Zenith

Zenith Goldline Pharmaceuticals, Inc.
140 Legrand Avenue
Northvale, New Jersey 07647
Attention: President
Facsimile: (201) 767-3804

with a copy to

IVAX Corporation
8800 N.W. 36th Street
Miami, Florida 33178-2404
Attention: General Counsel
Facsimile: (305) 590-2615

7.4 This Agreement, including the Schedules attached hereto and hereby incorporated herein, contain the entire agreement between the parties respecting the subject matter hereof, superseding all prior oral and written agreements and understandings between the parties with respect thereto.

7.5 This Agreement may not be modified or amended except by a writing signed by both parties.

7.6 The failure of a party to enforce at any time any provision of this Agreement shall not be a waiver of the provision or prevent the party from subsequently enforcing the provision. No waiver of any provision of this Agreement will be effective unless given in a writing signed by the party charged with the waiver, and no such waiver will be deemed a waiver of any other or subsequent breach of the same or any other provision.

7.7 Neither party shall have the right to assign or subcontract all or any part of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld, except that Zenith may, without such consent, assign this Agreement in whole or in part to any affiliate of Zenith or any person or entity that acquires substantially all of the assets or stock of Zenith or acquires or is otherwise combined with Zenith in a merger or some other form of business combination. This Agreement shall be binding upon and inure to the benefit of each party, its successors and its permitted assigns.

7.8 Noncompliance with any obligation (other than an obligation to pay money) under this Agreement for reasons of force majeure, such as acts of God; acts, regulations or laws of any government; war or civil commotion; explosion, fire or storm; labor disturbance; failure of public utilities or common carriers, or any other cause beyond the reasonable control of a party, will not constitute a breach of the Agreement.

7.9 Neither party may use the name or trademarks of the other in any advertisement or publicity or for any other purpose, without the prior review and written approval of the other party. Zenith will not use for any purpose the name or trademarks of any Person, or of any Participating Pharmacy or other third party providing services to or on behalf of any Plan, without the prior consent of Pro-Mark or such Plan, Participating Pharmacy or third party.

7.10 This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Florida without regard to conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

PRO-MARK HOLDINGS, INC.	ZENITH GOLDLINE PHARMACEUTICALS, INC.
By:	
/s/ Stephen M. Dias	/s/ Richard H. Friedman
Name: Stephen M. Dias	Name: Richard H. Friedman
Title: Chief Financial Officer	Title: Vice President

SCHEDULE 1.3
BASE PROFIT

Base profit will be calculated per definition 1.4 "Profit" for the period May, 1995 through October, 1995. The resulting six month "Profit" number will then be divided by 6. The specific formula is as follows:

$$\text{Base Profit} = \frac{\text{"Profit" for the period May, 1995 through October, 1995}}{6}$$

SCHEDULE 2.1
PARTICIPATING PHARMACY REBATES

Participating pharmacies will be paid a rebate of $[*] per incremental Zenith-Goldline product dispensed.

SCHEDULE 4.4-A
PLANS

Blue Cross/Blue Shield	633,739
Access Med Plus	279,524
Health Net	75,216
Preferred Health Plus	65,217
TLC Family Health Care	37,423
Phoenix Health Care	36,826
Total Health Plus	6,110
Total	1,134,055

EXHIBIT 10.6

SOFTWARE LICENSING AND SUPPORT AGREEMENT

This Agreement is entered into on November 21, 1994, by and between ComCoTec, Inc., an Illinois corporation, ("ComCoTec") and Pro-Mark Holdings Inc. ("Client"), a Delaware Corporation.

The parties agree:

1. PERFORMANCE OF SERVICES. ComCoTec will provide Client with the software products ("Products") and services ("Services") necessary to implement ComCoTec's RxCLAIM Online Transaction Processing System (the "System"), as described on Exhibit A and the other exhibits attached hereto and made a part hereof.

2. LICENSE TO THE SYSTEM. ComCoTec hereby grants to Client, and Client wholly owned subsidiaries, and Client hereby accepts, a nonexclusive license (the "License") to use the System at the Client's facilities described on Exhibit C attached hereto (the "Client's Facility"). Title to the System will remain with ComCoTec at all times, Client being granted only a license to the System. The License extends only to the use of the System at the Client's Facility for the Client's own business. Client shall not, without the express written consent of ComCoTec, use the System to provide computer or other services than claims processing services to any other person or entity or in any other manner except for its own business.

3. CONFIDENTIAL INFORMATION.

3.1 RESTRICTION. Each party acknowledges that certain information provided by the other party to this Agreement may be considered proprietary, confidential, or trade secret information ("Proprietary Information"). "Proprietary Information" means information which, at the time of disclosure, is not generally known by the public and any competitors of either party.

(a) All information that is disclosed by the disclosing party to the receiving party and which is to be protected as Proprietary Information of the disclosing party shall be protected hereunder under these conditions:

(i) If in writing or other tangible or electronic form, the Proprietary Information must be conspicuously labeled at the time of delivery as proprietary information; and

(ii) If oral, the Proprietary Information must be identified prior to disclosure as proprietary information, and after disclosure, but no later than thirty (30) calendar days thereafter, must be reduced in summary form to

writing or other tangible or electronic form, and delivered to the receiving party consistent with subparagraph (i).

(b) Proprietary Information of the disclosing party shall be safeguarded by the receiving party for a period of two (2) years after the date of disclosure, unless another period of time is indicated at the time, and in the same manner that the receiving party treats its own proprietary information of like kind.

(c) The receiving party will: grant access to Proprietary Information to only employees with a defined need to know; disclose Proprietary Information to no unaffiliated third parties except upon the prior written approval of the disclosing party; make no copies of any oral, written, graphic, electronic, or electromagnetic forms of the Proprietary Information without the prior written permission of the disclosing party; make no use of any of the Proprietary Information for any purpose except that which is expressly contemplated by this Agreement; and maintain a policy which requires their employees to treat and maintain the disclosing party's Proprietary Information in a confidential manner.

3.2 LIMITATIONS. The receiving party will not distribute, disclose or disseminate the Proprietary Information of the disclosing party, in any way, except as provided in this Agreement, unless:

(a) the Proprietary Information is generally available to the public, through no fault of the receiving party, its employees or consultants and without breach of this Agreement; or

(b) the Proprietary Information is already in the possession of the receiving party without restriction and prior to any disclosure hereunder; or

(c) the Proprietary Information is or has been lawfully disclosed to the receiving party by a third party without an obligation of non-disclosure upon the receiving party; or

(d) the Proprietary Information is developed independently by employees of the receiving party; or

(e) the applicable period of non-disclosure pursuant to (S)3.1(b) has terminated; or

(f) the Proprietary Information is produced or disclosed pursuant to applicable law, regulation or court order, provided that the receiving party has notified the disclosing party prior to such required disclosure and has given the

disclosing party an opportunity to contest such required disclosure; or

(g) the Proprietary Information is approved for release or disclosure by the disclosing party.

4. DELIVERY OF THE SYSTEM.

4.1 DELIVERY AND INSTALLATION. ComCoTec will install the System on the computer equipment (the "Equipment") at the Client's Facility and will deliver the user documentation (the "Documentation") set forth in Exhibit A, to the Client on or before December 31, 1994 (the delivery date), except as such date may be delayed pursuant to (S)4.2 hereof. Client shall take such actions as ComCoTec informs Client are reasonably necessary to ready and provide its facilities for the installation of the System. The cost of installation set forth on Exhibit B will be billed to Client as those services are rendered to the Client.

4.2 DATES OF DELIVERY AND INSTALLATION. The Client may specify a delivery and installation date for the System later than February 1, 1994, by written notice to ComCoTec at least 30 days prior to such delivery date, Client reasonably determines that it will be unable to prepare its facilities or install the Equipment prior to the date scheduled for delivery and installation of the System and if such delay will not extend beyond March 1, 1995, absent an Event of Force Majeure as set forth in (S)14 hereof.

4.3 ACCEPTANCE TESTING. Promptly and diligently after installation, ComCoTec shall conduct all such inspections and tests of the System as Client may deem necessary or appropriate to determine whether any Defects exist in the System. A Defect is any failure by the System to conform in any material respect with the User Documentation and the System Specifications detailed in Exhibit A. Client shall be deemed to have accepted and approved the System ("Acceptance") for all purposes of this Agreement upon the occurrence of either of the following:

(a) Client's delivery to ComCoTec of written notice that Client is satisfied and that the System materially performs in accordance with the System Specifications; or

(b) Client's use of the System or any modules thereof to operate Client's business (Commercial Use) for a period not to exceed one hundred fifty (150) days; or

(c) Client's failure to give ComCoTec written notice of any Defect within 30 days after Client's receipt of a notice from ComCoTec that the installation is complete, or within 15 days after the later of (i) Client's receipt of written notice from ComCoTec (in response to Client's last prior notice to

ComCoTec of the existence of a Defect) from ComCoTec stating that all material Defects have been corrected and (ii) ComCoTec's demonstration to Client of such corrections and the absence of any other Defects.

4.4 MODIFICATIONS. The Client may request the modification of ComCoTec's obligations and responsibilities during the term of this Agreement upon written request delivered to ComCoTec. If ComCoTec accepts such modification, Client will pay ComCoTec's fees and expenses, at ComCoTec's then-prevailing rate to effectuate such modifications.

5. TRAINING. Within 30 days of Acceptance, ComCoTec will provide training in the use and operation of the System at Client's Facility. Such training shall be sufficient to allow qualified Client personnel to utilize the System. All training will be billed to the Client at ComCoTec's then prevailing rate for such services.

6. FEES AND EXPENSES. Client will pay the additional fees and obtain the other software packages which are detailed in Exhibit B attached hereto and made a part hereof. Client is responsible for and will pay all sublicense fees, installation expenses, freight and shipment costs and all other charges relating to the delivery and installation of any and all software, hardware and materials to Client.

7. PAYMENT. Client will pay ComCoTec for Products and Services in accordance with Exhibit B and the following schedule:

Upon execution of this Agreement	25%
Upon installation of the System	25%
Ninety (90) days after installation of the System	35%
Upon Acceptance	15%

In addition to the License Fees, Client will reimburse ComCoTec for any and all installation expenses, including preparation work, travel in accordance with ComCoTec's then-current policy regarding reimbursed travel, and hardware provided by ComCoTec to Client. All invoices from ComCoTec are due and payable by the Client within 30 days after the date of the invoice from ComCoTec. For any invoice remaining unpaid over 45 days from the date of the invoice, Client will pay interest at the rate of 1-1/2% per month.

8. SOFTWARE MAINTENANCE.

8.1 SUPPORT SERVICES AND COSTS.

(a) SUPPORT SERVICES. Beginning on the date of Acceptance, ComCoTec shall provide the following software maintenance and support ("Support Services"): (i) use its best

efforts to confirm the existence of and correct errors in the System if Client notifies ComCoTec that such errors exist; however, if ComCoTec determines that no such error exists, Client will pay ComCoTec for such services at ComCoTec's then-current hourly rates; and (ii) provide Client, on a timely basis, with updates necessary for the System to continue to comply with the System Specifications, and updates reflecting improvements made to the System by ComCoTec (collectively "Updates") . Subject to the terms of (S)9.3, ComCoTec shall provide Updates to the Client as they become available for general distribution. Updates may also include enhancements, additional features as they are incorporated into the System, and modifications necessary for federal, state, or third party requirements. Support Services also include access to technical support personnel of ComCoTec for questions which may arise while using the System and correction of all material programming errors.

(b) CHARGE FOR SUPPORT SERVICES. In return for ComCoTec rendering Support Services to the Client, Client will pay ComCoTec one and one quarter percent (1.25%) of the then-current contract price of the System per month, for each month or any part thereof beginning ninety (90) days following Installation of the System. Such payments will be payable in advance, on or before the first of the month during which Support Services are to be provided. Such payments shall be due and payable regardless of the nature and scope of Support Services, if any, actually performed by ComCoTec during the subsequent month. Failure by Client to adhere to this payment schedule shall terminate ComCoTec's responsibility to provide Support Services to any Client.

(c) SYSTEM ADMINISTRATOR. The Client will designate, on Exhibit D, one member of its staff ("System Administrator") to be responsible for: (1) investigating user problems prior to the involvement of ComCoTec's personnel; (2) ensuring that users have been properly trained; and (3) evaluating the severity of problems that occur after regular business hours and on weekends to ensure that only those problems that are of a potentially serious nature are reported to ComCoTec at those times. If the System Administrator will be absent, a substitute will be provided to perform his duties.

8.2 PRICE & DDI UPDATE SERVICE. Client will contract directly with Medi-Span for price and DDI update services.

8.3 ADDITIONAL FEES. The investigation by ComCoTec of any software errors which arise from changes to the System by anyone other than ComCoTec's personnel or which are not found to exist, will be billed to Client at ComCoTec's then-current application support rates.

9. COMCOTEC'S WARRANTIES.

9.1 AUTHORITY. ComCoTec represents and warrants that:

(a) it has the full right, power and authority to enter into this Agreement and to grant to the Client the rights and licenses and authority to sublicense granted hereunder, (b) the use of the System will not infringe upon the proprietary rights or violate the contractual rights of any third party.

9.2 SOFTWARE WARRANTY. ComCoTec expressly warrants that for a period of one (1) year from the Acceptance, the System shall be free from Defects.

9.3 DISCLAIMER OF WARRANTIES. Except as otherwise expressly provided, COMCOTEC MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE SYSTEM AND EXPRESSLY DISCLAIMS ANY AND ALL SUCH WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CLIENT ACKNOWLEDGES THAT THE SYSTEM ARE NOT REGARDED OR RELIED ON AS A SUBSTITUTE FOR THE SKILL, JUDGMENT AND CARE OF PHARMACISTS OR OTHER PROFESSIONAL PERSONNEL IN DISPENSING PHARMACEUTICAL PRODUCTS OR OTHERWISE.

10. SOURCE CODE LICENSES FOR CLIENT. ComCoTec hereby grants Client a non-exclusive license to use, enhance, and modify the source code for the System to support and provide enhancements to the System. Client may not distribute, copy, or use the source code in any other way. Client may exercise the rights granted by this section only after payment of the additional Source License Fee identified in Exhibit B.

11. TAXES AND ASSESSMENTS. The License Fee does not include any taxes imposed or levied in connection with this Agreement and, with the exception of any taxes imposed upon ComCoTec which are based on its income, all such other taxes, if any, imposed as a result of the licensing or sublicensing of the System under this Agreement will be the responsibility of Client.

12. TERM OF AGREEMENT AND TERMINATION.

12.1 TERM. This Agreement shall remain in full force and effect for a period of one (1) year, unless terminated earlier as set forth herein. Thereafter, this Agreement shall automatically be renewed annually, unless terminated earlier as set forth herein.

12.2 EVENTS OF TERMINATION. This Agreement may be terminated if (a) either party commits a material breach of this Agreement and such breach remains uncorrected for thirty (30) days following written notice to breaching party specifying the breach, (b) either party shall have ceased business, been

adjudicated, bankrupt or insolvent, made an assignment for the benefit of creditors, or filed a petition for bankruptcy or reorganization or (c) upon 90 days written notice by either party without cause.

12.3 EFFECTS OF TERMINATION.

(a) If this Agreement is terminated by ComCoTec due to an uncorrected breach of Client or due to Client's insolvency or bankruptcy, Client shall promptly deliver all materials in Client's possession pertaining to the System to ComCoTec, and shall thereafter discontinue its use and distribution of the System.

(b) If this Agreement is terminated by Client due to an uncorrected breach by ComCoTec or due to ComCoTec's insolvency or bankruptcy, Client may retain all materials, to enable Client to continue to support the System.

(c) If this Agreement is not renewed by Client or ComCoTec, Client will return all software and documentation ("Materials").

(d) The parties' respective rights and obligations under (S)3, (S)7, (S)8, and (S)9 of this Agreement shall survive termination or expiration of this Agreement. However, each party's obligations under (S)3 shall terminate as to any element of the other party's Proprietary Information which ceases to be proprietary to such party for any reason other than the breach by the other party of its obligations under this Agreement.

13. LIMITATION OF LIABILITY.

13.1 LIMITATIONS OF LIABILITY. ComCoTec shall have no liability for any claim of loss or damage incurred as a result of the wrongful acts or omissions of ComCoTec.

13.2 LIMITATION FOR DRUG INTERACTIONS. Client acknowledges that the drug interaction portion of the System is to be used only as a guide and is not to be regarded or relied on as a substitute for the skill, judgment and care of pharmacists or other professional personnel in dispensing pharmaceutical products. ComCoTec shall not, under any circumstances, be liable or responsible for injury, including death, suffered by any consumer of any pharmaceutical or any other product dispensed or distributed by any person or entity using the System for any purpose, or for any side-effects or other consequential or incidental damages of any kind or description whatsoever from the use of any such product, it being expressly understood that such liability and responsibility rests entirely upon the pharmacist

or other professional involved in dispensing the pharmaceutical products.

14. FORCE MAJEURE AND EXCUSABLE DELAYS.

14.1 EVENT OF FORCE MAJEURE. Neither party shall be liable for any costs or damages due to nonperformance under this Agreement arising out of any cause or event not within the reasonable control of such party and without its fault or negligence, such causes or events sometimes being hereinafter referred to as Events of Force Majeure.

14.2 NOTICE REQUIREMENT. Either party shall give the other party prompt notice of the occurrence of any Event of Force Majeure that may cause delay hereunder, and the date of performance by any party that gives such notice shall be extended for a period not exceeding the period of delay caused by the Event of Force Majeure so identified.

14.3 POSTPONEMENT OF SYSTEM SHIPMENT. If requested by written notice received from Client after either party is given notice of any Event of Force Majeure, ComCoTec shall postpone shipment of the System for such period (not exceeding six months in the aggregate) as Client may request by written notice to ComCoTec. If there is a postponement, all dates of performance by ComCoTec under this Agreement shall be extended for a corresponding period.

14.4 LIMITATION ON PERIOD OF FORCE MAJEURE. Unless the performance by either party of its obligations under this Agreement is delayed by the occurrence or an Event of Force Majeure for a period of more than six months (and such nonperformance is excused under the foregoing provisions) no Event of Force Majeure shall be an excuse for permanent nonperformance but shall be an excuse only for delays in performance and only to the extent that such delays are directly attributable to such cause. Should any Event of Force Majeure delay performance in any material respect for a period of more than six months, either party shall have the option to rescind this Agreement upon notice to the other party.

14.5 EXCULPATION. Neither party shall be liable for any delay or failure in the performance of its obligations under this Agreement that directly results from any failure of the other party to perform its obligations as set forth in this Agreement.

15. MISCELLANEOUS PROVISIONS.

15.1 SEVERABILITY. All provisions of this Agreement are severable. If any provision or portion hereof is determined

to be unenforceable, the rest of the Agreement shall remain in effect, provided that its general purposes are still reasonably capable of being effected.

15.2 NOTICE. All notices and demands of any kind or nature which any party to this Agreement may be required or may desire to serve upon any other in connection with this Agreement shall be in writing and may be served personally or (as an alternative to personal service) by prepaid registered or certified United States mail or by private mail service (e.g., Federal Express or DHL), in either case to the following addresses:

If to ComCoTec: Contract Administration
ComCoTec, Inc.
2505 S. Finley Road, Suite 110
Lombard, IL 60148

With a copy to: Larry M. Zanger
McBride Baker & Coles
500 West Madison Street
40th Floor
Chicago, Illinois 60661

If to Client: _____
_____
_____
_____

With a copy to: _____
_____
_____
_____

Service of such notice or demand so made shall be deemed complete on the day of actual delivery as shown by the addressee's registry or by carrier or other certification receipt or at the expiration of three (3) days after the date of mailing, whichever is earlier in time. Any party hereto may from time to time, by notice in writing served upon other parties as aforesaid, designate a different mailing address or a different person to which following such service all further notices or demands are thereafter to be addressed.

15.3 ASSIGNMENT. Neither this Agreement nor any of the rights, duties or obligations as provided hereunder may be assigned or transferred by a party without the express written consent of the other party, whose consent may be withheld in its sole discretion; provided that either party or the division, subsidiary or affiliate of a party responsible for performance of this Agreement (the "Assignor Party") may, upon written notice to

the other, assign this Agreement in whole to any third party acquiring substantially all of the Assignor Party's assets or with which the Assignor Party merges and who in either event agrees in writing to assume each and every obligation conferred upon the Assignor Party under this Agreement shall be binding upon and inure to the benefit of the parties and the successors and assigns.

15.4 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with and governed and enforced in all respects by the laws of the State of Illinois, excluding its choice of law rules.

15.5 INDEPENDENT CONTRACTOR. At all times the relationship of ComCoTec to the Client shall be that of an independent contractor. Nothing in this Agreement shall be construed to create any partnership, association, joint venture or employment between the parties. All individuals ComCoTec furnishes to perform services hereunder shall, at all times, be the employees or agents of ComCoTec. ComCoTec shall have the sole and exclusive control over its employees or agents who perform services for the Client and over the labor and employee relations policies and policies relating to wage, hours, working conditions, benefits or other conditions of its employees, or agents.

15.6 NON-DISCRIMINATION. ComCoTec will not discriminate against any worker, employee or applicant for employment or any other member of the public on the basis of race, creed, color, national or ethnic origin, sex or handicap or otherwise knowingly commit an unfair labor practice. Where required by law, ComCoTec will incorporate this clause in all contracts it enters into with suppliers of materials or services with respect to this Agreement.

15.7 ENTIRE AGREEMENT. This Agreement, and all Exhibits attached hereto, constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, and this Agreement may not be modified, amended or otherwise changed in any manner except by a written instrument executed by the party against whom enforcement is sought.

15.8 HEADINGS. The titles and headings of the various sections and paragraphs hereof are intended solely for the convenience of reference and are not intended for any purpose whatsoever to explain, modify or place any construction upon or on any of the provisions of this Agreement.

15.9 WAIVER OF BREACH. The waiver by either party of a breach of any provisions of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

Client:	ComCoTec, Inc.:
By: /s/ E. David Corvese	By: /s/ Scott J. Kornhauser
Title: President	Title: President

EXHIBIT A

DESCRIPTION OF THE SYSTEM

RxCLAIM Software Product as configured will operate as described in the most current version of ComCoTec's Documentation and Product Literature and will provide the following facilities for the Management of Prescription Drug Benefit Programs:

1) ON-LINE ADJUDICATION OF PRESCRIPTION CLAIMS SUBMITTED USING MULTIPLE PROTOCOLS WITH RECORDS FORMATTED IN THE NATIONAL COUNCIL OF PRESCRIPTION DRUG PROGRAMS STANDARD FOR TELECOMMUNICATION OF DRUG CLAIMS, VERSION 1, 3.2A, 3.2B and 3.2C.

2) ON-LINE CLAIM EDITS BY MEMBER, GROUP, NDC, MANUFACTURER, DRUG CLASS, GENERIC PRODUCT IDENTIFICATION, PHARMACY PROVIDER, PHYSICIAN, AND ADDITIONAL AS DEMONSTRATED

3) CLAIM MAINTENANCE OF PREVIOUSLY SUBMITTED CLAIMS, INCLUDING REVIEW OF CLAIMS HISTORY BY PATIENT

4) MEMBERSHIP MAINTENANCE, INCLUDING ELIGIBLE MEMBER LOAD FROM TAPE AND EDITS OF INFORMATION ON-LINE

5) CLIENT MAINTENANCE FUNCTIONS FOR ENTRY AND UPDATE OF CARRIERS, ACCOUNTS, GROUPS, AND GROUP TRANSLATIONS

EXHIBIT A

DESCRIPTION OF THE SYSTEM (CON'T)

6) PLAN PROFILE AND PLAN PARAMETER MAINTENANCE FUNCTIONS AS DEMONSTRATED

7) PRICE, FEE AND COPAY SCHEDULE MAINTENANCE AS DEMONSTRATED

8) CONTROL OF ON-LINE CALCULATION OF VARIABLE PRESCRIPTION REIMBURSEMENT RATES (BY PHARMACY, PHARMACY NETWORK OR SUBSET OF PHARMACY NETWORK)

9) ON-LINE CALCULATION OF VARIABLE COPAYS AND ACCUMULATION OF DEDUCTIBLES

10) PHARMACY, PHARMACY NETWORK, PHYSICIAN, PHYSICIAN NETWORK AND CARE FACILITY MAINTENANCE

11) DRUG MASTER MAINTENANCE (REQUIRES MEDI-SPAN LICENSE FOR DRUG DATABASE)

12) MAINTENANCE OF MULTIPLE PRICING SOURCES AND BASES

13) UPDATE FACILITIES FOR PRICE CHANGE MAINTENANCE VIA TAPE

14) MAINTENANCE OF MULTIPLE FORMULARY LISTS BY NDC AND GPI

EXHIBIT A

DESCRIPTION OF THE SYSTEM (CON'T)

15) MANAGEMENT REPORTING BY MULTIPLE CATEGORIES (ACTIVITY, MEMBER UTILIZATION, DRUG UTILIZATION, PHARMACY PROVIDER, PRESCRIBER, UTILIZATION REVIEW, AND CONTROL TABLE REPORTING

16) AD HOC REPORTING OF RELATIONAL DATABASE VIA IBM'S AS/400 QUERY AND SQL/400 (SEPARATE LICENSES REQUIRED FROM IBM)

17) FINANCIAL REPORTING CYCLE FOR PAYMENT AND RECONCILIATION OF CLAIMS SUBMITTED BY PROVIDER, INCLUDING FINANCIAL CYCLE CONTROLS AND COMPLETE RESTART SUPPORT

18) MISCELLANEOUS TABLE MAINTENANCE FUNCTIONS

19) SYSTEM CONTROL FACILITIES, INCLUDING COMMUNICATIONS LINE CONFIGURATION, START-UP WITH AUTOMATIC RESTART, AND SYSTEM ACTIVITY MONITOR FUNCTIONS

20) SUPPORT FOR INTEGRATION OF ADDITIONAL DATA FROM ALTERNATIVE PROVIDER SOURCES

21) SOFTWARE FAULT TOLERANCE (REQUIRES MIMICS SOFTWARE LICENSE FROM LAKEVIEW TECHNOLOGY)

EXHIBIT A

DESCRIPTION OF THE SYSTEM (CON'T)

22) SYSTEM SUPPORT OF PROCESSING OF PAPER CLAIMS VIA MANUAL DATA ENTRY

23) ADDITIONAL FACILITIES AND FUNCTIONALITY AS DEMONSTRATED

DOCUMENTATION

1. RxCLAIM System User Reference Guide

2. RxCLAIM System Report Book

EXHIBIT B
FEES AND EXPENSE SCHEDULE

1. SOFTWARE LICENSES

a. RxCLAIM Software License Charge

RxCLAIM Software License charges are for one transaction processing system, comprised of no more than two (2) AS/400s. Only one AS/400 may be used as the on-line processor at any time, with a second machine for back-up and/or batch processing. Software license charge is determined by the annual transaction volume of Client. Client agrees to provide ComCoTec access to the System no less than two (2) times per contract year for the purpose of determining transaction volumes.

