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**SUPPLY AGREEMENT**

**BETWEEN**

**OMNICARE, INC.**

**2800 Chemed Center**

**255 East 5th Street**

**Cincinnati, OH 45202**

**Att: 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**

**Att: Contract Administration**

**REDACTED**

**Referred to as "Supplier"**

**DATE: March 31, 1997**

**TERM: From: April 1, 1997**

**To: March 31, 2000**

**CONTRACT NUMBER: [Number to be assigned]**

**SIGNATURES**

**MANAGER**

By *Dan Maloney* 4/1/97

Name: Dan Maloney Date

Title: Director of Purchasing

**SUPPLIER**

By *Dennis A. Sherrill* 4/3/97

Name: Dennis A. Sherrill Date

Title: Corporate Account Director

By *Sanjay P. Shah* 4/5/97

Name: Sanjay P. Shah Date

Title: Manager, Business Analysis

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## INTRODUCTION

**Agreement.** This Agreement is an agreement for the supply of certain Products listed herein. Furthermore, under this Agreement, Supplier shall pay Manager a performance rebate for select Products, designated by Supplier as Strategic Products and that are listed, at minimum, "Acceptable" on all formularies used by Manager in the management of drug Benefits. Supplier will pay rebates to Manager in amounts based on the utilization of the Products by the patients covered under Benefits managed by the Manager. 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

Affiliate Specific Terms and Conditions

Performance Measurement / Rebate Eligibility

Performance Tiers/Rebate Percentages

Full Product Put-Up Lists (Exhibit A)

Defined Markets (Exhibit B)

Format for Electronic Data Submission (Exhibit C)

Schedule of Qualifying Active Intervention Programs and Appropriate Utilization Programs (Exhibit D)

\*List of Manager-owned Closed Pharmacies [Participating Sites] (Exhibit E)

\*List of Prime Vendors (Exhibit F)

Certification of Own Use (Exhibit G)

\* To be furnished initially and updated subsequently with Utilization Reports

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 Cincinnati, Ohio based publicly held corporation. Manager is an independent provider of professional pharmacy and related services for long term care initiatives such as nursing homes, retirement centers, home healthcare and other institutional healthcare facilities.

## GENERAL TERMS AND CONDITIONS

1. **Subordination.** In case of an inconsistency between any provision of these General Terms and Conditions and any other provision of this Agreement, such other provision shall govern.
2. **Changes in Products.** If the regulatory status of a Product changes from "prescription" to "over-the-counter", then Supplier or Manager may delete that Product from the Product Lists by written notice to the other party. Supplier may discontinue or modify any Product at any time.
3. **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' notice to the other party. The provisions of these General Terms and Conditions shall survive termination of this Agreement.
4. **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 or by facsimile 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 or otherwise known to the recipient or its legal representative. This provision is not intended to be exclusive, and any notice actually received shall be sufficient.
5. **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.

6. **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.
7. **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.
8. **Publicity.** Neither party shall permit or generate any publicity, advertising or promotion concerning this Agreement without the prior written consent of the other party.
9. **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.
10. **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.
11. **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.

12. 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.
13. 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.
14. 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.
15. 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.
16. 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 to Qualifying Interventions (Exhibit D).
  - c) "Aggregate Price" shall mean an amount equal to the aggregate of the number of units of each line item of each Product purchased during the Base Year multiplied by the current Contract Price for each line item.
  - d) "Base Year" shall mean the first twelve (12) month Term of this Agreement.
  - e) "Benefit" shall mean a drug or medical equipment benefit which is managed by Manager and under which products are dispensed in accordance with one or more Formularies controlled by Manager.
  - f) "Closed Pharmacy" entity shall mean one that is not open to the public for retail sales.
  - g) "Contract Price" shall mean the price of Products as outlined in Exhibit A "Full Product Put-List".



- h) **"Contract Year"** shall mean the annual period between [insert period] (likely to be April 1st until March 31st).
- i) **"DACON"** shall mean the daily average consumption. The measure, based upon FDA-approved dosing and indication for products, is used for calculating market share that is based upon days of therapy. DACON is specified in Exhibit B for Supplier's and competitive Products as agreed to by both parties. DACON will remain constant for the life of this Agreement unless modified in writing by both parties.
- j) **"Defined Product Market"** shall mean the list of products included in the therapeutic categories in which each Product competes as listed herein as Exhibit B.
- k) **"Formulary"** shall mean a list of products that Manager has determined reflects the most appropriate drug or medical equipment therapy to be dispensed by the Participating Providers for fulfillment of prescriptions to Residents. Participating Providers shall be encouraged by Manager, through mechanisms like Active Intervention Programs, to use Formulary products for fulfillment of prescriptions for Residents.
- l) **"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 products. Hard Edit is a mechanism that permits Manager to control the distribution of such specific products.
- m) **"Manager"** shall have the meaning described on the cover page and Introduction of this Agreement.
- n) **"Market Share Report"** shall mean a report, in an electronic format reasonably requested by Supplier, summarizing the Benefit utilization of each Product compared with the Benefit utilization of products in the relevant Defined Product Market. This report will include all brands or generics within the therapeutic category. Exhibit C specifies the format.
- o) **"NDC"** shall mean National Drug Code.



- p) **"Net Sales"** Contract Price Minus rebates or discounts.
- q) **"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.
- r) **"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.
- s) **"Performance Tier"** shall mean a performance goal, established by Supplier and as set forth in the schedule attached hereto as "Performance Measurement and Rebate Matrix", on a per Product basis. A specific rebate percent shall be specified for each Performance Tier, and such rebate percent shall be earned by Manager upon Supplier validating Manager's compliance to the performance requirements associated with earned Performance Tier. Unless otherwise specified herein, Performance Tiers are based on market share performance.
- t) **"Price Lists"** shall mean the attachments hereto which describe the prices of the Products. Exhibit A "Full Product Put-Up List" and the "Performance Measurement and Rebate Matrix" specify the Product price and applicable rebate percent.
- u) **"Prime Vendor"** shall mean the wholesaler or distributor designated by Manager or Participating Site(s) to facilitate the distribution of Products.
- v) **"Product(s)"** shall mean the Supplier's product(s) listed on Exhibit A.
- w) **"Product Lists"** shall mean the lists of Products covered by this Agreement and described in Exhibit A.
- x) **"Product Market Days of Therapy"** shall mean the sum total of Units Utilized of the products in a Defined Product Market category divided by the DACON of the respective products.

- y) **"Product Market Share"** The sum total of the Units Utilized of a Product divided by its DACON divided by the Product Market Days of Therapy for the relevant Defined Product Market Category.
- z) **"Resident"** shall mean a person receiving a Benefit that is provided by the Manager and/or one of the Participating Site,
- aa) **"Strategic Products"** These Products are FLOXIN® ofloxacin, LEVAQUIN® levofloxacin, RISPERDAL® risperidone, ULTRAM® Tramadol, DURAGESIC® fentanyl transdermal system and PROCREDIT® epoetin alfa. Only Strategic Products, as defined here, are eligible to earn the performance-driven rebates specified in "Performance Measurement and Rebate Matrix"
- bb) **"Supplier"** shall have the meaning described on the cover page of this Agreement.
- cc) **"Units Utilized"** shall mean the number of units (tablets, grams, tubes, mis etc..) dispensed to Residents for a given period.
- dd) **"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 product in the Defined Product Market, dispensed under Benefits to Residents. This report will include all brands or generics within the therapeutic category. Exhibit C specifies the format.

