SUPPLY A- 'REEMENT

BETWEEN

Omnicare, Inc.

100 East River Center Blvd.,

Covington, KY 41011

Attn: Dan Maloney
Director of Purchasing
REDACTED

Referred to as: "Manager"

AND

Johnson & Johnson Health Care Systems Inc.

425 Hoes Lane

P.O. Box 6800

Piscataway, New Jersey 08855-6800

Attn: Contract Administration

REDACTED

Referred to as "Supplier"

TERM: From: April 1, 1999
To: March 31, 2004

CONTRACT NUMBER: HCS0068

SIGNATURES

MANAGER

By _____ 3/13/00 Date
Dan Maloney
Director of Purchasing

SUPPLIER

By Bruce Cummins 3/30/00 Date
Bruce Cummins
Corporate Account Director

By _____ Date 3/29/2000
Martine Grant
Manager, Account Development

Johnson & Johnson
HEALTH CARE SYSTEMS INC.

425 Hoes Lane
Post Office Box 6800
Piscataway, NJ 08855-6800
REDACTED

August 22, 2000

Mr. Dan Maloney
Director of Purchasing
Omnicare, Inc.
100 East River Center Blvd.
Covington, KY 41011

Dear Mr. Maloney:

Enclosed is the fully executed copy of the Amendment to the Supply Agreement between Omnicare, Inc. and Johnson & Johnson Health Care Systems Inc.

Should you have any questions or comments regarding this Amendment, please contact Bruce Cummings at REDACTED or me at your convenience.

Thank you for your continued support of the products of Johnson & Johnson.

Sincerely,

Paul J. Kim
Associate Manager, Account Development
REDACTED

Attachment

cc: B. Cummings (Janssen)
bcc: K. Zito (HCS-CA)
P. Bender (Janssen)
T. Knox (Janssen)
S. Boriello (OMP)
D. Butler (Janssen)
C. Jones (Janssen)
P. Kim (HCS)
File

INTRODUCTION

Agreement. This Agreement is an agreement for the supply of certain Products as described herein. This Agreement supersedes all prior agreements between Manager and Supplier or any of its affiliates with respect to any of the Products covered by this Agreement, and is comprised of the following documents:

Cover Page
Introduction
General Terms and Conditions
Administrative Terms and Conditions
Product Terms and Conditions
Performance Measurement
Performance Rebate Matrix
Schedule of Qualifying Active Intervention Programs
Full Product Put-Up Lists (Exhibit A)
Defined Markets (Exhibit B)
List of Manager-owned Closed Pharmacies and Residents (Participating Sites to the Agreement) (Exhibit C)
List of Prime Vendors (Exhibit D)
Certification of Own Use (Exhibit E)
Manager's Checklist for Non Quantitative Requirements (Exhibit F)

Parties.

Supplier is a New Jersey corporation and a wholly-owned subsidiary of Johnson & Johnson, a New Jersey corporation. It is Supplier's mission to provide Manager with one interface to high quality Johnson & Johnson products and health management programs as well as other products and programs from selected partners. Supplier coordinates the consumer, diagnostic, medical & surgical, and pharmaceutical expertise of Johnson & Johnson's affiliates to emphasize wellness, provide early diagnosis, deliver cost-effective treatment and encourage health maintenance. Supplier is responsible to Manager for compliance with all the provisions of this Agreement and will cause its affiliates to cooperate with Manager in that endeavor.

Manager is a Delaware corporation and an independent provider of professional pharmacy and related services for long term care institutions such as nursing homes, retirement centers, home healthcare and other institutional healthcare facilities.

1. ***Changes in Products.*** If the regulatory status of a Product changes from "prescription" to "over-the-counter", then Supplier may delete that Product from the Product Lists by written notice to Manager. Supplier may also discontinue or modify any Product at any time.

2. ***Term.*** The term of this Agreement is set forth on the cover page hereof. Either party may terminate this Agreement earlier by giving 30 days' written notice to the other party. The provisions of these General Terms and Conditions shall survive termination of this Agreement.

3. ***Notices.*** Any notice given in connection with this Agreement shall be sufficient if in writing and delivered by messenger or sent by postage prepaid mail to the address of the recipient as set forth on the cover page to this Agreement or as changed by the recipient by notice given hereunder. Notices or communications shall be effective when received by the recipient or its legal representative. This provision is not intended to be exclusive, and any notice actually received shall be sufficient.

4. ***Entire Agreement.*** This Agreement constitutes the entire agreement between the parties concerning the Products and subject matter hereof and supersedes all prior negotiations, agreements and understandings between the parties, whether oral or in writing, concerning the Products and subject matter hereof. This Agreement may be modified only in writing signed by the party against whom such modification is asserted provided that the terms of any purchase order, invoice or similar document used to implement this Agreement shall not modify and shall be subject to this Agreement.

5. ***Assignment.*** Neither party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other party. For purposes of this paragraph, assignment shall include any assignment by operation of law and any change in control of a party.

6. ***Independent Contractors.*** The parties hereto are independent contractors engaged in the operation of their own respective businesses. Nothing herein shall be construed to create any other relationship between the parties.

7. ***Publicity.*** Neither party shall permit or generate any publicity, advertising or promotion concerning this Agreement without the prior written consent of the other party.

8. ***Confidentiality.*** Neither party shall use information contained in this Agreement for any purpose not contemplated by this Agreement, and each party shall restrict access to this Agreement to personnel within its organization who need such access in order to perform duties related to the implementation of this Agreement or as required by law.

9. ***Legal Changes.*** If any governmental entity shall enact or amend a law or adopt or amend a regulation, or if any governmental entity or court of competent jurisdiction shall adopt or amend an interpretation of a law or regulation, or if a judgment/award is rendered in litigation/arbitration, that has the effect of (a) prohibiting any right or obligation of a party under this Agreement, (b) making any such right materially less valuable or any such obligation

materially more burdensome to a party, or (c) changing materially the economic conditions underlying any portion of this Agreement, then such party may upon notice to the other party terminate immediately such right, obligation or portion of this Agreement insofar as such law, regulation, interpretation, judgment or award applies.

10. ***Force Majeure.*** Noncompliance with any obligation under this Agreement for reasons of *force majeure* (such as: acts, regulations or laws of any government; war or civil commotion; destruction of production facilities or materials; fire, earthquake or storm; labor disturbances; failure of public utilities or common carriers; and any other causes beyond the reasonable control of the party affected) shall not constitute a breach of this Agreement.