Annual Transaction Volume	Software License Charge
0 - 13,500,000	$ 395,000
13,500,001 - 17,000,000	$ 495,000
17,000,001 - 29,000,000	$ 595,000
29,000,001 - 41,000,000	$ 695,000
41,000,001 - 59,000,000	$ 795,000
59,000,001 - 103,000,000	$ 895,000
103,000,000 - 132,000,000	$ 995,000
132,000,0001 - And Over	$1,095,000

(AS/400 Operating System Software is additional from IBM.) The upgrade charge to move from one transaction volume bracket to another will be calculated by subtracting the current Client license charge from the new software license charge for the new transaction bracket, according to the schedule identified herein. Client understands and agrees to notify ComCoTec in writing at least 30 days prior to upgrade and to pay said calculated upgrade charge promptly upon receipt of invoice for upgraded software license. ComCoTec agrees to provide software authorization key within 14 days of notification of upgrade by Client.

b. Software Source Code License Charge: $250,000
(The SYNON 2/E CASE Tool, additional from SYNON, INC., is necessary if source is purchased.

2. INSTALLATION EXPENSES

Installation of software, data preparation, training, and any agreed upon software modifications is additional, billed at a rate of $120.00 per man-hour. ComCoTec will use its best efforts

to submit all estimated Installation Expenses to Client in advance for Client's prior approval. Out-of-pocket expenses for travel, meals and lodging will be billed in addition to the hourly charges and will be invoiced to Client as incurred. Client is entitled to a $35,000 credit toward installation expenses. This credit must be used within twelve (12) months from the date this agreement is executed. Credit applies exclusively to installation expenses defined herein.

3. FUTURE CONSULTING, TRAINING AND CUSTOM ENHANCEMENTS*

a. Hourly Rate: $120.00

b. Out-of-pocket expenses for travel, meals, lodging and other miscellaneous expenses: As Incurred

c. Discounted Hourly Rate:

To be eligible for the following discounts Client must guarantee payment for the Committed Hours Per Quarter. A minimum of thirty (30) days notice must be provided prior to engagement.

COMMITTED HOURS PER QUARTER	DISCOUNT	RATE PER HOUR
320	5%	$114.00
640	10%	$108.00
960	15%	$102.00
1,280	20%	$ 96.00

---

* ComCoTec reserves the right to raise its hourly consulting rate once per contract year. At no time shall increases exceed 10% of the then current rate.

EXHIBIT C
CLIENT FACILITY

Address:	The Lily Pads Professional Center 33 North Road P.O. Box 3704 Peace Dale, RI 02883
Telephone Number:	(401) 782-0702
FAX:	(401) 783-3520

EXHIBIT D
SYSTEM ADMINISTRATOR

Name: Russ Corvese

Title:

Telephone #: (401) 782-0702
FAX: (401) 783-3520

Address: The Lily Pads Professional Center
33 North Road
P.O. Box 3704
Peace Dale, RI 02883

EXHIBIT 10.7

AGREEMENT

This Agreement is between Pro-Mark Holdings, Inc., a Delaware corporation with an office at 33 North Road, Peace Dale, Rhode Island 02883 ("Pro-Mark") and Gary Cripps, an individual with an address at P.O. Box 248, Smithville, Tennessee 37166 ("Consultant").

Recitals

A. Pro-Mark provides marketing and marketing support service& to retail pharmacies, including without limitation, assistance to retail pharmacy associations in the development and marketing of prescription drug benefit programs.

B. Consultant has specialized knowledge, experience and expertise useful to the business of Pro-Mark.

Agreement

In consideration of the mutual promises set forth in this Agreement, Pro-Mark and Consultant agree as follows:

1. Retention of Consultant.

Pro-Mark retains Consultant, and Consultant accepts such retainer, to provide the consulting services described in Section 2 hereof (collectively, the "Services").

2. Scope of Services.

(a) The Services to be provided by Consultant hereunder shall include, but not be limited to, consultation, advice and assistance in the following areas:

(i) marketing and sales;

(ii) business, government and public relations;

(iii) strategic planning; and

(iv) such other areas as from time to time may be agreed upon by the parties.

(b) Consultant shall be available to perform Services agreed upon at reasonable times upon reasonable notice. Consultant shall not be required to devote full business time and effort to performance of the Services.

3. Compensation.

In consideration of Consultant's performance of the Services, Pro-Mark shall pay Consultant the following amounts at the following times:

(a) The amount of Five Thousand Five Hundred Dollars ($5,500) each month during the term of this Agreement; and

(b) Such additional amounts for such special projects undertaken by Consultant as from time to time may be agreed upon by the parties.

4. Term; Termination.

(a) This Agreement shall commence as of the date hereof and shall continue until January 1, 1997 and thereafter for successive periods of one year each, until written notice of non-renewal is given by a party at least ninety (90) days before the expiration of the initial or any renewal term.

(b) Pro-Mark may terminate this Agreement by notice to Consultant in the event of: (i) Consultant's negligent performance of or inability to perform Consultant's duties hereunder, (ii) conviction of Consultant of a crime involving fraud, deceit, theft or dishonesty; (iii) breach by Consultant of any of the terms of this Agreement; or (iv) death of Consultant.

5. Press and Government Relations; Status of the Parties.

(a) Consultant shall not represent Pro-Mark before any governmental office or body, nor shall Consultant issue any written or oral statement or other communication to any press or other media organization in its capacity as a consultant to Pro-Mark, unless specifically directed to do so in advance by Pro-Mark.

(b) Consultant shall not make or authorize any payment directly or indirectly to any person who is an official of any government or of any instrumentality thereof for the purpose of inducing such official to (i) use his influence with such government, or (ii) fail to perform his official functions, in either case to assist Pro-Mark or Consultant in obtaining or retaining business for, or directing business to, any person, or to influence legislation or regulations of any government or any instrumentality thereof.

(c) Nothing in this Agreement shall create the relationship of employer and employee, partnership, principal and agent or joint venture between Pro-Mark and Consultant. Pro-Mark, on the one hand, and Consultant, on the other, are independent contractors, and Consultant shall have no authority to bind Pro-

Mark, nor will Consultant or any employee or agent of Consultant represent to any person that Consultant has such authority.

6. Conflicting Commitments; Additional Representations.

(a) Consultant represents and warrants that Consultant's acceptance of appointment under this Agreement has not breached, and that Consultant's performance of Services under this Agreement will not breach, any duty owed by Consultant under any law or court order, or to any other individual or entity, and Consultant agrees to indemnify Pro-Mark and hold it harmless from any claims, demands, costs, judgments, liabilities, losses, attorneys' fees and costs incurred as the result of a breach of this warranty.

(b) Consultant represents and warrants that neither Consultant nor any of his partners or employees has been convicted of a serious crime, including crimes involving fraud, deceit, theft or dishonesty.

(c) The terms of this Section shall survive the expiration or earlier termination of this Agreement, without time limitation.

7. Confidentiality.

(a) Consultant acknowledges a duty of confidentiality owed to Pro-Mark and shall not, at any time during or after the term of this Agreement (except as expressly authorized by Pro-Mark in writing) use, divulge or duplicate any information or copies or records thereof, in any medium, which is disclosed to or otherwise obtained by Consultant under or in connection with this Agreement, and which relates to Pro-Mark and/or its business operations, personnel, finances, income, expenditures, products or services ("Confidential Information"). Consultant acknowledges that all such Confidential Information is a valuable and unique asset of Pro-Mark, and that Consultant shall not acquire any rights thereto. Consultant further agrees to take all necessary precautions to prevent the unauthorized disclosure of such Confidential Information by others. Upon termination of this Agreement, Consultant shall deliver to Pro-Mark, without the necessity of notice or demand, all such Confidential Information and copies thereof then in the possession or control of Consultant.

(b) The terms of this Section shall survive the expiration or earlier termination of this Agreement, without time limitation.

8. Non-Competition.

(a) During the term of this Agreement, and for one year thereafter, Consultant shall not, directly or indirectly, compete with Pro-Mark or any of its subsidiaries.

(b) The terms of this Section shall survive the expiration or earlier termination of this Agreement.

9. Miscellaneous.

(a) Any notice given under this Agreement shall be in writing and deemed given when sent certified mail, return receipt requested, to a party at its address set forth on the first page of this Agreement or to such other address as hereafter may be specified by like notice given by such party.

(b) This Agreement contains the entire understanding and agreement of the parties, superseding all prior understandings and agreements, with respect to its subject matter, including but not limited to that certain agreement dated January 7, 1994 between Consultant and Pro-Mark Drug Benefit Marketing Services, LLC.

(c) If any part of this Agreement is determined to be unenforceable, the remainder may still be enforced. Consultant agrees that the restrictions in this Agreement are reasonable and necessary to protect Pro-Mark's business interests. If any such restriction is determined to be overly broad, it is to be interpreted as limited in duration or scope to the extent necessary to render it enforceable.

(d) This Agreement may not be modified except in writing signed by both parties.

(e) No waiver of any provision of this Agreement will be effective unless agreed to in writing by the party against whom such waiver is sought to be enforced. Waiver of any breach or default of this Agreement will not constitute a waiver of any subsequent or other breach or default of this Agreement, whether similar or otherwise.

(f) Section headings are for convenience only and are not to be considered in the construction or interpretation of any provision of this Agreement.

(g) This Agreement will bind and inure to the benefit of the parties and their respective heirs, successors, legal representatives and permitted assigns. This Agreement may be assigned by Pro-Mark to any person which is a successor in interest to Pro-Mark by purchase, merger or otherwise, which holds a greater than 50% ownership interest in Pro-Mark, or in

which Pro-Mark holds a greater than 50% ownership interest. This Agreement is not assignable by Consultant.

(h) Employee agrees that in addition to any other legal or equitable remedies, Pro-Mark will be entitled to a temporary restraining order, injunction or other appropriate court order to prohibit actual or threatened breach of this Agreement.

(i) The validity, interpretation and enforceability of this Agreement will be governed by Rhode Island law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 1st day of January, 1995.

Consultant:	Pro-Mark Holdings, Inc.
_____	_____
Gary Cripps	E. David Corvese, President

EXHIBIT 10.8

[PRO-MARK LETTERHEAD]

DEMAND NOTE

Brian Corvese, an individual residing at 1440 Midland Avenue, Bronxville, New York 10708 ("Borrower"), promises to pay to the order of Pro-Mark Drug Benefit Marketing Services, LLC, a Rhode Island limited liability company with a mailing address of P.O. Box 3704, Peace Dale, Rhode Island 02883 ("Lender"), ON DEMAND, the principal sum of One Hundred Fifty Thousand Dollars ($150,000.00), together with interest on the unpaid balance thereof from date until paid at the "Prime Rate" of interest published in the Wall Street Journal. Each change in said Prime Rate will, without notice, result in an immediate change in the interest rate on this Note.

Until demand is made, interest will be payable annually on or before December 31 of each year, commencing December 31, 1994. Borrower may pay all or any portion of the unpaid principal balance at any time, or from time to time. All payments will be applied first to interest accrued as of the date of payment and then to principal.

Both principal and interest are payable in lawful money of the United States of America and in immediately available funds at the address of Lender shown above or at such other address as the Lender or other holder of this Note may designate in writing.

Borrower will assign to Lender any and all present and future interest of Borrower in the capital or profits of Lender as collateral security for this Note.

Borrower will pay all costs and expenses, including reasonable attorney's fees, incurred by the holder in collecting this Note or foreclosing on the collateral for this Note, even if no legal proceeding is filed.

This Note will be construed and enforced in accordance with the laws of the State of Rhode Island, without resort to its conflict of laws rules.

Dated: March 28, 1994

/s/ E. David Corvese

/s/ Brian Corvese

Brian Corvese

EXHIBIT 10.9

PROMISSORY NOTE

June 15, 1994 Peace Dale, Rhode Island

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. $975,000.00 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is Pro-Mark Holdings, Inc. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 5.42%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 5(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making monthly payments on the 15th day of each month beginning on July 15, 1994 and continuing until June 15, 1997 (which is called the "maturity date"), when I will pay the full amount of unpaid principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal.

I will make my monthly payments at 33 North Road, Peace Dale, Rhode Island or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. $4,403.75.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be three percent (3%) of my overdue payment. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

6. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by

delivering or by mailing it by first class mail to me at 839-C Ministerial Road, South Kingstown, Rhode Island 02879 or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

7. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

8. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

/s/ Robert C. Bruns	/s/ E. David Corvese	(Seal)
- ------------------------	----------------------------	
(Witness)	E. David Corvese	Borrower
/s/ Robert C. Bruns	/s/ Nancy P. Corvese	(Seal)
- ------------------------	----------------------------	
(Witness)	Nancy P. Corvese	Borrower

PROMISSORY NOTE

June 15, 1994 Peace Dale, Rhode Island

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. $3,750.00 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is Pro-Mark Holdings, Inc. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 5.42%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 5(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making monthly payments on the 15th day of each month beginning on July 15, 1994 and continuing until June 15, 1997 (which is called the "maturity date"), when I will pay the full amount of unpaid principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal.

I will make my monthly payments at 33 North Road, Peace Dale, Rhode Island or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. $16.93.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I make a full prepayment or partial payment by paying any prepayment charge. The Note Holder will use all other prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be three percent (3%) of my overdue payment. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

6. GIVING OF NOTICES

Unless applicable law requires a different method, any

notice that must be given to me under this Note will be given by delivering or by mailing it by first class mail to me at 839-C Ministerial Road, South Kingstown, Rhode Island 02879 or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

7. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

8. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

/s/ Robert C. Bruns	/s/ E. David Corvese (Seal)
- ----------	----------
(Witness)	E. David Corvese Borrower
/s/ Robert C. Bruns	/s/ Nancy P. Corvese (Seal)
- ----------	----------
(Witness)	Nancy P. Corvese Borrower

EXHIBIT 10.10

PROMISSORY NOTE

$292,000 Peace Dale, Rhode Island August 14, 1994

FOR VALUE RECEIVED, Alchemie Properties, LLC, a Rhode Island limited liability company, with a registered office at One Richmond Square, Providence, Rhode Island 02906, Attention: Robert C. Bruns ("Borrower") promises to pay to the order of Pro-Mark Holdings, Inc., a Delaware corporation, with offices at 33 North Road, P.O. Box 3704, Peace Dale, Rhode Island 02883 ("Lender"), the principal sum of Two Hundred Ninety Two Thousand Dollars ($292,000.00), together with interest on the unpaid balance of principal from the date of this Note until this Note is paid in full at the rate of ten percent (10%) per annum.

Interest shall be payable monthly, in arrears, commencing September 1, 1994, and continuing on the 1st day of each month thereafter until December 1, 2004, at which time the entire unpaid principal balance of this Note and all interest due under this Note shall be due and payable in full.

Borrower may prepay all or any portion of the unpaid principal balance at any time, and from time to time, without penalty. A prepayment of principal will not postpone the due date of any subsequent payment of interest or principal under this Note. All payments on this Note will be applied first to interest accrued as of the date of payment and then to principal.

Both principal and interest are payable in lawful money of the United States of America and in immediately available funds at the address of Lender shown above or at such other address as the Lender or other holder of this Note may designate in writing.

[This Note is secured by a Mortgage of even date on certain real property of the Borrower].

Borrower will pay all costs and expenses, including reasonable attorney's fees, incurred by the holder in collecting this Note or foreclosing on the security for this Note, even if no legal proceeding is filed.

Borrower waives presentment, notice of dishonor and protest.

This Note will be construed and enforced in accordance with the laws of the State of Rhode Island, without resort to its conflict of laws rules.

IN WITNESS WHEREOF, the undersigned Borrower has caused this Note to be executed by its duly authorized representative on the date first above written.

Witness:	Alchemie Properties, LLC
/s/ Robert C. Bruns	/s/ E. David Corvese
	E. David Corvese, Manager

EXHIBIT 10.11

PROMISSORY NOTE

$456,000 Peace Dale, Rhode Island March 31, 1996

FOR VALUE RECEIVED, MIM Holdings, LLC, a Rhode Island limited liability company, with a registered office at One Richmond Square, Providence, Rhode Island 02906, Attention: Robert C. Bruns ("Borrower") promises to pay to the order of MIM Strategic Marketing, LLC, a Rhode Island limited liability company, with offices at 25 North Road, P.O. Box 3689, Peace Dale, Rhode Island 02883 ("Lender"), the principal sum of Four Hundred Fifty-Six Thousand Dollars ($456,000.00), together with interest on the unpaid balance of principal from the date of this Note until this Note is paid in full at the rate of ten percent (10%) per annum.

Interest shall be payable, quarterly in arrears commencing June 1, 1996, until March 31, 2001, at which time the entire unpaid principal balance of this Note and all interest due under this Note shall be due and payable in full.

Borrower may repay all or any portion of the unpaid principal balance at any time, and from time to time, without penalty. A prepayment of principal will not postpone the due date of any subsequent payment of interest or principal under this Note. All payments on this Note will be applied first to interest accrued as of the date of payment and then to principal.

Both principal and interest are payable in lawful money of the United States of America and in immediately available funds at the address of Lender shown above or at such other address as the Lender or other holder of this Note may designate in writing.

Borrower will pay all costs and expenses, including reasonable attorney's fees, incurred by the holder in collecting this Note or foreclosing on the security for this Note, even if no legal proceeding is filed.

Borrower waives presentment, notice of dishonour and protest.

This Note will be construed and enforced in accordance with the laws of the State of Rhode Island, without resort to its conflict of laws rules.

IN WITNESS WHEREOF, the undersigned Borrower has caused this Note to be executed by its duly authorized representative on the date first above written.

Witness:

/s/ Douglas Leonard
- --------------------------

MIM Holdings, LLC

/s/ E. David Corvese

E. David Corvese, Manager

EXHIBIT 10.12

DEMAND NOTE

$500,000.00 Pearl River, New York
June 4, 1996

FOR VALUE RECEIVED, the undersigned, MIM Corporation ("Payor"), with an address of 25 North Road, Peace Dale, Rhode Island 02883, hereby promises to pay to the order of John H. Klein ("Payee"), on demand, at One Blue Hill Plaza, Pearl River, New York 10965 or at such other place as the holder hereof may designate in writing, the principal sum of Five Hundred Thousand Dollars ($500,000.00) with interest at the rate of ten percent (10%) per annum. This Note may be prepaid in whole, or in part, at any time, without premium or penalty.

Payor hereby waives, unless otherwise provided for in this Note, protest, notice of dishonor and protest, rights or extension and any defense by reason of extension of time or other indulgences granted by Payee. The holder of this Note shall be entitled to receive, to the extent lawful, all costs, including reasonable attorneys' fees and expenses, for the collection of all amounts due and payable under this Note.

Any notice, presentation or demand to or upon Payor in respect of this Note may be given or made by being mailed by registered or certified mail addressed to Payor at the address first written above or, if any other address shall at any time be designated for this purpose by Payor in writing to the holder of this Note at the time of such notice, to such other address. Notice shall be deemed received three (3) days after posting the same. Notice may also be given by fax or by hand-delivery.

All covenants and promises in this Note shall bind the successors and assigns of Payor.

Any provision hereof found to be illegal, invalid or unenforceable for any reason whatsoever shall not affect the validity, legality or enforceability of the remainder hereof.

If the effective interest rate on this Note would otherwise violate any applicable usury law, then the interest rate shall be reduced to the maximum permissible rate and any payment received by the holder in excess of the maximum permissible rate shall be treated as a prepayment of the principal of this Note.

This Note has been duly executed by Payor and constitutes a legal, valid and binding obligation of Payor enforceable in accordance with its terms. The validity, construction and enforceability of this Note shall be construed in accordance with and governed by the laws of the State of New York, excluding rules relating to conflicts of law.

IN WITNESS WHEREOF, the Payor has executed this Note on the day and year first above written.

Witness: MIM Corporation

/s/ Douglas C. Leonard By:/s/ Richard H. Friedman
- ---------- ----------
Richard H. Friedman
Chief Operating Officer

EXHIBIT 10.13

MIM Holdings, LLC
25 North Road
Peace Dale, RI 02883

- ---

August 31, 1995

Mr. Richard Krupski
President
Pro-Mark Holdings, Inc.
33 North Road
Peace Dale, RI 02883

Dear Rich:

The purpose of this letter is to outline the terms of the MIM Holdings, LLC/Pro-Mark Holdings, Inc. management agreement. The fundamental terms and conditions are as follows:

Management Service:	Annual Fee
1 Maintain Existing Business Relationships	$300,000
- RxCare Board meetings, consulting, on-site visits, regular communications	
- Ad-Hoc legal, regulatory, and political issues (FTC, Gov't Agencies, etc.)	
- Others as may be requested and agreed upon from time to time	
2 Corporate Financial Services	
- Initiate, negotiate, and close strategic initiatives: Suppliers, Other PBMs, etc.	$200,000
- Investigate negotiate, and implement strategies to maximize shareholder return	$200,000
3 New Business Development	$200,000
- Use best efforts to initiate business relationships between Pro-Mark and pharmacy networks, physician networks, and other healthcare organizations that complement Pro-Mark's business	
Total Pro-Mark Management Contract	$900,000

Payment for these services is due to MIM on the 1st of each month.

This letter will serve to document our understanding pending development of a formal contract, and take effect as of September 1, 1995. Please indicate your agreement with these terms and conditions by signing both copies and returning one to me.

MIM Holdings, LLC	Pro-Mark Holdings, Inc.
/s/ Todd R. Palmieri	/s/ Richard Krupski
- ----------	----------
Todd R. Palmieri	Richard Krupski
Managing Director	President

EXHIBIT 10.14

START-UP PROFESSIONAL SERVICES AGREEMENT

This Agreement is entered into as of the 1st day of January, 1996 by and between MIM Holdings, LLC, a Rhode Island limited liability company with offices at 25 North Road, Peace Dale, RI 02883 ("Consultant"), and MIM Strategic Marketing, LLC, a Tennessee limited liability company with offices at 25 North Road, Peace Dale, RI 02883 (the "Company").

Now, Therefore, in consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Engagement. The Company hereby engages Consultant, and Consultant hereby accepts engagement with the Company, upon the terms and conditions set forth herein.

2. Duties. (a) Consultant shall provide the Company with the consulting services set forth in Exhibit A hereto and such other services as shall be mutually agreed upon from time to time (the "Services"). Unless otherwise instructed, Consultant shall report to the Company's Manager.

(b) Consultant shall perform its duties hereunder faithfully, to the best of its abilities and in furtherance of the business of the Company, and shall devote such business time, attention, skill and resources to the Services as may be required from time to time to perform the same in a professional manner, it being agreed that Consultant shall not be required to devote its full business time and efforts to the Company's business and affairs. During the term hereof, Consultant will not engage in any activities which would be inconsistent with its obligations hereunder, or with the objectives and business of the Company.

3. Compensation. In full compensation for the performance of Consultant's duties and obligations hereunder, the Company agrees to pay and Consultant agrees to accept consulting fees in the amounts determined and payable as set forth in Exhibit A hereto.

4. Expenses. All expenses incidental to the rendering of Services by Consultant shall be paid by Consultant unless approved in writing for reimbursement by the Company.

5. Term and Termination. This Agreement shall become effective as of the date first above written and shall remain in effect until the expiration date set forth in Exhibit A hereto.

6. Representations and Warranties. Consultant represents and warrants that Services to be provided, including materials to

be produced or developed, by Consultant hereunder will be performed, produced or developed in a good and professional manner. Consultant and its representatives will comply with all applicable laws, rules and regulations governing all aspects of the Services.

7. Independent Contractor. Consultant shall be rendering Services as an independent contractor, and nothing stated or implied herein shall be construed to make Consultant or any of its employees or representatives a joint venturer, partner, employee, agent or principal of or with the Company.

8. Confidential Information. Each party hereto agrees to use its best efforts to keep secret and retain in the strictest confidence all confidential matters which relate to the other party hereto (including, without limitation, business operations and plans, customer and supplier lists, trade secrets, pricing policies and the like) learned by such party under or in connection with this Agreement, and to never disclose any such confidential matter to any third party except in the course of performing its obligations hereunder. Upon the request of the other party hereto, each party hereto will deliver to the other party, promptly upon termination of this Agreement or at any later requested time, all copies of all records and media within its possession or control received from the other party which relate to said other party and/or its businesses and associates.

9. Remedies. Should either party hereto engage in any acts prohibited by Section 8 hereof, then, without limitation of any other rights or relief to which the other party may be entitled, the other party hereto shall be entitled to recover any damages resulting therefrom, and to injunctive relief enjoining and restraining actions in violation of Section 8 hereof, provided that neither party shall be entitled to recover exemplary or punitive damages.

10. Waivers. No provision of this Agreement shall be deemed waived unless such waiver is in writing and signed by the party making such waiver. The waiver of a violation of any provision of this Agreement shall not operate as a waiver of any subsequent violation of any provision hereof.

11. Notices. Any notice hereunder shall be in writing and shall be deemed given the earlier of actual receipt or three business days after being mailed postage prepaid and addressed to the other party at the address first set forth above or such other address as may be designated for such purpose in accordance with this section.

12. Severability. If any provision(s) of this Agreement shall be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the

remaining provisions hereof shall not in any way be affected or impaired thereby.

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Rhode Island without regard to any rule thereof which might refer such matters to the laws of any other jurisdiction.

14. Headings. The headings of the Sections of this Agreement including Exhibits are included for ease of reference only, do not constitute a part of this Agreement, and in no way shall affect the meaning of any provision hereof.

15. Miscellaneous. This writing (i) constitutes the full and complete agreement and understanding of the parties hereto respecting the subject matter hereof, superseding all prior representations, agreements and understandings respecting the same, (ii) shall not be assignable or amendable in whole or in part without the written consent of both parties, and (iii) shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

In Witness Whereof, the parties have executed this Agreement as of the date first above written.