2. Participating Site.

- a) Manager warrants that the list of its sites attached hereto is accurate and current. Manager also accepts that each site meets the definition of Participating Site described in Article 2.B below and all other requirements of this Agreement. Manager shall 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.
- b) To be eligible for recognition as a Participating Site, a facility must be based and operated in the U.S., and 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 Manager site 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, and (ii) Supplier's recognition of such status. A Manager site may declare its status as a Participating Site (subject to recognition by Supplier) by written notice to Supplier. Such notice shall also designate a Prime Vendor for the site. A Participating Site may revoke its status as such at any time by written notice to Supplier. 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 of this type.
- d) Preferably within 30 days (but no later than 90 days) after acquiring any facility that meets the definition of a Participating Site as described in Article 2.B above, Manager shall notify Supplier's Contract Administration described on cover page of this Agreement of such acquisition and the number of Residents involved. Manager shall not submit for rebate any utilization occurring from such Residents until the facility is recognized by Supplier as a Participating Site per article 2.C above. Exceptions to this criteria can be negotiated between the parties and agreed to in writing.

3. Participants.

- a) Manager warrants the accuracy of the Residents, Benefits, and Participating Site information attached hereto, and Manager shall update aggregate information each calendar quarter in the form reasonably requested by Supplier (Exhibit C).
- b) With each quarterly data submission Manager will identify for Supplier changes to the number of Residents. The addition of Residents must meet the criteria of Supplier under 3.C below, accompanied by a written consent from Supplier prior to any rebate eligibility from Product utilization occurring as a result of such change. Such consent shall not be unreasonably withheld.
- c) Each rebate with respect to a transaction involving a particular Benefit or Resident shall be conditioned upon Supplier's recognition hereunder of such Benefit or Resident. It is understood that among those which will not be recognized are (i) non-U.S. Benefits and non-U.S. Residents, (ii) Benefits for which Manager acts primarily as an administrator of benefits with little or no influence over management of Benefit formularies, (iii) Residents with respect to which Supplier is obligated to pay rebates or any form of incentives under prior agreements with third parties.

4. Utilization and Market Share Reports.

- a) Within 60 days after the end of each calendar quarter, Manager shall provide Supplier with a Utilization Report and a Market Share Report for such quarter. Manager will supply utilization for all Products including generics as outlined in the Defined Product Market exhibit. Manager hereby warrants the accuracy of such reports.
- b) The Utilization Report and the Market Share Report for each calendar quarter shall be subdivided and aggregated by Manager to provide information by (i) individual Participating Sites, and (ii) aggregate of all Participating Sites meeting the terms and conditions of this Agreement.
- c) 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 Manager of the "Manager Checklist for 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.

- d) 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. Contract Prices and Rebates.

- a) To earn any individual Strategic Product rebates under this Agreement, all Strategic Products must be (i) on Manager's Formulary(s) as "Acceptable" for FDA-approved indications for Manager (ii) included on Formulary(s) without any competitive disadvantage and (iii) As and when provided in the Schedule of Qualifying Interventions (Exhibit D), each Strategic Product must have an Active Intervention Program, applied by Manager in the favor of the Product, to be eligible for rebates for that Product.
- b) Supplier shall pay to Manager the rebates described on the "Performance Measurement and Rebate Matrices" with respect to each Strategic Product dispensed to a Resident under a Benefit if (i) no negative promotional activities (e.g. counter-detailing) are undertaken against such Strategic Product, and (ii) the other requirements of this Agreement have been met.
- c) The aggregate rebate for each calendar quarter shall be paid by Supplier to Manager within 60 days after receipt by Supplier of the Utilization and Market Share Report as well as completion of the worksheet certifying satisfaction of non-quantitative performance requirements for such quarter. The rebate shall be paid if Manager has performed in accordance with the conditions described under "Performance Measurement and Rebate Eligibility". Payment shall be 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 Contract Price (as per the attached Exhibit A) times the Rebate Percentage for the performance level earned as per the requirements in the Performance Measurement and Rebate Eligibility and Performance Measurement Rebate Matrices.

e) The Contract Prices of the Products shall be as described on the Price Lists (Exhibit A). Supplier agrees to limit Contract Price changes for the Products to one change per line item for each twelve (12) month period of this Agreement, "Contract Year". If Manager's unit product purchases during any Contract Year meet or exceed the prior Contract Year's unit product purchases, Supplier guarantees that aggregate pricing in the following Contract Year will not increase more than 2% of the previous Contract Year's total sales dollars plus an adjustment based on the Consumer Price Index, "CPI". The CPI adjustment shall be calculated as follows:

- i) The "Base CPI" shall be the U.S. City Average CPI-U for all items for the Calendar Year two years prior to the year in which the adjustment is being calculated.
- ii) The "New CPI" shall be the U.S. City Average CPI-U for all items for the Calendar Year prior to the year in which the adjustment is being calculated.
- iii) Subtract the Base CPI from the New CPI; if the remainder is zero or a negative number there will be no adjustment to the price increase. If the remainder is a positive number, divide the remainder by the Base CPI and multiply the quotient by 100 to arrive at the percentage increase in the CPI. Add 2.00 to this percentage, the sum is the maximum percentage by which prices can increase.

For example, if the adjustment were being calculated in 1996 the Base CPI would be the U.S. City Average for 1994 (148.2) and the New CPI would be the U.S. City Average for 1995 (152.4). The calculations would be as follows:  $152.4 - 148.2 = 4.2$ ,  $4.2 \div 148.2 = 0.0283$ ,  $0.0283 \times 100 = 2.83\%$ ,  $2.83\% + 2 = 4.83\%$  - the maximum price increase for the 1997 Contract Year.

In the event that the method of calculating the CPI is modified by the Department of Labor during any Contract Year, future CPI calculations shall be adjusted by any conversion factor published by the Department of Labor or other generally recognized and accepted source. If no conversion factor is available or if the revised CPI does not accurately reflect the true change in the cost of goods and services the parties shall use any other generally recognized and accepted index. If the parties are unable to agree on either a conversion factor or replacement index then the price increase guarantee above shall be of no further force and effect.



Should Manager's total unit purchases not equal the prior year's unit purchases, then Supplier reserves the right to raise prices in excess of the aforementioned guideline. Any discontinued or new product available for less than twelve (12) months will not be considered for purposes of the prior Contract Year's sales volume calculations.

- f) Supplier may from time-to-time impose reasonable punctuality (generally recognized as claims older than 180 days following the close of a quarter) and *de minimis* restrictions on rebate claims via policy notices to Manager. Supplier shall give Manager reasonable time to comply with any such restrictions.

6. 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) 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.

7. 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 G) substantially to the above effect. Manager's acceptance of this Agreement will serve as a certification to the above effect.



8. **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.

## PRODUCT SPECIFIC TERMS AND CONDITIONS

### 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.

## PERFORMANCE MEASUREMENT AND REBATE ELIGIBILITY

A rebate shall be paid on each Product included in Product List (Exhibit A) according to and if the following performance criteria are met quarterly.

