Omnicare, Inc.

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Attachments

I. Executive Summary

Omnicare, Inc., is a leading pharmaceutical care company, combining the nation's largest provider of pharmacy services to long-term care facilities with one of the world's largest clinical research organizations. Omnicare serves residents in more than 950,000 beds in long-term care facilities comprising 47 states. Omnicare Clinical Research provides drug development services to pharmaceutical, biotechnology and medical device companies in 29 countries. Omnicare's corporate headquarters is in Covington, Kentucky.

Omnicare has a direct impact on the health of senior citizens. They have leveraged their pharmaceutical expertise to create unique databases and proprietary clinical information services, all focused on providing the safest, most appropriate, most cost-effective drug therapies for the elderly. Their programs and services encourage early diagnosis and treatment, since this usually provides the best quality of life at a lower cost. Omnicare provides professional pharmacy services to more than 13,000 skilled nursing facilities and assisted living communities in 47 states. Their services are focused on delivering the most appropriate pharmaceutical care at the lowest possible cost.

For the three months ended December 31, 2002, Omnicare earned 41 cents per diluted share, 64% higher than the 25 cents per diluted share earned in the comparable prior-year period. Net income for the fourth quarter of 2002 was $38.7 million, 66% above the $23.3 million earned in the same quarter of 2001. Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled $86.0 million in the 2002 quarter, 24% above the $69.6 million earned in the 2001 period. Sales for the 2002 quarter reached $675.6 million, up19% from the $569.3 million recorded in the prior year period.

Results for the 2001 fourth quarter include a charge of $2.9 million pretax ($1.8 million after tax, or 2 cents per diluted share) related to the second phase of the Company's productivity and consolidation initiative completed in September 2002. Fourth quarter 2001 results also reflect goodwill amortization expense of approximately $5.2 million after taxes (or 5 cents per diluted share) that would not be included under Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," which the Company adopted effective January 1, 2002.

Excluding the impact of the accounting changes and the 2001 restructuring charge, earnings per diluted share of 41 cents for the 2002 quarter increased 28% from the 32 cents per diluted share earned in the 2001 quarter. Net income on this basis totaled $38.7 million, 28% above the $30.2 million earned in the 2001 period. Fourth quarter 2002 EBITDA of $86.0 million was 19% higher than the $72.5 million earned in the same quarter of 2001. Sales for the 2002 quarter of $670.1 million rose 19% above the $564.2 million recorded in the same period of last year.

Cash flow from operations reached an all-time record of $211.4 million for the year 2002 (excluding pre-buys of $52.3 million in the fourth quarter), 15% ahead of the $183.0 million generated in 2001 (excluding fourth quarter pre-buys of $30.0 million). After capital expenditures and cash dividends, free cash flow (excluding fourth quarter pre-buys) in 2002 was $178.3 million, 20% higher than the free cash flow of $148.4 million generated in 2001. Including fourth quarter pre-buys in both periods, cash flow from operations was $159.1 million in 2002 versus $153.1 million in 2001 and free cash flow, on this basis, was $126.0 million in 2002 versus $118.4 million in 2001.

Omnicare's institutional pharmacy business generated record revenues of $637.3 million for the fourth quarter, 20% higher than the $530.4 million reported in the comparable prior-year quarter. Operating profit in this business reached $80.1 million, 22% higher than the $65.7 million recorded in the fourth quarter of 2001. For the full year 2002, pharmacy sales reached $2,467.2 million, up 21% from the $2,033.8 reported in 2001 and operating profit was $295.0 million, 20% higher than the $246.2 million earned in 2001. At December 31, 2002, Omnicare served approximately 754,000 beds versus approximately 662,000 at December 31, 2001, an increase of 14%.

In mid-January 2003, Omnicare completed the acquisition of NCS HealthCare, Inc., the fourth largest institutional

pharmacy provider in the United States. The purchase price paid for NCS was $5.50 per share in cash and the repayment of NCS debt. The transaction had an enterprise value of approximately $460 million. Including transaction-related expenses, net of excess cash at NCS, the total purchase price was approximately $493 million.

NCS significantly expands Omnicare's presence in the long-term care pharmacy market, increasing the number of beds served by Omnicare by 26 percent to more than 950,000 and annualized revenues by 24 percent to approximately $3.3 billion. Given the anticipated realization of economies of scale and cost synergies from the acquisition, it is expected to be highly accretive to Omnicare's diluted per share earnings in 2003 and beyond.

Despite its growth trend of acquiring independent pharmacies, Omnicare has quickly taken control of its business units' purchasing functions. Omnicare has a strict corporate policy of compliance with therapeutic substitution, interchange, and dispensing of Omnicare Select products. It is through this venue that Omnicare is able to move market share of selected products.

A. Business Overview

Omnicare is traded on the New York Stock Exchange under the symbol OCR. Annual revenues are in excess of 2.6 billion dollars. In March of 2003, the stock was trading at $25.70 dollars per share after seeing lows down to $17.51 a share in 2002 based primarily on issues surrounding Medicaid reimbursement and Prospective Payment in nursing homes serviced. The 52-week range was a low of $17.51 and a high of $28.83. The stock currently is on the S&P Mid Cap 400.

B. Acquisitions

Omnicare continues to acquire pharmacies to grow their critical mass and dominate in local markets. They are likely to continue to acquire pharmacies to expand their reach and drive their market share. Once Omnicare acquires a site, it quickly implements its computer systems and formulary tools to increase the efficiency of pharmacy operations.

Their acquisition activity reached a new milestone in January 2003 with the acquisition of NCS Healthcare. This is their largest acquisition to date and places them clearly in the leadership position in the Long Term Care Pharmacy marketplace. They now serve in excess of 950,000 nursing home beds in the United States in over 13,000 facilities in 47 states. This is nearly one half of all nursing home beds in the United States.

C. Formulary/ Clinical Interventional Programs

The *Omnicare Guidelines*® is the cornerstone of Omnicare's effective management of pharmaceutical care of the elderly. The nation's first clinically based formulary tailored to the geriatric population, this comprehensive reference ranks drugs as Preferred, Acceptable or Unacceptable based solely on clinical variables applied to the elderly for specific disease states. The University of the Sciences in Philadelphia, an independent academic institution known for its expertise in geriatrics, determines the medical rankings. Cost information is also included, making it easy for a physician to choose the most cost-effective among clinically equivalent or superior drugs.

Now in its tenth edition, the *Omnicare Guidelines*® includes the evaluation of approximately 1,000 drugs in more than 200 therapeutic classes. The 2003 edition also includes two new treatment algorithms on hyperlipidemia and primary and secondary stroke prevention, new cross-class comparisons on hormone replacement therapy, migraine headaches, and skeletal muscle conditions, in addition to a new diabetes nephropathy subsection and a herbal/nutritional supplement drug interactions table.

Health care providers who comply with the *Omnicare Guidelines*® have been able to improve patient care, while achieving significant cost savings, in some cases by as much as 30%. The *Omnicare Guidelines*® is reviewed by clinicians practicing in geriatric care nationwide as well as by the American Geriatrics Society. The Society recognizes the *Omnicare Guidelines*® as "a valuable tool for guiding geriatric care in both long-term care and ambulatory settings."