Consultant:

By /s/ E. David Corvese

E. David Corvese, its Manager

The Company:

By /s/ Todd R. Palmieri

Todd R. Palmieri, its President

Exhibit A

1. Services. During calendar year 1996, Consultant will provide to the Company all start-up, infrastructural professional services required to position the Company to perform its obligations under its client contracts including, without limitation:

(i) screening, interviewing and selection of Company staff;

(ii) design and initial implementation of accounting and administrative systems;

(iii) design and initial implementation of data and other management systems;

(iv) weekly financial reviews prior to achievement of consistent positive cash flow; and

(v) primary executive-level contact with clients during initial implementation of client contracts.

2. Compensation. The Company shall pay a consulting fee to Consultant of Eight Hundred Thousand ($800,000) Dollars, payable in advance in full.

EXHIBIT 10.15

ON-GOING PROFESSIONAL SERVICES AGREEMENT

This Agreement is entered into as of the 1st day of January, 1996 by and between MIM Holdings, LLC, a Rhode Island limited liability company with offices at 25 North Road, Peace Dale, RI 02883 ("Consultant"), and MIM Strategic Marketing, LLC, a Tennessee limited liability company with offices at 25 North Road, Peace Dale, RI 02883 (the "Company").

Now, Therefore, in consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Engagement. The Company hereby engages Consultant, and Consultant hereby accepts engagement with the Company, upon the terms and conditions set forth herein.

2. Duties. (a) Consultant shall provide the Company with the consulting services set forth in Exhibit A hereto and such other services as shall be mutually agreed upon from time to time (the "Services"). Unless otherwise instructed, Consultant shall report to the Company's Manager.

(b) Consultant shall perform its duties hereunder faithfully, to the best of its abilities and in furtherance of the business of the Company, and shall devote such business time, attention, skill and resources to the Services as may be required from time to time to perform the same in a professional manner, it being agreed that Consultant shall not be required to devote its full business time and efforts to the Company's business and affairs. During the term hereof, Consultant will not engage in any activities which would be inconsistent with its obligations hereunder, or with the objectives and business of the Company.

3. Compensation. In full compensation for the performance of Consultant's duties and obligations hereunder, the Company agrees to pay and Consultant agrees to accept consulting fees in the amounts determined and payable as set forth in Exhibit A hereto.

4. Expenses. All expenses incidental to the rendering of Services by Consultant shall be paid by Consultant unless approved in writing for reimbursement by the Company.

5. Term and Termination. This Agreement shall become effective as of the date first above written and shall remain in effect until the expiration date set forth in Exhibit A hereto.

6. Representations and Warranties. Consultant represents and warrants that Services to be provided, including materials to

be produced or developed, by Consultant hereunder will be performed, produced or developed in a good and professional manner. Consultant and its representatives will comply with all applicable laws, rules and regulations governing all aspects of the Services.

7. Independent Contractor. Consultant shall be rendering Services as an independent contractor, and nothing stated or implied herein shall be construed to make Consultant or any of its employees or representatives a joint venturer, partner, employee, agent or principal of or with the Company.

8. Confidential Information. Each party hereto agrees to use its best efforts to keep secret and retain in the strictest confidence all confidential matters which relate to the other party hereto (including, without limitation, business operations and plans, customer and supplier lists, tirade secrets, pricing policies and the like) learned by such party under or in connection with this Agreement, and to never disclose any such confidential matter to any third party except in the course of performing its obligations hereunder. Upon the request of the other party hereto, each party hereto will deliver to the other party, promptly upon termination of this Agreement or at any later requested time, all copies of all records and media within its possession or control received from the other party which relate to said other party and/or its businesses and associates.

9. Remedies. Should either party hereto engage in any acts prohibited by Section 8 hereof, then, without limitation of any other rights or relief to which the other party may be entitled, the other party hereto shall be entitled to recover any damages resulting therefrom, and to injunctive relief enjoining and restraining actions in violation of Section 8 hereof, provided that neither party shall be entitled to recover exemplary or punitive damages.

10. Waivers. No provision of this Agreement shall be deemed waived unless such waiver is in writing and signed by the party making such waiver. The waiver of a violation of any provision of this Agreement shall not operate as a waiver of any subsequent violation of any provision hereof.

11. Notices. Any notice hereunder shall be in writing and shall be deemed given the earlier of actual receipt or three business days after being mailed postage prepaid and addressed to the other party at the address first set forth above or such other address as may be designated for such purpose in accordance with this section.

12. Severability. If any provision(s) of this Agreement shall be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the

remaining provisions hereof shall not in any way be affected or impaired thereby.

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Rhode Island without regard to any rule thereof which might refer such matters to the laws of any other jurisdiction.

14. Headings. The headings of the Sections of this Agreement including Exhibits are included for ease of reference only, do not constitute a part of this Agreement, and in no way shall affect the meaning of any provision hereof.

15. Miscellaneous. This writing (i) constitutes the full and complete agreement and understanding of the parties hereto respecting the subject matter hereof, superceding all prior representations, agreements and understandings respecting the same, (ii) shall not be assignable or amendable in whole or in part without the written consent of both parties, and (iii) shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

In Witness Whereof, the parties have executed this Agreement as of the date first above written.

Consultant: By/s/ E. David Corvese

E. David Corvese, its Manager

The Company: By/s/ Todd R. Palmieri

Todd R. Palmieri, its President

Exhibit A

1. Services. During calendar years 1996 through 1998, Consultant will provide to the Company all on-going, operational professional services required to perform the Company's obligations under its client contracts including, without limitation:

(i) executive management responsibility for the Company's administrative and strategic marketing functions;

(ii) initiation and negotiation of strategic relationships to increase the Company's value;

(iii) financial management including, without limitation, production of routine financial statements, cash management, audit management and the like; and

(iv) legal services required in the normal course of business or in support of negotiation of strategic relationships.

2. Compensation. The Company shall pay a consulting fee to Consultant of One Million Eight Hundred Thousand ($1,800,000) Dollars, payable monthly in advance at the rate of Fifty Thousand ($50,000) Dollars per month commencing January 1, 1996.

EXHIBIT 10.16

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of May 30, 1996 by and between MIM Corporation, a Delaware corporation having a principal place of business at One Blue Hill Plaza, Pearl River, New York 10965 (the "Company"), and John H. Klein, having a permanent residence address at 37 Loman Court, Cresskill, NJ 07626 ("Executive").

WHEREAS, the Company desires to retain the services of Executive as an employee for the period provided in this Agreement; and

WHEREAS, Executive, understanding and accepting conditions of employment set forth herein, desires to render services to the Company on a full-time basis on the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

1. Employment.

1.1 The Company hereby agrees to employ Executive, and Executive agrees to be employed by the Company, for the period stated in Section 3, subject to earlier termination as provided in Section 8 herein, at the rate of compensation and upon the other terms and conditions hereinafter set forth.

2. Position and Responsibilities.

2.1 During the term of his employment hereunder, Executive agrees to serve as Chairman and Chief Executive Officer of the Company. Executive shall report to the Board of Directors of the Company. During said term, Executive also agrees to serve, if elected, as an officer and director of any subsidiary or affiliate of the Company, and to perform such other services not inconsistent with his position as shall from time to time be assigned to him by the Board of Directors.

3. Term of Employment.

3.1 The term of Executive's employment under this Agreement shall commence as of the date hereof and shall continue for a

period ending May 29, 2000 or such earlier date as this Agreement shall be terminated pursuant to the provisions of Section 8.1 hereof ("Employment Term").

4. Duties.

4.1 During the Employment Term, except for illness, vacations and holidays in accordance with then-current Company policy, and (subject to the approval of the Company) reasonable leaves of absence, Executive shall devote substantially all his business time, attention, skill, undivided loyalty and best efforts to the faithful performance of his duties hereunder; provided, however, that with the approval of the Board of Directors of the Company, Executive may serve or continue to serve on the board of directors of, and hold any other offices or positions in companies or organizations which, in the Board's judgment, will not present any conflict of interest with the Company or any of its subsidiaries or affiliates or divisions, or materially adversely affect the performance of Executive's duties pursuant to this Agreement. Executive's activities under and pursuant to the provisions of the Termination and Consulting Agreement between Executive and Zenith Laboratories, Inc. dated as of January 10, 1996 (the "Zenith Agreement") shall not be deemed to violate the provisions of this Section 4.1, and the Board shall be deemed to have found no aforesaid conflict of interest or material adverse affect with respect to said activities provided that, if Executive is called upon under the Zenith Agreement to do anything which would cause such conflict of interest or material adverse affect, Executive shall so inform the Board and Executive and the Board shall mutually agree upon a course of action designed to prevent such conflict of interest or material adverse affect.

5. Compensation and Bonuses.

5.1 For all services rendered by Executive in any capacity under this Agreement during the Employment Term including, without limitation, services as an executive, officer, director or member of any committee of the Company or of any subsidiary, affiliate, or division thereof, the Company shall pay Executive as compensation a salary, initially at an annualized rate of Three Hundred Twenty-Five Thousand Dollars ($325,000) per annum ("Salary"), payable in accordance with the customary payroll practices of the Company but in no event less frequently than monthly. Executive's performance will be reviewed by the Board of

Directors at least yearly, at which times the Board may adjust the Salary rate, but not below the aforesaid initial Salary rate.

6. Reimbursement of Expenses.

6.1 Consistent with established policies of the Company, the Company shall pay or reimburse Executive for all reasonable travel and other out-of-pocket expenses incurred by Executive in performing his obligations under this Agreement.

7. Benefits.

7.1 Executive shall be entitled to all Company benefits now in effect or subsequently provided to other Company employees and to Company executives in similar positions, such as standard group health and life insurance and 401(k) Plan participation, as well as payment of the premium cost for $1,000,000 life insurance.

7.2 In addition, the Company shall provide Executive with the amount of One Thousand Dollars ($1,000) during each calendar month during the Employment Term to be applied toward the expense of an appropriate automobile for use by Executive in fulfilling his duties hereunder. As and when required by law, monies provided in accordance with this Section 7 will be added to Executive's Form W-2 at the end of each calendar year.

7.3 Executive shall be entitled to receive four (4) weeks of vacation per contract year.

7.4 Executive shall be eligible to participate in an Executive Bonus Program for senior officers to be established by the Company during 1996.

8. Termination of Employment; Payments to Executive Upon Termination of Employment.

8.1 Executive's employment hereunder shall terminate prior to the expiration date set forth in Section 3.1 hereof under the following circumstances:

(a) upon the death of Executive;

(b) at the election of the Company in the event of Executive's disability. As used in this Agreement, the

term "disability" shall mean the material inability, in the reasonable opinion of the Board of Directors of the Company, of Executive to render his agreed-upon full-time services to the Company due to physical and/or mental infirmity for an aggregate period of time exceeding one hundred twenty (120) days in any twelve (12) consecutive month period;

(c) upon discharge of Executive by the Company for Cause. As used in this Agreement, "Cause" shall mean (i) conviction of a felony or crime of moral turpitude, (ii) unauthorized acts intended to result in Executive's personal enrichment at the material expense of the Company or its reputation, (iii) any material violation of Executive's duties or responsibilities to the Company which constitutes willful misconduct or dereliction of duty, or material breach of Section 9 herein, or (iv) Executive's other material breach of this Agreement which breach shall have continued unremedied for ten (10) days after written notice by the Company to Executive specifying such failure;

(d) upon discharge of Executive by the Company without Cause;

(e) upon Executive's election to terminate his employment; or

(f) by mutual written agreement of Executive and the Company.

8.2 In the event that Executive's employment is terminated in accordance with Section 8.1(a) herein, or in the case of Executive's death during any period set forth in Sections 8.5 or 8.6 herein in which the Company is continuing to pay Salary after termination of employment, the Company's obligation to continue such Salary, or any insurance or other benefits provided herein, shall cease, except to the extent then accrued or as otherwise required by law.

8.3 In the event that Executive's employment is terminated in accordance with Section 8.1(b) herein, Executive shall continue to receive his Salary for twelve (12) months following the month in which such termination occurs.

During the period in which Salary is continued as a termination benefit for a termination in accordance with Section 8.1(b), said termination benefit is in lieu of any

disability benefits provided under the Company's employee benefit policy, and the Salary otherwise payable upon such termination will be reduced by all short term and long term disability payments received by Executive during the twelve (12) month termination benefit period.

8.4 In the event that the Company terminates Executive's employment in accordance with Section 8.1(c) herein, the Company's obligation to continue to pay Executive's Salary shall cease as of the effective date of termination.

8.5 In the event that the Company terminates Executive's employment in accordance with Section 8.1(d) herein, the Company shall continue to pay Executive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs.

8.6 In the event that Executive elects to terminate his employment due to material breach of this Agreement by the Company, Executive shall continue to receive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs. If Executive so elects to terminate his employment, Executive shall give not less than ninety (90) days prior written notice of termination within ninety (90) days after the event giving rise to the right to elect to terminate employment or after Executive reasonably should be aware of such event, such notice to specify the event in detail. For a period of sixty (60) days after such notice the Company shall have the right to cure such event and, upon such cure, Executive's right to receive post-termination Salary under this Section 8.6 with respect to such cured event shall terminate. Payment of Salary as set forth in this Section 8.6 shall be conditional upon Executive's observance of the aforesaid notice requirement and the Company's failure to cure such event.

8.7 In the event that Executive elects to terminate his employment for reasons other than those set forth in Section 8.6 herein, his Salary shall cease as of the effective date of his termination.

8.8 For any period during which Executive's Salary is continued as a termination benefit in accordance with this Section 8, Executive's medical, disability and life insurance coverage shall continue, at the same level as during employment hereunder, for the period that his Salary continues to be

paid as provided herein, or until Executive obtains other coverage through employment elsewhere, whichever occurs first. The Company will make withholdings from said termination payments in accordance with the Company's generally applicable policies regarding employee contributions for such insurance coverages.

8.9 Except as specifically provided in Section 8 herein or as otherwise required by law, and subject to Section 9 herein, upon the expiration or earlier termination of Executive's employment hereunder, the Company shall have no duty or obligation to Executive other than to pay him his compensation and benefits accrued through the date of such expiration or termination. Such accrued compensation and benefits, and the termination benefits provided in this Section 8, shall be the sole obligation of the Company, its subsidiaries, affiliates or divisions, for any and all services performed by Executive for, or positions held by Executive with, such entities.

9. Certain Obligations of Executive.

9.1 Executive represents and warrants that (a) there are no restrictions, agreements or understandings whatsoever to which Executive is a party or subject which would prevent or make unlawful his execution of this Agreement or his employment hereunder, (b) his execution of this Agreement and his employment hereunder shall not constitute a breach of any law, rule or regulation, or of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound and (c) he is free and able to execute this Agreement and to enter into employment by the Company. The foregoing notwithstanding, if Executive is called upon under this Agreement to engage in any activity which would cause a breach of the Zenith Agreement, Executive and the Board shall mutually agree upon a course of action designed to prevent such breach.

9.2 Executive further covenants with the Company as follows: (As used in this Section 9, "Company" shall include the Company and its subsidiaries and affiliates.)

(a) Assistance in Litigation. Executive shall, upon reasonable notice,
---
furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any threatened or actual litigation or other judicial or administrative proceedings in which it is, or may become, a party, and

the Company shall reimburse Executive for all reasonable out-of-pocket expenses incurred in connection with such activity.

(b) Confidential Company Information. Executive shall not knowingly use for his own benefit or disclose or reveal to any unauthorized person, any trade secret or other confidential information relating to the Company or its business associates, or to any of the actual, planned or contemplated businesses thereof, including, without limitation, customer lists, customer needs, price and performance information, processes, supply sources and characteristics, business opportunities, potential business interests, marketing, promotional pricing and financing techniques, business plans and strategies, and Executive confirms that such information constitutes the exclusive property of the Company. Such restriction on confidential information shall remain in effect unless, until and only to the extent that it is (i) disclosed in published literature or otherwise generally available in the industry through no fault of Executive, (ii) obtained by Executive before or after the Employment Term from a third party with the prior right to make such disclosure. Executive agrees that he will return to the Company any physical embodiment of such confidential information upon termination of employment.

(c) Non-Competition. During the Employment Term and for a period of one year following (i) termination of such employment (irrespective of the reason for such termination) or (ii) payment of any compensation in accordance with Section 8 herein (unless such termination is by the Company without Cause), whichever occurs last, Executive shall not engage, directly or indirectly (which includes, without limitation, owning, managing, operating, controlling, being employed by, giving financial assistance to, participating in or being connected in any material way with any person or entity other than the Company), anywhere in the United States in the businesses of (i) pharmacy benefit management, (ii) the manufacture, distribution, marketing or sale of generic or over-the-counter pharmaceuticals, (iii) any business in which the Company is then engaged, and (iv) any component of any of the foregoing businesses; provided, however, that Executive's ownership as a passive investor of less than two percent (2%) of the issued and outstanding

stock of a publicly held corporation shall not be deemed to constitute competition. Further, during such period Executive shall not act to induce any of the Company's customers or employees to take action which might be disadvantageous to the Company.

(d) Inventions and Improvements. Executive hereby acknowledges that he will treat as for the Company's sole benefit, and fully and promptly disclose and assign to the Company without additional compensation, all ideas, information, discoveries, inventions and improvements which are based upon or related to any confidential information protected under Section 9.2(b) herein, and which are made, conceived or reduced to practice by him during his employment by the Company and within one (1) year after termination thereof. The provisions of this subsection 9.2(d) shall apply whether such ideas, discoveries, inventions, improvements or knowledge are conceived, made or gained by him alone or with others, whether during or after usual working hours, either on or off the job, to matters directly or indirectly related to the Company's business interests (including potential business interests), and whether or not within the realm of his duties.

(e) Third Party Confidential Information. Executive agrees that he will not disclose to the Company, or use during the Employment Term, any proprietary or confidential information belonging to any third party which Executive may have acquired because of an employment, consulting or other relationship with such third party, whether such information is in Executive's memory or embodied in a writing or other physical form.

(f) Remedies. Executive recognizes that the restrictions on his activities set forth in this Section 9 are required for the reasonable protection of the Company and its associates, and Executive expressly acknowledges that such restrictions are fair and reasonable for that purpose. Executive further expressly acknowledges that damages alone will be an inadequate remedy for any breach or violation of any of the provisions of this Section 9, and that the Company, in addition to all other remedies it may have hereunder or otherwise, shall be entitled, as a matter of right, to injunctive relief, including specific performance, with respect to any such actual or threatened breach or

violation, in any court of competent jurisdiction. If any of the provisions of this Section 9 are held to be in any respect an unreasonable restriction upon Executive then they shall be deemed to extend only over the maximum period of time, geographic area, and/or range of activities as to which they may be enforceable.

9.3 Executive expressly agrees that all payments and benefits due Executive under this Agreement shall be subject to Executive's compliance with the provisions set forth in this Section 9.

9.4 This Section 9 shall survive the expiration or earlier termination of this Agreement.

10. Tax Withholding.

10.1 The Company may withhold from any compensation or other payments or benefits made under this Agreement all Federal, State, City, or other taxes as shall be required pursuant to any law or governmental regulations or ruling.

11. Effect of Prior Agreements.

11.1 This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements on the subject matter hereof between Executive and the Company or any predecessor, affiliate, shareholder or officer thereof.

12. General Provisions.

12.1 Non-assignability. Neither Executive nor his beneficiaries or legal representatives may assign this Agreement, or any rights or obligations hereunder, without the Company's prior written consent. The Company may not assign this Agreement, or any rights or obligations hereunder, other than to a parent or subsidiary corporation, an affiliate or an entity that succeeds to substantially all of the Company's assets, without Executive's prior written consent.

12.2 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, Executive and the Company and their respective heirs, executors, administrators, successors and permitted assigns.

12.3 Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

12.4 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege nor shall any other waiver of right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

12.5 Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in force and effect.

12.6 Third Party Benefit. The parties hereto agree that affiliates of the Company for which services are or may be rendered hereunder by Executive are third party beneficiaries of this Agreement.

12.7 Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

12.8 Governing Law. This Agreement has been executed and delivered in the State of Rhode Island, and its validity, interpretation, performance, and enforcement shall be governed by the laws of said State other than any rule thereof which would refer any such matter to the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, intending the Agreement to become binding and

effective as of the date and year first written above.

MIM Corporation

/s/ E. David Corvese
By_____
Vice Chairman
Title_____

/s/ John H. Klein
_____
Executive

EXHIBIT 10.17

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of May 30, 1996 by and between MIM Corporation, a Delaware corporation having a principal place of business at One Blue Hill Plaza, Pearl River, New York 10965 (the "Company"), and E. David Corvese, having a permanent residence address at 839C Ministerial Road, South Kingstown, RI 02879 ("Executive").

WHEREAS, the Company desires to retain the services of Executive as an employee for the period provided in this Agreement; and

WHEREAS, Executive, understanding and accepting conditions of employment set forth herein, desires to render services to the Company on a full-time basis on the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

1. Employment.

1.1 The Company hereby agrees to employ Executive, and Executive agrees to be employed by the Company, for the period stated in Section 3, subject to earlier termination as provided in Section 8 herein, at the rate of compensation and upon the other terms and conditions hereinafter set forth.

2. Position and Responsibilities.

2.1 During the term of his employment hereunder, Executive agrees to serve as Vice Chairman of the Company. Executive shall report to the Board of Directors of the Company. During said term, Executive also agrees to serve, if elected, as an officer and director of any subsidiary or affiliate of the Company, and to perform such other services not inconsistent with his position as shall from time to time be assigned to him by the Board of Directors.

3. Term of Employment.

3.1 The term of Executive's employment under this Agreement shall commence as of the date hereof and shall continue for a period ending May 29, 2000 or such earlier date as this

Agreement shall be terminated pursuant to the provisions of Section 8.1 hereof ("Employment Term").

4. Duties.

4.1 During the Employment Term, except for illness, vacations and holidays in accordance with then-current Company policy, and (subject to the approval of the Company) reasonable leaves of absence, Executive shall devote substantially all his business time, attention, skill, undivided loyalty and best efforts to the faithful performance of his duties hereunder; provided, however, that with the approval of the Board of Directors of the Company, Executive may serve or continue to serve on the board of directors of, and hold any other offices or positions in companies or organizations which, in the Board's judgment, will not present any conflict of interest with the Company or any of its subsidiaries or affiliates or divisions, or materially adversely affect the performance of Executive's duties pursuant to this Agreement.

5. Compensation and Bonuses.

5.1 For all services rendered by Executive in any capacity under this Agreement during the Employment Term including, without limitation, services as an executive, officer, director or member of any committee of the Company or of any subsidiary, affiliate, or division thereof, the Company shall pay Executive as compensation a salary, initially at an annualized rate of Three Hundred Twenty-Five Thousand Dollars ($325,000) per annum ("Salary"), payable in accordance with the customary payroll practices of the Company but in no event less frequently than monthly. Executive's performance will be reviewed by the Board of Directors at least yearly, at which times the Board may adjust the Salary rate, but not below the aforesaid initial Salary rate.

6. Reimbursement of Expenses.

6.1 Consistent with established policies of the Company, the Company shall pay or reimburse Executive for all reasonable travel and other out-of-pocket expenses incurred by Executive in performing his obligations under this Agreement.

7. Benefits.

7.1 Executive shall be entitled to all Company benefits now in effect or subsequently provided to other Company employees and to Company executives in similar positions, such as standard group health and life insurance and 401(k) Plan participation, as well as payment of the premium cost for $1,000,000 life insurance (provided that, until such time as any "lockup" imposed on Executive's shares of Company common stock in connection with the Company's initial public offering of common stock, it any, terminates, such premium payment shall be for $6,000,000 life insurance).

7.2 In addition, the Company shall provide Executive with the amount of One Thousand Dollars ($1,000) during each calendar month during the Employment Term to be applied toward the expense of an appropriate automobile for use by Executive in fulfilling his duties hereunder. As and when required by law, monies provided in accordance with this Section 7 will be added to Executive's Form W-2 at the end of each calendar year.

7.3 Executive shall be entitled to receive four (4) weeks of vacation per contract year.

7.4 Executive shall be eligible to participate in an Executive Bonus Program for senior officers to be established by the Company during 1996.

8. Termination of Employment; Payments to Executive Upon Termination of Employment.

8.1 Executive's employment hereunder shall terminate prior to the expiration date set forth in Section 3.1 hereof under the following circumstances:

(a) upon the death of Executive;

(b) at the election of the Company in the event of Executive's disability. As used in this Agreement, the term "disability" shall mean the material inability, in the reasonable opinion of the Board of Directors of the Company, of Executive to render his agreed-upon full-time services to the Company due to physical and/or mental infirmity for an aggregate period of time exceeding one hundred twenty (120) days in any twelve (12) consecutive month period;

(c) upon discharge of Executive by the Company for Cause. As used in this Agreement, "Cause" shall mean (i) conviction of a felony or crime of moral turpitude, (ii) unauthorized acts intended to result in Executive's personal enrichment at the material expense of the Company or its reputation, (iii) any material violation of Executive's duties or responsibilities to the Company which constitutes willful misconduct or dereliction of duty, or material breach of Section 9 herein, or (iv) Executive's other material breach of this Agreement which breach shall have continued unremedied for ten (10) days after written notice by the Company to Executive specifying such failure;

(d) upon discharge of Executive by the Company without Cause;

(e) upon Executive's election to terminate his employment; or

(f) by mutual written agreement of Executive and the Company.

8.2 In the event that Executive's employment is terminated in accordance with Section 8.1(a) herein, or in the case of Executive's death during any period set forth in Sections 8.5 or 8.6 herein in which the Company is continuing to pay Salary after termination of employment, the Company's obligation to continue such Salary, or any insurance or other benefits provided herein, shall cease, except to the extent then accrued or as otherwise required by law.

8.3 In the event that Executive's employment is terminated in accordance with Section 8.1(b) herein, Executive shall continue to receive his Salary for twelve (12) months following the month in which such termination occurs.

During the period in which Salary is continued as a termination benefit for a termination in accordance with Section 8.1(b), said termination benefit is in lieu of any disability benefits provided under the Company's employee benefit policy, and the Salary otherwise payable upon such termination will be reduced by all short term and long term disability payments received by Executive during the twelve (12) month termination benefit period.

8.4 In the event that the Company terminates Executive's employment in accordance with Section 8.1(c) herein, the

Company's obligation to continue to pay Executive's Salary shall cease as of the effective date of termination.