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. Annual Strategic Product Performance Rebate shall be earned on Strategic Products that have an Active Intervention Program (AIP) or Appropriate Use Program (AUP) applied in their favor.
  - a) An additional rebate of 1% off Contract Price shall be earned on the annual utilization of select Strategic Products described on Schedule D. This rebate shall be in addition to any quarterly rebates earned as per the "Performance Measurement and Rebate Matrix" grid. The rebate shall be paid in accordance of Article 5 "Contract Prices and Rebates" once Supplier has evaluated Manager's satisfaction of meeting the performance criteria described in Exhibit D "Schedule of Qualifying Interventions". The performance shall be evaluated in aggregate at the end of each Contract Year.
  - b) Supplier views the "Strategic Product Performance Rebate" as a year-end bonus, recognizing successful completion of a Contract Year and the relationship between the two parties. In case this Agreement is terminated in middle of any year, Supplier will not be obligated to pay Manager any "Strategic Product Performance Rebate".
  - c) The AIP/AUP initiatives will be developed jointly by the two parties and described under Exhibit D "Schedule of Qualifying Interventions" as described in paragraph "D" of this section.
  - d) At the time this Agreement is executed, the Strategic Product Performance Rebate shall be considered for Supplier's Strategic Products for Chronic Pain Management (DURAGESIC® and ULTRAM®), Atypical Antipsychotic (RISPERDAL®) and Anti-Infective (FLOXIN®) IF each one of these Products meet or exceed the performance level described in Exhibit D on an aggregated annual basis evaluated at the end of each Contract Year.

- e) As and when provided in the Schedule of Qualifying Interventions (Exhibit D), each Strategic Product must have an Active Intervention Program, applied by Manager in the favor of the Product, to be eligible for Strategic Product Performance Rebates on that Strategic Product. Upon written approval of Supplier, an Appropriate Utilization Program may fulfill this requirement. Supplier hereby approves as an AIP each Program set forth on the Schedule of Qualifying Interventions (Exhibit D). It is the responsibility of Manager to provide Supplier with notice that AIP/AUP programs are in effect, together with a brief description thereof. Manager agrees to meet with Supplier within 30 days of executing this Agreement to develop a business plan that includes the initial Schedule of Qualifying Interventions. 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 Strategic Product Performance Rebate may be revised on an annual basis.
- f) Upon written approval of Supplier, an Appropriate Utilization Program may fulfill this requirement. Supplier hereby approves as an AIP each Program set forth on the Schedule of Qualifying Interventions (Exhibit D). It is the responsibility of Manager to provide Supplier with notice that AIP/AUP programs are in effect, together with a brief description thereof. Manager agrees to meet with Supplier within 30 days of executing this Agreement to develop a business plan that includes the initial Schedule of Qualifying Interventions. A meeting shall occur every quarter between the two parties to review the progress on the business plan. The business plan may be revised on an annual basis.
3. At a future date, both parties shall meet and expand the Schedule of Qualifying Interventions (Exhibit D) to include other Strategic Products. At that time, Supplier will consider expanding the Strategic Product Performance Rebate to cover these additional Strategic Products. In anticipation of future AIP/AUP, Supplier offers Manager rebates on Strategic Products that do not have AIP/AUP at the time this Agreement shall be executed.

4. Re-definition of Manager's Performance Tiers: Due to long term care national market share fluctuations not attributable to Manager, Supplier retains the right to review and adjust, if necessary, Manager's Performance Tiers. Any changes to the Performance Tiers 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 Long Term Care national Product Market Share exceeds Manager's Product Market Share then Supplier may revise the Performance Tiers as described in the "Performance Measurement and Rebate Matrix" grid. Such adjustment will fully consider the influence of Manager's performance on long term care national market share.
  - b) If the FDA were to change the current indication or labeling for any one of Supplier's Products or competitive products 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).
  - c) If the FDA approves new products and subsequently, such product is added to the Defined Markets (as per the conditions described in "Definition of Therapeutic Classes), Supplier may re-evaluate the Performance Tier.
5. Performance requirements and corresponding rebates for Strategic Products are listed below under "Performance Measurement - Rebate Matrices".
6. Supplier retains the sole right to define and re-define the pharmaceutical Defined Product Market (Exhibit B) based upon (i) the entry of a branded or generic product into the market, (ii) the removal/discontinuation of a branded or generic product from the market, (iii) a change in the indication of Supplier's Product(s), or (iv) a modification by Supplier of their view of competitive products against which Supplier's Product(s) compete. Supplier agrees that any changes made to the Defined Market will reflect Supplier's universal definition, rather than a specific definition with regard to Manager or this Agreement. When there is a change in a Product(s) Defined Product Market, Supplier shall provide Manager with the revised Defined Product Market (Exhibit B). The changes to Defined Product Markets reflect Supplier's universal definition, rather than a specific definition with regard to Manager or this Agreement.

**PERFORMANCE MEASUREMENT - REBATE MATRICES**

Product	Mfr. Shr. Q4%		Nat'l Shr. Q4%		Market Share Rebate %					Additional Product/Interventional Requirements
	83.1%	95.3%	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5			
Risperdal	83.1%	95.3%	< 80.0%	80.0%	85.0%	90.0%			First line Atypical Antipsychotic. All other competitive products in Defined Market Prior Authorized for Risperdal failures. Manager's Regional V.P.s and Formulary Champions shall work with Supplier to develop business plan and communications to prescribing practitioners that enhances compliance to this Agreement. Consultants to attend Risperdal inservice.	
Duragesic	58.0%	54.9%	55.0%	60.0%	65.0%	70.0%			First line preferred strong Opioid. Participation in National Pain Management Initiative to be jointly developed by the two parties. Manager's Regional V.P.s and Formulary Champions shall work with Supplier to develop business plan and communications to prescribing practitioners to enhance compliance to this Agreement.	
Propulsid	15.1%	13.7%	15.0%	20.0%	25.0%	30.0%			Consultant-Pharmacists to attend PROPULSID inservice. Manager's Regional V.P.s and Formulary-Champions shall work with Supplier to educate Manager's prescribing practitioners on GERD treatment protocols.	
Ultram	18.8%	21.4%	32.0%	32.0%	42.0%	52.0%	62.0%		Develop ULTRAM Propoxyphene interventional program (to be jointly developed by both parties).	
Procrit			N/A	5.0%					Please see "Product Specific Terms and Conditions" section of this Agreement for appropriate use of PROCIT.	
Floxin	12.9%	12.8%	20%	40%	60%	80%				
Levaquin	N/A	N/A	> NMS	2%						

Denotes Performance Tier Already Achieved by Manager.