11. ***Dispute Resolution.*** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be held in New Jersey and the arbitrator shall apply the substantive law of New Jersey, except that the interpretation and enforcement of this arbitration provision shall be governed by the Federal Arbitration Act. The arbitrator shall not award any party punitive or consequential damages, and each party hereby irrevocably waives any right to seek such damages in arbitration or in judicial proceedings.

12. ***Insurance.*** Supplier is a member of the Johnson & Johnson Family of Companies, the largest manufacturer of health care products in the world, and it therefore has access to insurance and other financial resources sufficient to enable it to meet any financial obligation reasonably foreseeable under this Agreement.

13. ***Warranties and Remedies***. In addition to the express warranties contained in the Special Terms and Conditions, Manager shall have the benefit of the warranties implied by the laws of the State of New Jersey governing the sale of goods. In case of breach of this Agreement by either party, the non-breaching party shall have the benefit of the remedies provided by the laws of the State of New Jersey governing the sale of goods, except that neither party shall have the right to consequential or punitive damages, both of which are hereby irrevocably waived by each of the parties. Supplier warrants that in furnishing the Products, Supplier, its affiliates and the Products will comply with all applicable Federal, State and local laws and regulations relating thereto, including (without limitation) the Federal Food, Drug and Cosmetic Act.

14. ***Indemnity***. Supplier shall indemnify, hold harmless and defend Manager from and against all claims of bodily injury or intellectual property infringement made by third parties and arising out of the use of a Product, provided that, Manager shall give Supplier prompt notice of any such claim, permit Supplier to control the litigation and/or settlement of such claim, and cooperate fully with Supplier in all matters related thereto. This indemnity shall not apply to any claim insofar as it arises out of the negligence or misconduct of Manager.

15. ***Execution***. This Agreement will not be considered valid until all required signatures as indicated on the Cover Page have been affixed.

ADMINISTRATIVE TERMS AND CONDITIONS

1. ***Definitions.*** In this Agreement the following terms shall have the meanings assigned to them below.

a) **"Active Intervention Program"** shall mean a program, applied by Manager and accepted by Supplier in writing, which is designed to appropriately shift market share to Supplier's Product. Active interventions can include, but are not limited to, disease management initiatives, written correspondence to Participating Providers prescribing or dispensing pharmaceutical products, educating nursing home staff regarding Supplier's Products, conducting clinical intervention programs through which consultant pharmacists recommend Supplier's Products when appropriate.

b) "**Appropriate Utilization Program**" or "AUP" shall mean a program applied by Manager, and accepted in writing by Supplier, designed to cause the appropriate use of Supplier's Product(s). Supplier approves AUP set forth on the Schedule of Qualifying Active Intervention Programs.

c) **"Benefit"** shall mean a drug or medical equipment benefit which is managed by Manager and under which Medications are dispensed in accordance with one or more Formularies controlled by Manager.

d) **"Closed Pharmacy"** entity shall mean one that is not open to the public for retail sales.

e) "**Contract Year**" shall mean each twelve (12) month period of this Agreement, beginning on the effective date or anniversary thereof.

f) "**DACON**" shall mean the daily average consumption based upon FDA-approved dosing and indication for Medications. The measure shall be provided by Supplier to Manager. The measure, specified in Exhibit B, is used for purpose of calculating market share that is based upon days of therapy.

g) **"Defined Product Market"** shall mean the list of Medications included in the therapeutic categories in which each Product competes.

h) **"Formulary"** shall mean a list of Medications, which, in Manager's sole opinion, reflects the most appropriate pharmaceutical-based care, and which will be dispensed through the Participating Providers to Residents. This list is subject to periodic review and modification by the Manager.
- An "Open" or "Voluntary" Formulary allows both Formulary and non-Formulary Medications to be prescribed or dispensed.
- a "Closed" "Select" or "Mandatory" Formulary limits prescribing or dispensing to those Medications in the Formulary.

Participating Providers and prescribing physicians will be encouraged to use Formulary Medications through mechanisms like Active Intervention Programs and to use Formulary Medications for fulfillment of prescriptions for Residents.

i) "**Formulary Status**" shall mean an award of a Medication on Formulary as listed below. The therapeutic class shall be defined by Supplier's Defined Market for the affected Product. Supplier accepts that generic drugs may be used and shall not affect the fulfillment of Formulary Status unless noted otherwise. On any Formulary, with respect to a specific Medication:

"**Equal Status**" shall mean the Medication competes against other branded Medications on an equal basis, with all cost management controls and interventions being equal , for all labeled indications.

"**Exclusive Status**" shall mean the Medication is the ONLY Medication in its class that will be prescribed or dispensed by a Participating Provider.

"Formulary Access Status" shall mean the Medication may be prescribed or dispensed by a Participating Provider.

"**Preferred Status**" shall mean the Medication is favored over other branded Medications also available.

"**Restricted Status**" shall mean the Medication is prescribed with limitations, e.g. with prior authorization, by specialists only, for selected indications or use in a step-care protocol.

"**Unrestricted Status**" shall mean the Medication is listed on Formulary and dispensed without any restriction on use.

j) **"Hard Edit"** shall mean an on-line electronic lock out of all NDC codes or other prospective processes, employed by Manager and accepted in writing by Supplier, for specific Medications. Hard Edit is a mechanism that permits Manager to control the distribution of such specific Medications.

k) **"Manager"** shall have the meaning described on the cover page and Introduction of this Agreement.

l) **"Market Share Report"** shall mean a report, in an electronic format (such as an Excel spreadsheet) reasonably requested by Supplier, summarizing the Benefit utilization of each Product compared with the Benefit utilization of Medications in the relevant Defined Product Market. This report will include all brands or generics within the therapeutic category.

m) "**Medication**" shall mean any pharmaceutical product, whether manufactured, marketed or distributed by Supplier, or by any third party. For purposes of this Agreement, "Medication" shall also mean Durable Medical Equipment.

n) **"NDC"** shall mean National Drug Code.

o) **"Net Sales"** Contract Price Minus Rebates or discounts.

p) "**Participating Provider**" shall mean and refer to any one or more physicians, physician or medical groups, specialists, hospitals, skilled nursing facilities, extended care facilities, home health agencies, alcoholism or drug abuse centers, or mental health professionals who or which are duly licensed and qualified to practice and prescribe medications in the state of their practice and which are duly authorized to provide medical, hospital, or other treatment services to Residents.

q) "**Participating Site**" shall mean a Manager-owned Closed Pharmacy that dispenses Products under a Benefit to Manager's Residents and is a party to this Agreement.

r) "**Performance Tier**" shall mean a performance goal on a per Product basis, established by Supplier and listed on PERFORMANCE REBATE MATRIX.