8.5 In the event that the Company terminates Executive's employment in accordance with Section 8.1(d) herein, the Company shall continue to pay Executive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs.

8.6 In the event that Executive elects to terminate his employment due to material breach of this Agreement by the Company, Executive shall continue to receive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs. If Executive so elects to terminate his employment, Executive shall give not less than ninety (90) days prior written notice of termination within ninety (90) days after the event giving rise to the right to elect to terminate employment or after Executive reasonably should be aware of such event, such notice to specify the event in detail. For a period of sixty (60) days after such notice the Company shall have the right to cure such event and, upon such cure, Executive's right to receive post-termination Salary under this Section 8.6 with respect to such cured event shall terminate. Payment of Salary as set forth in this Section 8.6 shall be conditional upon Executive's observance of the aforesaid notice requirement and the Company's failure to cure such event.

8.7 In the event that Executive elects to terminate his employment for reasons other than those set forth in Section 8.6 herein, his Salary shall cease as of the effective date of his termination.

8.8 For any period during which Executive's Salary is continued as a termination benefit in accordance with this Section 8, Executive's medical, disability and life insurance coverage shall continue, at the same level as during employment hereunder, for the period that his Salary continues to be paid as provided herein, or until Executive obtains other coverage through employment elsewhere, whichever occurs first. The Company will make withholdings from said termination payments in accordance with the Company's generally applicable policies regarding employee contributions for such insurance coverages.

8.9 Except as specifically provided in Section 8 herein or as otherwise required by law, and subject to Section 9 herein, upon the expiration or earlier termination of Executive's employment hereunder, the Company shall have no duty or obligation to Executive other than to pay him his compensation and benefits accrued through the date of such expiration or termination. Such accrued compensation and benefits, and the termination benefits provided in this Section 8, shall be the sole obligation of the Company, its subsidiaries, affiliates or divisions, for any and all services performed by Executive for, or positions held by Executive with, such entities.

9. Certain Obligations of Executive.

9.1 Executive represents and warrants that (a) there are no restrictions, agreements or understandings whatsoever to which Executive is a party or subject which would prevent or make unlawful his execution of this Agreement or his employment hereunder, (b) his execution of this Agreement and his employment hereunder shall not constitute a breach of any law, rule or regulation, or of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound and (c) he is free and able to execute this Agreement and to enter into employment by the Company.

9.2 Executive further covenants with the Company as follows: (As used in this Section 9, "Company" shall include the Company and its subsidiaries and affiliates.)

(a) Assistance in Litigation. Executive shall, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any threatened or actual litigation or other judicial or administrative proceedings in which it is, or may become, a party, and the Company shall reimburse Executive for all reasonable out-of-pocket expenses incurred in connection with such activity.

(b) Confidential Company Information. Executive shall not knowingly use for his own benefit or disclose or reveal to any unauthorized person, any trade secret or other confidential information relating to the Company or its business associates, or to any of the actual, planned or contemplated businesses thereof, including, without limitation, customer lists, customer needs, price and

performance information, processes, supply sources and characteristics, business opportunities, potential business interests, marketing, promotional pricing and financing techniques, business plans and strategies, and Executive confirms that such information constitutes the exclusive property of the Company. Such restriction on confidential information shall remain in effect unless, until and only to the extent that it is (i) disclosed in published literature or otherwise generally available in the industry through no fault of Executive, (ii) obtained by Executive before or after the Employment Term from a third party with the prior right to make such disclosure. Executive agrees that he will return to the Company any physical embodiment of such confidential information upon termination of employment.

(c) Non-Competition. During the Employment Term and for a period of one year following (i) termination of such employment (irrespective of the reason for such termination) or (ii) payment of any compensation in accordance with Section 8 herein (unless such termination is by the Company without Cause), whichever occurs last, Executive shall not engage, directly or indirectly (which includes, without limitation, owning, managing, operating, controlling, being employed by, giving financial assistance to, participating in or being connected in any material way with any person or entity other than the Company), anywhere in the United States in the businesses of (i) pharmacy benefit management, (ii) any business in which the Company is then engaged, and (iii) any component of any of the foregoing businesses; provided, however, that Executive's ownership as a passive investor of less than two percent (2%) of the issued and outstanding stock of a publicly held corporation shall not be deemed to constitute competition. Further, during such period Executive shall not act to induce any of the Company's customers or employees to take action which might be disadvantageous to the Company.

(d) Inventions and Improvements. Executive hereby acknowledges that he will treat as for the Company's sole benefit, and fully and promptly disclose and assign to the Company without additional compensation, all ideas, information, discoveries, inventions and

improvements which are based upon or related to any confidential information protected under Section 9.2(b) herein, and which are made, conceived or reduced to practice by him during his employment by the Company and within one (1) year after termination thereof. The provisions of this subsection 9.2(d) shall apply whether such ideas, discoveries, inventions, improvements or knowledge are conceived, made or gained by him alone or with others, whether during or after usual working hours, either on or off the job, to matters directly or indirectly related to the Company's business interests (including potential business interests), and whether or not within the realm of his duties.

(e) Third Party Confidential Information. Executive agrees that he will not disclose to the Company, or use during the Employment Term, any proprietary or confidential information belonging to any third party which Executive may have acquired because of an employment, consulting or other relationship with such third party, whether such information is in Executive's memory or embodied in a writing or other physical form.

(f) Remedies. Executive recognizes that the restrictions on his activities set forth in this Section 9 are required for the reasonable protection of the Company and its associates, and Executive expressly acknowledges that such restrictions are fair and reasonable for that purpose. Executive further expressly acknowledges that damages alone will be an inadequate remedy for any breach or violation of any of the provisions of this Section 9, and that the Company, in addition to all other remedies it may have hereunder or otherwise, shall be entitled, as a matter of right, to injunctive relief, including specific performance, with respect to any such actual or threatened breach or violation, in any court of competent jurisdiction. If any of the provisions of this Section 9 are held to be in any respect an unreasonable restriction upon Executive then they shall be deemed to extend only over the maximum period of time, geographic area, and/or range of activities as to which they may be enforceable.

9.3 Executive expressly agrees that all payments and benefits due Executive under this Agreement shall be subject to

Executive's compliance with the provisions set forth in this Section 9.

9.4 This Section 9 shall survive the expiration or earlier termination of this Agreement.

10. Tax Withholding.

10.1 The Company may withhold from any compensation or other payments or benefits made under this Agreement all Federal, State, City, or other taxes as shall be required pursuant to any law or governmental regulations or ruling.

11. Effect of Prior Agreements.

11.1 This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements on the subject matter hereof between Executive and the Company or any predecessor, affiliate, shareholder or officer thereof.

12. General Provisions.

12.1 Non-assignability. Neither Executive nor his beneficiaries or legal representatives may assign this Agreement, or any rights or obligations hereunder, without the Company's prior written consent. The Company may not assign this Agreement, or any rights or obligations hereunder, other than to a parent or subsidiary corporation, an affiliate or an entity that succeeds to substantially all of the Company's assets, without Executive's prior written consent.

12.2 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, Executive and the Company and their respective heirs, executors, administrators, successors and permitted assigns.

12.3 Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

12.4 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. Neither the failure nor any delay on the part of either party to exercise any right, remedy,

power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege nor shall any other waiver of right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

12.5 Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in force and effect.

12.6 Third Party Benefit. The parties hereto agree that affiliates of the Company for which services are or may be rendered hereunder by Executive are third party beneficiaries of this Agreement.

12.7 Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

12.8 Governing Law. This Agreement has been executed and delivered in the State of Rhode Island, and its validity, interpretation, performance, and enforcement shall be governed by the laws of said State other than any rule thereof which would refer any such matter to the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, intending the Agreement to become binding and effective as of the date and year first written above.

MIM Corporation

/s/ John H. Klein
By_____
Chairman / C.E.O.
Title_____

/s/ E. David Corvese
_____
Executive

EXHIBIT 10.18

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of May 30, 1996 by and between MIM Corporation, a Delaware corporation having a principal place of business at One Blue Hill Plaza, Pearl River, New York 10965 (the "Company"), and Richard H. Friedman, having a permanent residence address at 21 Mohegan Lane, Rye Brook, NY 10573 ("Executive").

WHEREAS, the Company desires to retain the services of Executive as an employee for the period provided in this Agreement; and

WHEREAS, Executive, understanding and accepting conditions of employment set forth herein, desires to render services to the Company on a full-time basis on the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

1. Employment.

1.1 The Company hereby agrees to employ Executive, and Executive agrees to be employed by the Company, for the period stated in Section 3, subject to earlier termination as provided in Section 8 herein, at the rate of compensation and upon the other terms and conditions hereinafter set forth.

2. Position and Responsibilities.

2.1 During the term of his employment hereunder, Executive agrees to serve as Chief Operating Officer, Chief Financial Officer and Treasurer of the Company. Executive shall report to the Chairman and Vice Chairman of the Company. During said term, Executive also agrees to serve, if elected, as an officer and director of any subsidiary or affiliate of the Company, and to perform such other services not inconsistent with his position as shall from time to time be assigned to him by the Board of Directors.

3. Term of Employment.

3.1 The term of Executive's employment under this Agreement shall commence as of the date hereof and shall continue for a

period ending May 29, 2000 or such earlier date as this Agreement shall be terminated pursuant to the provisions of Section 8.1 hereof ("Employment Term").

4. Duties.

4.1 During the Employment Term, except for illness, vacations and holidays in accordance with then-current Company policy, and (subject to the approval of the Company) reasonable leaves of absence, Executive shall devote substantially all his business time, attention, skill, undivided loyalty and best efforts to the faithful performance of his duties hereunder; provided, however, that with the approval of the Board of Directors of the Company, Executive may serve or continue to serve on the board of directors of, and hold any other offices or positions in companies or organizations which, in the Board's judgment, will not present any conflict of interest with the Company or any of its subsidiaries or affiliates or divisions, or materially adversely affect the performance of Executive's duties pursuant to this Agreement. Executive's activities under and pursuant to the provisions of the Termination Agreement between Executive and Zenith Laboratories, Inc. dated as of February 6, 1996 (the "Zenith Agreement") shall not be deemed to violate the provisions of this Section 4.1, and the Board shall be deemed to have found no aforesaid conflict of interest or material adverse affect with respect to said activities provided that, if Executive is called upon under the Zenith Agreement to do anything which would cause such conflict of interest or material adverse affect, Executive shall so inform the Board and Executive and the Board shall mutually agree upon a course of action designed to prevent such conflict of interest or material adverse affect.

5. Compensation and Bonuses.

5.1 For all services rendered by Executive in any capacity under this Agreement during the Employment Term including, without limitation, services as an executive, officer, director or member of any committee of the Company or of any subsidiary, affiliate, or division thereof, the Company shall pay Executive as compensation a salary, initially at an annualized rate of Two Hundred Seventy-Five Thousand Dollars ($275,000) per annum ("Salary"), payable in accordance with the customary payroll practices of the Company but in no event less frequently than monthly. Executive's performance will be reviewed by the Board of Directors at least yearly,

at which times the Board may adjust the Salary rate, but not below the aforesaid initial Salary rate.

6. Reimbursement of Expenses.

6.1 Consistent with established policies of the Company, the Company shall pay or reimburse Executive for all reasonable travel and other out-of-pocket expenses incurred by Executive in performing his obligations under this Agreement.

7. Benefits.

7.1 Executive shall be entitled to all Company benefits now in effect or subsequently provided to other Company employees and to Company executives in similar positions, such as standard group health and life insurance and 401(k) Plan participation, as well as payment of the premium cost for $1,000,000 life insurance.

7.2 In addition, the Company shall provide Executive with the amount of Seven Hundred Fifty Dollars ($750) during each calendar month during the Employment Term to be applied toward the expense of an appropriate automobile for use by Executive in fulfilling his duties hereunder. As and when required by law, monies provided in accordance with this Section 7 will be added to Executive's Form W-2 at the end of each calendar year.

7.3 Executive shall be entitled to receive four (4) weeks of vacation per contract year.

7.4 Executive shall be eligible to participate in an Executive Bonus Program for senior officers to be established by the Company during 1996.

8. Termination of Employment; Payments to Executive Upon Termination of Employment.

8.1 Executive's employment hereunder shall terminate prior to the expiration date set forth in Section 3.1 hereof under the following circumstances:

(a) upon the death of Executive;

(b) at the election of the Company in the event of Executive's disability. As used in this Agreement, the term "disability" shall mean the material inability, in

the reasonable opinion of the Board of Directors of the Company, of Executive to render his agreed-upon full-time services to the Company due to physical and/or mental infirmity for an aggregate period of time exceeding one hundred twenty (120) days in any twelve (12) consecutive month period;

(c) upon discharge of Executive by the Company for Cause. As used in this Agreement, "Cause" shall mean (i) conviction of a felony or crime of moral turpitude, (ii) unauthorized acts intended to result in Executive's personal enrichment at the material expense of the Company or its reputation, (iii) any material violation of Executive's duties or responsibilities to the Company which constitutes willful misconduct or dereliction of duty, or material breach of Section 9 herein, or (iv) Executive's other material breach of this Agreement which breach shall have continued unremedied for ten (10) days after written notice by the Company to Executive specifying such failure;

(d) upon discharge of Executive by the Company without Cause;

(e) upon Executive's election to terminate his employment; or

(f) by mutual written agreement of Executive and the Company.

8.2 In the event that Executive's employment is terminated in accordance with Section 8.1(a) herein, or in the case of Executive's death during any period set forth in Sections 8.5 or 8.6 herein in which the Company is continuing to pay Salary after termination of employment, the Company's obligation to continue such Salary, or any insurance or other benefits provided herein, shall cease, except to the extent then accrued or as otherwise required by law.

8.3 In the event that Executive's employment is terminated in accordance with Section 8.1(b) herein, Executive shall continue to receive his Salary for twelve (12) months following the month in which such termination occurs.

During the period in which Salary is continued as a termination benefit for a termination in accordance with Section 8.1(b), said termination benefit is in lieu of any disability benefits provided under the Company's employee

benefit policy, and the Salary otherwise payable upon such termination will be reduced by all short term and long term disability payments received by Executive during the twelve (12) month termination benefit period.

8.4 In the event that the Company terminates Executive's employment in accordance with Section 8.1(c) herein, the Company's obligation to continue to pay Executive's Salary shall cease as of the effective date of termination.

8.5 In the event that the Company terminates Executive's employment in accordance with Section 8.1(d) herein, the Company shall continue to pay Executive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs.

8.6 In the event that Executive elects to terminate his employment due to material breach of this Agreement by the Company, Executive shall continue to receive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs. If Executive so elects to terminate his employment, Executive shall give not less than ninety (90) days prior written notice of termination within ninety (90) days after the event giving rise to the right to elect to terminate employment or after Executive reasonably should be aware of such event, such notice to specify the event in detail. For a period of sixty (60) days after such notice the Company shall have the right to cure such event and, upon such cure, Executive's right to receive post-termination Salary under this Section 8.6 with respect to such cured event shall terminate. Payment of Salary as set forth in this Section 8.6 shall be conditional upon Executive's observance of the aforesaid notice requirement and the Company's failure to cure such event.

8.7 In the event that Executive elects to terminate his employment for reasons other than those set forth in Section 8.6 herein, his Salary shall cease as of the effective date of his termination.

8.8 For any period during which Executive's Salary is continued as a termination benefit in accordance with this Section 8, Executive's medical, disability and life insurance coverage shall continue, at the same level as during employment hereunder, for the period that his Salary continues to be paid as provided herein, or until Executive obtains other

coverage through employment elsewhere, whichever occurs first. The Company will make withholdings from said termination payments in accordance with the Company's generally applicable policies regarding employee contributions for such insurance coverages.

8.9 Except as specifically provided in Section 8 herein or as otherwise required by law, and subject to Section 9 herein, upon the expiration or earlier termination of Executive's employment hereunder, the Company shall have no duty or obligation to Executive other than to pay him his compensation and benefits accrued through the date of such expiration or termination. Such accrued compensation and benefits, and the termination benefits provided in this Section 8, shall be the sole obligation of the Company, its subsidiaries, affiliates or divisions, for any and all services performed by Executive for, or positions held by Executive with, such entities.

9. Certain Obligations of Executive.

9.1 Executive represents and warrants that (a) there are no restrictions, agreements or understandings whatsoever to which Executive is a party or subject which would prevent or make unlawful his execution of this Agreement or his employment hereunder, (b) his execution of this Agreement and his employment hereunder shall not constitute a breach of any law, rule or regulation, or of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound and (c) he is free and able to execute this Agreement and to enter into employment by the Company. The foregoing notwithstanding, if Executive is called upon under this Agreement to engage in any activity which would cause a breach of the Zenith Agreement, Executive and the Board shall mutually agree upon a course of action designed to prevent such breach.

9.2 Executive further covenants with the Company as follows: (As used in this Section 9, "Company" shall include the Company and its subsidiaries and affiliates.)

(a) Assistance in Litigation. Executive shall, upon reasonable notice,
---
furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any threatened or actual litigation or other judicial or administrative proceedings in which it is, or may become, a party, and the Company shall reimburse Executive for all

reasonable out-of-pocket expenses incurred in connection with such activity.

(b) Confidential Company Information. Executive shall not knowingly use for his own benefit or disclose or reveal to any unauthorized person, any trade secret or other confidential information relating to the Company or its business associates, or to any of the actual, planned or contemplated businesses thereof, including, without limitation, customer lists, customer needs, price and performance information, processes, supply sources and characteristics, business opportunities, potential business interests, marketing, promotional pricing and financing techniques, business plans and strategies, and Executive confirms that such information constitutes the exclusive property of the Company. Such restriction on confidential information shall remain in effect unless, until and only to the extent that it is (i) disclosed in published literature or otherwise generally available in the industry through no fault of Executive, (ii) obtained by Executive before or after the Employment Term from a third party with the prior right to make such disclosure. Executive agrees that he will return to the Company any physical embodiment of such confidential information upon termination of employment.

(c) Non-Competition. During the Employment Term and for a period of one year following (i) termination of such employment (irrespective of the reason for such termination) or (ii) payment of any compensation in accordance with Section 8 herein (unless such termination is by the Company without Cause), whichever occurs last, Executive shall not engage, directly or indirectly (which includes, without limitation, owning, managing, operating, controlling, being employed by, giving financial assistance to, participating in or being connected in any material way with any person or entity other than the Company), anywhere in the United States in the businesses of (i) pharmacy benefit management, (ii) any business in which the Company is then engaged, and (iii) any component of any of the foregoing businesses; provided, however, that Executive's ownership as a passive investor of less than two percent (2%) of the issued and outstanding stock of a publicly held corporation shall not be

deemed to constitute competition. Further, during such period Executive shall not act to induce any of the Company's customers or employees to take action which might be disadvantageous to the Company.

(d) Inventions and Improvements. Executive hereby acknowledges that he will treat as for the Company's sole benefit, and fully and promptly disclose and assign to the Company without additional compensation, all ideas, information, discoveries, inventions and improvements which are based upon or related to any confidential information protected under Section 9.2(b) herein, and which are made, conceived or reduced to practice by him during his employment by the Company and within one (1) year after termination thereof. The provisions of this subsection 9.2(d) shall apply whether such ideas, discoveries, inventions, improvements or knowledge are conceived, made or gained by him alone or with others, whether during or after usual working hours, either on or off the job, to matters directly or indirectly related to the Company's business interests (including potential business interests), and whether or not within the realm of his duties.

(e) Third Party Confidential Information. Executive agrees that he will not disclose to the Company, or use during the Employment Term, any proprietary or confidential information belonging to any third party which Executive may have acquired because of an employment, consulting or other relationship with such third party, whether such information is in Executive's memory or embodied in a writing or other physical form.

(f) Remedies. Executive recognizes that the restrictions on his activities set forth in this Section 9 are required for the reasonable protection of the Company and its associates, and Executive expressly acknowledges that such restrictions are fair and reasonable for that purpose. Executive further expressly acknowledges that damages alone will be an inadequate remedy for any breach or violation of any of the provisions of this Section 9, and that the Company, in addition to all other remedies it may have hereunder or otherwise, shall be entitled, as a matter of right, to injunctive relief, including specific performance, with respect to any such actual or threatened breach or violation, in any court of competent jurisdiction. If

any of the provisions of this Section 9 are held to be in any respect an unreasonable restriction upon Executive then they shall be deemed to extend only over the maximum period of time, geographic area, and/or range of activities as to which they may be enforceable.

9.3 Executive expressly agrees that all payments and benefits due Executive under this Agreement shall be subject to Executive's compliance with the provisions set forth in this Section 9.

9.4 This Section 9 shall survive the expiration or earlier termination of this Agreement.

10. Tax Withholding.

10.1 The Company may withhold from any compensation or other payments or benefits made under this Agreement all Federal, State, City, or other taxes as shall be required pursuant to any law or governmental regulations or ruling.

11. Effect of Prior Agreements.

11.1 This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements on the subject matter hereof between Executive and the Company or any predecessor, affiliate, shareholder or officer thereof.

12. General Provisions.

12.1 Non-assignability. Neither Executive nor his beneficiaries or legal representatives may assign this Agreement, or any rights or obligations hereunder, without the Company's prior written consent. The Company may not assign this Agreement, or any rights or obligations hereunder, other than to a parent or subsidiary corporation, an affiliate or an entity that succeeds to substantially all of the Company's assets, without Executive's prior written consent.

12.2 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, Executive and the Company and their respective heirs, executors, administrators, successors and permitted assigns.

12.3 Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

12.4 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege nor shall any other waiver of right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

12.5 Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in force and effect.

12.6 Third Party Benefit. The parties hereto agree that affiliates of the Company for which services are or may be rendered hereunder by Executive are third party beneficiaries of this Agreement.

12.7 Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

12.8 Governing Law. This Agreement has been executed and delivered in the State of Rhode Island, and its validity, interpretation, performance, and enforcement shall be governed by the laws of said State other than any rule thereof which would refer any such matter to the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, intending the Agreement to become binding and

effective as of the date and year first written above.

MIM Corporation

By_____

Title_____

_____
Executive

EXHIBIT 10.19

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of May 30, 1996 by and between MIM Corporation, a Delaware corporation having a principal place of business at One Blue Hill Plaza, Pearl River, New York 10965 (the "Company"), and Todd R. Palmieri, having a permanent residence address at 625 Wyndrise Drive, Blue Bell, PA 19422 ("Executive").

WHEREAS, the Company desires to retain the services of Executive as an employee for the period provided in this Agreement; and

WHEREAS, Executive, understanding and accepting conditions of employment set forth herein, desires to render services to the Company on a full-time basis on the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

1. Employment.

1.1 The Company hereby agrees to employ Executive, and Executive agrees to be employed by the Company, for the period stated in Section 3, subject to earlier termination as provided in Section 8 herein, at the rate of compensation and upon the other terms and conditions hereinafter set forth.

2. Position and Responsibilities.

2.1 During the term of his employment hereunder, Executive agrees to serve as Executive Vice President - Business Development of the Company. Executive shall report to the Chief Operating Officer of the Company. During said term, Executive also agrees to serve, if elected, as an officer and director of any subsidiary or affiliate of the Company, and to perform such other services not inconsistent with his position as shall from time to time be assigned to him by the Board of Directors.

3. Term of Employment.

3.1 The term of Executive's employment under this Agreement shall commence as of the date hereof and shall continue for a

period ending May 29, 2000 or such earlier date as this Agreement shall be terminated pursuant to the provisions of Section 8.1 hereof ("Employment Term").

4. Duties.

4.1 During the Employment Term, except for illness, vacations and holidays in accordance with then-current Company policy, and (subject to the approval of the Company) reasonable leaves of absence, Executive shall devote substantially all his business time, attention, skill, undivided loyalty and best efforts to the faithful performance of his duties hereunder; provided, however, that with the approval of the Board of Directors of the Company, Executive may serve or continue to serve on the board of directors of, and hold any other offices or positions in companies or organizations which, in the Board's judgment, will not present any conflict of interest with the Company or any of its subsidiaries or affiliates or divisions, or materially adversely affect the performance of Executive's duties pursuant to this Agreement.

5. Compensation and Bonuses.

5.1 For all services rendered by Executive in any capacity under this Agreement during the Employment Term including, without limitation, services as an executive, officer, director or member of any committee of the Company or of any subsidiary, affiliate, or division thereof, during the Employment Term the Company shall pay Executive as compensation a salary at an annualized rate of Two Hundred Ten Thousand Dollars ($210,000) per annum ("Salary") payable in accordance with the customary payroll practices of the Company, but in no event less frequently than monthly.

6. Reimbursement of Expenses.

6.1 Consistent with established policies of the Company, the Company shall pay or reimburse Executive for all reasonable travel and other out-of-pocket expenses incurred by Executive in performing his obligations under this Agreement.

7. Benefits.

7.1 Executive shall be entitled to all Company benefits now in effect or subsequently provided to other Company employees and to Company executives in similar positions, such as

standard group health and life insurance and 401(k) Plan participation, as well as payment of the premium cost for $1,000,000 life insurance.

7.2 In addition, the Company shall provide Executive with the amount of Seven Hundred Fifty Dollars ($750) during each calendar month during the Employment Term to be applied toward the expense of an appropriate automobile for use by Executive in fulfilling his duties hereunder. As and when required by law, monies provided in accordance with this Section 7 will be added to Executive's Form W-2 at the end of each calendar year.

7.3 Executive shall be entitled to receive four (4) weeks of vacation per contract year.

7.4 Executive shall be eligible to participate in an Executive Bonus Program for senior officers to be established by the Company during 1996.

8. Termination of Employment; Payments to Executive Upon Termination of Employment.

8.1 Executive's employment hereunder shall terminate prior to the expiration date set forth in Section 3.1 hereof under the following circumstances:

(a) upon the death of Executive;

(b) at the election of the Company in the event of Executive's disability. As used in this Agreement, the term "disability" shall mean the material inability, in the reasonable opinion of the Board of Directors of the Company, of Executive to render his agreed-upon full-time services to the Company due to physical and/or mental infirmity for an aggregate period of time exceeding one hundred twenty (120) days in any twelve (12) consecutive month period;

(c) upon discharge of Executive by the Company for Cause. As used in this Agreement, "Cause" shall mean (i) conviction of a felony or crime of moral turpitude, (ii) unauthorized acts intended to result in Executive's personal enrichment at the material expense of the Company or its reputation, (iii) any material violation of Executive's duties or responsibilities to the Company which constitutes willful misconduct or dereliction of duty, or material breach of Section 9

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

(d) upon discharge of Executive by the Company without Cause;

(e) upon Executive's election to terminate his employment; or

(f) by mutual written agreement of Executive and the Company.