Common Product Requirements:



**EXHIBIT A FULL PRODUCT PUT-UP LIST**  
**In Effect April 1, 1997 Through March 31, 1998**

NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM	CONTRACT PRICE (4/1/97-3/31/98)
50458006002	Alfenia	Alfenianil HCl	500 MCG/ML	2 ML Ampules	BOX of 10	67.44
50458006005	Alfenia	Alfenianil HCl	500 MCG/ML	5 ML Ampules	BOX of 10	120.89
50458006010	Alfenia	Alfenianil HCl	500 MCG/ML	10 ML Ampules	BOX of 5	97.80
50458006020	Alfenia	Alfenianil HCl	500 MCG/ML	20 ML Ampules	BOX of 5	170.82
50458003605	Duragesic	Fentanyl Transdermal System	100 MCG/HR	Patches	PACKAGE of 5	128.23
50458003305	Duragesic	Fentanyl Transdermal System	25 MCG/HR	Patches	PACKAGE of 5	44.94
50458003405	Duragesic	Fentanyl Transdermal System	50 MCG/HR	Patches	PACKAGE of 5	67.38
50458003505	Duragesic	Fentanyl Transdermal System	75 MCG/HR	Patches	PACKAGE of 5	102.92
50458027036	Ergamisol	Levamisole HCl	50 MG	Tablets	BOTTLE of 36	168.31
00062118301	Erycette	Erythromycin	2%	Pledgets	BOX of 60	17.60
00062154002	Floxin	Ofloxacin	200 MG	Tablets	BOTTLE of 50	137.50
00062154102	Floxin	Ofloxacin	300 MG	Tablets	BOTTLE of 50	163.64
00062154201	Floxin	Ofloxacin	400 MG	Tablets	BOTTLE of 100	345.18
00062155001	Floxin	Ofloxacin	400 MG	10 ML Vial	VIAL of 1	21.00
00062155301	Floxin I.V.	Ofloxacin	200 MG	50 ML I.V. Mini-Bag	BAG of 1	11.00
00062155202	Floxin I.V.	Ofloxacin	400 MG	100 ML I.V. Mini-Bag	BAG of 1	22.00
00062154005	Floxin UD	Ofloxacin	200 MG	Tablets	UNIT of 100	276.89
00062154105	Floxin UD	Ofloxacin	300 MG	Tablets	UNIT of 100	329.32
00062154205	Floxin UD	Ofloxacin	400 MG	Tablets	UNIT of 100	347.37
00062021160	Grifulvin-V	Griseofulvin	250 MG	Tablets	BOTTLE of 100	61.65
00062021460	Grifulvin-V	Griseofulvin	500 MG	Tablets	BOTTLE of 100	95.70
00062021470	Grifulvin-V	Griseofulvin	500 MG	Tablets	BOTTLE of 500	415.25
00062020604	Grifulvin-V Susp	Griseofulvin	125MG/5ML	120 ML Oral Suspension	BOTTLE of 1	20.00
00045024160	Haldol	Haloperidol	1 MG	Tablets	BOTTLE of 100	54.90
00045024010	Haldol	Haloperidol	1/2 MG	Tablets	UNIT of 1	41.23
00045024060	Haldol	Haloperidol	1/2 MG	Tablets	BOTTLE of 100	37.09
00045024660	Haldol	Haloperidol	10 MG	Tablets	BOTTLE of 100	158.80
00045024260	Haldol	Haloperidol	2 MG	Tablets	BOTTLE of 100	75.73
00045025004	Haldol	Haloperidol	2 MG/ML	120 ML Concentration	UNIT of 1	86.56
00045025015	Haldol	Haloperidol	2 MG/ML	15 ML Concentration	UNIT of 1	20.71
00045024860	Haldol	Haloperidol	20 MG	Tablets	BOTTLE of 100	304.66
00045024560	Haldol	Haloperidol	5 MG	Tablets	BOTTLE of 100	123.78
00045025501	Haldol	Haloperidol	5 MG/ML	1 ML Injection	BOX of 10	5.01
00045025549	Haldol	Haloperidol	5 MG/ML	10 ML Injection	BOX of 1	5.01
00045025446	Haldol Dec 100	Haloperidol decanoate	100 MG	5 ML Vial	BOX of 1	185.22



NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM	CONTRACT PRICE (4/1/97-3/31/98)
00045025414	Haldol Dec 100	haloperidol decanoate	50 MG	1 ML Ampules	BOX of 5	185.22
00045025301	Haldol Dec 50	haloperidol decanoate	50 MG	1 ML Ampules	BOX of 10	201.90
00045025346	Haldol Dec 50	haloperidol decanoate	50 MG	5 ML Multi-Dose Vial	BOX of 1	100.98
00045025303	Haldol Dec 50	haloperidol decanoate	70.52 MG	1 ML Ampules	BOX of 3	60.58
50438051010	Hismanal	Astemizole	10 MG	Tablets	BOTTLE of 100	166.41
50438051013	Hismanal	Astemizole	10 MG	Tablets	PACKAGE of 120	199.69
50438040050	Imodium	Loperamide HCl	2 MG	Capsules	BOTTLE of 100	41.99
50438040050	Imodium UD	Loperamide HCl	2 MG	Capsules	BOTTLE of 500	206.51
00045006701	Levaquin	levofloxacin	250 mg	50mL Injection Premix	BOTTLE of 100	45.38
00045152010	Levaquin	levofloxacin	250 MG	Tablets	Bag of 1	16.25
00045152050	Levaquin	levofloxacin	250 mg	Tablets	Bottle of 100	503.49
00045006801	Levaquin	levofloxacin	500 MG	100mL Injection Premix	Bottle of 50	249.99
00045152510	Levaquin	levofloxacin	500 MG	Tablets	Bag of 1	32.50
00045152550	Levaquin	levofloxacin	500 MG	Tablets	Bottle of 100	587.49
00045006951	Levaquin	levofloxacin	500 MG 25mg/mL	20mL Injection Single-use	Bottle of 50	291.99
00062543401	Monistat-Derm	Miconazole Nitrate	2%	30 GM Cream	Vial of 1	32.50
00062543402	Monistat-Derm	Miconazole Nitrate	2%	15 GM Cream	TUBE of 1	18.85
50458022115	Nizoral Cream	Ketoconazole	2%	15 GM Cream	TUBE of 1	12.10
50458022130	Nizoral Cream	Ketoconazole	2%	30GM Cream	TUBE of 1	20.35
50458022001	Nizoral Tab Hud	Ketoconazole	200 MG	Tablets	BOTTLE of 100	267.99
50458022010	Nizoral Tablets	Ketoconazole	200 MG	Tablets	BOTTLE of 100	243.72
00045009560	Pancrease Caps	Pancrelipase	4500 U.S.P. UNITS	Capsules	BOTTLE of 100	29.21
00045009569	Pancrease Caps	Pancrelipase	4500 U.S.P. UNITS	Capsules	BOTTLE of 250	69.58
00045034160	Pancrease MT 4	Pancrelipase	4000 U.S.P. UNITS	Capsules	BOTTLE of 100	23.01
00045034260	Pancrease MT 10	Pancrelipase	10000 U.S.P. UNITS	Capsules	BOTTLE of 100	57.52
00045034360	Pancrease MT 16	Pancrelipase	16000 U.S.P. UNITS	Capsules	BOTTLE of 100	92.36
00045034660	Pancrease MT 20	Pancrelipase	20000 U.S.P. UNITS	Capsules	BOTTLE of 100	115.20
59676031001	Procrit	Epoetin alfa	10000 U/ML	1 ML Vial	PACKAGE of 6	578.00
59676031002	Procrit	Epoetin alfa	10000 U/ML	1 ML Vial	PACKAGE of 25	2,408.36
59676031201	Procrit	Epoetin alfa	10000 U/ML X 2 ML (20,000 UNITS)	2 ML Vial	PACKAGE of 6	1,156.01
59676030201	Procrit	Epoetin alfa	2000 U/ML	1 ML Vial	PACKAGE of 6	117.60
59676030202	Procrit	Epoetin alfa	2000 U/ML	1 ML Vial	PACKAGE of 25	490.00
59676030301	Procrit	Epoetin alfa	3000 U/ML	1 ML Vial	PACKAGE of 6	176.40
59676030302	Procrit	Epoetin alfa	3000 U/ML	1 ML Vial	PACKAGE of 25	735.00
59676030401	Procrit	Epoetin alfa	4000 U/ML	1 ML Vial	PACKAGE of 6	235.20
59676030402	Procrit	Epoetin alfa	4000 U/ML	1 ML Vial	PACKAGE of 25	980.00
59676032001	Procrit	Epoetin alfa	20000 X 1 ML	1 ML Vial	PACKAGE of 6	1,156.01

NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM	CONTRACT PRICE (4/1/87-3/31/98)
50458043010	Propulsid	Cisapride	10 MG	Tablets	BOTTLE of 100	56.62
50458043050	Propulsid	Cisapride	10 MG	Tablets	BOTTLE of 500	283.10
50458044001	Propulsid	Cisapride	20 MG	Tablets	BOXES of 100	120.82
50458044025	Propulsid	Cisapride	20 MG	Tablets	BOTTLE of 250	274.60
50458044010	Propulsid	Cisapride	20MG	Tablets	BOTTLE of 100	109.83
50458045045	Propulsid Suspension	Cisapride	1MG/ML	450 ML Oral Suspension	BOTTLE of 1	40.91
50458043001	Propulsid UD	Cisapride	10 MG	Tablets	BOTTLE of 100	62.28
50458030001	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 100	170.70
50458030006	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 60	102.44
50458030050	Risperdal	Risperidone	1 MG	Tablets	BOTTLE of 500	853.63
50458032001	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 100	284.16
50458032006	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 60	170.49
50458032050	Risperdal	Risperidone	2 MG	Tablets	BOTTLE of 500	1,420.93
50458033001	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 100	335.59
50458033006	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 60	201.34
50458033050	Risperdal	Risperidone	3 MG	Tablets	BOTTLE of 500	1,677.89
50458035001	Risperdal	Risperidone	4 MG	Tablets	BOTTLE of 100	455.49
50458035006	Risperdal	Risperidone	4 MG	Tablets	BOTTLE of 60	273.29
50458030510	Risperdal Oral Soln	Risperidone	1 MG/ML	100 ML Oral Solution	BOTTLE of 1	216.99
00062546001	Spectazole Cream	Econazole Nitrate	1%	30 GM Cream	TUBE of 1	17.80
00062546002	Spectazole Cream	Econazole Nitrate	1%	15 GM Cream	TUBE of 1	10.45
50458029001	Sporanox Cap	Itraconazole	100 MG	Capsules	BOTTLE of 30	145.55
50458029004	Sporanox Cap	Itraconazole	100 MG	Capsules	BOTTLE of 30	145.55
50458005001	Sufentanil Inj	Sufentanil Citrate	50 MCG/ML	1 ML Ampules	BOX of 10	77.40
50458005002	Sufentanil Inj	Sufentanil Citrate	50 MCG/ML	2 ML Ampules	BOX of 10	136.32
50458005005	Sufentanil Inj	Sufentanil Citrate	50 MCG/ML	5 ML Ampules	BOX of 10	283.65
00045063965	Topamax	topiramate	25mg	Tablets	Bottle of 60's	54.00
00045064165	Topamax	topiramate	100 mg	Tablets	Bottle of 60's	123.00
00045064265	Topamax	topiramate	200mg	Tablets	Bottle of 60's	144.00
00045048632	Tylenol Chewables	acetaminophen	80 MG	Chews	CASE of 48X30	31.80
00045012303	Tylenol Child Liq	acetaminophen	160 MG	4 OZ Oral Suspension	CASE of 36	29.66
00045045103	Tylenol ES Cap	acetaminophen	500 MG	Caplets	CASE of 20 X 150	54.50
00045045104	Tylenol ES Cap	acetaminophen	500 MG	Caplets	CASE of 10X150	29.50
00045045170	Tylenol ES Cap	acetaminophen	500 MG	Caplets	BOTTLE of 700	7.20
00045012218	Tylenol Grape Susp	acetaminophen	80 MG	1.5 ML Oral Suspension	CASE of 36	28.80
00045050180	Tylenol RS Cap	acetaminophen	325	Caplets	BOTTLE of 1	6.90
00045050190	Tylenol RS Cap	acetaminophen	325	Caplets	BOTTLE of 1	30.89
00045050130	Tylenol RS Tabs	acetaminophen	325 MG	Caplets	CASE of 20X150	32.70

NDC	J & J NAME	GENERIC DESCRIPTION	STRENGTH	How Supplied	Eaches Per SUOM	CONTRACT PRICE (4/1/97-3/31/98)
00045052660	Tylox Cap	acetaminophen/oxycodone hydrochloride	5 MG	Capsules	BOTTLE of 100	31.43
00045052679	Tylox UD Cap	acetaminophen/oxycodone hydrochloride	5 MG	Capsules	BOTTLE of 100	8.31
00045065960	Ultram	tramadol	50 MG	Tablets	BOTTLE of 100	53.97
00045065910	Ultram	tramadol	50 MG	Tablets	BOTTLE of 100	59.37
00045068210	Vascor	bepiridil hydrochloride	200 MG	Tablets	BOTTLE of 100	242.59
00045068233	Vascor	bepiridil hydrochloride	200 MG	Tablets	BOTTLE of 90	198.45
00045068310	Vascor	bepiridil hydrochloride	300 MG	Tablets	BOTTLE of 100	295.89
00045068333	Vascor	bepiridil hydrochloride	300 MG	Tablets	BOTTLE of 90	242.12
00045068410	Vascor	bepiridil hydrochloride	400 MG	Tablets	BOTTLE of 100	333.71
00045068433	Vascor	bepiridil hydrochloride	400 MG	Tablets	BOTTLE of 30	273.06
0458011001	Vermox	mebendazole	100 MG	Tablets	CARD of 12	52.16