Putting the *Omnicare Guidelines*® into practice

Omnicare's Formulary Management Program uses the *Omnicare Geriatric Pharmaceutical Care Guidelines*® as a tool to educate physicians on reasons to choose Preferred drugs over less effective or less cost-effective alternatives. Using therapeutic interchange protocols, the Omnicare Consultant Pharmacist can:

- help prescribers choose the best clinical therapy for each individual resident
- offer guidance on how to switch from one drug to another in the way most beneficial to the patient
- reduce the variability of prescribing, so that every resident in a skilled nursing facility receives optimal care and opportunity for payer savings

Omnicare has over 900 consultant pharmacists who review patient charts monthly and make recommendations based on the formulary and Omnicare programs for physicians. Pharmacists' recommendations are accepted more than 80% of the time. Consultant pharmacists actively meet with physicians or correspond with them through the mail to obtain approval to make appropriate medication switches for all their applicable nursing home patients. Pharmacists are also responsible for in-servicing the nursing staffs on pharmaceutical and patient care. Omnicare consultant pharmacists receive monthly "report cards" showing them their success in obtaining goals for therapeutic programs. Thus, Omnicare is able to drive market shares on certain products that increase clinical effectiveness, decrease costs to the systems in which they operate, and increase profits to Omnicare.

D. Omnicare Divisions

At the core of their geriatrics studies program is Omnicare Clinical Research's prior experience in conducting prospective clinical trials in the elderly, including studies in nursing homes and assisted-living centers. To date, their team of experts has conducted geriatric clinical trials in a variety of therapeutic areas, ranging from wound healing to depression to pneumonia to hypertension to gastrointestinal disorders. Although conducting studies in nursing homes and related facilities presents unique challenges, including the limited experience of staff with previous trials, the benefits of conducting projects in this environment, namely obtaining critical information in populations at greatest need for pharmacological intervention, far outweigh these limitations. Omnicare Clinical Research has faced these challenges and successfully overcome them.

Omnicare Clinical Research is also an industry leader is conducting retrospective studies in elderly populations. As a member of the Omnicare, Inc., the nation's leading pharmacy services provider to nursing homes, assisted-living and related facilities, Omnicare Clinical Research has access to an information warehouse on more that 650,000 patients, which combines prescription data with results contained in the federally-mandated Minimum Data Set, to provide real-time, longitudinal assessments of prescribing patterns, health outcomes, quality-of-life and pharmacoeconomic information.

Accu-Med, a division of Omnicare, is the largest clinical and financial software provider in the industry with approximately 5,000 facilities nationwide. Ten of the most prominent national Long Term Care chains use the software and services of Accu-Med, a driving force in the Long Term Care, Subacute and Assisted Living marketplace since 1984.

Omnicare Consultant Pharmacists are committed to optimizing pharmaceutical therapies for each patient to improve outcomes and reduce costs.

Pharmacists analyze care according to the recommendations of the *Omnicare Geriatric Pharmaceutical Care Guidelines*®, the gold standard formulary for prescribing to the elderly, and Omnicare's proprietary Health

Management programs. Armed with these resources, proprietary consulting software and unique Outcomes Algorithm Technology - with nearly 4,000 algorithms to help identify and remedy inappropriate drug therapy - their consultant pharmacists can enhance care by intervening to prevent under treatment, over treatment and possible drug interactions. The Omnicare Consultant Pharmacist provides the skilled nursing facility with:

- expert advice and early identification of inappropriate treatment or under treatment
- consulting efforts that can have a direct impact on the patient's quality of life and the facility's financial performance by reducing incontinence, confusion and other symptoms and by helping to minimize hospitalizations
- cost savings through implementation of the *Omnicare Guidelines®*
- full compliance with all state and federal pharmacy regulations
- regular in-service and educational programs tailored to the specific needs of residents and staff

Omnicare Consultant Pharmacists also offer assistance regarding:

- regulation, accreditation and quality improvement
- reimbursement and case mix
- continuing education programs
- financial issues
- insurance

Strengths/Leverages/Vulnerability

Strengths

- The strength of our product line in Long Term Care makes Johnson & Johnson Omnicare's leading vendor. Currently, Risperdal®, Levaquin®, Duragesic® and Ultracet® are some of their top drugs dispensed. Risperdal® is their co-preferred atypical antipsychotic for dementia. Levaquin® is the preferred quinolone antibiotic. All the other promoted J & J pharmaceuticals are Acceptable. We are hoping to improve the status of the balance of our products in 2003.
- Johnson & Johnson has a performance-based agreement in place through the first quarter 2004. We are planning to negotiate a new agreement to be in place by the second quarter 2003. This will streamline the current Master Agreement and allow for negotiation for better status for several of our strategic brands.

Leverages

- Contract Pull-Through
- Omnicare health management focus on Alzheimer's Disease
- Critical mass
- LTCPP growing customer base by servicing mental illness, developmentally disabled, and correctional facility accounts.

- ALF Market.
- NH Chains. Contracting/Disease State Initiatives.
- Expansion of LTC Group and JEC.

Vulnerability

- Multiple contracts
- Multiple therapeutic interventions
- NCS integration and NCS employee retention
- Increased competitive pressures in the form of larger sales forces, account managers, promotional monies deployed against LTC.
- Reimbursement in LTC.
- Medicaid restrictions.
- Key customers not being called on.
- State prohibiting PAL's.

II. Charter Statement

Johnson & Johnson supplies high-quality products and jointly created clinical and business programs that aid Omnicare in meeting corporate goals and objectives.

III. Customer's View of Our Industry

Customer Business Situation

Omnicare, Inc., is a leading pharmaceutical care company, combining the nation's largest provider of pharmacy services to long-term care facilities with one of the world's largest clinical research organizations. Omnicare serves residents in more than 950,000 beds in over 13,000 long-term care facilities comprising 47 states. This represents over 50% of the total Long Term Care beds in 2003. The growth of beds has been very rapid, in 1994 they only served 9% of the Long Term Care beds.

A. Organizational Structure

Board of Directors

Edward L. Hutton
Chairman of Omnicare, Inc.;
Chairman of Chemed Corporation

Joel F. Gemunder
President and Chief Executive Officer of Omnicare, Inc.

Timothy E. Bien, R.Ph., FASCP*
Senior Vice President - Professional Services and Purchasing of Omnicare, Inc.

Charles H. Erhart, Jr.
Former President of W.R. Grace & Co. (retired)

David W. Froesel, Jr.
Senior Vice President and Chief Financial Officer of Omnicare, Inc.

Cheryl D. Hodges
Senior Vice President and Secretary of Omnicare, Inc.

Patrick E. Keefe
Executive Vice President - Operations of Omnicare, Inc.