8.2 In the event that Executive's employment is terminated in accordance with Section 8.1(a) herein, or in the case of Executive's death during any period set forth in Sections 8.5 or 8.6 herein in which the Company is continuing to pay Salary after termination of employment, the Company's obligation to continue such Salary, or any insurance or other benefits provided herein, shall cease, except to the extent then accrued or as otherwise required by law.

8.3 In the event that Executive's employment is terminated in accordance with Section 8.1(b) herein, Executive shall continue to receive his Salary for twelve (12) months following the month in which such termination occurs.

During the period in which Salary is continued as a termination benefit for a termination in accordance with Section 8.1(b), said termination benefit is in lieu of any disability benefits provided under the Company's employee benefit policy, and the Salary otherwise payable upon such termination will be reduced by all short term and long term disability payments received by Executive during the twelve (12) month termination benefit period.

8.4 In the event that the Company terminates Executive's employment in accordance with Section 8.1(c) herein, the Company's obligation to continue to pay Executive's Salary shall cease as of the effective date of termination.

8.5 In the event that the Company terminates Executive's employment in accordance with Section 8.1(d) herein, the Company shall continue to pay Executive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs.

8.6 In the event that Executive elects to terminate his employment due to material breach of this Agreement by the Company, Executive shall continue to receive his Salary at the rate in effect on the date of termination for twelve (12) months following the month in which such termination occurs. If Executive so elects to terminate his employment, Executive shall give not less than ninety (90) days prior written notice of termination within ninety (90) days after the event giving rise to the right to elect to terminate employment or after Executive reasonably should be aware of such event, such notice to specify the event in detail. For a period of sixty (60) days after such notice the Company shall have the right to cure such event and, upon such cure, Executive's right to receive post-termination Salary under this Section 8.6 with respect to such cured event shall terminate. Payment of Salary as set forth in this Section 8.6 shall be conditional upon Executive's observance of the aforesaid notice requirement and the Company's failure to cure such event.

8.7 In the event that Executive elects to terminate his employment for reasons other than those set forth in Section 8.6 herein, his Salary shall cease as of the effective date of his termination.

8.8 For any period during which Executive's Salary is continued as a termination benefit in accordance with this Section 8, Executive's medical, disability and life insurance coverage shall continue, at the same level as during employment hereunder, for the period that his Salary continues to be paid as provided herein, or until Executive obtains other coverage through employment elsewhere, whichever occurs first. The Company will make withholdings from said termination payments in accordance with the Company's generally applicable policies regarding employee contributions for such insurance coverages.

8.9 Except as specifically provided in Section 8 herein or as otherwise required by law, and subject to Section 9 herein, upon the expiration or earlier termination of Executive's employment hereunder, the Company shall have no duty or obligation to Executive other than to pay him his compensation and benefits accrued through the date of such expiration or termination. Such accrued compensation and benefits, and the termination benefits provided in this Section 8, shall be the sole obligation of the Company, its subsidiaries, affiliates or divisions, for any and all

services performed by Executive for, or positions held by Executive with, such entities.

9. Certain Obligations of Executive.

9.1 Executive represents and warrants that (a) there are no restrictions, agreements or understandings whatsoever to which Executive is a party or subject which would prevent or make unlawful his execution of this Agreement or his employment hereunder, (b) his execution of this Agreement and his employment hereunder shall not constitute a breach of any law, rule or regulation, or of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound and (c) he is free and able to execute this Agreement and to enter into employment by the Company.

9.2 Executive further covenants with the Company as follows: (As used in this Section 9, "Company" shall include the Company and its subsidiaries and affiliates.)

(a) Assistance in Litigation. Executive shall, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any threatened or actual litigation or other judicial or administrative proceedings in which it is, or may become, a party, and the Company shall reimburse Executive for all reasonable out-of-pocket expenses incurred in connection with such activity.

(b) Confidential Company Information. Executive shall not knowingly use for his own benefit or disclose or reveal to any unauthorized person, any trade secret or other confidential information relating to the Company or its business associates, or to any of the actual, planned or contemplated businesses thereof, including, without limitation, customer lists, customer needs, price and performance information, processes, supply sources and characteristics, business opportunities, potential business interests, marketing, promotional pricing and financing techniques, business plans and strategies, and Executive confirms that such information constitutes the exclusive property of the Company. Such restriction on confidential information shall remain in effect unless, until and only to the extent that it is (i) disclosed in published literature or otherwise generally available in the industry through no fault of

Executive, (ii) obtained by Executive before or after the Employment Term from a third party with the prior right to make such disclosure. Executive agrees that he will return to the Company any physical embodiment of such confidential information upon termination of employment.

(c) Non-Competition. During the Employment Term and for a period of one year following (i) termination of such employment (irrespective of the reason for such termination) or (ii) payment of any compensation in accordance with Section 8 herein (unless such termination is by the Company without Cause), whichever occurs last, Executive shall not engage, directly or indirectly (which includes, without limitation, owning, managing, operating, controlling, being employed by, giving financial assistance to, participating in or being connected in any material way with any person or entity other than the Company), anywhere in the United States in the businesses of (i) pharmacy benefit management, (ii) the manufacture, distribution, marketing or sale of generic or over-the-counter pharmaceuticals, (iii) any business in which the Company is then engaged, and (iv) any component of any of the foregoing businesses; provided, however, that Executive's ownership as a passive investor of less than two percent (2%) of the issued and outstanding stock of a publicly held corporation shall not be deemed to constitute competition. Further, during such period Executive shall not act to induce any of the Company's customers or employees to take action which might be disadvantageous to the Company.

(d) Inventions and Improvements. Executive hereby acknowledges that he will treat as for the Company's sole benefit, and fully and promptly disclose and assign to the Company without additional compensation, all ideas, information, discoveries, inventions and improvements which are based upon or related to any confidential information protected under Section 9.2(b) herein, and which are made, conceived or reduced to practice by him during his employment by the Company and within one (1) year after termination thereof. The provisions of this subsection 9.2(d) shall apply whether such ideas, discoveries, inventions, improvements or knowledge are conceived, made or gained by him alone or with others, whether during or after usual working hours, either on or off the job, to matters

directly or indirectly related to the Company's business interests (including potential business interests), and whether or not within the realm of his duties.

(e) Third Party Confidential Information. Executive agrees that he will not disclose to the Company, or use during the Employment Term, any proprietary or confidential information belonging to any third party which Executive may have acquired because of an employment, consulting or other relationship with such third party, whether such information is in Executive's memory or embodied in a writing or other physical form.

(f) Remedies. Executive recognizes that the restrictions on his activities set forth in this Section 9 are required for the reasonable protection of the Company and its associates, and Executive expressly acknowledges that such restrictions are fair and reasonable for that purpose. Executive further expressly acknowledges that damages alone will be an inadequate remedy for any breach or violation of any of the provisions of this Section 9, and that the Company, in addition to all other remedies it may have hereunder or otherwise, shall be entitled, as a matter of right, to injunctive relief, including specific performance, with respect to any such actual or threatened breach or violation, in any court of competent jurisdiction. If any of the provisions of this Section 9 are held to be in any respect an unreasonable restriction upon Executive then they shall be deemed to extend only over the maximum period of time, geographic area, and/or range of activities as to which they may be enforceable.

9.3 Executive expressly agrees that all payments and benefits due Executive under this Agreement shall be subject to Executive's compliance with the provisions set forth in this Section 9.

9.4 This Section 9 shall survive the expiration or earlier termination of this Agreement.

10. Tax Withholding.

10.1 The Company may withhold from any compensation or other payments or benefits made under this Agreement all Federal,

State, City, or other taxes as shall be required pursuant to any law or governmental regulations or ruling.

11. Effect of Prior Agreements.

11.1 This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements on the subject matter hereof between Executive and the Company or any predecessor, affiliate, shareholder or officer thereof.

12. General Provisions.

12.1 Non-assignability. Neither Executive nor his beneficiaries or legal representatives may assign this Agreement, or any rights or obligations hereunder, without the Company's prior written consent. The Company may not assign this Agreement, or any rights or obligations hereunder, other than to a parent or subsidiary corporation, an affiliate or an entity that succeeds to substantially all of the Company's assets, without Executive's prior written consent.

12.2 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, Executive and the Company and their respective heirs, executors, administrators, successors and permitted assigns.

12.3 Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

12.4 Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege nor shall any other waiver of right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

12.5 Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in force and effect.

12.6 Third Party Benefit. The parties hereto agree that affiliates of the Company for which services are or may be rendered hereunder by Executive are third party beneficiaries of this Agreement.

12.7 Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

12.8 Governing Law. This Agreement has been executed and delivered in the State of Rhode Island, and its validity, interpretation, performance, and enforcement shall be governed by the laws of said State other than any rule thereof which would refer any such matter to the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, intending the Agreement to become binding and effective as of the date and year first written above.

MIM Corporation

/s/ John H. Klein
By_____
Chairman / C.E.O.
Title_____

/s/ Todd R. Palmieri
_____
Executive

EXHIBIT 10.20

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, dated _____, 1995, is between Pro-Mark Holdings, Inc., a Delaware corporation with offices at 33 North Road, P.O. Box 3704, Peace Dale, Rhode Island 02883 ("Company") and Richard H. Krupski, with an address at 45 Linden Road, Barrington, Rhode Island 02806 ("Executive").

IT IS MUTUALLY AGREED by the parties hereto as follows:

1. Employment. Company hereby employs Executive to perform the duties described in this Agreement upon the terms and conditions set forth herein, and Executive accepts that employment, representing that no agreements or obligations exist to which Executive is a party or otherwise bound, in writing or otherwise, that interfere with, impede or preclude him from fulfilling the terms and conditions of this Agreement.

2. Term. Executive's employment will begin as of the date of this Agreement and, unless terminated earlier as hereinafter provided, will end on the date three (3) years after said date. Upon expiration of the term, Executive's employment will continue on a month-to-month basis, terminable by either party at the end of any calendar month by giving notice of termination not later than 10 days before the end of the month but otherwise subject to the terms and conditions of this Agreement.

3. Duties. Executive will serve as Executive Vice President of Marketing.

Executive will use his best and most diligent efforts to promote the interests of Company, will devote his full business time, attention and skill to his duties and will not engage in any other business activity. Personal investment activities will not be considered business activity as long as Executive does not participate in the day-to-day operation of the business venture in which the investment is made. Executive has been elected to the Board of Directors of the Company. Executive accepts such election and agrees to continue to serve as a member of the Board, if reelected, throughout the term of this Agreement.

4. Compensation. Executive will be entitled to a salary at the annual
---

rate of $175,000, in installments not less frequently than monthly. The Board of Directors of the Company may review and in its discretion increase Executive's salary, but Executive's salary shall not be reduced to an amount below that specified herein without the consent of Executive. In addition to salary, Executive will be eligible for such incentive compensation or performance bonuses, not exceeding the sum of $25,000 in any calendar year, as may be determined from time to time by the Board of Directors to reflect Company's financial success and Executive's contribution to it.

5. Fringe Benefits. Executive will be provided with such fringe benefits as may be generally afforded management personnel of Company. Such benefits currently include a monthly automobile use allowance, $1 million of life insurance and participation in Company's 401(k) plan, 1994 Stock Plan and group medical insurance and group disability insurance plans. Until the occurrence of an event described in paragraph 3 of the Non Qualified Stock Option Certificate of even date as causing the immediate vesting of the entirety of the Option granted therein, options to purchase shares of the common stock of Company shall be granted by Company to Executive, as necessary, so as to maintain the total number of shares held by Executive or subject to acquisition under options granted to Executive (under the 1994 Stock Plan and any other plan) at a level equal to ____% of the total number of shares of common stock of Company: (a) issued and (b) subject to outstanding options (granted under the 1994 Stock Plan and any other plan).

In addition to the foregoing fringe benefits, Executive will be eligible for reimbursement of up to $20,000 of any out-of pocket expenses incurred by Executive to qualify for benefits which Executive otherwise would have forfeit by reason of the termination of Executive's previous employment.

6. Vacation. Executive will be permitted to take reasonable amounts of vacation in accordance with such policies

as may be adopted from time to time by Company's Board of Directors.

7. Confidential Information. Except as required in the performance of his duties under this Agreement, Executive will not at any time, directly or indirectly, use or disclose any confidential information of Company which Executive may receive or obtain while in the employment of Company. Immediately upon termination of Executive's employment with Company, Executive shall deliver to Company all records and other things, including copies, containing confidential information of Company, then within Executive's possession or control, whether prepared by Executive or others.

8. Assignment of Developments. Any new information, idea or thing (whether or not patentable) relating to Company's present or planned business and conceived or suggested by Executive alone or in conjunction with others during or as result of Executive's employment by Company ("Development") shall be the property of Company, free of any rights on the part of Executive. During Executive's employment and thereafter, Executive shall promptly make full disclosure of each Development to Company and, at Company's request and expense, do all acts and things (including without limitation the execution and delivery under oath of patent and copyright applications and instruments of assignment) deemed necessary or desirable by Company at any time

to effect the full assignment to Company of any right and title of Executive therein.

9. Non-Disturbance; Non-Competition. During the term of this Agreement, and for a period of one year thereafter, Executive will not, directly or indirectly, disturb any business relationship between Company and its employees, customers, suppliers or other business associates, or own, operate, or participate in the ownership or operation of, or in any manner (whether as director, officer, employee, partner, stockholder, consultant or otherwise) 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 Company or any of its subsidiaries. The ownership of an equity or proprietary interest constituting less than five percent of the entire equity or proprietary interest in a corporation or other business entity will not be considered a breach of the obligation set forth in this paragraph. Executive agrees that Executive's obligations hereunder may be enforced by temporary restraining order, injunction or other appropriate court order.

10. Termination. Company may terminate Executive's employment at any time by notice given by Company to Executive designating a date upon which the employment terminates. Upon termination of Executive's employment, Executive will be entitled

to salary and fringe benefits accrued and unpaid to the effective date of termination. In addition, in the event Executive's employment is terminated by Company for one of the reasons set forth below, Executive will be entitled to monthly payments equal to one-twelfth of his annual salary, less applicable withholding and deductions, and to fringe benefits provided to Executive on the date of termination, for a period of six months:

(a) Executive, by reason of physical or mental disability, is unable to perform his duties hereunder for a total of 90 days in any 12 month period; or

(b) Executive is determined by Company to be performing his duties under this Agreement in an unsatisfactory manner. Company shall give Executive written notice specifying the nature of the unsatisfactory performance and referring to this Paragraph, and shall give Executive a minimum of thirty days to correct the unsatisfactory performance before terminating Executive's employment other than for death, disability, criminal acts or other good cause shown.

11. Notices. All notices required or permitted to be given under this Agreement will be in writing and will be delivered personally or will be sent by first class mail to the parties at the addresses set forth above or at such other address as they may from time to time designate by notice to each other. If a

notice is given by mail, it will be considered to have been received on the fifth day after mailing.

12. Assignment. The rights and obligations of Executive under this Agreement may not be assigned. The rights and obligations of Company under this Agreement may be assigned by Pro-Mark to any person which is a successor in interest to Pro Mark by purchase, merger or otherwise, which holds a greater than 50% ownership interest in Pro-Mark, or in which Pro-Mark holds a greater than 50% ownership interest.

13. Governing Law. This Agreement and its performance by the parties will be governed by Rhode Island law.

14. Paragraph Titles. The paragraph titles used in this Agreement are for convenience of reference only and will not be considered in the construction or interpretation of any provision hereof.

15. Entire Agreement; Amendment. This Agreement contains the entire understanding and agreement between the parties and

may not be amended except by written instrument signed by both of the parties.

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

In the presence of:	Pro-Mark Holdings, Inc.
/s/ Robert C. Bruns - ----------	/s/ E. David Corvese ---------- E. David Corvese, President
/s/ Robert C. Bruns - ----------	/s/ Richard H. Krupski ---------- Richard H. Krupski

EXHIBIT 10.21

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is between Pro-Mark Drug Benefit Marketing Services, LLC., a Rhode Island limited liability company with offices at 25 North Road, Peace Dale, Rhode Island ("Company"), and Michael R. Ryan, Ph.D., an individual with an address at 1316 Crabapple Lane, Memphis, TN 38117 ("Executive").

IT IS MUTUALLY AGREED by the parties hereto as follows:

1. Employment. Company hereby employs Executive to perform the duties described in this Agreement upon the terms and conditions set forth herein, and Executive accepts that employment, representing that no agreements or obligations exist to which Executive is a party or otherwise bound, in writing or otherwise, that interfere with, impede or preclude him from fulfilling the terms and conditions of this Agreement.

2. Term. Executive's employment will begin as of the date of this Agreement and, unless terminated as hereinafter provided, will end on December 31, 1996. Thereafter, Executive's employment will continue on a month-to-month basis, terminable by either party at the end of any calendar month by giving notice of termination not later than 10 days before the end of the month but otherwise subject to the terms and conditions of this Agreement.

3. Duties. Executive will serve as Vice-President of Regional Marketing. Executive will use his best and most diligent efforts to promote the interests of Company, will devote his full business time, attention and skill to his duties and will not engage in any other business activity. Personal investment activities (provided Executive does not participate in the operation of the venture in which the investment is made) will not be considered business activity.

4. Compensation. Executive will be entitled to a salary at the annual rate of $96,000, in installments not less frequently than monthly. The Manager of Company will review Executive's salary annually and will make such periodic adjustments of Executive's salary as the Manager may consider appropriate but will not reduce Executive's salary below that specified herein without the consent of Executive. In addition to salary, Executive will be paid such incentive compensation or performance bonuses as may be determined from time to time by the Manager to reflect Company's financial success and Executive's contribution to it.

5. Fringe Benefits. Executive will be provided with such fringe benefits, including but not being limited to participation in such pension and group life, disability and medical insurance plans, as may be generally afforded other management personnel of Company.

In addition to such fringe benefits, Executive will be eligible to participate in a profit-sharing or equity participation plan currently being developed for intended implementation on February 1, 1994, which will provide additional compensation to Executive based on annual profits of Company.

6. Vacation. Executive will be permitted to take reasonable amounts of vacation in accordance with such policies as may be adopted from time to time by Company's Manager.

7. Confidential Information. Except as required in the performance of his duties under this Agreement, Executive will not at any time, directly or indirectly, use or disclose any confidential information of Company which Executive may receive or obtain while in the employment of Company. Immediately upon termination of Executive's employment with Company, Executive shall deliver to Company all records and other things, including copies, containing confidential information of Company, then within Executive's possession or control, whether prepared by Executive or others.

8. Assignment of Developments. Any new information, idea or thing (whether or not patentable) relating to Company's present or planned business and conceived or suggested by Executive alone or in conjunction with others during or as result of Executive's employment by Company ("Development") shall be the

property of Company, free of any rights on the part of Executive. During Executive's employment and thereafter, Executive shall promptly make full disclosure of each Development to Company and, at Company's request and expense, do all acts and things (including without limitation the execution and delivery under oath of patent and copyright applications and instruments of assignment) deemed necessary or desirable by Company at any time to effect the full assignment to Company of any right and title of Executive therein.

9. Non-Disturbance; Non-Competition. During the term of this Agreement and for a period of one year after its termination, Executive will not, directly or indirectly, disturb any business relationship between Company and its employees, customers or suppliers or own, operate, or participate in the ownership or operation of, or in any manner (whether as director, officer, employee, partner, stockholder or otherwise) 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 Company or any of its subsidiaries. The ownership of an equity or proprietary interest constituting less than five percent of the entire equity or proprietary interest in a corporation or other business entity will not be considered a breach of the obligation set forth in this paragraph. Executive agrees that Executive's obligations

hereunder may be enforced by temporary restraining order, injunction or other appropriate court order.

10. Termination.

10.1 Executive's employment will terminate on the earlier of:

(a) The date of termination set forth in Paragraph 2 hereof (unless the parties permit Executive's employment to continue on a month-to-month basis as hereinbefore provided, then upon the date of the termination of the month-to-month employment);

(b) Any date of termination agreed to by the parties in writing;

(c) The date of Executive's death;

(d) At the election of Company, if by reason of physical or mental disability, Executive is unable to perform his duties hereunder for a total of 90 days in any 12 month period;

(e) At the election of Company, if Executive engages in any dishonest, disloyal or illegal conduct or breaches any material provision of this Agreement;

(f) At the election of Company, if Executive is determined to be performing his duties under this Agreement in an unsatisfactory manner following thirty days notice by Company to Executive;

(g) At the election of Company, if the Company and Tennessee Pharmacy Services, Inc. ("RxCare of Tennessee") fail to enter into a definitive agreement, providing for Company to perform certain obligations of RxCare of Tennessee under existing and future contracts between RxCare of Tennessee and various managed care organizations and pharmacies participating in the Tennessee TennCare Health Benefit Program ("TennCare"); or

(h) At the election of Company, upon termination, expiration or modification of government funding for TennCare or of the HCFA waiver for TennCare.

10.2 Company may terminate Executive's employment pursuant to Paragraph 10.1(d)-(h) hereof by notice given by Company to Executive designating a date upon which the employment terminates. A good faith determination by the Manager that grounds exist to terminate Executive under Paragraph 10.1(d)-(h) will be conclusive and binding on Executive.

10.3 Upon the termination of Executive's employment under Paragraph 10.1(f)-(h), Executive will be entitled to monthly

payments equal to one-twelfth of his annual salary, less applicable withholding and deductions, for a period equal to three months or the remainder of the period set forth in Paragraph 2, whichever is shorter.

10.4 Except as provided in Paragraph 10.3, upon termination of Executive's employment, Executive will be entitled to receive only his accrued and unpaid compensation to the effective date of such termination excluding, in the event of termination prior to the date set forth in Paragraph 2, any accrued and unpaid interest in the profits of Company under any profit sharing or other arrangement.

11. Notices. All notices required or permitted to be given under this
---
Agreement will be in writing and will be delivered personally or will be sent postage prepaid by United States registered or certified mail, return receipt requested, to the parties at the addresses set forth above or at such other address as they may from time to time designate by notice to each other. If a notice is given by mail, it will be considered to have been received on the fifth day after mailing in accordance with this paragraph.

12. Assignment. The rights and obligations of Executive under this
---
Agreement may not be assigned. The rights and obligations of Company under this Agreement may be assigned by

Pro-Mark to any person which is a successor in interest to Pro-Mark by purchase, merger or otherwise, which holds a greater than 50% ownership interest in Pro-Mark, or in which Pro-Mark holds a greater than 50% ownership interest.

13. Governing Law. This Agreement and its performance by the parties will be governed by Rhode Island law.

14. Paragraph Titles. The paragraph titles used in this Agreement are for convenience of reference only and will not be considered in the construction or interpretation of any provision hereof.

15. Entire Agreement; Amendment. This Agreement contains the entire understanding and agreement between the parties and

may not be amended except by written instrument signed by both of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____, 1994.

In the presence of:

Pro-Mark Drug Benefit
Marketing Services, LLC

_____ /s/ Nancy P. Corvese

Nancy P. Corvese, Manager

_____ /s/ Michael R. Ryan

Michael R. Ryan, Ph.D.

EXHIBIT 10.22

STOCK OPTION AGREEMENT-I

STOCK OPTION AGREEMENT dated as of May 30, 1996 between E. David Corvese ("Corvese") and John H. Klein ("Optionee").

WHEREAS, Corvese currently is the holder of 5,360,000 shares (the "Shares") of common stock, par value $.0001 per share, of MIM Corporation ("MIM");

WHEREAS, MIM has determined to pursue a business strategy that emphasizes the promotion of the distribution of generic drugs through exclusive contracts with generic manufacturers;

WHEREAS, Optionee has several years of experience relating to the manufacture, marketing and distribution of generic drugs;

WHEREAS, Corvese believes that Optionee's 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, are necessary to MIM's business strategy and that the combination thereof would enable MIM to capitalize on the present and expected conditions in the pharmaceutical and health care industries, thereby substantially contributing to the growth, profitability and over-all success of MIM; and

WHEREAS, in order to induce Optionee to so combine his experience, know-how, relationships and strategic plans, as well as the contracts under negotiation, with that of MIM, Corvese desires to grant to Optionee the right and option to acquire 1,800,000 Shares (the "Option Shares") upon and subject to the terms and conditions hereinafter set forth.

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

1. Grant of Option. (a) Subject to the terms and conditions of this Agreement, Corvese hereby grants to Optionee the right and option to acquire all or part of the Option Shares (the "Option") for the price and on the other terms specified below.

(b) Corvese represents to Optionee that (i) the Option Shares have been duly authorized and validly issued and are fully paid and nonassessable and (ii) Corvese has good and unencumbered title to the Option Shares and, upon exercise of the Option in accordance with the terms hereof, Corvese will convey to Optionee good title to the Option Shares to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances.

2. Price. The price per share (the "Option Price") of the Option Shares shall be $.10.

3. Exercisability. Subject to the terms and conditions of this Agreement, the Option shall be exercisable by Optionee at any time and from time to time, in whole or in part, in the manner specified below on or before the Termination Time specified below. Upon receipt of the Option Shares after exercise of the Option, Optionee shall be deemed to be the owner of such Option Shares and shall be entitled to all of the benefits and rights associated with the ownership thereof.

4. Term. The Option shall terminate, to the extent not exercised, on the earliest to occur of the following (the "Termination Time"): (a) at 5:00 p.m. Eastern Time on May 30, 2006 or (b) the time specified in Section 7(b) hereof.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to Corvese at his principal office, which is presently located at The Lily Pads Professional Center, P.O. Box 3689, 25 North Road, Peace Dale, Rhode Island 02883. Such notice shall be given and received, as specified in Section 8 hereof, prior to the Termination Time; shall state the election to exercise the Option and the number of Option Shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; shall (unless Corvese otherwise agrees) be accompanied by a representation that the Option Shares being acquired upon exercise of the Option are being acquired for investment and not with a view to the distribution thereof; and shall be accompanied by payment of the full Option Price of such Option Shares. The Option Price shall be paid in cash or by bank or cashier's check. Upon receipt of such notice and payment, Corvese, as promptly as practicable, shall cause to be delivered by the transfer agent for MIM a certificate or certificates representing the Option Shares with respect to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances. The certificate or certificates for such Option Shares shall be registered in the name of the person or persons so exercising the Option (or, if the Option is exercised by the Optionee and if Optionee shall so request in the notice exercising the Option, shall be registered in the name of Optionee and his spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option shall be exercised, to the extent permitted hereunder, by any person or persons after legal disability or death of Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by Optionee otherwise than by will or by the laws of descent and distribution and during the lifetime of Optionee, the Option shall be exercisable only by him or by his guardian or legal representative.