**EXHIBIT B DEFINED MARKET**

Product	Dose/Package Size	NDC Number	Dacon Units
<b>GERD THERAPY</b>			
AXID	150 MG	00002 3144 XX	2
AXID	300 MG	00002 3145 XX	1
CARAFATE	1 GM / 10 ML	00088 1700 XX	40
CARAFATE	1 GM TABS	00088 1712 XX	4
CIMETIDINE	200 MG	All Manufacturers	4
CIMETIDINE	300 MG	All Manufacturers	4
CIMETIDINE	300 MG / 5ML	All Manufacturers	20
CIMETIDINE	400 MG	All Manufacturers	2
CIMETIDINE	800MG	All Manufacturers	1
METACLOPROPAMIDE	5 MG	All Manufacturers	4
METACLOPROPAMIDE	10 MG	All Manufacturers	4
METACLOPROPAMIDE	5 MG / 5 ML	All Manufacturers	20
PEPCID	20 MG	00006 0963 XX	2
PEPCID	40 MG	00006 0964 XX	1
PEPCID	40 MG / 5 ML	00006 3538 XX	5
PREVACID	15 MG	00300 1541 XX	1
PREVACID	30 MG	00300 3046 XX	1
PRILOSEC	10 MG	61113 0606 XX	1
PRILOSEC	20 MG	61113 0742 XX	1
PROPULSID	10 MG	50458 0430 XX	4
PROPULSID	20 MG	50458 0440 XX	4
PROPULSID	1MG / ML	50458 0450 XX	40
REGLAN	5 MG	00031 6705 XX	4
REGLAN	10 MG	00031 6701 XX	4
REGLAN	5MG / 5ML	00031 6706 XX	4
SUCRAFATE	1 GM	All Manufacturers	4
SUCRAFATE	16/10ML	All Manufacturers	40
TAGAMET	200 MG	00108 5012 XX	4
TAGAMET	300 MG	00108 5013 XX	4
TAGAMET	400 MG	00108 5026 XX	2
TAGAMET	800 MG	00108 5027 XX	1
TAGAMET	300 MG / 5ML	00108 5014 XX	20
ZANTAC	150 MG TAB	00173 0344 XX	2
ZANTAC	300 MG TAB	00173 0393 XX	1
ZANTAC	15 MG / ML	00173 0383 XX	20
ZANTAC	150 MG SOL	00173 0427 XX	4
ZANTAC	150 MG GRANULE	00173 0451 XX	2
ZANTAC	150 MG GELDOSE	00173 0428 XX	2
ZANTAC	300 MG GELDOSE	00173 0429 XX	1
<b>QUINOLONE ANTIBIOTICS</b>			
CIPRO	250 MG	00026 8512 XX	2
CIPRO	500 MG	00026 8513 XX	2
CIPRO	750 MG	00026 8514 XX	2
FLOXIN *	200 MG	00062 1540 XX	2
FLOXIN *	300 MG	00062 1541 XX	2
FLOXIN *	400 MG	00062 1542 XX	2
MAXAQUIN	400 MG	00025 1651 XX	1
NOROXIN	400 MG	00006 0705 XX	2
NOROXIN	400 MG	5490 2097 XX	2
NOROXIN	400 MG	5491 2097 XX	2
NOROXIN	400 MG	5492 2097 XX	2
<b>RESPIRATORY ANTIFUNGALS (I.V.)</b>			
CIPRO	I.V. 200 mg/100 ml D5W	00026 8552 36	TBD
CIPRO	I.V. 400 mg/200 ml D5W	00026 8554 63	TBD

Product	Dose/Package Size	NDC Number	Dacon Units
CIPRO	I.V. 10 mg/ml VIAL	00026 8562 20	TBD
CIPRO	I.V. 10 mg/ml VIAL	00026 8564 64	TBD
CIPRO	I.V. 10 mg/ml VIAL	00026 8566 65	TBD
CLAFORAN	500 mg VIAL	00039 0017 10	TBD
CLAFORAN	1 g VIAL	00039 0018 10	TBD
CLAFORAN	1 g INFUSION BTL	00039 0018 11	TBD
CLAFORAN	1 g VIAL	00039 0018 25	TBD
CLAFORAN	1 g VIAL	00039 0018 50	TBD
CLAFORAN	2 g VIAL	00039 0019 10	TBD
CLAFORAN	2 g INFUSION BTL	00039 0019 11	TBD
CLAFORAN	2 g INJECTION	00039 0019 25	TBD
CLAFORAN	2 g VIAL	00039 0019 50	TBD
CLAFORAN	10 g VIAL	00039 0020 01	TBD
CLAFORAN	1 g ADD-VANTAGE	00039 0023 25	TBD
CLAFORAN	1 g ADD-VANTAGE	00039 0023 50	TBD
CLAFORAN	2 g ADD-VANTAGE	00039 0024 25	TBD
CLAFORAN	2 g ADD-VANTAGE	00039 0024 50	TBD
CLAFORAN	1 g/50 ml GALAXY	00039 0037 05	TBD
CLAFORAN	2 g/50 ml GALAXY	00039 0038 05	TBD
FLOXIN®	I.V. 40 mg/ml VIAL	00062 1550 01	TBD
FLOXIN®	I.V. 20 mg/ml VIAL	00062 1551 01	TBD
FLOXIN®	I.V. 4 mg/ml MINI-BAG	00062 1552 01	TBD
FLOXIN®	I.V. 4 mg/ml MINI-BAG	00062 1553 01	TBD
GENERIC ERYTHROMYCIN	I.V.	ALL MANUFACTURER	TBD
LEVAQUIN	250 mg INJECTION PREMIX (50ml)	00045 0067 01	TBD
LEVAQUIN	500 mg INJECTION PREMIX (100ml)	00045 0068 01	TBD
LEVAQUIN	500 mg 25mg/ml INJECTION SINGLE-USE (20ml)	00045 0069 51	TBD
ROCEPHIN	250 mg VIAL	00004 1962 01	TBD
ROCEPHIN	250 mg VIAL	00004 1962 02	TBD
ROCEPHIN	500 mg VIAL	00004 1963 01	TBD
ROCEPHIN	500 mg VIAL	00004 1963 02	TBD
ROCEPHIN	500 mg KIT	00004 1963 39	TBD
ROCEPHIN	1 g VIAL	00004 1964 01	TBD
ROCEPHIN	1 g PIGGYBACK	00004 1964 02	TBD
ROCEPHIN	1 g VIAL	00004 1964 04	TBD
ROCEPHIN	ADD-VANTAGE 1 g	00004 1964 05	TBD
ROCEPHIN	1 g KIT	00004 1964 39	TBD
ROCEPHIN	2 g VIAL	00004 1965 01	TBD
ROCEPHIN	2 g PIGGYBACK	00004 1965 02	TBD
ROCEPHIN	ADD-VANTAGE 2 g	00004 1965 05	TBD
ROCEPHIN	10 g VIAL	00004 1971 01	TBD
ROCEPHIN	1 g/DEXTROSE 2.4	00004 2002 78	TBD
ROCEPHIN	2 g/DEXTROSE 2.4	00004 2003 78	TBD
ZINACEF	750 mg VIAL	00173 0352 31	TBD
ZINACEF	750 mg INFUSION	00173 0353 32	TBD
ZINACEF	1.500 g VIAL	00173 0354 35	TBD
ZINACEF	1.500 g VIAL	00173 0356 32	TBD
ZINACEF	7.500 g VIAL	00173 0400 00	TBD
ZINACEF	750 mg ADD-VANTAGE	00173 0436 00	TBD
ZINACEF	1.500 g ADD-VANTAGE	00173 0437 00	TBD
<b>RESPIRATORY ANTIFUNGALS (ORAL)</b>			
AUGMENTIN	250 mg	00029 6075 27	TBD
AUGMENTIN	500 mg	00029 6080 12	TBD