Sandra E. Laney
Executive Vice President and Chief Administrative Officer of Chemed Corporation

Andrea R. Lindell, DNSc, RN
Dean and Professor in the College of Nursing and Associate Senior Vice President for Interdisciplinary Education Programs/Medical Center
University of Cincinnati

Sheldon Margen, M.D.
Professor Emeritus in the School of Public Health
University of California, Berkeley

Kevin J. McNamara
President and Chief Executive Officer of Chemed Corporation

John H. Timoney
Former Senior Vice President of Applied Bioscience International, Inc. (retired)

Corporate Officers

Edward L. Hutton
Chairman

Joel F. Gemunder
President and Chief Executive Officer

Patrick E. Keefe
Executive Vice President – Operations

Timothy E. Bien, R.Ph., FASCP*
Senior Vice President – Professional Services and Purchasing

Jack M. Clark, Jr.
Senior Vice President – Sales and Marketing

David W. Froesel, Jr.
Senior Vice President and Chief Financial Officer

Cheryl D. Hodges
Senior Vice President and Secretary

Bradley S. Abbott
Vice President and Controller

Robert E. Dries
Vice President – Internal Audit

W. Gary Erwin, Pharm.D., FASCP*
Vice President – Health Systems Programs and
President – Omnicare Senior Health Outcomes

Tracy Finn
Vice President – Strategic Planning and Development

Thomas L. Jordan
Vice President and President of Respiratory Care Resources

D. Michael Laney
Vice President – Management Information Systems

Peter Laterza
Vice President and General Counsel

Thomas W. Ludeke
Vice President and President of Accu-Med Services, Inc.

Daniel J. Maloney, R.Ph.
Vice President - Purchasing

Thomas R. Marsh
Vice President – Financial Services and Treasurer

David Morra
Vice President and Chief Executive Officer of Omnicare Clinical Research

Regis T. Robbins
Vice President – Analysis and Controls

Timothy L. Vordenbaumen, Sr., R.Ph.
Vice President - Government Affairs

William A. Fitzpatrick, R.Ph.,
Corporate Compliance Officer

Operating Management

Omnicare Senior Pharmacy Services

Vice Presidents - Pharmacy Operations Group

James E. Cialdini

Denis R. Holmes

Mark E. Sechrist

Lisa R. Welford

Senior Regional Vice Presidents - Pharmacy Operations

Gary W. Kadlec, R.Ph., FASCP*
Great Lakes/Great Plains Regions

Jeffrey M. Stamps, R.Ph., FASCP*
Eastern Region

Regional Vice Presidents - Pharmacy Operations

Michael J. Arnold, R.Ph.
South Central Region

Joseph L. Dupuy, R.Ph., FASCP*
Southern Region

A. Samuel Enloe, R.Ph.
Midwest/Gateway Region

Thomas A. Schleigh, Jr., R.Ph.
Southwest Region

Rolf K. Schrader, R.Ph., FASCP*
Northern/Central Ohio

Omnicare Clinical Research

David Morra
Chief Executive Officer

Dale B. Evans, Ph.D.
President - Global Business Development

Benoit Martin
President - International

Leonard F. Stigliano
President - Global Operations

Omnicare Senior Health Outcomes

W. Gary Erwin, Pharm.D., FASCP*
President

Data Management Group

Thomas W. Ludeke
President, Accu-Med Services, Inc.

The President of Omnicare, Inc. is Joel Gemunder. Reporting to Joel are:

Patrick Keefe, Executive Vice President of Operations. Pat has overall responsibility for the operations of Omnicare and all regional facilities. Reporting to Pat are eight regional vice presidents and all other corporate vice presidents. One of the vice presidents reporting to Pat is Dennis Holmes, Vice President - Operations Group. He oversees all Heartland operations to include the repackaging facility.

Cheryl Hodges, Senior Vice President of Investor Relations. Cheryl's responsibilities include all dealings with financial institutions to include Wall Street, all corporate relations, and shareholder relations.

Tim Bien RPh, Senior Vice President of Purchasing and Professional Services. Tim oversees all purchasing and contractual agreements. Dan Maloney, Director of Purchasing, reports directly to Tim. Lisa Welford, PharmD, and Gary Erwin, PharmD report to Tim and handle all clinical matters as Directors of Clinical Services.

Dan Maloney, Vice President of Purchasing, has responsibility for organizing the contractual and purchasing agreements that Omnicare has with various manufacturers and all purchasing functions. Each of the Omnicare regions is in the process of hiring a regional purchasing manager, who will report to Dan.

Lisa Welford, Vice President of Clinical Services, has responsibilities for the coordination of the formulary, disease state management programs, and other clinical intervention programs. Lisa heads three committees within Omnicare: the PSC Formulary Champions, the Professional Services Committee, and the National P&T Committee. The PSC Formulary Champions, which is a group of one consultant from each location, are charged with assisting the consultants at their regional location in achieving compliance of the formulary and intervention programs in the homes they service. The PSC Formulary Champions receive "report cards" on each pharmacist to gauge their success. The Professional Services Committee, comprised of 15 pharmacists, is responsible for the creation and implementation policy and procedures from a clinical and operational perspective. Lisa also heads the National P&T Committee, made up of three physicians, three directors of nursing, three pharmacists, and a representative from the Philadelphia College of Pharmacy.

W. Gary Erwin President Senior Health Outcomes Gary's responsibilities will be to work with managed care organizations, employer groups and insurers to position Omnicare as the provider for their geriatric care. In addition, Gary will be involved with the Coromed acquisition.

David Froesel, Senior Vice President and Chief Financial Officer. David is in charge of all operating financial data.

Regional Clinical Directors

Reporting to Lisa Welford are the following seven Regional Clinical Directors:

Regional Clinical Director	**State Responsibilities**
Alan Bell	California Colorado, Idaho, Montana, Oregon, Utah, Washington
Karen Burton	Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
Joseph Gruber	Illinois, Missouri, Wisconsin
Susan Klem	Iowa, Northern Ohio, Michigan,

	Minnesota, Nebraska, South Dakota
Alan Mason	Arkansas, Arizona, Kansas, Louisiana, New Mexico, Oklahoma, Texas
Terry O'Shea	Indiana, Kentucky, Southern Ohio, Maryland, Pennsylvania, Tennessee, Virginia, West Virginia
Bob Warnock	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina

Clinical Team

Kelly Hollenack – Director of Health Management Programs

Best Practices Committee

Kelly Hollenack
Lisa Welford
Mike Lutz
Terry O'Shea
Janet Steiger

Omnicare P&T Committee Member Overview

Eric Tangalos, MD CMD – Chairman
Chair, Division of Community Internal Medicine – Mayo Clinic
Former president of AMDA, currently on the Alzheimer's Association Board and very prominent on a national level on issues relating to aging and geriatrics; uses Aricept as first line solely on once daily dosing;

W. Gary Erwin, Pharm.D. – Interim Secretary
President Omnicare senior Health Outcomes – responsible for the ambulatory elderly clinical program in the employer retiree group population AND for database studies based on Omnicare's data repository of pharmacy claims and the Minimum Data Set;

Kerry Cranmer, MD, CMD
Currently the treasurer of AMDA and one of the largest medical directors in all of Oklahoma covering lots of facilities and patients;

Joseph Ouslander MD
Emory University
Past president of AGS and well published, academic geriatrician; lots of research experience and publications so I anticipate being interested in finer research points; expertise in urinary incontinence and historically NOT a Ditropan XL fan;

Gregg Warshaw, MD
Past president of AGS and another academic geriatrician, based in Cincinnati; historically skeptical of

using cholinesterase inhibitors in nursing home residents; current editor of Annals of Long Term Care, an AGS publication;

Shirley Travis Ph.D. RN CS
Academically based nurse at the University of North Carolina-Charlotte with a research background in outcomes;

Janice Steiger, RPh. FASCP
The consultant coordinator at Interlock Pharmacy Systems, a large Omnicare pharmacy servicing about 15,000 beds in the St. Louis area, and still does active consulting in nursing homes;

Cathy Dragon ,Pharm.D.
An ex-officio member of the P&T; The primary editor of the Omnicare formulary, she works at the University of the Sciences in Philadelphia and is responsible for updating the entire formulary each year, plus adding new categories identified by Omnicare. From a formulary standpoint the most important person in the room!

