

## Unknown

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**From:** Forsthoefel, Tim [OMP]  
**Sent:** Monday, May 17, 2004 7:13 AM  
**To:** Ong, Gregory [HCS]; Timko, Kimberly [OMP]; Babey, Sandra [HCS]  
**Cc:** Thurmond, Tracey [OMP]; Farley, Brett [HCSUS]; Butler, Dave [HCSUS]  
**Subject:** RE: LTC "AIM" Proposal for Omnicare  
**Importance:** High

**Team** – Let's be careful on communications. While questions and responses are well intended, it can add confusion.

Seth/Bob are asking for the fundamental business analysis, much to what we completed last year. This is beyond the "short game" of changes in contract.

- Investment vs Return vs Retail
- Impact from double dip (65% of sales)
- Downside from no contract (estimates, but impact can be large... ie recent Procrit.)

We'll need to update to what we did last year. See slides 13-15.

Let's let **Kim/Tim provide the response**, with **support from Greg, Tracey, Brett and Dave**.

Regards, Tim

-----Original Message-----

**From:** Ong, Gregory [HCS]  
**Sent:** Friday, May 14, 2004 2:00 PM  
**To:** Timko, Kimberly [OMP]  
**Cc:** Forsthoefel, Tim [OMP]; Thurmond, Tracey [OMP]; Farley, Brett [HCSUS]  
**Subject:** FW: LTC "AIM" Proposal for Omnicare

Kim,

Please let me know if I can be of any assistance in responding to Seth. As we discussed yesterday, if Omnicare share and volume remain the same (or grow), there is no impact to rebates paid (with the exception of DXL at a 50% tier... currently at 11%, would move to 14%). On the downside, Omnicare would maintain a rebate below the lowest market share hurdles only if they maintained the \$60 million quarterly sales volume.

-Greg

**Greg Ong**  
Manager, Long Term Care Offer Development  
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have received this e-mail transmission in error, please reply to the sender, so that Johnson & Johnson Health Care Systems Inc. can arrange for proper delivery, and then please delete the message from your inbox. Thank you.

-----Original Message-----

**From:** Fischer, Seth [OMP]

**Sent:** Friday, May 14, 2004 10:43 AM

**To:** Babey, Sandra [HCS]; Spurr, Bob [OMP]; McCulley, Michael B. [JJCUS]

**Cc:** Bondi, Joseph [OMPUS]; Forsthoefel, Tim [OMP]; Timko, Kimberly [OMP]; Martin, David [HCS]; Butler, Dave [HCSUS]; Meisel, Kathryn A. [JJCUS]; English, Timothy [HCSUS]; Ong, Gregory [HCS]; Johnson, John [OBIUS]; Miller, Peter [JANUS]; Feroz Siddiqi, Anwar [JANUS]; Duato, Joaquin [OBIUS]; Chartier, Charles [HCSUS]

**Subject:** RE: LTC "AIM" Proposal for Omnicare

I would also like to know the impact both on and off contract for the products affected at Omnicare as well as what impact the loss of this account will have on National Sales and Market Share.

-----Original Message-----

**From:** Babey, Sandra [HCS]

**Sent:** Friday, May 14, 2004 10:33 AM

**To:** Spurr, Bob [OMP]; McCulley, Michael B. [JJCUS]

**Cc:** Fischer, Seth [OMP]; Bondi, Joseph [OMPUS]; Forsthoefel, Tim [OMP]; Timko, Kimberly [OMP]; Martin, David [HCS]; Butler, Dave [HCSUS]; Meisel, Kathryn A. [JJCUS]; English, Timothy [HCSUS]; Ong, Gregory [HCS]; Johnson, John [OBIUS]; Miller, Peter [JANUS]; Feroz Siddiqi, Anwar [JANUS]; Duato, Joaquin [OBIUS]; Chartier, Charles [HCSUS]

**Subject:** RE: LTC "AIM" Proposal for Omnicare

**Importance:** High

All

We are not presenting to Omnicare today as we have not received final JPI offerings -- so we unfortunately missed our customer commitment.