s) "**Prime Vendor**" shall mean the wholesaler or distributor designated by Manager or Participating Site(s) to facilitate the distribution of Products.

t) **"Product(s)"** shall mean the Supplier's Medication(s) listed on Exhibit A.

u) **"Product Lists"** shall mean the lists of Products covered by this Agreement and described in Exhibit A.

v) **"Product Market Days of Therapy"** shall mean the sum of all Units Utilized for each NDC for all Medications within a Product's Defined Product Market category divided by the DACON for each such NDC.

w) **"Product Market Share"** The sum total of the Units Utilized for each NDC of a Product divided by its DACON and the result divided by the Product Market Days of Therapy for the relevant Defined Product Market Category.

x) "**Rebate**" shall mean a retrospective reimbursement, based on the utilization of Products, to be paid or credited to Manager under this Agreement.

y) "**Resident**" shall mean a person receiving a Benefit that is provided by the Manager and/or one of the Participating Sites.

z) **"Strategic Products"** These Products are LEVAQUIN® levafloxacin, RISPERDAL® risperidone, ULTRAM® Tramadol, DURAGESIC® fentanyl transdermal system, PROCRIT® epoetin alfa and ACIPHEX™ rabeprazole sodium. Only Strategic Products, as defined here, are eligible to earn the performance-driven Rebates specified in "Performance Rebate Matrix".

aa) **"Supplier"** shall have the meaning described on the cover page of this Agreement.

bb) **"Units Utilized"** shall mean the number of units (tablets, grams, tubes, mls etc.) dispensed to Residents for a given period.

cc) **"Utilization Report"** shall mean a report, in an electronic format reasonably requested by Supplier and sent by separate notice, of the Units Utilized of each Medication in the Defined Product Market, dispensed under Benefits to Residents. This report will include all brands or generics within the therapeutic category.

dd) **"Annual Purchases Per Bed"** shall mean the number of units purchased by Manager within each Product divided by the number of beds served by Manager.

ee) **"Buy-In"** shall mean Annual Purchases Per Bed at the end of a Contract Year which exceed one hundred and twenty (120%) of the Annual Purchases Per Bed determined at the beginning of that Contract Year.

ff) **"Average Annual Market Share"** shall mean the Days of Therapy percent for each Product in its respective Defined Market based on annual product utilization..

gg) **"Annual Adjusted Rebate"** shall mean the collective rebate for all products derived from using the Average Annual Market Share for each product

2. ***Participating Site.***

a) Manager warrants that each site meets the definition of Participating Site described in Article 2.B below and all other requirements of this Agreement.

b) To be eligible for recognition as a Participating Site, a facility must be

i) owned and / or managed by Manager

ii) based and operated in the U.S., and

iii) not compete with retailers serving the general public.

Normally, the following entities would be eligible: closed-pharmacy staff model health maintenance organizations, closed-pharmacy long-term care providers, surgical centers, home infusion providers, closed-pharmacy clinics, and assisted living facilities or home healthcare serviced through a Closed Pharmacy.

c) A site owned and / or operated by Manager shall be party to this Agreement (Participating Site) if and so long as there remains in effect (i) such site's declaration of Participating Site status with Notice of Prime Vendor, and (ii) Supplier's recognition of such status. Supplier's recognition of a Participating Site's status as such shall be assumed unless otherwise notified by Supplier in writing to Manager. It is understood that Supplier will not recognize a Manager's site as a Participating Site for the purposes of more than one agreement. The Manager may revoke the status of a Participating Site as such at any time by written notice to Supplier.

3. ***Residents.***

a) Any Product that meets the terms and conditions as set forth under this Agreement shall be considered eligible for Rebates. However, under the following transactions, utilization of Product shall not be submitted by Manager for Rebate and a Rebate will not be paid by the Supplier:

i) Benefits provided to Residents outside of the fifty United States and the District of Columbia;

ii) Benefits to Residents under which the selection, prescribing and/or dispensing of Product is driven by a third party;

iii) Utilization for which Supplier is obligated to pay incentives (including but not limited to administration fees, discounts and Rebates) under prior agreements with third parties (e.g. employer groups labor unions, etc.) to this Agreement;

iv) Utilization during the quarter in which a Participating Site is added to or terminated,

v) Claims for utilization submitted later than 180 days after the end of a calendar quarter, or for amounts under $100 except at the end of the Agreement.

b) Manager must obtain written approval from Supplier prior to inclusion of Product utilization by Residents which do not meet such criteria.

4. *Reports.*

a) To allow Supplier to verify the amount of Rebates, Manager shall submit reports to Supplier as specified in this section. The reports shall be transmitted by magnetic tape or electronic data transfer as mutually agreed to by Supplier and Manager.

b) Upon execution of this Agreement Manager shall provide Supplier with the following reports. Manager shall provide Supplier with updates to these reports within 60 days after the end of each calendar quarter unless stated otherwise:

i) PRODUCT UTILIZATION REPORT, (following NCPDP guidelines)
ii) LIST OF PARTICIPATING SITES, Exhibit C,
iii) LIST OF PRIME VENDORS, Exhibit D
iv) CERTIFICATION OF OWN USE Exhibit E
v) MANAGERS CHECK LIST FOR NON QUANTITATIVE REQUIREMENTS Exhibit F

c) The PRODUCT UTILIZATION REPORT for each calendar quarter shall be subdivided and aggregated by Manager to provide information by:

i) individual Participating Site
ii) aggregate of all Participating Sites meeting the terms and conditions of this Agreement.

d) In the LIST OF PARTICIPATING SITES, Manager shall provide Supplier with a current list of Participating Sites that are owned and / or operated by Manager. Manager accepts that:

i) preferably within 30 days (but no later than 90 days) after acquiring any facility that meets the eligibility criteria for a Participating Site as described in Article 2.B, Manager shall notify Supplier's Contract Administration described on cover page of this Agreement of such acquisition and the number of Residents involved.

ii) notify Supplier's Contract Administration group described on the cover page of this Agreement of any change in the composition of its group of sites within 15 days thereafter.

iii) any increase or decrease of greater than 10% in the number of beds shall be identified to Supplier as part of each quarterly report.

iv) Supplier shall have the right to approve the inclusion of a site as a Participating Site under this Agreement.

e) In the LIST OF PRIME VENDORS, Manager shall list and summarize (name, address etc.) the PRIME VENDORS servicing each Participating Site.

f) Manager shall complete and send to Supplier a CERTIFICATION OF OWN USE for each Participating Site.

g) Manager warrants the accuracy of all reports submitted pursuant to this Agreement. Manager shall certify satisfaction of meeting all non market share and non quantitative performance requirement(s) for Products. Such certification shall occur through quarterly submission by Manger of the "Manager Checklist of Non-Quantitative Requirements" worksheet included in Exhibit C. Supplier and Supplier's authorized representatives have the right to audit Participating Sites to ensure compliance to this performance requirement.

h) Manager must at all times maintain the computer systems capability to prepare the reports listed in this section.

i) Any data or information exchanged between the two parties pursuant to this Agreement shall be used by the parties solely for the express purpose for which it is provided, and confidentiality of all such data or information shall be preserved.