Buzz Baker, MD
Johns Hopkins

Deb Saliba, MD
UCLA

Terry O'Shea Pharm.D.

Barbara Resnick, RN, PhD – Baltimore – Howard Bradley said strong supporter of J&J.

GUESTS:

Lisa Welford, R.Ph. FASCP
Omnicare's Director of Clinical Operations, she is responsible for driving all of Omnicare's clinical programs to getting results. She will be trying to garner information she can use to get physicians to adopt cholinesterase inhibitors in LTC facilities;

B. P&L Performance

For the full year 2002, pharmacy sales reached $2,467.2 million, up 21% from the $2,033.8 reported in 2001 and operating profit was $295.0 million, 20% higher than the $246.2 million earned in 2001. At December 31, 2002, Omnicare served approximately 754,000 beds versus approximately 662,000 at December 31, 2001, an increase of 14%.

In mid-January 2003, Omnicare completed the acquisition of NCS HealthCare, Inc., the fourth largest institutional pharmacy provider in the United States. NCS significantly expands Omnicare's presence in the long-term care pharmacy market, increasing the number of beds served by Omnicare by 26 percent to more than 950,000 and annualized revenues by 24 percent to approximately $3.3 billion.

C. Market Forces

Omnicare has invested its resources in positioning itself for the future of the post-acute market. The company's investment in acquisitions, formulary management, managed care, information systems, and disease and outcomes management is a portion of why Omnicare feels it will be successful in the future. The above areas are discussed in detail below.

1.Consolidation

The Long Term Care Pharmacy provider market will continue to consolidate. It will be likely that Omnicare will continue to pursue additional pharmacies. I believe they will be attracted to the larger national providers and a few select independent pharmacies to fill gaps in their geographic coverage nationally. In addition, while Omnicare grows in large pieces, the other Tier One providers remaining will have to grow in order to remain competitive. This will make for an interesting climate in the Long Term Care marketplace over the next 12-18 months. When Omnicare acquires pharmacies, the previous owner and/or upper level manager agrees to stay for at least 3 years to keep continuity with the staff and customers. The company is proud of its track record in past-owner retention, as over 95% of past owners stay past the 3-year commitment despite having sold the pharmacy for millions of dollars.

Once acquired, Omnicare moves to increase operating efficiencies by consolidating functions related to purchasing, formulary compliance and therapeutic intervention programs, medical records, dispensing, marketing, and professional services. The company believes the other functions of the pharmacy should be maintained as they were as an independent pharmacy because these are the things that made the pharmacy successful in its particular market. Therefore, the practices of each Omnicare pharmacy, in many ways, are very different. For example, Westhaven Pharmacy Services, now Omnicare Perrysburg, a pharmacy servicing 20,000 beds out of Toledo, Ohio, has a philosophy whereby it sends three people into every nursing home: a consultant pharmacist, a quality control representative, and a customer relations representative. The feeling is that this frees up more of the consultants' time. No other Omnicare pharmacy operates in this manner.

Omnicare's growth strategy has allowed the company to generate economies of scale and streamline operations in order to fund development and expansion of innovative services—designed to improve care for the elderly on a cost-effective basis.

A large contributor to the pharmacy efficiency is Omnicare's arrangement with Heartland Healthcare Services. In late 1994, Omnicare entered into a 50-50 agreement with Heartland Healthcare Services. This venture is to use Heartland's high-volume repackaging facility in Toledo, Ohio to provide greater efficiencies and substantially reduce costs in repackaging pharmaceuticals for nursing homes. Cost of repackaging at the regional facilities is approximately 80 cents per package. Cost associated in repackaging at Heartland is approximately 20 cents per package. The company is currently repackaging generic drugs and the top 20 branded drugs used in the system.

Omnicare's goal was to repackage 80% of all pharmaceuticals at these facilities in 2002. This would further reduce costs associated with repackaging. The company's goal is to be able to make larger runs and send more packages to regional facilities at one time. In order to accomplish this, the company will need to increase dating on repackaging by completing stability studies on the new packaging. Omnicare has turned to the manufacturers for help in this area. Currently, Risperdal®, and Levaquin® are being repackaged at Heartland. With the acquisition of NCS, this also provides Omnicare with another repackaging which goes by the name Vanguard in Glasgo, KY. Since 2001 Vanguard has repackaged both Risperdal and Zyprexa. Omnicare intends to use both facilities at least initially until it can make an accurate determination of what the most efficient repackaging configuration would be. The Vanguard site packages only in a 31 day bingo card. This bingo card is different than the one produced at Heartland. They will be evaluating whether or not there is a need for both types.

After successful acquisitions and standardization of the above functions, Omnicare set out to grow the number of beds served at the regional sites and increase efficiency of pharmacy operations.

Omnicare is also looking to acquire other types of facilities outside of LTC pharmacies. The company feels there will be only so many viable LTC pharmacies to acquire. The company is looking at other businesses to expand the breadth of its services in healthcare.

2.Formulary Management and Clinical Interventions

Omnicare subscribes to the theory that pharmaceutical therapy remains the most cost-effective means of treating the chronic ailments that affect the elderly. Yet simply reducing the cost of pharmaceuticals is not the answer to improving the nation's healthcare system. Omnicare believes that weighing the clinical effectiveness of drug therapy, not just its cost, will ultimately lower healthcare costs and provide better medicine for the elderly. Thus, Omnicare developed the nation's first clinically based drug formulary tailored to the unique needs of the geriatric patient. It enhances the ability of physicians and other healthcare professionals practicing in long-term care facilities to provide superior care to the elderly while reducing costs.

In 1993, Omnicare began to work with a highly respected and independent academic institution, the University of Sciences in Philadelphia (USP), now named Advanced Concepts, noted for its expertise in long-term care. Disease states and therapeutic drug classes that have the greatest impact on geriatric medicine and long-term care, as well as cost impact on the healthcare system, are selected. The mission of this program has been to create a disease-specific, clinically sound reference for drug selection, taking into account the unique needs of the elderly in nursing facilities. "Geriatric Pharmaceutical Care Guidelines" is updated annually and contains clinical reviews of more than 100 therapeutic drug classes and over 600 individual drugs.