Product	Dose/Package Size	NDC Number	Dacon Units
AUGMENTIN	875 mg	00029 6086 12	TBD
BIAXIN	500 mg	00074 2586 80	TBD
BIAXIN	250 mg	00074 3388 80	TBD
CEFTIN	250 mg	00173 0387 XX	TBD
CEFTIN	500 mg	00173 0394 XX	TBD
CIPRO	100 mg CYSTITIS PAK	00026 8511 XX	TBD
CIPRO	100 mg	00026 8511 XX	TBD
CIPRO	250 mg	00026 8512 XX	TBD
CIPRO	500 mg	00026 8513 XX	TBD
CIPRO	750 mg	00026 8514 XX	TBD
LEVAQUIN	250 mg TABLET	00045 1520 XX	TBD
LEVAQUIN	500 mg TABLET	00045 1525 XX	TBD
ZITHROMAX	250 mg Z-PAK	00069 3050 34	TBD
ZITHROMAX	250 mg CAPSULE	00069 3050 50	TBD
<b>ANTI-PSYCHOTIC</b>			
RISPERDAL	1 MG TABS	50458 0300 XX	2
RISPERDAL	2 MG TABS	50458 0320 XX	2
RISPERDAL	3 MG TABS	50458 0330 XX	2
RISPERDAL	4 MG TABS	50458 0350 XX	2
RISPERDAL	ORAL SUSPENSION	50458 0305 XX	2
SERTINDOLE	ALL SIZES	ALL MANUFACTURES	
ZYPREXA	10MG TABS	00002 4117 XX	1
ZYPREXA	5MG TABS	00002 4115 XX	1
ZYPREXA	7.5 MG TABS	00002 4116 XX	1
<b>ERYTHROPOIETIN</b>			
EPOGEN	2,000 UNIT	55513 0126 XX	1
EPOGEN	3,000 UNIT	55513 0267 XX	1
EPOGEN	4,000 UNIT	55513 0148 XX	1
EPOGEN	10,000 UNIT	55513 0144 XX	1
EPOGEN	20,000 UNIT	55513 0283 XX	1
PROCRIT * (Epoetin alfa)	2,000 UNIT	59676 0302 XX	1
PROCRIT * (Epoetin alfa)	3,000 UNIT	59676 0303 XX	1
PROCRIT * (Epoetin alfa)	4,000 UNIT	59676 0304 XX	1
PROCRIT * (Epoetin alfa)	10,000 UNIT	59676 0310 XX	1
PROCRIT * (Epoetin alfa)	10,000/ML X 2 (20,000 UNIT)	59676 0312 XX	1
PROCRIT * (Epoetin alfa)	20,000 UNIT	59676 0320 XX	1
<b>ANALGESIC MARKET</b>			
DEMEROL	100 MG		5
DILAUDID	8 MG		3
DURAGESIC * HR PATCH	25 MCG	50458 0033 XX	0.333
DURAGESIC * HR PATCH	50 MCG	50458 0034 XX	0.333
DURAGESIC * HR PATCH	75 MCG	50458 0035 XX	0.333
DURAGESIC * HR PATCH	100 MCG	50458 0036 XX	0.333
HYDROMORPHONE	2 MG	All Manufacturers	5
HYDROMORPHONE	4 MG TABLET	All Manufacturers	5
KADIAN	20 MG	New Product	1
KADIAN	50 MG	Zeneca	1
MORPHINE	10 MG	All Manufacturers	5
MORPHINE	15 MG TAB	All Manufacturers	5
MORPHINE	20 MG SUPP	All Manufacturers	5
MORPHINE	30 MG SUPP	All Manufacturers	5
MORPHINE	10 MG SUPP	All Manufacturers	5
MORPHINE	30 TAB/CAP	All Manufacturers	5
MORPHINE	5 MG SUPP	All Manufacturers	5
MORPHINE	10 MG/ 5 ML SOL	All Manufacturers	25
MESPERIDINE	50 MG TAB	All Manufacturers	6
MS-CONTIN 100 MG	TABLETS	00034 0517 XX	2

Product	Dose/Package Size	NDC Number	Dacon Units
MS-CONTIN 15 MG	TABLETS	00034 0514 XX	2.5
MS-CONTIN 200 MG	TABLETS	00034 0513 XX	2
MS-CONTIN 30 MG	TABLETS	00034 0515 XX	2.5
MS-CONTIN 60 MG	TABLETS	00034 0516 XX	2.5
ORAMORPH	15 MG		2.5
ORAMORPH	30 MG		2.5
ORAMORPH	60 MG		2.5
ORAMORPH	100 MG		2
OXYCONTIN	10 MG	59011 0100 XX	2
OXYCONTIN	20 MG	59011 0103 XX	2
OXYCONTIN	40 MG	59011 0105 XX	2
<i>NSAIDs</i>			
DARVOCET-N	100 Tab	00002-0363-XX	4
DARVOCET-N	50 Tab	00002-0351-XX	4
PROPOXYPHENE	All Strengths	All Manufacturers	4
ULTRAM	50 MG TAB	00045-0659-XX	4



**EXHIBIT C: FORMAT FOR ELECTRONIC DATA SUBMISSION**

<b>HEADER RECORD</b>							
		COLUMNS		FIELD	FIELD		
	FIELD DESCRIPTION	FROM	THRU	SIZE	TYPE	FIELD VALUES	
C	J	Record Type	1	1	1	A/N	H=Header Record
C	J	Action Code	2	3	2	A/N	00=Original; 02=Adjustment; 05=Replace
							00=Initial submission of data. This is the first submission for the given rebate period.
							02=Correction/adjustment to a previous submission. These incremental/decremental must correspond to a previous rebate period and batch number.
							05=Submission replaces in entirety a previous submission w/corresponding rebate period and batch number.
C	J	Transmission Date	4	11	8	Date	CCYYMMDD - Date transmission was created.
		Batch Number	12	26	15	A/N	Unique number that identifies the batch.
C	J	Contract Number	27	41	15	A/N	Contract number agreed upon between trading partners.
		Reference Number	42	56	15	A/N	Unique number that identifies the whole transmission.
C	J	Rebate Start Date	57	64	8	Date	CCYYMMDD
C	J	Rebate End Date	65	72	8	Date	CCYYMMDD
C	J	PMO (Pharm Mgmt Org) Id Qualifier	73	74	2	A/N	1=D&B; 9=D&B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; SL=State; ZZ=Mutually agreed
C	J	PMO (Pharm Mgmt Org) Id Code	75	91	17	A/N	
		PMO (Pharm Mgmt Org) Name	92	121	30	A/N	
C	J	Submitter (Third Party) Id Qualifier	122	123	2	A/N	1=D&B; 9=D&B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; SL=State; ZZ=Mutually agreed
C	J	Submitter (Third Party) Id Code	124	140	17	A/N	
		Submitter (Third Party) Name	141	170	30	A/N	
C	J	PICO (Contract Org) Id Qualifier	171	172	2	A/N	1=D&B; 9=D&B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; SL=State; ZZ=Mutually agreed
C	J	PICO (Contract Org) Id Code	173	189	17	A/N	
		PICO (Contract Org) Name	190	219	30	A/N	
		Filler	220	362	143	A/N	
		TOTAL			362		
<b>DETAIL RECORD</b>							
		COLUMNS		FIELD	FIELD		
	FIELD DESCRIPTION	FROM	THRU	SIZE	TYPE	FIELD VALUES	
C	J	Record Type	1	1	1		D=Detail Record
C	J	Line Number	2	16	15		Unique number that identifies the record.
C	J	Data Level	17	18	2	A/N	CP=Contract Org\Prescription Level; CI=Contract Org\Pharmacy ID; CZ=Contract Org\Pharmacy Zip; CN=Contract Org\NDC; PP=Plan\Prescription Level; PI=Plan\Pharmacy ID; PZ=Plan\Pharmacy Zip; PN=Plan\NDC; ZZ=Mutually agreed
C	J	Plan Identification Qualifier	19	20	2	A/N	DH= DEA #; HI=HIN #; ZZ=Mutually Agreed
C	J	Plan Identification Code	21	37	17	A/N	
		Plan Name	38	67	30	A/N	