5. ***Price***

Pricing shall be at Distributor List Price (DLP) at the time of sales less 0.05% with the exception of Procrit which will be at DLP at time of sale minus 5%. In addition, Manager can earn rebates on all Products based on the requirements outlined in the PERFORMANCE REBATE MATRIX. Payment of such rebates will follow procedures outlined in Article 6 "Rebate Policies".

a) **Annual Product Performance Incentive**

i) An Annual Product Performance Incentive of 2% shall be earned on total contracted sales of Products described in Exhibit A, with the exception of Levaquin® and Procrit®. This Annual Product Performance Incentive shall be in addition to any quarterly rebate earned as per the "Performance Measurement and Performance Rebate Matrix". It shall be paid in accordance of Article 6 "Rebate Policies" once Supplier has evaluated Manager's satisfaction of meeting the performance criteria described in "Schedule of Qualifying Interventions". The performance requirements will be determined by both parties, during the quarter preceding the anniversary date of this Agreement for the next Contract Year. The performance shall be evaluated in aggregate at the end of each Contract Year.

ii) Supplier views the "Annual Product Performance Incentive" for full Contract Year. In case this Agreement is terminated prior to completion of a contract year, Supplier will not be obligated to pay Manager any "Annual Product Performance Incentive", for such partial contract year.

iii) The AIP/AUP initiatives will be developed jointly by the two parties and described under "Schedule of Qualifying Interventions".

iv) At the time this Agreement is executed, the Annual Product Performance Incentive shall be considered for Supplier's Products described in Exhibit A with the exception of Levaquin® and Procrit®, if each one of the conditions described in the "Schedule of Qualifying Active Intervention Programs" are met.

v) As and when provided in the "Schedule of Qualifying Active Intervention Programs", each Strategic Product must have an Active Intervention Program initiative applied by Manager in the favor of the Product, to be eligible for Strategic Product Performance Rebates on that Strategic Product except Procrit . Upon written approval of Supplier, an Appropriate Utilization Program may fulfill this requirement. Supplier hereby approves the AIP/AUP initiatives set forth on the Schedule of Qualifying Active Interventions. It is the responsibility of Manager to provide Supplier with notice that AIP/AUP programs are in effect, together with a brief description thereof. A meeting shall occur every quarter between the two parties to review the progress on the business plan. The business plan and the performance goals for earning the Annual Product Performance Initiative may be revised on an annual basis.

b) **Best Price**

If at any time during the term of this Agreement the contract price for any Product code represents an actual discount exceeding the current Medicaid "Best Price" threshold when measured against the current published list price in effect at the time of sale for such Product code, a price adjustment shall be made. The Price Adjustment shall be implemented within 45 days after the close of the quarter in which the Best Price threshold was exceeded, to reduce the time of sale discounts on each affected Product code to the amount one-tenth of a percent (.1%) below that which would set a new Best Price, both retroactively and prospectively.

The price adjustment shall be implemented retroactively (i) by a deduction from any amounts owed to Manager by Supplier under this Agreement or (ii) upon notice from Supplier to Manager of the amount of the price adjustment owed, in the form of a check payable to Johnson & Johnson.

The Price Adjustment shall be implemented prospectively by adjusting the Net Sales price for each Product code.

- Example: assume that a discount greater than fifteen percent (15%) will set a new Best Price and that the list price of a Product code in effect at the time of sale is $100.00; the discount may not be greater than $15.00. If the contract price were $80.00 a Price Adjustment would be made and the new contract price would be $85.00.

6. ***Rebate Policies.***

a) Manager shall fully disclose any Rebates and thereby the net acquisition cost of the Product earned under this Agreement to any and all payors of Benefits including MEDICAID and MEDICARE programs as required by applicable State and/or Federal regulations.

b) Supplier shall pay to Manager the Rebates described on the PERFORMANCE REBATE MATRIX with respect to each Product dispensed to a Resident if and only if all Strategic Products have, at minimum, Formulary Access Status and

iii) listed on Manager's Formulary(s) for labeled indications,

iv) included on Formulary(s) without any competitive disadvantage, and

v) have an AIP/AUP, as and when specified under the Schedule of Qualifying Active Intervention Programs, to be eligible for Rebates for that Product except Procrit

c) The aggregate Rebate for each calendar quarter shall be paid by Supplier to Manager within 60 days after receipt by Supplier of the all reports specified under Section 4 "Reports". The Rebate shall be paid by check or electronic wire transfer.

d) The calculation used by the parties to determine the Rebate owed to Manager is to multiply the sum of the Product Units Utilized, by their respective Distributor List Price at time of sale minus a penny, times the Rebate Percentage for the performance level earned as per the requirements in the Performance Measurement and Performance Rebate Matrix and "Schedule of Qualifying Active Intervention".

e) Supplier will provide an executive summary and report which may include: units purchased units and dollars, rebate percentage and dollars.

i) For a given Product, Rebates based on specific Formulary requirement and Rebates driven on market share-based performance are cumulative

ii) For example Product A may provide a 3% Rebate for meeting Formulary position and similar non-market share based performance criteria and an 8% Rebate for achieving a Tier 3 Market Share during a quarter. If Manager meets the Formulary position criteria and achieves Tier 3, then the 3% Formulary Rebate is in addition to the 8% performance Rebate and Manager will earn a total 11% Rebate for Product A.

7. *Ordering/Distribution*

a) Each Participating Site shall order from and return Products to its Prime Vendor. Contract Prices hereunder shall be available to a Participating Site within 60 days after receipt by Supplier from the Participating Site of the Participating Site's Prime Vendor designation.

b) Manager shall ensure that all Participating Sites purchase Products through this Agreement ONLY and clearly specify this Contract Number when ordering Products from the Prime Vendor or other wholesalers. **Supplier shall pay any and all incentives, including Rebates, only on utilization and sales aggregated under this Contract Number and as measured by Supplier.**

c) Supplier suggests that Manager notify all Prime Vendors (and any other distributor of Products) to use this Agreement for all purchases by Participating Sites. Under no circumstances will Supplier make duplicate payments or reverse payments already made to a third party to this Agreement for Participating Site that purchases under such third party's contract with Supplier.

d) Purchases through a Prime Vendor will be subject to the payment terms, service fee (including without limitation any "up charge" or addition to the prices of Products) and shipping terms that the Participating Site has negotiated with its Prime Vendor. Actual delivery of Products shall be the responsibility of the Prime Vendor.