All drugs are organized by disease state and therapeutic class used to treat that disease. The clinical evaluations and ratings of each drug are performed by USP. Within its therapeutic class, each medication is classified as "Preferred," "Acceptable," or "Unacceptable" based on the drug's effectiveness. Effectiveness is determined based on age-specific variables, interactions with other drugs and food, safety, toxicity, drug administration, other nursing facility considerations, and resulting quality of life.

The criteria used for these clinical rankings are:

PREFERRED: Drugs that have documented, distinguishing positive effects or outcomes compared with other drugs in the therapeutic class, lower potential prevalence of adverse drug reactions, or some unique characteristic that provides a clear clinical advantage in the nursing facility resident population.
ACCEPTABLE: Drugs that have comparable efficacy and safety with minimal distinguishing characteristics (e.g., therapeutic outcome, functional improvement) in the nursing facility resident population.
UNACCEPTABLE: Drugs with greater prevalence or severity of adverse reactions or lack of documented therapeutic efficacy versus other drugs when used in the nursing facility population.
The Preferred, Acceptable, or Unacceptable rating is the view of PCPS clinically in geriatrics per disease state and does not necessarily indicate the drug preferred by Omnicare.

Following the clinical review by USP, every Preferred or Acceptable drug is assigned a dollar symbol, ranging from one to seven dollar signs, representing the drug's relative cost within its therapeutic class by Omnicare's Formulary Champions. The dollar signs are reflective not of contract price to Omnicare, but the end cost to the payer based on a 30-day prescription.

Of clinical relevance to Johnson & Johnson are the following drug categories: Behavioral Disturbances Associated with Dementia, Chronic Pain (non-malignant), GERD, Respiratory Tract Infections, and Urinary Tract Infections.

Risperdal® is rated as a Preferred drug in the category Behavioral Disturbances Associated with Dementia. Risperdal® is currently the number two drug in dollars prescribed in the Omnicare system, representing in excess of $110 million. Risperdal® has been assigned six dollar symbols, more than any other antipsychotic. Clozaril® is rated Unacceptable. Zyprexa is Preferred® and Seroquel is Acceptable. Risperdal® share in the fourth quarter of 2002 was 48.0%.

The category Chronic Pain (non-malignant) was added in the 1997 formulary update. Omnicare is looking at further review of pain, separating different types of pain in the future, and further defining the class as three classes: Acute Pain, Chronic Malignant Pain, and Chronic Non-Malignant Pain. Both Ultracet® and Duragesic® are rated Acceptable in this category. They each have six dollar symbols. This class rates acetaminophen and salicylates (non-acetylated) Preferable. All of the NSAIDS and opioids are also rated in this class. Omnicare rated Darvocet® as Unacceptable and has expressed an interest in moving pharmacists from allowing this to be dispensed in the nursing homes. Consultants can lose up to 30% of their total points on monthly "report cards" based on excessive propoxyphene use. Omnicare nationally dispenses 12 million units of Darvocet® per year.

In the Hospital –Acquired, Nursing Home Acquired Pneumonia section Levaquin is "Preferred". It is acceptable in the Nursing Home Acquired Pneumonia and Upper and Lower Respiratory sections of the formulary. Omnicare is running a prospective intervention aimed at Cipro and UTI's.

Omnicare currently has nearly 1000 clinical pharmacists that meet regularly with physicians and medical directors to review each resident's progress and drug regimen. By choosing a product with fewer dollar signs in the Preferred or Acceptable class, a physician can provide cost-effective therapy with the best possible clinical outcome. Omnicare has 18 active Patient Specific Therapeutic Interchange Programs in effect. . The consultant pharmacists are active in having physicians sign therapeutic interchange forms that allow pharmacists to review charts and make switches without having to consult with the physician. Consultants receive report cards from Omnicare showing their success with Omnicare Select Products and share data on drugs in active therapeutic programs or part of disease state management programs. The PSC Formulary Champions work with the consultants to achieve Omnicare goals on specific drugs. Omnicare states that this effort has helped the company lower the cost of pharmaceutical care to the elderly by approximately 16%. New therapeutic classes will be selected on an annual basis.

When analyzing market share and formulary status, clinically and economically, there does not seem to be a direct correlation between the clinical rating (Preferred or Acceptable), dollar rating ($-$$$$$$), and market share.

Omnicare is able to drive share on multisource products by utilizing the Toledo Heartland facility as a wholesaler and only stocking the one preferred generic.

3. Managed Care/ Information Systems/ Disease State Management/Prospective Payment

The long-term care pharmacy is facing a changing environment as Medicaid and Medicare managed care becomes more of a reality. Omnicare needs to position itself as a provider of information concerning quality and cost-effective outcomes in the post-acute care market. Also, Omnicare's consultants need to become more of a resource both educationally and operationally in the nursing homes. Omnicare is positioned to meet the challenges of managed care. The company's clinically based formulary takes on a greater strategic significance and forms the basis for its role as a pharmaceutical benefit manager for the geriatric population. It also serves as the nucleus of Omnicare's entry into disease and outcomes management.

Toward this goal, Omnicare is integrating information systems to be a more comprehensive provider of geriatric therapies. The company acquired Dynatran Computer Systems, a Portland, Oregon, based software developer, in late 1995. This system provides assessment systems to nursing homes, and incorporates data on patient diagnosis, treatment plans, and health outcomes for each resident.

Omnicare's OSCAR2 system is a consultant system that links all 1000 clinical pharmacists with a database of clinical information. The newest addition to the information system is the Oasis. This system will be placed in all regional pharmacies to computerize medical records, dispensing, and billing.

Omnicare currently has the Oasis system running in three pharmacies. PRN in Indianapolis was the first. When Oasis is active in all pharmacies, the company plans to link all three systems together to have a comprehensive system to generate valuable outcomes data to payers and pharmaceutical manufacturers.

In January 1997, Omnicare acquired the international contract research organization Coromed. Coromed provides comprehensive clinical drug development and research services to the pharmaceutical, biotechnical, and medical device industries. Omnicare feels this acquisition will provide a unique opportunity to utilize Coromed expertise in information and data management and will facilitate Omnicare's initiatives in disease state and outcomes by enabling the consolidation and analysis of healthcare data on more than 900,000 elderly residents served by Omnicare.

Omnicare's strategy has produced strong growth and positioned this company to meet the challenges ahead as the long-term care industry moves toward managed care and other models of cost control. In the pharmacy services area they are working hard to determine the best way to maximize the opportunities represented by the State Preferred Drug Lists that are being considered in at least 30 states. In addition, they are working with the state Medicaid departments to ensure the unique needs of the Long Term Care market are considered when making drug selections for the PDLs. To remain competitive as it grows in size and in involvement in managed care, Omnicare has expressed interests in resources to help train internal employees on marketing skills, total quality management and continuous quality improvement processes, tools to measure performance and report results, risk assessment tools to address capitation/Medicaid risk contracts, and assistance in achieving JCAHO accreditation for all of the company's pharmacy sites.