7. Adjustment and Certain Termination Events. (a) The number and kind of securities purchasable upon exercise of the Option (as well as the exercise price per share) shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of MIM occurring subsequent to the date hereof; provided, however, that in no event shall Optionee be entitled to receive upon exercise of the Option any dividends or distributions which may have been actually made or paid on the Option Shares prior to the date of exercise of the Option.

(b) In the event of the merger or consolidation of MIM with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of MIM 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 MIM), the Option shall terminate at the effective time of such merger, consolidation or sale; provided, however, that if (i) in connection with such merger, consolidation or sale Optionee receives solely equity securities (or cash in lieu of fractional shares) of such Unrelated Third-Party or an affiliate thereof and (ii) such merger, consolidation or sale does not create or result in any tax liability or obligation for or on the part of Optionee in respect of the Option, then the Option shall continue, subject to the terms and conditions of this Agreement, and Corvese shall, without payment of any additional consideration therefor, execute a new option providing that Optionee shall have the right to exercise such new option (upon terms not less favorable to Optionee than those then applicable to the Option) and to receive upon such exercise, in lieu of each share of Common Stock of MIM therefore issuable upon exercise of the Option, the kind and amount of shares of stock receivable upon such consolidation, merger or sale by Optionee of one share of Common Stock of MIM issuable upon exercise of the Option had the Option been exercised immediately prior to such consolidation, merger or sale.

8. Notices. All notices or other communications permitted or required under this Option shall be in writing and shall be sufficiently given if and when hand delivered or shall be deemed to be sufficiently given on the date shown on the receipt or confirmation therefor if and when sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by telegram, telex or telecopy, receipt acknowledged, if to Corvese, at the address specified in Section 5 hereof, and if to Optionee, at the address set forth after his name on the signature page hereof, or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. If Corvese's principal office address set forth in Section 5 hereof changes at any time, Corvese shall give written notice thereof to Optionee setting forth the new address for which notice shall be given upon exercise of the Option in accordance with Section 5 hereof.

9. Absence of Rights. Optionee shall have no rights as a stockholder with respect to any Option Shares covered by the Option unless and until Optionee receives the Option Shares upon exercise thereof.

10. Restrictions on Transfers of Option Shares. Corvese shall not sell, transfer, assign or otherwise dispose of, or encumber, the Option Shares prior to the Termination Time, except in accordance with the terms of this Agreement. Corvese shall, for so long as the Option shall remain in effect, cause one or more certificates of common stock of MIM representing the Option Shares as to which Optionee has not exercised the Option to bear legends substantially as follows:

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO AN OPTION SET FORTH IN A STOCK OPTION AGREEMENT, DATED AS OF MAY 30, 1996, BETWEEN E. DAVID CORVESE AND JOHN H. KLEIN."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO IT THAT SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW."

Corvese shall cause MIM to instruct its transfer agent to place an appropriate notice on its books and records with respect to the restrictions contained in this Agreement.

11. Successors and Assigns. Subject to Section 6 of this Agreement, 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.

12. Governing Law. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without giving effect to otherwise applicable principles of conflicts of law.

13. Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto with respect to the Option and may not be modified or amended, except as expressly contemplated herein, except by a written instrument signed by the party to be bound thereby.

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

/s/ E. David Corvese

E. David Corvese

/s/ John H. Klein

John H. Klein
Address: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965

EXHIBIT 10.23

STOCK OPTION AGREEMENT-II

STOCK OPTION AGREEMENT dated as of May 30, 1996 between E. David Corvese ("Corvese") and John H. Klein ("Optionee").

WHEREAS, Corvese currently is the holder of 5,360,000 shares (the "Shares") of common stock, par value $.0001 per share, of MIM Corporation ("MIM");

WHEREAS, MIM has determined to pursue a business strategy that emphasizes the promotion of the distribution of generic drugs through exclusive contracts with generic manufacturers;

WHEREAS, Optionee has several years of experience relating to the manufacture, marketing and distribution of generic drugs;

WHEREAS, Corvese believes that Optionee's 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, are necessary to MIM's business strategy and that the combination thereof would enable MIM to capitalize on the present and expected conditions in the pharmaceutical and health care industries, thereby substantially contributing to the growth, profitability and over-all success of MIM; and

WHEREAS, in order to induce Optionee to so combine his experience, know-how, relationships and strategic plans, as well as the contracts under negotiation, with that of MIM, Corvese desires to grant to Optionee the right and option to acquire 1,860,000 Shares (the "Option Shares") upon and subject to the terms and conditions hereinafter set forth.

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

1. Grant of Option. (a) Subject to the terms and conditions of this Agreement, Corvese hereby grants to Optionee the right and option to acquire all or part of the Option Shares (the "Option") for the price and on the other terms specified below.

(b) Corvese represents to Optionee that (i) the Option Shares have been duly authorized and validly issued and are fully paid and nonassessable and (ii) Corvese has good and unencumbered title to the Option Shares and, upon exercise of the Option in accordance with the terms hereof, Corvese will convey to Optionee good title to the Option Shares to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances.

2. Price. The price per share (the "Option Price") of the Option Shares shall be $.10.

3. Exercisability. Subject to the terms and conditions of this Agreement, the Option shall be exercisable by Optionee at any time and from time to time, in whole or in part, in the manner specified below on or before the Termination Time specified below. Except as otherwise provided in the Repurchase Agreement dated the date hereof among the parties hereto, upon receipt of the Option Shares after exercise of the Option, Optionee shall be deemed to be the owner of such Option Shares and shall be entitled to all of the benefits and rights associated with the ownership thereof.

4. Term. The Option shall terminate, to the extent not exercised, on the earliest to occur of the following (the "Termination Time"): (a) the time specified in Section 7(b) hereof or (b) at 5:00 p.m. Eastern time on (i) March 31, 2000, the date Optionee's initial term of employment with MIM is scheduled to expire pursuant to Optionee's employment agreement with MIM, dated the date hereof, unless Optionee remains in the employ of MIM after such date; (ii) if Optionee continues to be employed by MIM after March 31, 2000, the date upon which Optionee's employment with MIM terminates for any reason, including by MIM's Board of Directors in its sole and absolute discretion, unless such termination occurs after the fifth anniversary of this Agreement, (iii) the date upon which Optionee voluntarily terminates his employment with MIM, unless such termination occurs after the fifth anniversary of this Agreement, (iv) May 30, 1997, unless prior to such date MIM has consummated the initial public offering of its common stock under the Securities Act of 1933, as amended, or (v) May 30, 2002.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to Corvese at his principal office, which is presently located at The Lily Pads Professional Center, P.O. Box 3689, 25 North Road, Peace Dale, Rhode Island 02883. Such notice shall be given and received, as specified in Section 8 hereof, prior to the Termination Time; shall state the election to exercise the Option and the number of Option Shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; shall (unless Corvese otherwise agrees) be accompanied by a representation that the Option Shares being acquired upon exercise of the Option are being acquired for investment and not with a view to the distribution thereof; and shall be accompanied by payment of the full Option Price of such Option Shares. The Option Price shall be paid in cash or by bank or cashier's check. Upon receipt of such notice and payment, Corvese, as promptly as practicable, shall cause to be delivered by the transfer agent for MIM a certificate or certificates representing the Option Shares with respect to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances. The certificate or certificates for such Option Shares shall be registered in the name of the person or persons so exercising the Option (or, if the Option is exercised by the Optionee and if Optionee shall so request in the notice exercising the Option, shall be registered in the name of Optionee and his spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the

written order of the person or persons exercising the Option. In the event the Option shall be exercised, to the extent permitted hereunder, by any person or persons after legal disability or death of Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by Optionee otherwise than by will or by the laws of descent and distribution and during the lifetime of Optionee, the Option shall be exercisable only by him or his guardian or legal representative.

7. Adjustments and Certain Termination Events. (a) The number and kind of securities purchasable upon exercise of the Option (as well as the exercise price per share) shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of MIM occurring subsequent to the date hereof; provided, however, that in no event shall Optionee be entitled to receive upon exercise of the Option any dividends or distributions which may have been actually made or paid on the Option Shares prior to the date of exercise of the Option.

(b) In the event of the merger or consolidation of MIM with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of MIM 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 MIM), the Option shall terminate at the effective time of such merger, consolidation or sale; provided, however, that if (i) in connection with such merger, consolidation or sale Optionee receives solely equity securities (or cash in lieu of fractional shares) of such Unrelated Third-Party or an affiliate thereof and (ii) such merger, consolidation or sale does not create or result in any tax liability or obligation for or on the part of Optionee in respect of the Option, then the Option shall continue, subject to the terms and conditions of this Agreement, and Corvese shall, without payment of any additional consideration therefor, execute a new option providing that Optionee shall have the right to exercise such new option (upon terms not less favorable to Optionee than those then applicable to the Option) and to receive upon such exercise, in lieu of each share of Common Stock of MIM therefore issuable upon exercise of the Option, the kind and amount of shares of stock receivable upon such consolidation, merger or sale by Optionee of one share of Common Stock of MIM issuable upon exercise of the Option had the Option been exercised immediately prior to such consolidation, merger or sale.

8. Notices. All notices or other communications permitted or required under this Option shall be in writing and shall be sufficiently given if and when hand delivered or shall be deemed to be sufficiently given on the date shown on the receipt or confirmation therefor if and when sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by telegram, telex or telecopy, receipt acknowledged, if to Corvese, at the address specified in Section 5

hereof, and if to Optionee, at the address set forth after his name on the signature page hereof, or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. If Corvese's principal office address set forth in Section 5 hereof changes at any time, Corvese shall give written notice thereof to Optionee setting forth the new address for which notice shall be given upon exercise of the Option in accordance with Section 5 hereof.

9. Absence of Rights. Optionee shall have no rights as a stockholder with respect to any Option Shares covered by the Option unless and until Optionee receives the Option Shares upon exercise thereof.

10. Restrictions on Transfers of Option Shares. Corvese shall not sell, transfer, assign or otherwise dispose of, or encumber, the Option Shares prior to the Termination Time, except in accordance with the terms of this Agreement. Corvese shall, for so long as the Option shall remain in effect, cause one or more certificates of common stock of MIM representing the Option Shares as to which Optionee has not exercised the Option to bear legends substantially as follows:

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO AN OPTION SET FORTH IN A STOCK OPTION AGREEMENT, DATED AS OF MAY 30, 1996, BETWEEN E. DAVID CORVESE AND JOHN H. KLEIN."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO IT THAT SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW."

Corvese shall also cause MIM to instruct its transfer agent to place an appropriate notice on its books and records with respect to the restrictions contained in this Agreement.

11. Successors and Assigns. Subject to Section 6 of this Agreement, 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.

12. Governing Law. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without giving effect to otherwise applicable principles of conflicts of law.

13. Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto with respect to the Option and may not be modified or amended, except as expressly contemplated herein, except by a written instrument signed by the party to be bound thereby.

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

/s/ E. David Corvese

E. David Corvese

/s/ John H. Klein

John H. Klein
Address: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965

EXHIBIT 10.24

REPURCHASE AGREEMENT

THIS REPURCHASE AGREEMENT is entered into as of May 30, 1996 between E. David Corvese ("Corvese") and John H. Klein ("Klein").

WHEREAS, Corvese has granted to Klein an option (the "Option") to purchase 1,860,000 shares (the "Option Shares") of common stock of MIM Corporation ("MIM") pursuant to a Stock Option Agreement dated as of the date hereof (the "Option Agreement"), which grant was expressly conditioned upon Klein entering into this Repurchase Agreement; and

WHEREAS, Klein and Corvese desire to set forth in this Agreement the terms and conditions under which a certain option of Corvese to repurchase Option Shares purchased by John Klein under the Option may be exercised.

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

SECTION 1. Repurchase Option. (a) For a period of three (3) months commencing seven (7) months after the occurrence of an event specified in Section 4(b)(i), 4(b)(ii), 4(b)(iii) or 4(b)(iv) of the Option Agreement (the "Triggering Event"), Corvese shall have, subject to Sections 1(b) and 4(b) hereof, the right and option to repurchase all or part of the Option Shares purchased by Klein under the Option (the "Repurchase Option") for a purchase price of $.10 per share, exercisable by written notice thereof to Klein (the "Exercise Notice") within such three (3) month period.

(b) Notwithstanding anything to the contrary contained in this Section 1, if MIM obtains the level of annual consolidated net income (determined in accordance with generally accepted accounting principles consistently applied from year to year, and after taxes and extraordinary charges) set forth below in any one fiscal year (and not on a cumulative basis), then the corresponding number of Option Shares shall not be subject to the Repurchase Option:

MIM Net Income Obtained in a Fiscal Year	Number of Option Shares/1/	
	Not Subject to Repurchase Option	Subject to Repurchase Option
$ 5 million	620,000	1,240,000
$10 million	1,240,000	620,000
$15 million	1,860,000	0

SECTION 2. Closing. Corvese shall set forth in the Exercise Notice the date and time of closing for the purchase pursuant to the exercise of the Repurchase Option, which date shall be at least five but not more than fifteen days after said notice. The closing of the purchase of Option Shares by Corvese pursuant to the Repurchase Option shall take place at Corvese's principal office, which is presently located at The Lily Pads Professional Center, P.O. Box 3689, 25 North Road, Peace Dale, Rhode Island 02883. At such closing, Corvese shall deliver cash or a bank or cashier's check in the appropriate amount to the Klein against delivery of certificates representing the Option Shares so purchased, duly endorsed for transfer upon exercise of the Repurchase Option, Klein shall deliver to Corvese good title to the Option Shares so purchased, free and clear of any and all security interests, claims, liens or encumbrances.

SECTION 3. Restrictions on Transfer of Option Shares. Except as otherwise provided in the last sentence of this Section 3, Klein agrees that for a period of six (6) years following the date hereof, he shall not sell, offer for sale, contract to sell or otherwise dispose of or transfer or encumber any Option Shares purchased upon exercise of the Option (herein a "transfer"). Notwithstanding anything to the contrary in this Section 3, Klein may transfer without regard to the foregoing restrictions (a) the number of Option Shares that are not subject to the Repurchase Option as provided in Section 1(b) above and (b) all of the Option Shares upon and at the effective time of an event specified in Section 4(b) hereof.

SECTION 4. Adjustments and Certain Termination Events. (a) The number and kind of securities purchasable upon exercise of the Repurchase Option (as well as the exercise price per share) shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of MIM occurring subsequent to the date hereof; provided, however, that in no event shall Corvese be entitled to receive upon exercise of the Repurchase Option any dividends or distributions which may have been actually made or paid on the Option Shares prior to the date of exercise of the Repurchase Option.

/1/For example, if MIM's net income for 1996 and 1997 was $12 million and $4 million, respectively, then 1,240,000 Option Shares would no longer be subject to the Repurchase Option as of the end of 1996 and no additional Option Shares would be released from the Repurchase Option at the end of 1997 since MIM's net income for that year was not $5 million or greater.

(b) In the event of the merger or consolidation of MIM with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of MIM 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, of MIM), the Repurchase Option shall terminate at the effective time of such merger, consolidation or sale.

SECTION 5. Legends. Upon an exercise of the Option and for so long as the Option Shares so purchased remain subject to the transfer restrictions set forth in Section 3 hereof, the certificates of common stock of MIM representing such Option Shares shall bear legends substantially as follows:

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS ON THE TRANSFER THEREOF SET FORTH IN A REPURCHASE AGREEMENT BETWEEN E. DAVID CORVESE AND JOHN H. KLEIN."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO IT THAT SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW."

Corvese and Klein shall cause MIM to instruct its transfer agent to place an appropriate notice on its books and records with respect to the restrictions contained in this Agreement.

SECTION 6. Notices. All notices or other communications permitted or required under this Option shall be in writing and shall be sufficiently given if and when hand delivered or shall be deemed to be sufficiently given on the date shown on the receipt or confirmation therefor if and when sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by telegram, telex or telecopy, receipt acknowledged, if to Corvese, at the address specified in Section 2 hereof, and if to Optionee, at the address set forth after his name on the signature page hereof, or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. If Klein's principal office address set forth on the signature page hereof changes at any time, Klein shall give written notice thereof to Corvese setting forth the new address for which notice shall be given upon exercise of the Option in accordance with this Agreement.

SECTION 7. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and the successors and assigns of Corvese and Klein.

SECTION 8. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by the law of the State of Delaware, without regard to principles of conflict of laws thereof.

SECTION 9. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereof as of the day and year first above written.

/s/ E. David Corvese

E. David Corvese

/s/ John H. Klein

John H. Klein
Address: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965

EXHIBIT 10.25

STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT dated as of May 30, 1996 between E. David Corvese ("Corvese") and Richard H. Friedman ("Optionee").

WHEREAS, Corvese currently is the holder of 5,360,000 shares (the "Shares") of common stock, par value $.0001 per share, of MIM Corporation ("MIM");

WHEREAS, MIM has determined to pursue a business strategy that emphasizes the promotion of the distribution of generic drugs through exclusive contracts with generic manufacturers;

WHEREAS, Optionee has several years of experience relating to the manufacture, marketing and distribution of generic drugs;

WHEREAS, Corvese believes that Optionee's 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, are necessary to MIM's business strategy and that the combination thereof would enable MIM to capitalize on the present and expected conditions in the pharmaceutical and health care industries, thereby substantially contributing to the growth, profitability and over-all success of MIM; and

WHEREAS, in order to induce Optionee to so combine his experience, know-how, relationships and strategic plans, as well as the contracts under negotiation, with that of MIM, Corvese desires to grant to Optionee the right and option to acquire 1,500,000 Shares (the "Option Shares") upon and subject to the terms and conditions hereinafter set forth.

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

1. Grant of Option. (a) Subject to the terms and conditions of this Agreement, Corvese hereby grants to Optionee the right and option to acquire all or part of the Option Shares (the "Option") for the price and on the other terms specified below.

(b) Corvese represents to Optionee that (i) the Option Shares have been duly authorized and validly issued and are fully paid and nonassessable and (ii) Corvese has good and unencumbered title to the Option Shares and, upon exercise of the Option in accordance with the terms hereof, Corvese will convey to Optionee good title to the Option Shares to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances.

2. Price. The price per share (the "Option Price") of the Option Shares shall be $.10.

3. Exercisability. Subject to the terms and conditions of this Agreement, the Option shall be exercisable by Optionee at any time and from time to time, in whole or in part, in the manner specified below on or before the Termination Time specified below. Upon receipt of the Option Shares after exercise of the Option, Optionee shall be deemed to be the owner of such Option Shares and shall be entitled to all of the benefits and rights associated with the ownership thereof.

4. Term. The Option shall terminate, to the extent not exercised, on the earliest to occur of the following (the "Termination Time"): (a) at 5:00 p.m. Eastern Time on May 30, 2006 or (b) the time specified in Section 7(b) hereof.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to Corvese at his principal office, which is presently located at The Lily Pads Professional Center, P.O. Box 3689, 25 North Road, Peace Dale, Rhode Island 02883. Such notice shall be given and received, as specified in Section 8 hereof, prior to the Termination Time; shall state the election to exercise the Option and the number of Option Shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; shall (unless Corvese otherwise agrees) be accompanied by a representation that the Option Shares being acquired upon exercise of the Option are being acquired for investment and not with a view to the distribution thereof; and shall be accompanied by payment of the full Option Price of such Option Shares. The Option Price shall be paid in cash or by bank or cashier's check. Upon receipt of such notice and payment, Corvese, as promptly as practicable, shall cause to be delivered by the transfer agent for MIM a certificate or certificates representing the Option Shares with respect to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances. The certificate or certificates for such Option Shares shall be registered in the name of the person or persons so exercising the Option (or, if the Option is exercised by the Optionee and if Optionee shall so request in the notice exercising the Option, shall be registered in the name of Optionee and his spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option shall be exercised, to the extent permitted hereunder, by any person or persons after legal disability or death of Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by Optionee otherwise than by will or by the laws of descent and distribution and during the lifetime of Optionee, the Option shall be exercisable only by him or by his guardian or legal representative.

7. Adjustment and Certain Termination Events. (a) The number and kind of securities purchasable upon exercise of the Option (as well as the exercise price per share) shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of MIM occurring subsequent to the date hereof; provided, however, that in no event shall Optionee be entitled to receive upon exercise of the Option any dividends or distributions which may have been actually made or paid on the Option Shares prior to the date of exercise of the Option.

(b) In the event of the merger or consolidation of MIM with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of MIM 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 MIM), the Option shall terminate at the effective time of such merger, consolidation or sale; provided, however, that if (i) in connection with such merger, consolidation or sale Optionee receives solely equity securities (or cash in lieu of fractional shares) of such Unrelated Third-Party or an affiliate thereof and (ii) such merger, consolidation or sale does not create or result in any tax liability or obligation for or on the part of Optionee in respect of the Option, then the Option shall continue, subject to the terms and conditions of this Agreement, and Corvese shall, without payment of any additional consideration therefor, execute a new option providing that Optionee shall have the right to exercise such new option (upon terms not less favorable to Optionee than those then applicable to the Option) and to receive upon such exercise, in lieu of each share of Common Stock of MIM therefore issuable upon exercise of the Option, the kind and amount of shares of stock receivable upon such consolidation, merger or sale by Optionee of one share of Common Stock of MIM issuable upon exercise of the Option had the Option been exercised immediately prior to such consolidation, merger or sale.

8. Notices. All notices or other communications permitted or required under this Option shall be in writing and shall be sufficiently given if and when hand delivered or shall be deemed to be sufficiently given on the date shown on the receipt or confirmation therefor if and when sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by telegram, telex or telecopy, receipt acknowledged, if to Corvese, at the address specified in Section 5 hereof, and if to Optionee, at the address set forth after his name on the signature page hereof, or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. If Corvese's principal office address set forth in Section 5 hereof changes at any time, Corvese shall give written notice thereof to Optionee setting forth the new address for which notice shall be given upon exercise of the Option in accordance with Section 5 hereof.

9. Absence of Rights. Optionee shall have no rights as a stockholder with respect to any Option Shares covered by the Option unless and until Optionee receives the Option Shares upon exercise thereof.

10. Restrictions on Transfers of Option Shares. Corvese shall not sell, transfer, assign or otherwise dispose of, or encumber, the Option Shares prior to the Termination Time, except in accordance with the terms of this Agreement. Corvese shall, for so long as the Option shall remain in effect, cause one or more certificates of common stock of MIM representing the Option Shares as to which Optionee has not exercised the Option to bear legends substantially as follows:

> "THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO AN OPTION SET FORTH IN A STOCK OPTION AGREEMENT, DATED AS OF MAY 30, 1996, BETWEEN E. DAVID CORVESE AND RICHARD H. FRIEDMAN."
>
> "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO IT THAT SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW."

Corvese shall cause MIM to instruct its transfer agent to place an appropriate notice on its books and records with respect to the restrictions contained in this Agreement.

11. Successors and Assigns. Subject to Section 6 of this Agreement, 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.

12. Governing Law. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without giving effect to otherwise applicable principles of conflicts of law.

13. Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto with respect to the Option and may not be modified or amended, except as expressly contemplated herein, except by a written instrument signed by the party to be bound thereby.

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

/s/ E. David Corvese

E. David Corvese

/s/ Richard H. Friedman

Richard H. Friedman
Address: c/o MIM Corporation
One Blue Hill Plaza
Pearl River, New York 10965

EXHIBIT 10.26

STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT dated as of May 30, 1996 between E. David Corvese ("Corvese") and Leslie B. Daniels ("Optionee").

WHEREAS, Corvese currently is the holder of 5,360,000 shares (the "Shares") of common stock, par value $.0001 per share, of MIM Corporation ("MIM");

WHEREAS, MIM has determined to pursue a business strategy that emphasizes the promotion of the distribution of generic drugs through exclusive contracts with generic manufacturers;

WHEREAS, Optionee has several years of experience relating to the manufacture, marketing and distribution of generic drugs;

WHEREAS, Corvese believes that Optionee's 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, are necessary to MIM's business strategy and that the combination thereof would enable MIM to capitalize on the present and expected conditions in the pharmaceutical and health care industries, thereby substantially contributing to the growth, profitability and over-all success of MIM; and

WHEREAS, in order to induce Optionee to so combine his experience, know-how, relationships and strategic plans, as well as the contracts under negotiation, with that of MIM, Corvese desires to grant to Optionee the right and option to acquire 300,000 Shares (the "Option Shares") upon and subject to the terms and conditions hereinafter set forth.

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

1. Grant of Option. (a) Subject to the terms and conditions of this Agreement, Corvese hereby grants to Optionee the right and option to acquire all or part of the Option Shares (the "Option") for the price and on the other terms specified below.

(b) Corvese represents to Optionee that (i) the Option Shares have been duly authorized and validly issued and are fully paid and nonassessable and (ii) Corvese has good and unencumbered title to the Option Shares and, upon exercise of the Option in accordance with the terms hereof, Corvese will convey to Optionee good title to the Option Shares to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances.

2. Price. The price per share (the "Option Price") of the Option Shares shall be $.10.

3. Exercisability. Subject to the terms and conditions of this Agreement, the Option shall be exercisable by Optionee at any time and from time to time, in whole or in part, in the manner specified below on or before the Termination Time specified below. Upon receipt of the Option Shares after exercise of the Option, Optionee shall be deemed to be the owner of such Option Shares and shall be entitled to all of the benefits and rights associated with the ownership thereof.

4. Term. The Option shall terminate, to the extent not exercised, on the earliest to occur of the following (the "Termination Time"): (a) at 5:00 p.m. Eastern Time on May 30, 2006 or (b) the time specified in Section 7(b) hereof.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to Corvese at his principal office, which is presently located at The Lily Pads Professional Center, P.O. Box 3689, 25 North Road, Peace Dale, Rhode Island 02883. Such notice shall be given and received, as specified in Section 8 hereof, prior to the Termination Time; shall state the election to exercise the Option and the number of Option Shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; shall (unless Corvese otherwise agrees) be accompanied by a representation that the Option Shares being acquired upon exercise of the Option are being acquired for investment and not with a view to the distribution thereof; and shall be accompanied by payment of the full Option Price of such Option Shares. The Option Price shall be paid in cash or by bank or cashier's check. Upon receipt of such notice and payment, Corvese, as promptly as practicable, shall cause to be delivered by the transfer agent for MIM a certificate or certificates representing the Option Shares with respect to which the Option is so exercised, free and clear of any and all security interests, claims, liens or encumbrances. The certificate or certificates for such Option Shares shall be registered in the name of the person or persons so exercising the Option (or, if the Option is exercised by the Optionee and if Optionee shall so request in the notice exercising the Option, shall be registered in the name of Optionee and his spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option shall be exercised, to the extent permitted hereunder, by any person or persons after legal disability or death of Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by Optionee otherwise than by will or by the laws of descent and distribution and during the lifetime of Optionee, the Option shall be exercisable only by him or by his guardian or legal representative.