8. *Own Use*

Manager warrants that all Products will be dispensed through Closed Pharmacy and used by the Participating Sites solely on Residents, inpatients, staff, employees and students for their own or their dependents' use and not for resale in retail outlets. Each Participating Site shall have on file with Manager certification (Exhibit E) substantially to the above effect. Manager's acceptance of this Agreement will serve as a certification to the above effect.

9. *Record Keeping*

During the term of this Agreement and for a period of three (3) years following the date of dispensing of Products by Participating Providers, Manager shall keep and maintain accurate records with respect to the dispensing of Products by Participating Providers and Participating Sites as reported to Manager pursuant to this Agreement.

10. *Audit*

Manager must at all times maintain computer systems capability to accurately track the Resident, Benefit, Product and Participating Site information necessary to implement this Agreement. Supplier shall have the right, upon reasonable notice and during regular business hours, to audit the Manager's books and records to determine the accuracy of Utilization and Market Share Reports and compliance with this Agreement.

11. *Certification*

Supplier hereby certifies that it has never been convicted of a criminal offense related to a government program or has been excluded or debarred from participation in a government program.

12. *Buy-In*

a) Annual Purchases Per Bed shall be calculated at the beginning and end of each Contract Year, adjusted for any change in the number of beds over the Contract Year. The number of beds served by Manager will be determined by membership information on file for Manager at Supplier.

   i. If Manager acquires more than 100 beds in the Contract Year, Manager will submit Annual Purchase Per Bed for beds acquired and Manager's Annual Purchase Per Bed will be restated for Buy-In calculations.

b) Average Annual Market Share, Annual Adjusted Rebate and Buy-In shall be calculated at the end of each Contract Year.

c) Supplier will pay Manager's quarterly rebates for the first three quarters of each Contract Year as provided in the Agreement. At the end of each Contract Year, before paying the fourth quarter rebates, Supplier will determine whether a Buy-In has occurred. If no Buy-In occurred, Supplier will pay the fourth quarter rebates. If a Buy-In occurred, Supplier will do the following:

   i. If the total rebates already paid to Manager are less than the Annual Adjusted Rebate for all Products, Supplier will pay the difference to Manger as the fourth quarter rebate.
   ii. If the total rebates already paid are greater than the Annual Adjusted Rebate for all Products, Supplier will with-hold the difference from subsequent rebate payments to Manager. If that quarter represents the final quarter in the agreement between Supplier and Manager, Manager will pay the difference to Supplier.

d) If this agreement is amended to include additional Strategic Products, eligible to earn performance-driven Rebates and Manager applies Product Specific AIP to drive market share similar to those outlined in Schedule of Qualifying Active Intervention Program in favor of Products, Supplier will not assess Buy-In for the first year the product is on contract. Thereafter, Buy-in shall be defined as stated in Administrative Terms & Conditions 1ee.

e) Supplier reserves the right to monitor Manager's purchasing activity and adjust rebates if Supplier suspects a Buy-In by Manager, upon consultation with Manager.

PROCRIT® (Epoetin alfa)

PROCRIT® (Epoetin alfa) is promoted for non-dialysis use only. Supplier will not honor payments of prime vendor discounts associated with this Agreement, for any purchases made by the Manager or Manager's Participating Sites, for any Epoetin alfa usage by patients receiving dialysis treatment. Dialysis Centers are excluded from receiving discounts or Rebates for PROCRIT (Epoetin alfa) under this Agreement.

ACIPHEX® (Rabeprazole sodium)

ACIPHEX® (Rabeprazole sodium) is eligible for rebates based on utilization as of April 1, 2000.

PROPULSID® (Cisapride)

PROPULSID® (Cisapride)is not eligible for rebates based on utilization as of April 1, 2000.

PERFORMANCE MEASUREMENT

1. **This Agreement pilots a new concept for Supplier to evaluate performance on basis of DACON (Daily Average Consumption). Consequently, Supplier retains the right to modify the performance evaluation measurement based on DACON after the first year of this Agreement. In this case, both parties will develop a mutually acceptable performance measurement criteria or else terminate this Agreement as per the "Term" provisions under Article 3 of General Terms and Conditions.**

2. Re-definition of Manager's Performance Tiers: Due to long term care market share fluctuations not attributable to Manager, Supplier retains the right to review and adjust, if necessary, Manager's Performance Rebate Matrix. Any changes to the Performance Rebate Matrix shall be communicated in writing by Supplier to Manager at least 60 days before the change takes affect. Manager shall have the opportunity to discuss the rationale for the proposed change with Supplier within the 60 day period extended.

   a) If the FDA were to change the current indication or labeling for any one of Supplier's Products or competitive Medications listed in the Defined Markets (Exhibit B) or if Article #10 under General Terms and Conditions describing the LEGAL CHANGES were to materialize, Supplier will re-evaluate the Performance Tier for the affected Product(s).

   b) If the FDA approves new Medications and subsequently, such Medication is added to the Defined Markets (as per the conditions described in "Definition of Therapeutic Classes), Supplier may re-evaluate the Performance Tier.

3. Performance requirements and corresponding Rebates for Strategic Products are listed below under "Performance Rebate Matrix".

4. Supplier retains the sole right to define and re-define the pharmaceutical Defined Product Market and/or DACON measure for a Medication based upon

   a) the entry of a Medication into the market,

   b) the removal/discontinuation of a Medication from the market,

   c) a change in the indication of Medication(s), or

   d) a modification by Supplier of their view of Medications against which Supplier's Product(s) compete.

   When there is a change in a Product(s) Defined Product Market, Supplier shall provide Manager with the revised Defined Product Market (Exhibit B).