From a process perspective, we were looking to obtain the final recommendations across all Op Co and brands -- hopefully by end of day today. Our next step as usual, before going to any customer, is to have the final and specific contract offer review by legal. On this particular offer, Katie has requested a conference call to discuss live to ensure we have reviewed the all the implications of the agreement. She has appropriately requested that we (HCS) take the lead to secure this call which will be scheduled for early next week -- ASAP.

In this interest of keeping the process straight -- I will personally work with Tim English to coordinate the attorney reviews and involve the Op Co leads.

We have cancelled our meeting for today and BOUGHT a week of time from Omnicare (who is not very pleased right now). So, it is imperative we meet the deadline of next week.

I hope this adds clarity and additional confidence to the approach.

Please advise.

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**Sandy**

**Sandy Babey**

Vice President, National and Regional Accounts  
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**E-mail: sbabey2@hcsus.jnj.com**

-----Original Message-----

**From:** Spurr, Bob [OMP]

**Sent:** Friday, May 14, 2004 10:04 AM

**To:** McCulley, Michael B. [JJCUS]

**Cc:** Babey, Sandra [HCS]; Fischer, Seth [OMP]; Bondi, Joseph [OMPUS]; Forsthoefel, Tim [OMP]; Timko, Kimberly [OMP]

**Subject:** FW: LTC "AIM" Proposal for Omnicare

**Importance:** High

Mike-

Attached is the most recent LTC contract offering for Omnicare. I am certain that this has been reviewed by you or your team, but I just wanted to revisit the compliance issue that I brought to you some weeks ago. Our discussion there was that we were comfortable with performance discounts to LTC pharmacy providers given the fact that they were volume based. In this latest agreement there are now volume discounts and market share performance rebates offered. If I recall the outside counsels position, they were fine with performance with volume purchases but not with market share offerings. I believe the LTC group is presenting this contract to Omnicare today Friday 14 May.

Bob

-----Original Message-----

**From:** Thurmond, Tracey [OMP]

**Sent:** Thursday, May 13, 2004 9:23 PM

**To:** Fischer, Seth [OMP]

**Cc:** Bondi, Joseph [OMPUS]; Timko, Kimberly [OMP]; Spurr, Bob [OMP]; Brandt, Mary Beth [JANUS]; Fuschetti, Maggie [JANUS]; Farley, Brett [HCSUS]; Forsthoefel, Tim [OMP]; Ong, Gregory [HCS]

**Subject:** LTC "AIM" Proposal for Omnicare

**Importance:** High

Seth-

Please see the "AIM" Strategy for Omnicare below. Outlined is a quick comparative of old vs. new. This approach simply reallocates investments, placing the emphasis on high share/high volume accounts. There are no additional investments in this approach. The plan is to eliminate Levaquin IV incentives due to limited customer interest. The urgency around a new agreement is do to Procrit share loss of 30%.

Sales volume is defined as combined sales on J&J Strategic Brands.

This approach should also open the door with PharMerica for Levaquin and Ditropan XL.

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<u>Current Agreements</u>			<u>PROPOSED (AIM)</u>	
<u>Sales Volume</u>	<u>Market Share</u>	<u>Incentive</u>	<u>Market Share</u>	<u>Rebate +</u>
<b>Levaquin® Tablets</b> 10%	<60% MS	= 0	>= 60%	
	\$5MM-\$20MM	4%		
	≥ 60% MS	= 14%	\$20MM-\$60MM	4%
			>\$60MM	5%
<b>Ditropan® XL</b> 4%	<25%	= 0%	25.1%-41%	
	\$5MM-\$20MM	3%		
	25-34%	=	\$20MM-\$60MM	3%
	34.1-41%	=	>\$60MM	4%
	41.1% - 49.9%	= 10%		
	>50%	= 11%		
<b>Ultracet®</b> 4%	NA	4%		
	\$5MM-\$20MM	0%		
			\$20MM-\$60MM	0%
			>\$60MM	2%

***Tracey***  
**Tracey Thurmond Watts**  
**Ortho McNeil Pharmaceutical**  
**National Account Manager**

**REDACTED**