J	Pharmacy Identification Qualifier	68	69	2	A/N	1=D&B; 9= D&B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; 93=Vendor Assigned #; PP=NABP #; FI=Federal Taxpayer's ID #
J	Pharmacy Identification Code	70	86	17	A/N	
	Pharmacy Zip	87	95	9	A/N	
C J	Product Code Qualifier	96	97	2	A/N	N4=NDC; UJ=UPC; TP=Ther. Class; ZZ=Mutually agreed
C J	Product Code	98	109	12	A/N	
C J	Product Description	110	139	30	A/N	
	Product Selection Code	140	141	2		
	Diagnosis Code	142	151	10		
	Days Supply	152	163	12		S99999999999
C J	Metric Decimal Quantity	164	175	12		S99999999V999
C J	Unit of Measure	176	177	2	A/N	EA=Each; GM=Grams; ML=Milliliters
C J	Dosage Form	178	180	3	A/N	
C J	Prescription Type	181	181	1		S9 (For Prescription level send values of 1, 0, -1)
C J	Number of Prescriptions	182	191	10		S9999999999 (Summary level send number of prescriptions)
J	Prescription Number	192	198	7	A/N	
J	Prescription Fill Date	199	206	8	Date	CCYYMMDD
J	Prescription Paid Date	207	214	8	Date	CCYYMMDD
	Plan Reimbursement Qualifier	215	216	2	A/N	
	Plan Reimbursement	217	227	11		S999999999V99
	Patient Liability	228	238	11		S999999999V99
J	New/Refill Code	239	240	2	A/N	00=Original; 01=First Refill; 02=Second Refill, etc.
C J	Market Share Indicator	241	241	1	A/N	Y=Market Share Information only; N=Drug actually utilized by program/plan
	Rebate Per Unit	242	252	11		S99999V999999
	Requested Rebate	253	263	11		S999999999V99
C J	Formulary ID	264	272	9	A/N	
	Prescriber Identification Qualifier	273	274	2	A/N	11=DEA #; 12=Telephone #; 21=HIN #; ZZ=Mutually Agreed
	Prescriber Identification Code	275	291	17	A/N	
J	Encrypted Patient Identification Code	292	308	17	A/N	
	Filler	309	362	54	A/N	
	TOTAL			362		
<b>TRAILER RECORD</b>						
		COLUMNS		FIELD	FIELD	
	FIELD DESCRIPTION	FROM	THRU	SIZE	TYPE	FIELD VALUES
C J	Record Type	1	1	1	A/N	T=Trailer
C J	Action Code	2	3	2	A/N	00=Original; 02=Adjustment; 05=Replace 00=Initial submission of data. This is the first submission for the given rebate period. 02=Correction/adjustment to a previous submission. These incremental/decremental must correspond to a previous rebate period and batch number. 05=Submission replaces in entirety a previous submission with corresponding rebate period and batch numbers.
C J	Transmission Date	4	11	8	Date	CCYYMMDD - Date transmission was created
	Batch Number	12	26	15	A/N	Unique number that identifies the batch

C	J	Contract Number	27	41	15	A/N	Contract number agreed upon between trading partners
		Reference Number	42	56	15		Unique number that identifies the whole transmission
C	J	Rebate Start Date	57	64	8	Date	CCYYMMDD
C	J	Rebate End Date	65	72	8	Date	CCYYMMDD
C	J	PMO (Pharm Mgmt Org) Id Qualifier	73	74	2	A/N	1=D&B; 9=D7B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; SL=State; ZZ=Mutually agreed
C	J	PMO (Pharm Mgmt Org) Id Code	75	91	17	A/N	
		PMO (Pharm Mgmt Org) Name	92	121	30	A/N	
C	J	Submitter (Third Party) Id Qualifier	122	123	2	A/N	1=D&B; 9=D7B plus 4; 11=DEA #; 12=Telephone #; 21=HIN #; SL=State; ZZ=Mutually agreed
C	J	Submitter (Third Party) Id Code	124	140	17	A/N	
		Submitter (Third Party) Id Name	190	219	30	A/N	
C	J	PICO (Contract Org) Id Qualifier	171	172	2	A/N	
C	J	PICO (Contract Org) ID Code	173	189	17	A/N	
		PICO (Contract Org) Name	190	219	30	A/N	
C	J	Total Metric Decimal Quantity	220	233	14		S999999999V888
		Total Requested Amount	234	244	11		S999999999V99
		Total Record Count	59	68	10		S999999999
		Filler	255	362	108	A/N	
		TOTAL			362		

**Non-Quantitative Requirements**  
(To be administered by Manager)

**Manager Requirement Checklist**

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.

**Product Specific Issues**

**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.

**Note:** 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 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: \_\_\_\_\_  
 Plans Covered: \_\_\_\_\_  
 Formulary ID: \_\_\_\_\_

(Fill Form For Every-Distinct Benefit Design)

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

Product Description	On Formulary with:					NDC Block/Hard Edit in Favor	Without Any Competitive Disadvantage	ACTIVE INTERVENTION PROGRAM(S)	Target List of "High" Prescribers of Competitive Agents to Supplier	Other (*)
	Not on Formulary	Designated "ACCEPTABLE" or "Better"	No Restrictions	Preferred Status	Exclusive Status					
DURAGESIC										
FLOXIN										
LEVAQUIN										
ONE TOUCH										
PROCRIT										
PROPULSID										
RISPERDAL										
SPORANOX										
ULTRAM										

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

Authorized Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**EXHIBIT D: SCHEDULE OF QUALIFYING INTERVENTIONS**

To be developed at a joint Supplier-Manager business planning meeting. Such meeting shall take place within thirty (30) days of executing this Agreement and will be arranged by the Supplier. Once developed, the Schedule of Qualifying Interventions, shall be reviewed during annual business planning meetings. During the meeting, the Schedule will be revised and performance goals evaluated. The meeting shall also provide the forum to consider addition of Strategic Products for the annual Strategic Product Performance Rebate incentive.

The Strategic Brand Performance Rebate shall be earned if and only if all of the following criteria have been fulfilled:

**PERIOD: April 1, 1997 through March 31, 1998 (To be Confirmed)**

<b>PRODUCT</b>	<b>PERFORMANCE REQUIRED (1)</b>	<b>ACTIVE INTERVENTION PROGRAMS TO BE IMPLEMENTED BY MANAGER</b>
RISPERDAL®	Tier 3	TBD at joint business planning session between the two parties.
FLOXIN®	Tier 1	TBD at joint business planning session between the two parties.
ULTRAM®	Tier 2	TBD at joint business planning session between the two parties.
DURAGESIC®	Tier 2	TBD at joint business planning session between the two parties.

(1) As per the Performance Measurement and Rebate Matrix schedule. Manager's performance will be evaluated at the end of the period as described in point #2 in "Performance Measurement and Rebate Eligibility" section.

**EXHIBIT E: LIST OF MANAGER OWNED CLOSED PHARMACIES**  
**(Participating Sites to the Agreement)**

MANAGER: \_\_\_\_\_

Contract No: \_\_\_\_\_

Contract Date: \_\_\_\_\_

Facility Name:

Address:

Phone and FAX Number:

Contact Name:

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



**EXHIBIT F: LIST OF PRIME VENDORS**

Prime Vendor Name:

Address:

Phone and FAX Number:

Contact Name:

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

**EXHIBIT G: 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 pharmaceutical 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