Rescot Systems Group

Much of NCS HealthCare's core strength stems from its command of an information infrastructure. They are building one company, one purchasing effort, one clinical effort, one national distribution network and one central pharmaceutical data warehouse. Their unified information system contributes toward this goal.

In January 1997, NCS acquired Rescot Systems Group. Rescot, a software company located in Philadelphia, PA, provides information systems to a number of it's own long-term care institutional pharmacies across the nation. They currently service approximately 50% of the pharmacies in the entire long-term care market. This acquisition has allowed them to collect a rather large database of physician, pharmacy, and skilled nursing facility prescribing information in the long-term care market of which they market through Program Services Group, a separate division of NCS HealthCare.

IV. Situation Appraisal/Our View

Team Evaluation of the Account (Scale from 1:Worst to 10:Best)	***JPI***
Its sales trend (2-3 years out)(In their own market)	10
Its growth vs. our strengths	9
How coachable its people are	7
How much we enjoy working with the account	8
Showcase/referral source for us	10
Recent trends of orders	9
How much it helps us (Give & take or all take, no give)	6
TOTAL	59

Comparative Analysis - Identify the Three Most Important Facts About Account's Appraisal of the Situation

1. Success at Omnicare is critical to the success in the Long Term Care Group at J&J.
2. While contracts are made at the corporate level, the real pull through of this contract needs to occur at the local regional level.
3. We must work hard to continue to develop our relationship with Omnicare such that they view us as a strong partner with whom they want to work to drive share growth across all strategic brands.

V. Situation Appraisal Summary

A. Strengths

Omnicare now has the critical mass and looks to now be the dominant player in the market. They will continue to grow and become an even more dominant force. They purchase more dollars in J&J products than any other pharmaceutical manufacturer. The diversity and breadth of J&J positions us to be a resource to Omnicare beyond the portfolio of products we represent. We have the resources to contribute to Omnicare's organizational and business issues; for example, our expertise in marketing, sales training, risk assessment reimbursement, and performance measurement. The Long Term Care Group has a signed performance driven contract in place until the end of March, 2004. We will be working to negotiate a new agreement to be in place by the end of the second quarter 2003. The current contract includes rebate opportunities or other discounts on Risperdal®, Reminyl®, Duragesic®, Levaquin®, Ultracet®, Ditropan XL®, Aciphex® and Procrit®.

B. Opportunities

The recent acquisition of NCS represents a tremendous opportunity for growth. This places Omnicare at over 950,000 beds served. With the implementation of Omnicare's formulary management, repackaging efficiency and strong consultant interventions, they should be able to get the NCS pharmacies on board with the Omnicare programs in a relatively short period of time. This will fuel the grow of our strategic brands since Omnicare is supportive of the majority. We have an outstanding opportunity to obtain a advantaged status for both Reminyl® and Ditropan XL®. The web based training initiative should provide the focus we need on Reminyl® and our contracting opportunity should provide for a strong platform for growth at Omnicare. In regard to Risperdal®, with the pilot of the MR/DD and MI initiatives we should see a nice increase in the market share. We have the opportunity to take an already high Duragesic® share even higher with it gaining preferred status in several states on their PDL. Ultracet® remains a tremendous opportunity versus propoxyphene with its better safety profile and non scheduled status. We have the opportunity to manage the entire spectrum of pain in the elderly with our product line. This needs to be leveraged to our advantage in 2003 since pain management is one of the quality measures, it is getting a lot of attention at the skilled nursing facility level.

C. Trends

As mentioned previously, consolidation and acquisitions in the long term care market will continue. It is likely that the market will evolve into two tier one players and the independent pharmacy providers. The expansion of services into the assisted living area represents a new opportunity since these facilities are requesting many of the same services as a skilled facility. Movement of payers from private insurance, fee for service, and government to managed care; this trend results in the need for pharmacies to become a source of information, as well as a source of pharmaceuticals, leading to:

—Increased need for information systems

—Increased need for ability to gather outcomes data

As pharmacies become large corporations made up of smaller regional pharmacies, their needs to acquire skills in marketing, management, training, etc. is increasing.

The requirements on consultant pharmacists continue to increase which decreases their time to implement new interventions.

D. Vulnerability

This account is the largest in the Long Term Care Group. It now controls over 50% of the market and is likely to grow larger. We need to ensure we maintain a strong positive relationship on both contracting and clinical issues while maintaining a profitable contracting status with Omnicare. The antipsychotic market is highly competitive. The Oral Dissolving Tablet formulation of Risperdal® must be successful for us to continue the growth of the brand. We must also obtain an advantaged status for Reminyl® to help fuel the brand growth. Since Omnicare is receiving more and more rebate dollars from more and more manufacturers, we must ensure we maintain as favorable and mutually beneficial a relationship as is possible. Only then will we be able to fully realize the potential this customer offers.

E. Key Players

Sponsors / Strategic Coaches
Tim Bien RPh, Senior Vice President of Purchasing and Professional Services
Dan Maloney, Vice President of Purchasing.
Lisa Welford, PharmD, Vice President of Clinical Services
Cathy Dragon, Director of Program Development, Philadelphia College of Pharmacy and Science.
Seven Regional Directors of Clinical Services.
Ten Regional Vice Presidents.
Kelly Hollenack, Director of Health Management Programs
Best Practices Committee
P&T Committee

Antisponsors: None Identified

VI. LAMP Matrix

Strengths Vulnerability	Opportunities	Trends	Key Players	Possible Goals
Strength: Contracts Dollar Potential Risperdal®	Risperdal® growth 1. Dementia 2. MI Initiative 3. MR/DD Initiative	1. Continued acquisition of pharmacies. (Growth). 2. Movement of payers to managed Medicaid or Medicare, Prospective Payment System. 3. Movement into Assisted Care Living and Home Health Care fields.	1. Tim Bien, RPh, VP Purchasing and Professional Services 2. Dan Maloney, Director of Purchasing 3. Lisa Welford, RPh 4. RCD's 5. Kelly Hollenack	1. Successfully execute MI & MR/DD pilots in Chicago 2.Launch similar intervention at other disproportionate share branches. 3. Ris – Solo preferred/select on formulary
Strength: Breadth of J&J Resources / Product Line	1. Risperdal® share. 2.Aceytlcholinestera se Inhibitor Initiative 3. Incontinence Initiative 4. Anti - Infective Initiative.	1. Continued acquisition of pharmacies. (Growth) 2. Movement of payers to managed Medicaid or Medicare, Prospective Payment System. 3. Movement into Assisted Care Living and Home Health Care fields.	1. Tim Bien, RPh, VP Purchasing and Professional Services 2. Dan Maloney, Director of Purchasing 3. Gary Irwin, RPh Chief Clinical officer 4. Lisa Welford, RPh 5. RCD's 6. Kelly Hollenack	1. Partner to assist with reimbursement issues utilizing JPI reimbursement managers and JJHCS government affairs directors 2. Pull-through and/or influence state PDL's 3. Assist with JACHO accreditation
Strength: Health management focus on treatment of AD with acetycholinestera se inhibitors	1. Strong Reminyl® MS growth trends. 2. AD Web Base Training 3. Poor relationship between Omni and Pfizer 4. Strong relationship between Omni & J&J	1. Physicians DC therapy when place in NH 2. Physicians do not see benefits in initiating therapy in NH patients 3. State PDL's and MCO's formularies for class	1. Lisa Welford, RPh 2. RCD's. 3. USP 4. Dan Maloney – for contract 5. Consultant Pharmacists 6. Kelly Hollenack	1. AD Web base training 2. Performance base contract with Reminyl 3. Reminyl select on formulary. 4. Reminyl one of the focus health management initiatives