7. Adjustment and Certain Termination Events. (a) The number and kind of securities purchasable upon exercise of the Option (as well as the exercise price per share) shall be equitably adjusted to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of MIM occurring subsequent to the date hereof; provided, however, that in no event shall Optionee be entitled to receive upon exercise of the Option any dividends or distributions which may have been actually made or paid on the Option Shares prior to the date of exercise of the Option.

(b) In the event of the merger or consolidation of MIM with, or the sale or other disposition, directly or indirectly, of substantially all of the business and assets of MIM 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 MIM), the Option shall terminate at the effective time of such merger, consolidation or sale; provided, however, that if (i) in connection with such merger, consolidation or sale Optionee receives solely equity securities (or cash in lieu of fractional shares) of such Unrelated Third-Party or an affiliate thereof and (ii) such merger, consolidation or sale does not create or result in any tax liability or obligation for or on the part of Optionee in respect of the Option, then the Option shall continue, subject to the terms and conditions of this Agreement, and Corvese shall, without payment of any additional consideration therefor, execute a new option providing that Optionee shall have the right to exercise such new option (upon terms not less favorable to Optionee than those then applicable to the Option) and to receive upon such exercise, in lieu of each share of Common Stock of MIM therefore issuable upon exercise of the Option, the kind and amount of shares of stock receivable upon such consolidation, merger or sale by Optionee of one share of Common Stock of MIM issuable upon exercise of the Option had the Option been exercised immediately prior to such consolidation, merger or sale.

8. Notices. All notices or other communications permitted or required under this Option shall be in writing and shall be sufficiently given if and when hand delivered or shall be deemed to be sufficiently given on the date shown on the receipt or confirmation therefor if and when sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by telegram, telex or telecopy, receipt acknowledged, if to Corvese, at the address specified in Section 5 hereof, and if to Optionee, at the address set forth after his name on the signature page hereof, or to such other person or persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. If Corvese's principal office address set forth in Section 5 hereof changes at any time, Corvese shall give written notice thereof to Optionee setting forth the new address for which notice shall be given upon exercise of the Option in accordance with Section 5 hereof.

9. Absence of Rights. Optionee shall have no rights as a stockholder with respect to any Option Shares covered by the Option unless and until Optionee receives the Option Shares upon exercise thereof.

10. Restrictions on Transfers of Option Shares. Corvese shall not sell, transfer, assign or otherwise dispose of, or encumber, the Option Shares prior to the Termination Time, except in accordance with the terms of this Agreement. Corvese shall, for so long as the Option shall remain in effect, cause one or more certificates of common stock of MIM representing the Option Shares as to which Optionee has not exercised the Option to bear legends substantially as follows:

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO AN OPTION SET FORTH IN A STOCK OPTION AGREEMENT, DATED AS OF MAY 30, 1996, BETWEEN E. DAVID CORVESE AND LESLIE B. DANIELS."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO IT THAT SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW."

Corvese shall cause MIM to instruct its transfer agent to place an appropriate notice on its books and records with respect to the restrictions contained in this Agreement.

11. Successors and Assigns. Subject to Section 6 of this Agreement, 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.

12. Governing Law. This Agreement shall be construed in accordance with, and its interpretation shall otherwise be governed by, the laws of the State of Delaware, without giving effect to otherwise applicable principles of conflicts of law.

13. Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto with respect to the Option and may not be modified or amended, except as expressly contemplated herein, except by a written instrument signed by the party to be bound thereby.

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

/s/ E. David Corvese

E. David Corvese

/s/ Leslie B. Daniels

Leslie B. Daniels
Address: c/o CAI Advisors & Co.
767 Fifth Avenue
New York, New York 10153

EXHIBIT 10.27

LEASE

THIS LEASE, dated as of December 1, 1994, is entered into by and between Alchemie Properties, LLC, a Rhode Island limited liability company ("Landlord"), and Pro-Mark Holdings, Inc., a Delaware corporation with offices at 33 North Road, Peace Dale, Rhode Island ("Tenant").

IT IS MUTUALLY covenanted and agreed by and between the parties as follows:

1. Definitions and Construction.

1.1 For the purposes of this lease, the following words and phrases are defined as set forth below -

Building: the building located on the Land and within which the Leased Premises are situated.

Declaration: the Declaration of Plan for LILY PADS PROFESSIONAL CONDOMINIUM, recorded in the office of the Town Clerk of the Town of South Kingstown, County of Washington, State of Rhode Island in Land Evidence Book 566 at Page 407.

Land: that lot or parcel of land designated as Building C on that "RECORD OF SURVEY PLAN FOR LILY PADS PROFESSIONAL CONDOMINIUM LOCATED IN THE TOWN OF SOUTH KINGSTOWN WASHINGTON COUNTY - STATE OF RHODE ISLAND" recorded on August 17, 1994 in Plat Book 24 at Page 37, as part of the Declaration.

Landlord: see introduction.

Leased Premises: the space, within the Building, described on Exhibit A.

Operating Expenses: all expenses of operation, maintenance, repair or replacement of the Building, Land, Common Elements and Limited Common Elements, whether paid to employees or independent contractors of the Landlord or others, whether direct or indirect, and including, without being limited to the following: condominium association fees; cost of materials; wages, salaries and other compensation; security services; equipment services and maintenance; lawn and tree care; snow removal; costs of all utilities and insurance premiums; excluding only any cost of repair or replacement which, under generally accepted accounting practices, should be capitalized.

Property Taxes: all real property taxes and other assessments (including taxes and other assessments by any water, sewer, fire or other special district), of every nature and

description, whether general or special, payable by the Landlord with respect to the Building and the Land.

Tenant: see introduction.

Tenant's Trade Fixtures: see Paragraph 9.

1.2 The words "hereby", "hereof", "hereto", "herein", "hereunder", and any similar words, refer to this lease; the word "hereafter" means after, and the word "heretofore" means before, the date of this lease. The word "person" refers to legal entities, as well as natural persons. The title of this lease, as well as the paragraph and subparagraph titles, are for convenience of reference only and will not be considered in the interpretation or construction of any of the provisions hereof. Words in the singular may be construed to include the plural, and vice versa, as the context may require. Any consent, approval or acceptance required or permitted to be given by a party to this lease will be in writing and will not be unreasonably withheld or delayed. Any notice required or permitted to be given by a party to this lease will be in writing and will be given within the time provided for herein.

2. Leasing. The Landlord demises and leases to the Tenant, and the
----
Tenant leases and takes from the Landlord, the Leased Premises, together with all of Landlord's non-exclusive rights to use the Common Elements and Limited Common Elements, as provided in the Declaration.

3. Term. To have and to hold Leased Premises unto the Tenant for and
----
during the term of ten (10) years, beginning on December 1, 1994 and ending on November 31, 2004.

4. Rent. The Tenant will pay to the Landlord, at the address hereinafter
----
specified, rent at the annual rate of Forty Thousand Six Hundred Eighty Dollars ($40,680.00), in equal monthly installments of Three Thousand Three Hundred Ninety Dollars ($3,390.00) each, payable in advance on the first business day of each month, with interest at the rate of ten percent (10%) per year on any unpaid installments. Rent payable for any partial month will be prorated on a daily basis.

5. Additional Rent.

5.1 As additional rent, the Tenant will reimburse Landlord for Tenant's proportionate share of Property Taxes and condominium fees and pay directly to the relevant outside contractors and vendors its proportionate share of all other Operating Expenses. Tenant's proportionate share will be determined by multiplying each item by a fraction, the numerator of which will be the rentable square feet contained in the Leased Premises and the denominator of which will be the rentable square

feet contained in the Building (both of which are specified on Exhibit A).

5.2 For the purposes of this lease, the rentable square feet contained in the Leased Premises will be determined by measuring from the inside surface of exterior windows and walls to the finished surface of corridor partitions or to the center of partitions that separate the Leased Premises from adjacent space and will include any interior columns, walls, ducts and spaces, and, if the Tenant occupies or has the exclusive right thereto, any hallways, stairs, toilet facilities, closets, telephone booths and other spaces within the Leased Premises. The rentable square feet contained in the Building is the aggregate of all rentable square feet contained in the Building determined as described in the preceding sentence.

5.3 Tenant will pay the additional rent provided herein monthly, within five (5) DAYS after the end of each month. Property Taxes and Operating Expenses payable hereunder for the calendar year in which this lease commences or terminates will be prorated on the basis of a 365 day year, the Tenant paying the Tenant's proportionate share of these items for the calendar year in which this lease commences or terminates in proportion to that part of the calendar year during which the Tenant has possession of the Leased Premises. With respect to the calendar year during which this lease terminates, Property Taxes and Operating Expenses will be estimated by the Landlord.

6. Permitted Use; Compliance with Laws, etc.. The Tenant will use the
---
Leased Premises for general office purposes, unless the prior written consent of the Landlord to a different use is obtained. The Tenant will promptly observe and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of federal, state, city and town governments and all other governmental authorities or any national or local Board of Fire Insurance Underwriters affecting the Leased Premises or the Tenant's use thereof. The Tenant will indemnify and hold harmless the Landlord from and against any and all penalties or damages charged to or imposed upon it or for any violation of any such laws, ordinances, rules or regulations. The Tenant will not use, or permit the use of, the Leased Premises for any purpose which would cause the premiums on the fire and casualty insurance on the Building to be increased or create a forfeiture or prevent renewal of such insurance. The Tenant will not use, or permit the use of, the Leased Premises for any improper, offensive or unlawful purpose.

7. Repairs and Maintenance.

7.1 The Landlord will maintain in good condition, and will make all replacements and repairs to, the roof, exterior and structural components of the Building and the Landlord will

maintain in good condition and keep clean the halls, stairways and other areas in the Building used in common by all tenants, provided, however that the Landlord will not be responsible for any repairs and maintenance made necessary by acts of the Tenant or the Tenant's agents.

7.2 The Tenant will: (i) be responsible for repairs and maintenance made necessary by acts of the Tenant or the Tenant's agents, and (ii) maintain in good condition and keep clean the interior of the Leased Premises (including the replacement of glass in windows and doors).

8. Alterations and Improvements. The Tenant has expended approximately
---

$424,000 for alterations and improvements to the Leased Premises in anticipation of this lease. Tenant may make any further alterations or improvements to the Leased Premises which do not materially impair or diminish the rental value of the Leased Premises and the Building. All such alterations and improvements will be subject to the Landlord's prior approval of plans and specifications and such reasonable conditions (affecting, among other things, the obtaining of required permits and authorizations, the selection of an architect or engineer, the prompt completion of the alteration or improvement, the payment for labor and materials supplied in connection with the same, evidence of contractor's insurance, and contractor's performance and payment bond) as the Landlord deems appropriate. All alterations and improvements will become the property of the Landlord.

9. Tenant's Trade Fixtures.

9.1 For the purposes of this lease, "Tenant's Trade Fixtures" means machinery, equipment and other items of personal property owned by the Tenant and especially designed or fitted for use in its trade or business which: (i) will not be affixed or incorporated into the Leased Premises in such manner that their removal will cause substantial damage to the structure of the Building, and (ii) will, after removal, have a value significantly exceeding the cost of removal.

9.2 The Tenant may install Tenant's Trade Fixtures in the Leased Premises provided that the same will not materially impair or diminish the rental value of the leased premises. Tenant's Trade Fixtures will, notwithstanding the manner of their installation, remain the property of the Tenant and will be removed by the Tenant upon the termination of this lease. The Tenant will repair any damage to the Leased Premises occasioned by the removal of the Tenant's Trade Fixtures. Any of Tenant's Trade Fixtures left on the Leased Premises upon the termination of this lease, at the election of the Landlord, may be (i) removed at the Tenant's expense and sold, stored or discarded, or

(ii) deemed to have been abandoned and to be the property of the Landlord.

10. Public Liability Insurance; Indemnity.

10.1 The Tenant will obtain and pay for general comprehensive public liability insurance insuring the Landlord and the Tenant against loss from and liability for damages on account of loss or injury suffered by any person or property within or upon the Leased Premises, the coverage and protection of such insurance to be in the amount specified on Exhibit A. Limits of such liability insurance will be reviewed annually and increased if independent insurance advisors selected by the Landlord so advise.

10.2 The Tenant will indemnify and hold harmless the Landlord from and against all loss, cost or damage (including reasonable attorneys' fees) sustained by the Landlord on account of: (i) damage to property or injury to persons resulting from any accident or other occurrence on or about the Leased Premises, (ii) damage to property or injury to persons resulting from activities of the Tenant on or about the Leased Premises or elsewhere, or (iii) the Tenant's failure to perform or fulfill any term, condition or agreement contained or referred to herein on the part of the Tenant to be performed or fulfilled.

11. Fire or Other Casualty.

11.1 If the Building or the Leased Premises or any part thereof are damaged by fire or other casualty, the Landlord will forthwith commence and continue with all reasonable diligence the repair of the same, provided, however, that if the Landlord so elects then upon notice given to the Tenant not later than 30 days after the casualty, the Landlord may terminate this lease as of the date of the casualty and a proportionate part of the rent paid in advance will be repaid to the Tenant. If the repair of the damage to the Leased Premises is expected to require more than 90 days from the date of the casualty and the Tenant will be deprived of substantially all beneficial use of the Leased Premises during that time, then upon notice given to the Landlord not later than 30 days after the casualty, the Tenant may terminate this lease as of the date of the casualty and a proportionate part of the rent paid in advance will be repaid to the Tenant. Until the Leased Premises are restored by the Landlord, there will be an equitable adjustment of rent.

11.2 The parties release each other from any claims for damage to any person or to the Leased Premises and the Building and to the personal property, fixtures, improvements and alterations of either the Landlord or the Tenant in or on the Leased Premises and the Building that are caused by or result from risks insured against under any insurance policies carried

by or for the benefit of the parties and in force at the time of any such damage.

11.3 Alternatively, upon the request of either party, each party will cause each fire or other casualty insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. If any such insurance policy cannot be obtained with a waiver of subrogation, or is obtainable only by the payment of an additional premium charge above that charged by insurance companies issuing policies without waiver of subrogation, the party undertaking to obtain the insurance will notify the other party of this fact. The other party will have a period of 10 days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or to agree to pay the additional premium if such a policy is obtainable at additional cost. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other party is relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular insurance involved.

11.4 The risk of loss of or damage to property of the Tenant on or about the Leased Premises will be borne solely by the Tenant and neither the Landlord nor any other tenant will have any liability for loss thereof or damage thereto.

12. Insurance Policies. All insurance required under this lease will be issued by companies satisfactory to the Landlord. Each such policy will contain a provision that no act or omission of the Tenant will affect or limit the obligation of the insurer to pay on behalf of the Landlord the amount of the loss sustained by, or claim made against, the Landlord, and, to the extent obtainable, will contain an agreement by the insurer that such policy will not be canceled without at least 20 days' prior written notice to be Landlord.

13. Subordination. This lease will be subject and subordinate to any mortgage of the Building now of record or recorded after the date hereof. Such subordination is effective without any further act of the Tenant and the Tenant will from time to time on request from the Landlord execute and deliver any instruments that may be required by any lender to effect the subordination provided for herein. If the Tenant fails to execute and deliver any such instrument, the Tenant irrevocably appoints the Landlord, with full power of substitution, the Tenant's attorney-in-fact to execute and deliver any such instrument.

14. Condemnation. If the Building is taken in condemnation proceedings or by exercise of any right of eminent domain, the Landlord will be entitled to collect from the condemnor the entire award that may be made in any such proceeding without deduction therefrom for any interest of the Tenant under this lease (except such portion of any award as is specifically made for the Tenant's moving expenses) and this lease will terminate as of the date of the taking.

15. Assignments and Subleases. The Tenant will not assign or encumber its interest in this lease or in the Leased Premises, or sublease all or any part of the Leased Premises, or allow any other person, firm or corporation (except the Tenant's authorized representatives) to occupy or use all or any part of the Leased Premises, without first obtaining the Landlord's written consent. Any assignment, encumbrance or sublease without the Landlord's consent will be voidable and, at the Landlord's election, will constitute a default under this lease. No permitted assignment or subleasing will in any way affect or reduce any of the obligations of the Tenant under this lease.

16. Default and Remedies.

16.1 The Tenant will be in default under this lease upon the occurrence of any of the following events or conditions as to the Tenant or any guarantor of the Tenant's obligations hereunder: (i) the Tenant's failure to pay rent or make the other payments at the times and in the manner provided for herein, such failure having continued for a period of 5 days (no notice of such nonpayment being required to be given by the Landlord); (ii) the Tenant's failure to perform or fulfill any other term, condition or agreement contained or referred to herein, on the part of the Tenant to be performed or fulfilled, such failure having continued (no reasonable efforts having been made by the Tenant to correct the same) for a period of 15 days after notice thereof shall have been given by the Landlord to the Tenant; (iii) the Tenant's or any guarantor's being adjudged bankrupt or insolvent, or voluntarily or involuntarily taking advantage of any of the provisions of the Bankruptcy Act, or making a general assignment for the benefit of creditors, or a permanent receiver being appointed for its property and estate or of any part thereof, or the leasehold interest hereby created being levied upon by execution or taken by process of law; (iv) the dissolution of the Tenant or any guarantor of the Tenant's obligations hereunder; or (v) the Tenant's vacating the Leased Premises for 15 consecutive days.

16.2 In the event of default, it will be lawful for the Landlord thereupon, or at any time thereafter, at the Landlord's option, and with or without process of law, to terminate this lease and to enter upon the Leased Premises and to expel the Tenant and those claiming under the Tenant, without being guilty

of any manner of trespass, and thenceforth peacefully and quietly hold and enjoy the Leased Premises as if this lease had not been made; without prejudice, however, to any right to sue for and recover any rent and other sums then due under this lease, or to any claim for damages or right of action or remedy for preceding breach of any covenant, agreement or condition herein contained which the Landlord might otherwise have or use.

16.3 In case of entry and termination of the lease as hereinabove provided, the Tenant will pay to the Landlord as damages for the Tenant's breach of the lease the amount by which the rent provided for the remainder of the term exceeds the fair rental value of the Leased Premises for the remainder of the term.

16.4 Or, in the event of default, alternatively, at the Landlord's option, the Landlord may enter upon the Leased Premises as the agent of the Tenant, and if the Landlord desires, expel the Tenant and those claiming under the Tenant, without being guilty of any manner of trespass, and may rent the Leased Premises as such agent, applying the net proceeds of such rentals on account of the rent and other sums due from the Tenant, holding the Tenant liable for any deficiency, and accounting to the Tenant for any surplus.

16.5 In the event of default, this lease will not, except at the option of the Landlord, continue for the benefit of any attaching creditor, assignee for the benefit of creditors, permanent receiver, or trustee in bankruptcy.

16.6 In the event of default, in addition to any other sums due to the Landlord, the Tenant will pay the Landlord's reasonable attorneys' fees and all other expenses incurred in connection with enforcing its rights hereunder.

17. Other Rights and Responsibilities of Landlord.

17.1 The Landlord and its authorized representatives will have the right to enter the Leased Premises at all reasonable times for any of the following purposes: (i) to determine whether the Leased Premises are in good condition and whether the Tenant is complying with its obligations under this lease; (ii) to give any notice required or permitted to be given to the Tenant hereunder; (iii) to post "For Sale" or "For Lease" signs during the last six months of the term or during any period while the Tenant is in default; (iv) to show the Leased Premises to prospective brokers, agents, buyers, or tenants during the last six months of the term or during any period while the Tenant is in default; or (v) to do any necessary maintenance and to make any restoration or repairs to the Leased Premises or the Building.

17.2 The Landlord will have the right to relocate or change any common facility in the Building and any parking area adjacent thereto provided that comparable facilities are provided.

17.3 The Landlord will have the right to close doors, entryways and common areas for the purpose of repairing, maintaining or altering the same so long as reasonable access to the Leased Premises is provided.

18. Surrender; Holdover.

18.1 At the termination of this lease, the Tenant will peaceably surrender the Leased Premises in good order, condition and repair, excepting reasonable wear and tear and excepting damage by fire or other casualty which has been insured against.

18.2 If the Tenant remains in possession of the Leased Premises after the expiration of the term of this lease and continues to pay rent without any express agreement as to holding over, the Landlord's acceptance of rent will be deemed an acknowledgement of the Tenant's holding over upon a month-to-month tenancy, subject, however, to all of the terms and conditions of this lease except as to the term hereof.

18.3 If the tenant remains in possession of the leased premises after the expiration of the term of this lease, whether as a month-to-month tenant pursuant to Paragraph 18.2 or otherwise, and the Landlord at any time declines to accept the rent at the rate specified herein, the Tenant's holding over thereafter will be deemed to be as a tenant at sufferance. The Tenant will nevertheless be subject to all of the terms and conditions of this lease except as to the term hereof and except that the tenant will pay a monthly rent double the amount otherwise due hereunder and will pay all loss, cost or damage (including attorneys' fees) sustained by the Landlord on account of such holding over.

19. Quiet Environment. Upon paying the rent and all other payments required to be made by the Tenant hereunder, and upon the Tenant's performing and fulfilling all terms, conditions or agreements on its part to be performed and fulfilled, the Tenant will quietly have and enjoy the Leased Premises during the term of this lease without lawful hindrance by any person claiming by, through or under the Landlord.

20. Waivers. The failure of the Landlord to insist in any one or more instances upon the strict and literal performances of any of the agreements, terms, or conditions of this lease or to exercise any option of the Landlord herein contained, will not be construed as a waiver for the future of such term, condition, agreement or option. The receipt by the Landlord of rent with knowledge of the breach of any term, condition, or agreement will

not be deemed to be a waiver of such breach. The receipt by the Landlord of rent after the giving of any notice required to be given to the Tenant by law or by the terms of this lease will not in any way affect the operation of such notice.

21. Notices. No notice, approval, consent or other communication permitted or required to be given by this lease will be effective unless the same is sent postage prepaid, by United States registered or certified mail, return receipt requested, to the other party at the address first set forth above, Attention: President, or to such other address as either party may designate by notice to the other party.

22. Governing Law. This lease and the performance thereof will be governed, interpreted, construed and regulated by the laws of the State of Rhode Island.

23. Successors and Assigns. This lease will bind and enure to the benefit of the parties hereto and their respective successors and permitted assigns. References herein to the parties will be deemed to include their respective successors and permitted assigns.

24. Entire Agreement. This lease contains all of the agreements of the parties and may not be modified or amended except by written agreement.

25. Compliance with Requirements of Condominium. All capitalized terms used in this paragraph shall have the meanings assigned to them in the Declaration. The Tenant agrees to comply with the Declaration and Rules and Regulations and agrees that a failure to comply will constitute a default under this lease. In the event of a default by Tenant under this lease, the Executive Board will have the power to terminate this lease or bring summary proceedings to evict the Tenant in the name of the Landlord after 45 days written notice from the Landlord. The provisions of this section shall supersede any provision to the contrary in this lease.

26. Tenants' Rules and Regulations. The Tenant will comply with rules and regulations attached to this lease as Exhibit B. The Landlord will have the right from time to time to alter or amend the same. Upon delivery of a copy of the altered or amended rules and regulations to the Tenant, the Tenant will become bound by them and will comply with the same. If there is a conflict between the rules and regulations and any of the provisions of this lease, the provisions of this lease will prevail. The Landlord will not be liable to the Tenant for violation of any rules and regulations by other tenants.

IN WITNESS WHEREOF, the Landlord and the Tenant have caused this instrument to be executed by their duly authorized representatives as of the date first above written.

Alchemie Properties, LLC	Pro-Mark Holdings, Inc.
/s/ E. David Corvese	/s/ Todd R. Palmieri
E. David Corvese, Manager	Todd R. Palmieri, Treasurer

STATE OF RHODE ISLAND
COUNTY OF WASHINGTON

In Peace Dale, on the 15th day of March, 1995, before me personally appeared the above-named E. David Corvese, to me known and known by me to be the Manager of Alchemie Properties, LLC, and the party executing the foregoing instrument, and he acknowledged said instrument by him so executed to be his free act and deed and the free act and deed of said Alchemie Properties, LLC.

/s/ Dawn M. Rosseau, Notary Public
Dawn M. Rousseau, Notary Public

STATE OF RHODE ISLAND
COUNTY OF WASHINGTON

In Peace Dale, on the 15th day of March, 1995, before me personally appeared the above-named Todd R. Palmieri, to me known and known by me to be the Treasurer of Pro-Mark Holdings, Inc., and the party executing the foregoing instrument, and he acknowledged said instrument by him so executed to be his free act and deed and the free act and deed of said Pro-Mark Holdings, Inc.

/s/ Dawn M. Rosseau, Notary Public
Dawn M. Rousseau, Notary Public

Exhibit A

Tenant Lease Information

1. Leased Premises (Paragraph 1.1) - all rentable space within the Building, consisting of 7,200 square feet.

2. Tenants proportionate share (Paragraph 5.1) -

Rentable square feet in Leased Premises:	7,200 sq. ft.
Rentable square feet in Building:	7,200 sq. ft.

3. Amount of comprehensive public liability insurance (Paragraph 10.1): not less than $1 million per incident and $2 million in the aggregate for damage to property or person under an occurrence-based, or substitute accepted by Landlord, policy.

Exhibit B

Tenants' Rules and Regulations

1. The floors, windows, sidewalk, entry, hallways and stairways will not be obstructed by any of the tenants.

2. No sign, advertisement or notice will be affixed to the outside or the inside of the Building except with the Landlord's consent.

3. The Landlord will have the right to prescribe the weight limit, position, and kind and method of floor protection, of safes and of other heavy objects brought into the Building.

4. Upon termination of the lease, each tenant must return to the Landlord all keys to the Leased Premises or the Building. No tenant may change any locks without the Landlord's consent.