PERFORMANCE REBATE MATRIX

Product		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Active Intervention Program Requirements
DURAGESIC®	Actual Mkt Share	55.0%	60.0%	65.0%	70.0%		See Below
	Rebate %	2.0%	4.0%	8.0%	10.0%		
ACIPHEX™	Actual Mkt Share	Transition Period (12 months)	<15.0%	≥15% to 24%	≥25% to 29%		See Below
	Rebate %	8.0%	0.0%	8.0%	10.0%		
PROPULSID™	Actual Mkt Share	Formulary Access	20.0%	25%	30%		NONE
	Rebate %	1.5%	4.0%	8.0%	10.0%		
LEVAQUIN® TABLETS (1)	Actual Mkt Share	Transition Period (6 months)	<50%	≥50%			See Below
	Rebate %	6.0%	0.0%	15.0%			
LEVAQUIN® IV (1)	Actual Mkt Share	Transition Period (12 months)	<50%	≥50% to 70%	>70%		See Below
	Rebate %	5.0%	0.0%	5.0%	7.0%		
RISPERDAL®	Actual Mkt Share	Transition Period (6 months)	< 35%	35% to 37%	>37% to 42%	>42%	See Below
	Rebate %	5.0%	0.0%	6.0%	9.0%	11.0%	
ULTRAM®	Actual Mkt. Share	Formulary Access	10.0%	15.0%	20.0%	25.0%	See Below
	Rebate %	1.5%	3.0%	4.0%	6.0%	8.0%	
PROCRIT®	Actual Mkt. Share	Formulary Access					See Below
	Rebate %	2%					

Notes:

(1) Levaquin Tablets and Levaquin IV

a) Supplier will pay Rebates during the 12 month Transition Period as long as Manager achieves the following market share milestones for Levaquin Tablets:

Timeline	Market Share
6 months following the effective date of this Amendment	35%
9 months following the effective date of this Amendment	40%

b) For the first 12 months following effective date of the Amendment, Manager's Levaquin market share will be calculated including Levaquin and Floxin NDC in the Numerator. At the end of this 12 month period, and going forward, Levaquin market share will be calculated using only Levaquin NDC in the Numerator

c) In the event Manager's performance during the Transition Period exceeds 50% market share, Manager will immediately qualify for the corresponding Rebate.

SCHEDULE OF QUALIFYING ACTIVE INTERVENTION PROGRAMS

Rebate shall be paid only if all of the following programs are completed:

General Active Intervention programs:

- Manager will include all Strategic Products in the P&T manual' "Contracted Product Listing" and index which will be sent to Manager's prescribing practitioners.
- Manager will send a contract notification letter to field operations, clinical and inventory specialist at each pharmacy location.
- All products included in this Agreement will be on Manager's Formulary
- The Schedule of Qualifying Interventions, shall be reviewed during annual business planning meetings. During the meeting, the AIP/AUP will be revised and performance goals evaluated
-

Duragesic and Ultram approved AUP

National Pain Management Initiative was jointly developed by Manager and Supplier to enhance compliance to this Agreement and completed by June 30, 1999. The training initiative was designed to and accomplished the following:

- Give consultant pharmacists greater awareness and understanding of pain management principles in the geriatric population
- Train consultant pharmacists to identify residents receiving inappropriate or inadequate pain management therapy and where Duragesic and Ultram may be appropriate alternative medications
- Equip consultant pharmacists to effectively communicate recommendations regarding pain management to prescribing physicians and other health care professionals

Levaquin

Levaquin® will have a Selected formulary position and will be first line therapy for quinolones, when clinically appropriate and indicated. For the purpose of this Amendment, "Selected" shall mean Levaquin® competes against other branded Drugs (in its Defined Market) on an equal basis, with all cost management controls and interventions being equal, for labeled indications. In addition, Levaquin® is favored, when clinically appropriate and indicated, over all other branded Drugs also available

- During the first quarter following the effective date of this Amendment, Manager will inform attending physicians of Levaquin®'s addition to the formulary as the Selected quinolone.
- Levaquin® will be stocked in E-boxes and Manager agrees to a verification system, to be determined and implemented within the first quarter following the effective date of this Amendment.
- Manager's appropriate personnel will actively participate in educational and promotional programs discussing Levaquin®'s clinical advantages. Supplier will organize such programs.
- Manager will facilitate access of Suppliers representatives to its Participating Sites

Risperdal

Risperdal® will have a Selected formulary position and will be the first line anti-psychotic, when clinically appropriate and indicated. For the purpose of this Agreement, "Selected" shall mean Risperdal® competes against other branded Drugs (in its Defined Market) on an equal basis, with all cost management controls and interventions being equal, for labeled indications. In addition, Risperdal® is favored, when clinically appropriate and indicated, over all other branded Drugs also available. All other competitive atypical anti-psychotic products in the Defined Market are Prior Authorized for Risperdal® failure.

During the first two quarters following the effective date of this Agreement, Manager shall work with Supplier to implement communication effort to inform attending physicians of Risperdal®'s formulary position and to enhance compliance of this Agreement.

Manager's appropriate personnel will actively participate in educational and promotional programs discussing Risperdal®'s clinical advantages. Supplier will organize such programs. Manager will facilitate access of Suppliers representatives to its Participating Sites

New Products

Manager agrees to an early review of any new product newly marketed by Supplier. For the purpose of this Agreement, early review shall mean a clinical and business presentation regarding a new product made to Manager with Manager's agreement within the first 3 months of a new product's introduction to the market.

Data

Manager agrees to provide sales volume data by site on a monthly basis.