Vulnerability: Loss of Sales; Zyprexa® Threat to Risperdal®	1. Risperdal® MS growth. 2. Zyprexa diabetes concerns. 3. Zyprexa weight gain concerns. 4. Litigation issues with Zyprexa. 5. Poor relationship between Lilly & Omnicare. 5. Strong relationship J&J	1. Purchase of pharmacies 2. Movement of payers to managed Medicaid or Medicare, Prospective Payment System. 3. Movement into Assisted Care Living and Home Health Care fields. 4. State PDL's	1. Lisa Welford, RPh 2. RCD's. 3. USP 4. Dan Maloney – for contract 5. Consultant Pharmacists 6. Kelly Hollenack	1. Successfully execute MI & MR/DD pilots in Chicago 2.Launch similar intervention at other disproportionate share branches. 3. Ris – Solo preferred/select on formulary 4. Clinical pres: Risperdal vs Zyp.

VII. Putting It All Together

Charter Statement

J&J supplies high-quality products and jointly created clinical and business programs to Omnicare that aid Omnicare in achieving corporate goals and objectives.

Four Best Opportunities

Focus efforts in generating Risperdal® share through educational and promotional programs targeting conventional & atypical antipsychotics. Expand business opportunities through pulling through Risperdal business in geriatrics, mental illness, and DD.

Capitalize on Omnicare clinical initiative to increase product use of acetylcholinesterase inhibitors by pulling through Reminyl.

Continue to execute Levaquin® intervention quinolone program.

Drive strategic product utilization in states where respective product is preferred on PDL.

Three Best Goals

Become Omnicare's resource for pain, behavior management, Alzheimer's Disease and anti-infective therapy through clinical expertise, clinical interventional tools appropriate to LTC, outcomes data, and value-added services.
Partner to assist with reimbursement Medicaid/Medicare/Prospective Payment issues utilizing reimbursement managers and JJHCS government affairs directors.
Obtain or maintain market share leadership position for all strategic products within defined market basket.

Primary Revenue Target

Omnicare will purchase $250 million from the J&J Pharmaceutical Group.

Single Best Opportunity

Risperdal® preferred status on Omnicare's Geriatric Guidelines. To continue this formulary status and to implement Risperdal® PSTI program at all regional sites. Risperdal is the largest dollar potential of all J&J strategic brands.

Focus Investment *(Resources Needed)*

APS educational programs (CE & Promotional) geared to the LTC patient population.
APS educational programs (CE & Promotional) geared to the MI & MR/DD population.
Continued funding for Levaquin® interventional program.
Omnicare CRO research projects.
ElderCare and CNS deployment and training against identified mental illness and MR/DD facilities and respective attending physicians.
Web Base training to access and educate consultant pharmacy staff related to our strategic products/disease states.
Partnering to support their drive to increase use of acetylcholinesterase inhibitors.

VIII ACTION PLAN

General Action Plans	Timing	Responsibility
Meet with Lisa Welford. Discuss/Identify clinical priorities and partnership opportunities for 2003.	03/03	Matt
Internal meeting of Omnicare Corporate Team. Develop action plans around each strategic product, and top 10 Omnicare accounts for each market basket.	03/03	Matt Blaine Chuck Bruce
Develop 2003 LAMP	1Q 03	Matt Chuck
Conference Call with Omnicare Team to discuss 2003 G&O's & Action Plans • Quarterly CC: Account update and progress report relating to G&O's & Best Practices. • Capture Regional and Branch CAP Plans. • Review CAP's with Lisa Welford	04/03 Quarter	Omnicare Team Matt
Omnicare/J&J LTCG business planning meeting. Develop a business plan in partnership with the following RCD's: • Alan Mason • Terry O'Shea • Karen Burton • Susan Klem • Joseph Gruber • Alan Bell • Bob Warnock	1Q 03	 John K Blaine M Tom Z Chuck C Bruce C Dean M Howard B
Consistent communication as it relates to Omnicare clinical activities with internal & external team/customers.	Ongoing	Matt Chuck
Lisa Welford – Monthly phone conversations. Quarterly meetings.		Matt
RCD – Weekly phone conversations. Quarterly meetings.		Omnicare Team
Update Omnicare LAMP and business plan after NCS transition is complete	2Q 03	Matt Chuck
Monitor implementation and execution of business plans that are developed by Omnicare Internal Team listed on CAP plans.	Ongoing	Matt
Identify top 10 accounts for each strategic market basket based on 12 month total prescription market average.	1Q03	Chuck
Clinical Education at NCS Regional integration meetings.	1&2 Q03	Omni Team
Identify all members of "Best Practices Committee" and ensure LTCBM/JEC coverage	2Q03	Matt
Ensure JEC coverage of all P&T members	2Q03	Matt
Determine status of NCS Rescot program	2Q03	Chuck

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Risperdal Action Plans	Timing	Responsibility
Geriatric		

JACC Model presentations at each branch. Train marketing manager and CP's on utilization.	2Q03	Omni Team
Discuss with Bob Warnock how Omnicare can use JACC model with national accounts to get business and utilize with accounts with high at risk Medicare reimbursement.		
Business planning meetings with RCD's and clinical coordinators.	2Q03	Omni Team
Determine the amount of Seroquel that is used for sedation. Develop clinical plan with Lisa to address.	2Q 03	Matt Lisa
Coordinate meeting with Lisa to review clinical application of Easy Tab, falls data, atypical class review, & information on PI changes concerning cardio vascular disease.	04/03	Matt
Coordinate Web Cast with Omnicare RCD's to review clinical application of Easy Tab, falls data, atypical class review, & information on PI changes concerning cardio vascular disease.	05/03	Matt Mark Lehman
Coordinate meeting with USP (Gary Irwin & Cathy Dragon) to review clinical application of Easy Tab, falls data, atypical class review, & information on PI changes concerning cardio vascular disease.	04/03	Matt
Set up Risperdal Clinical update and Easy Tab introduction for all target Omnicare LTCPP	3Q 03	LTC Group
Develop launch plan for Risperdal Consta at Omnicare	3Q 03	Omnicare Team
MR / DD		
MR/DD Web Base Training	3Q 03	Mark Lehman
Continue to pull-through MR/DD pilot at Enloe South Elgin. Ensure the success of this initiative.	Ongoing	Matt
Investigate with Lisa W other potential Omnicare branches to launch a MR/DD initiative. Pull-through tool kit.	04 /03	Matt
Mental Illness		
Launch MI education/initiative	2Q03	Matt
Successfully launch MI initiative in Chicago. CP education. Dr. Burks(Ris clin lit) & Dr. Lee (clin practice) JEC Deployment Ed. Program in partnership with Barton Management Grp, IL Health Counsel, &Trinity Health Care DLN Implementation in IMD Facilities	2Q03	Matt