5. No machine or machinery of any kind, other than usual office equipment and other than that incident to normal operation of any tenant's permitted use of leased premises, will be operated in the Building without the Landlord's consent.

6. The Landlord will have the right from time to time to alter or amend these rules as provided in the lease with the Tenant. References herein to the "Landlord's consent" mean the "prior written consent of the Landlord in each instance."

EXHIBIT 10.28

MIM CORPORATION
1996 STOCK INCENTIVE PLAN

EFFECTIVE DATE: MAY 23, 1996

APPROVED BY STOCKHOLDERS: MAY 27, 1996

TABLE OF CONTENTS

MIM CORPORATION
1996 STOCK INCENTIVE PLAN

SECTION 1 - PURPOSE

This MIM CORPORATION 1996 STOCK INCENTIVE PLAN (the "Plan") is intended to provide a means whereby MIM Corporation, a Delaware corporation (the "Company"), and any Subsidiary or other Affiliate of the Company (as hereinafter defined) may, through the grant of incentive stock options and non-qualified stock options (collectively "Options") to Employees and Key Contractors (as defined in Section 3), attract and retain such Employees and Key Contractors and motivate them to exercise their best efforts on behalf of the Company and of any Subsidiary or other Affiliate.

As used in the Plan, the terms shall have the following meanings:

"Affiliate" means any corporation, limited liability company, partnership or other entity, including Subsidiaries, which is controlled by or under common control with the Company;

"incentive stock options" ("ISOs") means Options which qualify as incentive stock options within the meaning of section 422 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), at the time they are granted and which are either designated as ISOs in the Option Agreements (as hereinafter defined) covering such Options or which are designated as ISOs by the Committee (as defined in Section 2 hereof) at the time of grant;

"non-qualified stock options" ("NQSOs") means all Options granted under the Plan other than ISOs; and

"Subsidiary" means any corporation (whether or not in existence at the time the Plan is adopted) which, at the time an Option is granted, is a subsidiary of the Company under the definition of "subsidiary corporation" contained in section 424(f) of the Code or any similar provision hereafter enacted.

SECTION 2 - ADMINISTRATION

The Plan shall be administered by the Company's Compensation Committee (the "Committee"), which shall consist of not less than two (2) directors of the Company who shall be appointed by, and shall serve at the pleasure of, the Company's Board of Directors (the "Board"). Each member of such Committee, while serving as such, shall be deemed to be acting in his or her capacity as a director of the Company. At all times on and after the date the Company first registers Common Shares (as defined in Section 4 hereof) under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (i) each member of the Committee shall be an "outside director" within the meaning of Prop. Treas. Reg. (S) 1.162-27(e)(3) or any successor thereto and (ii), except as otherwise permitted under Section 16(b) of the Exchange Act and the rules and regulations thereunder, no member of the Committee shall have been granted Awards (as defined below) pursuant to the Plan or options or equity securities (within the meaning of Rule 16a-1(d) under the Exchange Act) pursuant to any other plan of the Company or of any of its affiliates, as defined in or under the Exchange Act, at any time during the period commencing with the date which is one year prior to the date the member's service on the Committee began and ending on the date which is one day after the date on which the member's service on the Committee ceased.

The Committee shall have full and final authority in its absolute discretion, subject to the terms of the Plan, to select the persons ("Awardees") to be granted ISOs and NQSOs (collectively "Awards") under the Plan, to grant Awards on behalf of the Company, and to set the date of grant and the

other terms of such Awards. The Committee may correct any defect, supply any omission and reconcile any inconsistency in the Plan and in any Award granted hereunder in the manner and to the extent it shall deem desirable. The Committee also shall have the authority to establish such rules and regulations, not inconsistent with the provisions of the Plan, for the proper administration of the Plan, and to amend, modify or rescind any such rules and regulations, and to make such determinations and interpretations under, or in connection with, the Plan, as it deems necessary or advisable. All such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Company, its shareholders and all officers and employees and former officers and employees, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted hereunder.

SECTION 3 - ELIGIBILITY

The class of persons who shall be eligible to receive Awards under the Plan shall be (i) the employees (including any directors and officers who also are employees) of the Company and/or of a Subsidiary or other Affiliate ("Employees") and (ii) contractors of the Company and/or of a Subsidiary or other Affiliate who the Committee believes have the capacity to contribute to the success of the Company and/or a Subsidiary or other Affiliate ("Key Contractors"), provided that: (iii) members of the Committee, by virtue of their status as members, shall not be eligible to receive Awards under the Plan and (iv) ISOs shall be granted only to employees of the Company or of a Subsidiary. More than one Award may be granted to an Employee or Key Contractor under the Plan.

SECTION 4 - STOCK

The number of shares of the Company's $.0001 par value per share Common Stock ("Common Shares") that may be subject to Awards under the Plan shall be 4,000,000 shares, subject to adjustment as hereinafter provided: provided, however, that no Awardee shall receive Options for more than 1,500,000 shares. Shares issuable under the Plan may be authorized but unissued shares or reacquired shares, as the Company may determine from time to time.

Any Common Shares subject to an Option which expires or otherwise terminates for any reason whatever (including, without limitation, the surrender thereof by the Awardee) without having been exercised shall continue to be available for the granting of Awards under the Plan; provided, however, that (a) if an Option is cancelled, the Common Shares covered by the cancelled Option shall be counted against the maximum number of shares specified in Section 4 for which Options may be granted to a single Awardee, and (b) if the exercise price of an Option is reduced after the date of grant, the transaction shall be treated as a cancellation of the original Option and the grant of a new Option for purposes of counting the maximum number of shares for which Options may be granted to a single Awardee.

SECTION 5 - ANNUAL LIMIT

(a) ISOS. The aggregate Fair Market Value (determined as of the date the ISO is granted) of the Common Shares with respect to which ISOs become exercisable for the first time by an Awardee during any calendar year (under this Plan and any other ISO plan of the Company or any parent corporation (within the meaning of section 424(e) of the Code ("Parent")) or Subsidiary) shall not exceed $100,000. The term "Fair Market Value" shall mean the value of the Common Shares arrived at by a good faith determination of the Committee and shall be:

(1) the mean between the highest and lowest quoted selling price, if there is a market for the Common Shares on a registered securities exchange or in an over the counter market, on the date specified;

(2) the weighted average of the means between the highest and lowest sales on the nearest date before and the nearest date after the specified date, if there are no such sales on the specified date but there are such sales on dates within a reasonable period both before and after the specified date;

(3) the mean between the bid and asked prices, as reported by the National Quotation Bureau on the specified date, if actual sales are not available during a reasonable period beginning before and ending after the specified date; or

(4) such other method of determining Fair Market Value as shall be authorized by the Code, or the rules or regulations thereunder, and adopted by the Committee.

Where the Fair Market Value of Common Shares is determined under (2) above, the average of the means between the highest and lowest sales on the nearest date before and the nearest date after the specified date shall be weighted inversely by the respective numbers of trading days between the dates of reported sales and the specified date (i.e., the valuation date), in accordance with Treas. Reg. (S) 20.2031-2(b)(1), or any successor thereto.

(b) OPTIONS OVER ANNUAL LIMIT. If an Option intended as an ISO is granted to an Awardee and such Option may not be treated in whole or in part as an ISO pursuant to the limitation in (a) above, such Option shall be treated as an ISO to the extent it may be so treated under such limitation and as a NQSO as to the remainder. For purposes of determining whether an ISO would cause such limitation to be exceeded, ISOs shall be taken into account in the order granted.

(c) NQSOS. The annual limit set forth above for ISOs shall not apply to NQSOs.

SECTION 6 - OPTIONS

(a) GRANTING OF OPTIONS. From time to time until the expiration or earlier suspension or discontinuance of the Plan, the Committee may, on behalf of the Company, grant to Awardees under the Plan such Options as it determines are warranted, subject to the limitations of the Plan; provided, however, that grants of ISOs and NQSOs shall be separate and not in tandem. The granting of an Option under the Plan shall not be deemed either to entitle the Awardee receiving the Option to, or to disqualify the Awardee from, any participation in any other grant of Awards under the Plan. In making any determination as to whether an Awardee shall be granted an Option and as to the number of shares to be covered by such Option, the Committee shall take into account the duties of the Awardee, the Committee's views as to his or her present and potential contributions to the success of the Company or a Subsidiary or other Affiliate, and such other factors as the Committee shall deem relevant in accomplishing the purposes of the Plan. Moreover, the Committee may determine that the Option Agreement (as defined below) shall provide that said Option may be exercised only if certain conditions, as determined by the Committee, are fulfilled.

(b) TERMS AND CONDITIONS OF OPTIONS. The Options granted pursuant to the Plan shall expressly specify whether they are ISOs or NQSOs; however, if the Option is not designated in the Option Agreement as an ISO or NQSO, the Option shall constitute an ISO if it complies with the terms of section 422 of the Code, and otherwise, it shall constitute an NQSO. In addition, the Options granted pursuant to the Plan shall include expressly or by reference the following terms and conditions, as well as such other provisions not inconsistent with the provisions of this Plan as the Committee shall deem desirable, and for ISOs granted under this Plan, the provisions of section 422(b) of the Code:

(1) NUMBER OF SHARES. A statement of the number of Common Shares to which the Option pertains (or, except in the case of an ISO, of a formula or other method by which such number shall be then or thereafter objectively determinable) .

(2) PRICE. A statement of the Option exercise price (or, except in the case of an ISO, of a formula or method by which the exercise price shall be then or thereafter objectively determinable) which shall be determined and fixed by the Committee in its discretion at the time of grant, provided that, in the case of an ISO, the exercise price shall not be less than 100% of the Fair Market Value of the optioned Common Shares on the date the ISO is granted (or 110%, if the ISO is granted to a more than 10% shareholder per (9) below).

(3) TERM.

(A) ISOS. Subject to earlier termination as provided in Subsections (5), (6) and (7) below, the term of each ISO shall be not more than 10 years (5 years in the case of a more than 10% shareholder as provided in (9) below) from the date of grant.

(B) NQSOS. Subject to earlier termination as provided in Subsections (5), (6) and (7) below, the term of each NQSO shall be not more than 15 years from the date of grant.

(4) EXERCISE.

(A) GENERAL. Options shall be exercisable in such installments and on such dates, commencing not less than 6 months and 1 day from the date of grant (but, in the case of ISOs, not less than 12 months from the date of grant), as the Committee may specify, provided that:

(i) in the case of new Options granted to an Awardee in replacement for options (whether granted under the Plan or otherwise) held by the Awardee, the new Options may be made exercisable, if so determined by the Committee, in its discretion, at the earliest date the replaced options were exercisable; and

(ii) the Committee may accelerate the exercise date of any outstanding Options in its discretion, if it deems such acceleration to be desirable.

Any Common Shares, the right to the purchase of which has accrued under an Option, may be purchased at any time up to the expiration or termination of the Option. Exercisable Options may be exercised, in whole or in part, from time to time by giving written notice of exercise to the Company at its

principal office, specifying the number of Common Shares to be purchased and accompanied by payment in full of the aggregate Option exercise price for such shares. Only full shares shall be issued under the Plan and, if any fractional share would otherwise be issuable upon the exercise of an Option granted hereunder, the number of Common Shares issuable upon such exercise shall be rounded to the nearest whole share and the unexercised portion of such Option adjusted accordingly provided that in no event shall the total number of Common Shares issuable upon the full exercise of an Option exceed the number so specified for such Option under Section 6(b)(1) hereof.

(B) MANNER OF PAYMENT. The Option price shall be payable:\

(i) in cash or its equivalent;

(ii) in the case of an ISO, if the Committee in its discretion causes the Option Agreement so to provide and, in the case of a NQSO, if the Committee in its discretion so determines at or prior to the time of exercise, in Common Shares previously acquired by the Awardee, provided that if such shares were acquired through the exercise of an ISO and are used to pay the Option exercise price of an ISO, such shares have been held by the Awardee for a period of not less than the holding period described in section 422(a)(1) of the Code on the date of exercise, or if such Common Shares were acquired through exercise of an NQSO or of an option under a similar plan or through exercise of an ISO and are used to pay the Option exercise price of an NQSO, or if such Common Shares were acquired under an SAR, or through the grant of Restricted or Unrestricted Stock, such shares have been held by the Awardee for a period of more than 12 months on the date of exercise; or

(iii) in the discretion of the Committee, in any combination of (i) and (ii) above.

In the event such Option exercise price is paid, in whole or in part, with Common Shares, the portion of the Option exercise price so paid shall equal the Fair Market Value on the date of exercise of the Option of the Common Shares surrendered in payment of such Option exercise price.

(5) TERMINATION OF EMPLOYMENT. If an Awardee's employment as an
---
Employee or Key Contractor by the Company and Subsidiaries and, except in the case of ISOs, other Affiliates ("Employment") is terminated by either party prior to the expiration date fixed for his or her Option for any reason other than death or disability, such Option may be exercised, to the extent of the number of shares with respect to which the Awardee could have exercised it on the date of such termination, or to any greater extent permitted by the Committee, by the Awardee at any time prior to the earlier of:

(A) the expiration date specified in such Option; or

(B) in the case of an ISO, three months after the date of termination of the Awardee's Employment.

(6) EXERCISE UPON DISABILITY OF AWARDEE. If an Awardee shall
---
become disabled (within the meaning of Section 22(e)(3) of the Code) during his or her Employment and, prior to the expiration date fixed for his or her Option, such

Employment is terminated as a consequence of such disability, such Option may be exercised, to the extent of the number of shares with respect to which the Awardee could have exercised it on the date of such termination, or to any greater extent permitted by the Committee, by the Awardee at any time prior to the earlier of:

(A) the expiration date specified in such Option; or

(B) in the case of an ISO, one year after the date of termination of Awardee's Employment.

In the event of the Awardee's legal disability, such Option may be so exercised by the Awardee's legal representative.

(7) EXERCISE UPON DEATH OF AWARDEE. If an Awardee shall die during his or her Employment and prior to the expiration date fixed for his or her Option, or if an Awardee whose Employment is terminated for any reason shall die following his or her termination of Employment but prior to the earliest of:

(A) the expiration date fixed for his or her Option;

(B) the expiration of the period determined under Subsections (5) and (6) above; or

(C) in the case of an ISO, three months following termination of Employment,

such Option may be exercised, to the extent of the number of shares with respect to which the Awardee could have exercised it on the date of his or her death, or to any greater extent permitted by the Committee, by the Awardee's estate, personal representative or beneficiary who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of the Awardee, at any time prior to the earlier of:

(i) the expiration date specified in such Option; or

(ii) in the case of an ISO, one year after the date of death.

(8) RIGHTS AS A SHAREHOLDER. An Awardee shall have no rights as a shareholder with respect to any shares covered by his or her Option until the issuance of a stock certificate to him or her for such shares.

(9) TEN PERCENT SHAREHOLDER. If an Awardee owns more than 10% of the total combined voting power of all shares of stock of the Company or of a Subsidiary or Parent at the time an ISO is granted to such Awardee, the Option exercise price for the ISO shall be not less than 110% of the Fair Market Value of the optioned Common Shares on the date the ISO is granted, and such ISO, by its terms, shall not be exercisable after the expiration of five years after the date the ISO is granted. The conditions set forth in this Subsection (9) shall not apply to NQSOs.

(c) OPTION AGREEMENTS. Options granted under the Plan shall be evidenced by written documents ("Option Agreements") in such form as the Committee shall, from time to time, approve, which Option Agreements shall contain such provisions, not inconsistent with the provisions of the Plan and, in the case of an ISO, Section 422(b) of the Code, as the Committee shall deem advisable, and which Option Agreements shall specify whether the Option is an ISO or NQSO; provided, however, if the Option is not designated in the Option Agreement as an ISO or NQSO, the Option shall constitute an ISO if it complies with the terms of section 422 of the Code, and otherwise, it shall constitute an NQSO. Each Awardee shall enter into, and be bound by, the terms of the Option Agreement.

SECTION 7 - CAPITAL ADJUSTMENTS

The number of shares which may be issued under the Plan as stated in Section 4 hereof, the number of shares issuable upon exercise of outstanding Options under the Plan (as well as the Option exercise price per share under such outstanding Options), and the number of shares issuable upon the vesting of outstanding Restricted Stock Awards (as well as the purchase price, if any, for such shares) shall, subject to the provisions of section 424(a) of the Code, be adjusted, as may be deemed appropriate by the Committee, to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of the Company.

In the event of a corporate transaction as that term is described in Section 424(a) of the Code and the Treasury Regulations issued thereunder (a "Corporate Transaction") (as, for example, a merger, consolidation, acquisition of property or stock, separation, reorganization, or liquidation), each outstanding Award shall be assumed by the surviving or successor corporation; provided, however, that, in the event of a proposed Corporate Transaction, the Committee may terminate all or a portion of the outstanding Options if it determines that such termination is in the best interests of the Company. If the Committee decides to terminate outstanding Options, the Committee shall give each Awardee holding an Option to be terminated not less than ten days' notice prior to any such termination by reason of such a Corporate Transaction, and any such Option which is to be so terminated may be exercised (if and only to the extent that it is then exercisable) up to and including the date immediately preceding such termination. Further, as provided in Section 6(b)(4)(A)(ii) hereof, the Committee, in its discretion, may accelerate, in whole or in part, the date on which any or all Options become exercisable.

The Committee also may, in its discretion, change the terms of any outstanding Award to reflect any such Corporate Transaction, provided that, in the case of ISOs, such change is excluded from the definition of a "modification" under section 424(h) of the Code.

SECTION 8 - CHANGE IN CONTROL

All Options shall become fully vested and exercisable upon a Change in Control of the Company occuring after June 30, 1996. A "Change in Control" shall be deemed to have taken place if and only if either (i) any Person (as defined hereinbelow), together with all affiliates and associates thereof (as defined in Rule 12b-2 under the Exchange Act), shall become the beneficial owner (as such term is used under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of shares of the Company having more than 50% of the total number of votes that may be cast for the election of directors of the Company, or (ii) there occurs any cash tender or exchange offer for shares of the Company, merger or other business combination, or sale of assets, or any combination of the foregoing transactions, and as a result of or in connection with any such event persons who are directors of the Company before the event shall cease to constitute a majority of the board of directors of the Company or of any successor to the Company. The Company shall give appropriate advance notice to all Awardees of Options under the Plan of a pending Change in Control so as to permit such Awardees the opportunity to exercise such Options prior to the Change in Control.

As used in clause (i) of this Section 8, a "Person" means any person, group or entity other than the following: the Company; any employee benefit plan of the Company or of any affiliates or associates thereof (each as defined in Rule 12b-2 under the Exchange Act); any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan; any stockholder of the Company as of June 30, 1996; or any stockholder, member or other owner of a stockholder of the Company as of Junde 30, 1996.

SECTION 9 - AMENDMENT OR DISCONTINUANCE OF THE PLAN

At any time and from time to time, the Board may suspend or terminate the Plan or amend it, and the Committee may amend any outstanding Awards, in any respect whatsoever, except that the following amendments shall require the approval by the affirmative votes of holders of at least a majority of the shares present, or represented, and entitled to vote at a duly held meeting of stockholders of the Company:

(a) any amendment which would:

(1) materially increase the benefits accruing to directors and officers, within the meaning of Rule 16a-1(f) under the Exchange Act (hereinafter referred to as "Officers"), under the Plan;

(2) materially increase the number of Common Shares which may be issued to directors and Officers under the Plan; or

(3) materially modify the requirements as to eligibility for directors and Officers to participate in the Plan;

(b) with respect to ISOs, any amendment which would:

(1) change the class of employees eligible to participate in the Plan;

(2) except as permitted under Section 9 hereof, increase the maximum number of Common Shares with respect to which ISOs may be granted under the Plan; or

(3) extend the duration of the Plan under Section 12 hereof with respect to any ISOs granted hereunder; and

(c) Any amendment which would require shareholder approval pursuant to Prop. Treas. Reg. (S) 1.162-27(e)(4)(vi), or any successor thereto.(S)

The foregoing notwithstanding, no such suspension, discontinuance or amendment shall materially impair the rights of any holder of an outstanding Award without the consent of such holder.

SECTION 10 - TERMINATION OF PLAN

Unless earlier terminated as provided in the Plan, the Plan and all authority granted hereunder shall terminate absolutely at 12:00 midnight on May 22,2006 which date is the day immediately prior to 10 years after the date the Plan was adopted by the Board, and no Awards hereunder shall be granted thereafter. Nothing contained in this Section 12, however, shall terminate or affect the continued existence of rights created under Awards issued hereunder and outstanding on May 22, 2006 which by their terms extend beyond such date.

SECTION 11 - SHAREHOLDER APPROVAL

This Plan shall become effective on May 23, 1996 (the date the Plan was adopted by the Board); provided, however, that if the Plan is not approved by the affirmative vote of the holders of at least a majority of the shares present, or represented, and entitled to vote at a duly held meeting of the shareholders of the Company, within 12 months after said date, the Plan and all Awards granted hereunder shall be null and void and no additional Awards shall be granted hereunder.

SECTION 12 - MISCELLANEOUS

(a) GOVERNING LAW. The Plan, and the Option Agreements entered into, and the Awards granted thereunder, shall be governed by the applicable Code provisions. Otherwise, the operation of, and the rights of Awardees under, the Plan, the Option Agreements, and the Awards shall be governed by applicable federal law and otherwise by the laws of the State of Delaware.

(b) RIGHTS. Neither the adoption of the Plan nor any action of the Board or the Committee shall be deemed to give any individual any right to be granted an Award, or any other right hereunder, unless and until the Committee shall have granted such individual an Award, and then his or her rights shall be only such as are provided by the Plan and the Award Agreement.

Any Option under the Plan shall not entitle the holder thereof to any rights as a shareholder of the Company prior to the exercise of such Option and the issuance of the shares pursuant thereto. Further, no provision of the Plan or any Option Agreement with an Awardee shall limit the Company's right, in its discretion, to retire such person at any time pursuant to its retirement rules or otherwise to terminate his or her Employment at any time for any reason whatsoever.

(c) NO OBLIGATION TO EXERCISE OPTION. The granting of an Option shall impose no obligation upon the Awardee to exercise such Option.

(d) NON-TRANSFERABILITY. No Award shall be assignable or transferable by the Awardee otherwise than by will or by the laws of descent and distribution, and during the lifetime of such person, any Options shall be exercisable only by him or her or by his or her guardian or legal representative. If an Awardee is married at the time of exercise of an Option and if the Awardee so requests at the time of exercise, the certificate or certificates issued shall be registered in the name of the Awardee and the Awardee's spouse, jointly, with right of survivorship.

(e) WITHHOLDING AND USE OF SHARES TO SATISFY TAX OBLIGATIONS. The obligation of the Company to deliver Common Shares or pay cash to an Awardee pursuant to any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements.

In connection with an Award in the form of Common Shares subject to the withholding requirements of applicable federal tax laws, the Committee, in its discretion (and subject to such withholding rules ("Withholding Rules") as shall be adopted by the Committee), may permit the Awardee to satisfy the minimum required federal, state and local withholding tax, in whole or in part, by electing to have the Company withhold (or by returning to the Company) Common Shares, which shares shall be valued, for this purpose, at their Fair Market Value on the date of

exercise of the Option (or if later, the date on which the Awardee recognizes ordinary income with respect to such exercise) (the "Determination Date"); provided, however, that with respect to Awardees who are subject to Section 16 of the Exchange Act, any such amount of minimum federal, state and local taxes required to be withheld shall be satisfied by withholding Common Shares. An election to use Common Shares to satisfy tax withholding requirements must be made in compliance with and subject to the Withholding Rules. The Company may not withhold shares in excess of the number necessary to satisfy the minimum required federal, state and local income tax withholding requirements. In the event Common Shares acquired under the exercise of an ISO are used to satisfy such withholding requirement, such Common Shares must have been held by the Awardee for a period of not less than the holding period described in section 422(a)(1) of the Code on the Determination Date, or if such Common Shares were acquired through exercise of an NQSO or of an option under a similar plan, such option must have been granted to the Awardee at least six months prior to the Determination Date.

(f) LISTING AND REGISTRATION OF SHARES. Each Award shall be subject to the requirement that, if at any time the Committee shall determine, in its discretion, that the listing, registration or qualification of the shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase or vesting of shares thereunder, or that action by the Company or by the Awardee should be taken in order to obtain an exemption from any such requirement, no such Option may be exercised, in whole or in part, and no shares shall be delivered pursuant to a Restricted or Unrestricted Stock Award, unless and until such listing, registration, qualification, consent, approval, or action shall have been effected, obtained, or taken under conditions acceptable to the Committee. Without limiting the generality of the foregoing, each Awardee or his or her legal representative or beneficiary may also be required to give satisfactory assurance that shares purchased upon exercise of an Option or received pursuant to a Restricted or Unrestricted Stock Award are being purchased for investment and not with a view to distribution, and certificates representing such shares may be legended accordingly.

IN WITNESS WHEREOF, MIM Corporation has caused these presents to be duly executed, under seal, this 23rd day of May, 1996.

MIM Corporation

By: /s/ E. David Corvese

Title: Chief Executive Officer

EXHIBIT 21

Subsidiaries of MIM Corporation

Name of Subsidiary	State of Organization
1. Pro-Mark Holdings, Inc.	Delaware
2. MIM Strategic Marketing, LLC	Rhode Island

EXHIBIT 23

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

June 5, 1996

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Richard H. Friedman and E. David Corvese, or either of them acting alone, his true and lawful attorney-in-fact and agent, with full power of substitution and revocation for him and in his name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of MIM Corporation (and any Registration Statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended), relating to the offer and sale of shares of its Common Stock and any and all amendments (including post-effective amendments) to the Registration Statement and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the 29th day of May, 1996.

/s/ E. David Corvese

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Richard H. Friedman and E. David Corvese, or either of them acting alone, his true and lawful attorney-in-fact and agent, with full power of substitution and revocation for him and in his name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of MIM Corporation (and any Registration Statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended), relating to the offer and sale of shares of its Common Stock and any and all amendments (including post-effective amendments) to the Registration Statement and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the 29th day of May, 1996.

/s/ Todd R. Palmieri

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Richard H. Friedman and E. David Corvese, or either of them acting alone, his true and lawful attorney-in-fact and agent, with full power of substitution and revocation for him and in his name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of MIM Corporation (and any Registration Statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended), relating to the offer and sale of shares of its Common Stock and any and all amendments (including post-effective amendments) to the Registration Statement and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the 29th day of May, 1996.

/s/ Leslie B. Daniels