EXHIBIT A FULL PRODUCT PUT-UP LIST

NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM
50458003305	Duragesic	Fentanyl Transdermal System	25 MCG/HR	Patches	PACKAGE of 5
50458003405	Duragesic	Fentanyl Transdermal System	50 MCG/HR	Patches	PACKAGE of 5
50458003505	Duragesic	Fentanyl Transdermal System	75 MCG/HR	Patches	PACKAGE of 5
50458003605	Duragesic	Fentanyl Transdermal System	100 MCG/HR	Patches	PACKAGE of 5
50458027036	Ergamisol	Levamisole HCl	50 MG	Tablets	BOTTLE of 36
00062118501	Erycette	Erythromycin	2%	Pledgets	BOX of 60
00062154002	Floxin	Ofloxacin	200 MG	Tablets	BOTTLE of 50
00062154102	Floxin	Ofloxacin	300 MG	Tablets	BOTTLE of 50
00062154201	Floxin	Ofloxacin	400 MG	Tablets	BOTTLE of 100
00062155001	Floxin	Ofloxacin	400 MG	10 ML Vial	VIAL of 1
00062155301	Floxin I.V.	Ofloxacin	200 MG	50 ML I.V. Mini-Bag	BAG of 1
00062155202	Floxin I.V.	Ofloxacin	400 MG	100 ML I.V. Mini-Bag	BAG of 1
00062154005	Floxin UD	Ofloxacin	200 MG	Tablets	UNIT of 100
00062154105	Floxin UD	Ofloxacin	300 MG	Tablets	UNIT of 100
00062154205	Floxin UD	Ofloxacin	400 MG	Tablets	UNIT of 100
00062021160	Grifulvin-V	Griseofulvin	250 MG	Tablets	BOTTLE of 100
00062021460	Grifulvin-V	Griseofulvin	500 MG	Tablets	BOTTLE of 100
00062021470	Grifulvin-V	Griseofulvin	500 MG	Tablets	BOTTLE of 500
00062020604	Grifulvin-V Susp	Griseofulvin	125MG/5ML	120 ML Oral Suspension	BOTTLE of 1
00045025446	Haldol Dec 100	Haloperidol decanoate	100 MG	5 ML Vial	BOX of 1
00045025414	Haldol Dec 100	Haloperidol decanoate	50 MG	1 ML Ampules	BOX of 5
00045025301	Haldol Dec 50	Haloperidol decanoate	50 MG	1 ML Ampules	BOX of 10
00045025346	Haldol Dec 50	Haloperidol decanoate	50 MG	5 ML Multi-Dose Vial	BOX of 1
00045025303	Haldol Dec 50	Haloperidol decanoate	70.52 MG	1 ML Ampules	BOX of 3
50458051010	Hismanal	Astemizole	10 MG	Tablets	BOTTLE of 100
50458051013	Hismanal	Astemizole	10 MG	Tablets	PACKAGE of 120
50458040010	Imodium	Loperamide HCl	2 MG	Capsules	BOTTLE of 100
00045006701	Levaquin	levofloxacin	250 mg	50mL Injection Premix	Bag of 1
00045152010	Levaquin	levofloxacin	250 MG	Tablets	Bottle of 100
00045152050	Levaquin	levofloxacin	250 mg	Tablets	Bottle of 50
00045006801	Levaquin	levofloxacin	500 MG	100mL Injection Premix	Bag of 1
00045152510	Levaquin	levofloxacin	500 MG	Tablets	Bottle of 100
00045152550	Levaquin	levofloxacin	500 Mg	Tablets	Bottle of 50
00045006951	Levaquin	levofloxacin	500 MG 25mg/mL	20mL Injection Single-use	Vial of 1
00062543401	Monistat-Derm	Miconazole Nitrate	2%	30 GM Cream	TUBE of 1
00062543402	Monistat-Derm	Miconazole Nitrate	2%	15 GM Cream	TUBE of 1
00450441803	Motrin Sup	ibuprofen	100 MG\5 ML	ORAL SUSPENSION	24
00045044817	Motrin Sup	ibuprofen	100 MG\5 ML	ORAL SUSPENSION	1
50458022115	Nizoral Cream	Ketaconazole	2%	15 GM Cream	TUBE of 1
50458022130	Nizoral Cream	Ketaconazole	2%	30GM Cream	TUBE of 1
50458022010	Nizoral Tablets	Ketaconazole	200 MG	Tablets	BOTTLE of 100
59676031001	Procrit	Epoetin alfa	10000 U/ML	1 ML Vial	PACKAGE of 6
59676031002	Procrit	Epoetin alfa	10000 U/ML	1 ML Vial	PACKAGE of 25
59676031201	Procrit	Epoetin alfa	10000 U/ML X 2 ML (20,000 UNITS)	2 ML Vial	PACKAGE of 6
59676032001	Procrit	Epoetin alfa	20000 U/ML X 1 ML (20,000 UNITS)	1ML Vial	PACKAGE of 6
59676030201	Procrit	Epoetin alfa	2000 U/ML	1 ML Vial	PACKAGE of 6
59676030202	Procrit	Epoetin alfa	2000 U/ML	1 ML Vial	PACKAGE of 25
59676030301	Procrit	Epoetin alfa	3000 U/ML	1 ML Vial	PACKAGE of 6
59676030302	Procrit	Epoetin alfa	3000 U/ML	1 ML Vial	PACKAGE of 25
59676030401	Procrit	Epoetin alfa	4000 U/ML	1 ML Vial	PACKAGE of 6
59676030402	Procrit	Epoetin alfa	4000 U/ML	1 ML Vial	PACKAGE of 25

NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM
50458043010	Propulsid	Cisapride	10 MG	Tablets	BOTTLE of 100
50458043012	Propulsid	Cisapride	10 MG	Tablets	BOTTLE of 120
50458043050	Propulsid	Cisapride	10 MG	Tablets	BOTTLE of 500
50458044001	Propulsid	Cisapride	20 MG	Tablets	BOXES of 100
50458044006	Propulsid	Cisapride	20 MG	Tablets	BOTTLE of 60
50458044025	Propulsid	Cisapride	20 MG	Tablets	BOTTLE of 250
50458044010	Propulsid	Cisapride	20MG	Tablets	BOTTLE of 100
50458045045	Propulsid Suspension	Cisapride	1MG/ML	450 ML Oral Suspension	BOTTLE of 1
50458043001	Propulsid UD	Cisapride	10 MG	Tablets	BOTTLE of 100
00045009560	PANCREASE CAPS	Pancrelipase	4500 U.S.P. UNITS	CAPSULES	100
00045009569	PANCREASE CAPS	Pancrelipase	4500 U.S.P. UNITS	CAPSULES	250
00045034160	PANCREASE MT 4	Pancrelipase	4000 U.S.P. UNITS	CAPSULES	100
00045034260	PANCREASE MT 10	Pancrelipase	10000 U.S.P. UNITS	CAPSULES	100
00045034360	PANCREASE MT 16	Pancrelipase	16000 U.S.P. UNITS	CAPSULES	100
00045034660	PANCREASE MT 20	Pancrelipase	20000 U.S.P. UNITS	CAPSULES	100
50458030001	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 100
50458030006	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 60
50458030050	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 500
50458032001	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 100
50458032006	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 60
50458032050	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 500
50458033001	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 100
50458033006	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 60
50458033050	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 500
50458035001	Risperdal	Risperidone	4 MG	Tablets	BOTTLE of 100
50458035006	Risperdal	Risperidone	4 MG	Tablets	BOTTLE of 60
50458030503	Risperdal Oral Solution	Risperidone	1 MG/ML	30 ML Oral Solution	BOTTLE of 1
00062546001	Spectazole Cream	Econazole Nitrate	1%	30 GM Cream	TUBE of 1
00062546002	Spectazole Cream	Econazole Nitrate	1%	15 GM Cream	TUBE of 1
50458029001	Sporanox Cap	Itraconazole	100 MG	Capsules	BOTTLE of 30
50458029004	Sporanox Cap	Itraconazole	100 MG	Capsules	BOTTLE of 30
00045063965	Topamax	topiramate	25mg	Tablets	Bottle of 60's
00045064165	Topamax	topiramate	100 mg	Tablets	Bottle of 60's
00045064265	Topamax	topiramate	200mg	Tablets	Bottle of 60's
00045048632	Tylenol Chewables	acetaminophen	80 MG	Chews	CASE of 48X30
00045012303	Tylenol Child Liq	acetaminophen	160 MG	4 OZ Oral Suspension	CASE of 36
00045045103	Tylenol ES Cap	acetaminophen	500 MG	Caplets	CASE of 20 X 150
00045045104	Tylenol ES Cap	acetaminophen	500 MG	Caplets	CASE of 10X150
00045045170	Tylenol ES Cap	acetaminophen	500 MG	Caplets	BOTTLE of 700
00045012218	Tylenol Grape Susp	acetaminophen	80 MG	15 ML Oral Suspension	CASE of 36
00045050180	Tylenol RS Cap	acetaminophen	325	Caplets	BOTTLE of 1
00045050190	Tylenol RS Cap	acetaminophen	325	Caplets	BOTTLE of 1
00045050130	Tylenol RS Tabs	acetaminophen	325 MG	Caplets	CASE of 20X150
00045052660	Tylox Cap	acetaminophen/oxycodone hydrochloride	5 MG	Capsules	BOTTLE of 100
00045052679	Tylox UD Cap	acetaminophen/oxycodone hydrochloride	5 MG	Capsules	BOTTLE of 100
00045065960	Ultram	tramadol	50 MG	Tablets	BOTTLE of 100
00045065910	Ultram	tramadol	50 MG	Tablets	BOTTLE of 100
00045065970	Ultram	tramadol	50 MG	Tablets	BOTTLE of 500
50458011001	Vermox	mebendazole	100 MG	Tablets	CARD of 12
6285624330	Aciphex	Rabeprazole sodium	20MG	Tablets	BOTTLE OF 30
6285624341	Aciphex	Rabeprazole sodium	20MG	Tablets	BOTTLE OF 100