Levaquin Action Plans	Timing	Responsibility

Discuss with Dan M financial ramifications of Cipro generic. • Singular E-Box stocking of Levaquin. • Develop a response for dispensing pharmacists to deliver to customers who question singular stocking	2Q 03	Chuck Dan M
Identify HV Cipro prescribers at branches with low Lev. MS.	Ongoing	LTC Group
Trust 6 & clinical monographs for dispensing pharmacists through RCD's.	2Q03	M. Lawrence
Inservice top 10 Omnicare Branches for dispensing pharmacists.	2Q03	LTC Group
Web Base training addressing infection control and anti-infective utilization in Elderly	3Q 03	Cathie Taylor
Leverage OMP for LTCPP and select facility inservices	Ongoing	LTC Group
Schedule needs assessment meeting between Brian Smith and Lisa Welford	2Q 03	Matt Brett
Identify and target HV Omnicare accounts with low Levaquin MS	2Q 03	Chuck

Ditropan XL Action Plans	Timing	Responsibility
Cost Calculator with nurse consultant/nurse education coordinators at all target branches.	Ongoing	LTC Group
Pull-Through support in states where Ditropan XL is preferred on Medicaid formulary.	Ongoing	LTC Group
Work with CP's to identify patients that are appropriate for therapy. Green Tree template.	Ongoing	LTC Group
Leverage OMP for LTCPP and select facility inservices	Ongoing	LTC group

Reminyl Action Plans	Timing	Responsibility
Alzheimer's Web Base Training.	2Q 03	Brett Matt
Leverage JEC for branch inservices.	Ongoing	LTC Group JEC
Physician education addressing benefits of Reminyl and this class or products in the nursing home population.	Ongoing	LTC Group JEC

Large scale programs targeting nursing homes / nurses that t • he branch services, addressing benefits of Reminyl and this class or products in the nursing home population.	Ongoing	LTC Group[p JEC
Sign up all CP's for sharing care. Review sharing care with Lisa to determine interest	2Q 03	Matt
Support CRO for outcomes trials related to this disease state		Matt Gary Irwin

Duragesic Action Plans	Timing	Responsibility
Develop response to states that are or in the process of PA Duragesic.	2Q 03	Chuck
Identify branches that have a disproportionate share of hospice business.	2Q 03	Matt
Identify branches that have a disproportionate share of HIV business.	2Q 03	Matt
Meet with Kelly Hollenack to determine national educational needs for pain management. Access ROI and implement accordingly	04/03	Matt Blaine

Ultracet Action Plans	Timing	Responsibility
Develop response to states that are or in the process of PA Ultracet.	2Q 03	Chuck
Identify branches that have a disproportionate share of hospice business.	2Q 03	Matt
Identify branches that have a disproportionate share of HIV business	2Q 03	Matt
Meet with Kelly Hollenack to determine national educational needs for pain management. Access ROI and implement accordingly	04/03	Matt Blaine

Key is that focus needs to be directed towards regional (RCD'S) and local branch (Clinical Coordinators) rather than Corporate. Currently Omnicare has four health management programs that they are driving from Corporate. They want to maintain their focus on these four critical initiatives. For us to increase our share of voice and tactical activity with our strategic products at Omnicare we will need to drive/influence this at the regional and local level.

IX Goal / Business & Market Share

APPENDIX A 2003 MARKET SHARE GOALS					
PRODUCT	**Dec 2002**	**1Q 03**	**2Q 03**	**3Q 03**	**4Q 03**
Risperdal®	47.6	48.0	49.0	50.0	51.0
Reminyl	13.6	15.0	17.0	18.5	20.0
Duragesic®	62.1	63	64	65	66
Aciphex®	2.5	2.5	2.5	2.5	2.5
Levaquin®	74.7	75	76	77	78
Ultracet®	30.3	32	33	34	35
DitropanXL®	41.4	44	46	48	50
Procrit®					

APPENDIX B SALES RESULTS				
PRODUCT	**2002 SALES**	**2002 MARKET SHARE**	**2002 SALES MARKET**	
Risperdal®	$97,498,079	47.6		
Reminyl	$7,725,157	13.6		
Duragesic®	$34,817,372	62.1		
Aciphex®	$1,684,914	2.5		
Levaquin®	$22,553,573	74.7		
Ultracet®	$637,021	30.3		
DitropanXL®	$3,318,835	41.4		
Procrit®	$38,136,997			

APPENDIX C CONTRACT SALES RESULTS (000'S)				
PRODUCT	**1Q 02**	**2Q 02**	**3Q 02**	**4Q 02**
Risperdal®	$24,861	$21,482	$24,650	$26,505
Reminyl	$1,285	$1,734	$2,173	$2,534
Duragesic®	$7,707	$8,529	$9,153	$9,429
Aciphex®			$880	$805
Levaquin®	$5,279	$5,165	$5,406	$6,703
Ultracet®			$243	$403
DitropanXL®			$507	$2,812
Procrit®	$8,667	$9,186	$10,066	$10,218

APPENDIX D CONTRACT MARKET SHARE RESULTS				
PRODUCT	**1Q 02**	**2Q 02**	**3Q 02**	**4Q 02**
Risperdal®	56.52	49.5	50.63	51.59
Reminyl				
Duragesic®	62.28	63.94	65.38	66.23
Aciphex®	1.71	1.87	3.48	3.34
Levaquin®	68.31	68.44	68.68	73.46
Ultracet®				11.25
DitropanXL®			32.31	40.04
Procrit®				

APPENDIX E
OMNICARE ACCOUNT TEAM

Chuck Chartier
Toledo, OH

Matt Lawrence
Minneapolis, MN

Tom Zavasky
Boston, MA

Blaine Morris
Indianapolis, IN

Howard Bradley
Atlanta, GA

Bruce Cummins
Kansas City, MO

Mary Jo DeFlorio
Detroit, MI

John Kennedy
Dallas, TX

Dean Meyer
Seattle, WA

Contract Summary

This will be a five-year offer.
The contract is a combination charge-back and rebate agreement.
Strategic products are Risperdal®, Duragesic®, Ultracet®, Reminyl®, Ditropan XL®, and Levaquin®. They are all eligible for both a quarterly performance rebate and an annual performance fee.
Rebates are earned on the basis of:

- Actual market share attained
- Product's position on formulary with no competitive disadvantages
- Product designated, at minimum, "Acceptable" on formulary

Strategic product performance fee is earned upon:

- Implementing J&J approved interventional programs
- Achieving pre-determined performance tier
- Additional utilization
- Additive to the quarterly rebates

Market share is calculated on the basis of days of therapy derived from DACON measure.
All J&J products are purchased at contract price (distributor list price less a small discount for capturing charge-back). The rebated products shall also be purchased and rebated at this price-protected contract price. Contract price is price-protected for the first 12 months of the agreement. For the subsequent term, there will be no more than one price change per line item during the 12 months and the aggregate price increase will be CPI +2.