EXHIBIT B: DEFINED MARKET

Defined Market is subject to changes, the latest version will be submitted a time of execution of this Agreement.

EXHIBIT C: LIST OF MANAGER OWNED CLOSED PHARMACIES AND RESIDENTS
(Participating Sites to the Agreement)

MANAGER: _____

Contract No: _____
Contract Date: _____

(FOLLOWING TO BE COMPLETED FOR EACH SITE PARTICIPATING FOR PURCHASES UNDER THIS AGREEMENT)

Facility Name:

Address:

Phone and FAX Number:

Contact Name:

Facility ID Number (e.g. DEA#, HIN...)

Number of Beds

EXHIBIT D: LIST OF PRIME VENDORS

(FOLLOWING TO BE COMPLETED FOR EACH PRIME VENDOR)

Prime Vendor Name:

Address:

Phone and FAX Number:

Contact Name:

ID Number (e.g. DEA#...)

EXHIBIT E: CERTIFICATION OF "OWN USE" FOR EACH PARTICIPATING SITE

Name of Participating Site:_____ MANAGER: _____

Address: _____ Contract No: _____

_____

_____ Contract Date: _____

DEA#: _____

I certify that the above-mentioned Participating Site is not engaged in retail sales and that all items purchased through the above-referenced Agreement (hereafter the "Agreement") will be utilized for Participating Sites' own operations and otherwise consistent with the established guidelines based on the United States Supreme Court decision in Abbott Laboratories, et. al, vs Portland Retail Druggists Association, et. al. As used herein, any and all merchandise purchased under the Agreement shall be for our own use and not for resale or in competition with private sector pharmacies. The phrase "own use" is limited to the following:

- Dispensing of the pharmaceutical or Durable Medical Equipment (DME) Products to Residents by Participating Site(s) while resident of any healthcare facilities serviced exclusively by a Closed Pharmacy;

- Dispensing of the Product to Residents upon their discharge from any healthcare facility serviced exclusively by Closed Pharmacy as take-home prescriptions or supplies necessary for a limited and reasonable time as continuation of treatment;

- Dispensing of the pharmaceutical or DME Products to Manager's employees or employees of facilities serviced by Participating Site(s) for their own use or the use of their dependents (but not for the use of their non-dependent family members); or

- Dispensing of the pharmaceutical or DME Products to a staff member physician in a facility serviced by Manager for his or her personal use, or for the use of his or her dependents (but not other persons or for use in the physicians' private practice).

I further represent and warrant that this Participating Site shall not buy, distribute, sell, transfer, or use pharmaceuticals and DME products priced under this Agreement or cause the distribution of such Products in any manner contrary to the requirements of "own use" or any terms and conditions contained in the Agreement. Further, I understand that applicable Federal and state laws may impose penalties for any such violations. If Supplier shall reasonably determine that a Participating Site is using the Products for any other purpose, it shall have the right to immediately terminate the Agreement with respect to such Participating Site and to refuse to accept any further orders under the Agreement from or on behalf of such Participating Site.

Manager Representative:

_____ _____

Authorized Name (Print or Type) Date

_____

Title

_____

Signature

EXHIBIT F: MANAGER'S CHECKLIST FOR NON QUANTITATIVE REQUIREMENTS

Johnson & Johnson Health Care Systems Inc.
Non-Market Share Based Performance Requirement Checklist (To Be Completed by OMNICARE Every Quarter)

Company Name: Omnicare, Inc.
Quarter: _____
umber of Beds: _____
Formulary ID: _____

Please place an (X) in the appropriate column for all products that are on contract to signify compliance with contract terms.

Product Description	Formulary Status						No Active Intervention Program	General Active Intervention Program	Product Specific Active Intervention Program	Target List of "High" Prescribers of Competitive Agents to Supplier	Other (*)
	Equal	Exclusive	Formulary Access	Preferred	Restricted	Unrestricted					
DURAGESIC											
FLOXIN											
LEVAQUIN											
PROPULSID											
PROCRIT											
ACIPHEX											
RISPERDAL											
SPORANOX											
ULTRAM											

* *Any other requirements specified in contract terms that are not listed herein.*

Authorized Signature: _____
Name: _____
Date: _____

Note:

1. This form must be filled out completely by Manager and sent to Supplier's Contract Administration group described on the cover page of this Agreement on a quarterly basis with rebate submissions. If checklist is not received, no payments will be made.
2. **Mandatory Brand Interchange** - If contract specifies a Mandatory Brand Interchange for any product, the required documentation per contract terms must be supplied on a quarterly basis with rebate submissions.
3. Contract terms grant Supplier a specific amount of time from the time rebate submissions are received (i.e. 60 days) to make payments. The count does not begin until a complete rebate submission is received. Completeness is defined as all the proper report formats and the above stated requirement.