EXPRESS SCRIPTS, INC.
PHARMACY BENEFIT MANAGEMENT AGREEMENT

THIS PHARMACY BENEFIT MANAGEMENT AGREEMENT ("Agreement") will be effective as of the date set forth in Section 6.1 and is entered into by and between EXPRESS SCRIPTS, INC., a Delaware corporation ("ESI"), and COUNTY OF VENTURA as owner and operator of the VENTURA COUNTY HEALTH CARE PLAN ("Sponsor"), a health care service plan organized under the laws of the State of California.

RECITALS

A. ESI, either directly or through its subsidiaries, engages in pharmacy benefit management services, including, among other things, pharmacy network contracting; pharmacy claims processing; mail and specialty drug pharmacy; clinical, safety, adherence and other like programs; and formulary and rebate administration ("PBM Services").

B. Sponsor provides or arranges for the provision of health benefits, including a prescription drug benefit.

C. ESI and Sponsor desire that Sponsor shall use ESI as Sponsor's exclusive provider of PBM Services to Members of all its Plans including, but not limited to, Commercial HMO, Healthy Families, AIM, ACE for children and adults, and Behavior Health, during the term of this Agreement under the terms and conditions set forth herein.

THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree as follows:

TERMS OF AGREEMENT

ARTICLE I - DEFINITIONS

"Ancillary Supplies, Equipment, and Services" or "ASES" means ancillary supplies, equipment, and services provided or coordinated by CuraScript in connection with CuraScript's dispensing of Specialty Products. ASES may include all or some of the following: telephonic and/or in-person training, nursing/clinical monitoring, medication pumps, tubing, syringes, gauze pads, sharps containers, lancets, test strips, other supplies, and durable medical equipment. The aforementioned list is illustrative only (not exhaustive) and may include other supplies, equipment, and services based on the patient's needs, prescriber instructions, payer requirements, and/or the Specialty Product manufacturer's requirements.

"Average Wholesale Price" or "AWP" means the average wholesale price of a prescription drug as identified by drug pricing services such as Medi-Span or other source recognized in the retail prescription drug industry selected by ESI (the "Pricing Source"). The applicable AWP shall be the 11-digit NDC for the product on the date dispensed, and for prescriptions filled in (a) Participating Pharmacies and CuraScript will be the AWP for the package size from which the prescription drug was dispensed, and (b) in the Mail Service Pharmacy the AWP for the smaller of: (i) the NDC code for the package size from which the prescription drug was dispensed, or (ii) package sizes of 100 units or 16 ounce quantities, or the next larger quantity if such specified quantities are not available.

"Brand Drugs" mean single-source and multisource drug products based on indicators set forth in various drug pricing sources recognized in the retail prescription drug industry, as reasonably determined by ESI consistent with its standard practice utilized for all clients. Notwithstanding the foregoing, certain prescription drug medications that are licensed and then currently marketed as brand name drugs, where there exists at least one (1) competing prescription medication that is a generic equivalent and interchangeable with the marketed brand name drug, may process as "Generic Drugs" for Prescription Drug Claim adjudication and Member Copayment purposes.

"Copayment" means that portion of the charge for each Covered Drug dispensed to the Member that is the responsibility of the Member (e.g., copayment, coinsurance and/or deductible) as indicated on the Set-Up Forms.

"Covered Drug(s)" means those prescription drugs, supplies, Specialty Products (if applicable), and other items that are covered under the Plan, each as indicated on the Set-Up Forms.

"CuraScript" means CuraScript, Inc. or another pharmacy wholly-owned or operated by ESI or its wholly-owned subsidiaries that primarily dispenses Specialty Products.

"Eligibility Files" means the list submitted by Sponsor to ESI in reasonably acceptable electronic format indicating persons eligible for drug benefit coverage services under the Plan.

"Formulary" means the list of FDA-approved prescription drugs and supplies developed by ESI's Pharmacy and Therapeutics Committee and/or customized by Sponsor, and which is selected and/or adopted by Sponsor.

"Generic Drug" means a prescription drug, whether identified by its chemical, proprietary, or non-proprietary name, that is therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s) and approved by the FDA. For purposes of this Agreement, the Generic Drug determination is made using indicators from First Databank (or other source nationally recognized in the prescription drug industry used by ESI for all Clients) on the basis of a standard brand/generic algorithm utilized by ESI for all of its clients, a copy of which may be made available for review by Sponsor upon request.

"Mail Service Pharmacy" means a duly licensed pharmacy operated by ESI or its subsidiaries, other than CuraScript, where prescriptions are filled and delivered to Members via mail delivery service.

"Manufacturer Administrative Fees" means those administrative fees paid by pharmaceutical manufacturers to, or otherwise retained by, ESI pursuant to a contract between ESI and the manufacturer and directly in connection with ESI's administering, invoicing, allocating and collecting the Rebates under the Rebate program.

"MRA" or "Maximum Reimbursement Amount" means the maximum reimbursement payment schedules developed or selected by ESI. The payment schedules specify the maximum unit ingredient cost payable by Sponsor for drugs on the MAC List. The application of MRA pricing may be subject to Sponsor defined plan design and coverage policies.

"MAC List" means a list of prescription drug products identified as readily available as Generic Drugs, generally equivalent to a Brand Drug (in which case the Brand Drug may also be on the MAC List) and which are deemed to require pricing management due to the number of manufacturers, utilization and pricing volatility.

"Member" means each person who is eligible (as determined solely by Sponsor) to receive prescription drug benefits under a Plan, as indicated in the Eligibility Files.

"Member Submitted Claim" means a paper claim submitted by a Member for Covered Drugs dispensed by a pharmacy other than a Participating Pharmacy or for which the Member paid cash.

"Participating Pharmacy" means any licensed retail pharmacy with which ESI has executed an agreement to provide Covered Drugs to Members, but shall not include any mail order or specialty pharmacy affiliated with any such Participating Pharmacy. Participating Pharmacies are independent contractors of ESI.

"PMPM" means per Member per Month, if applicable, determined by ESI from the Eligibility Files.

"PEPM" means per employee per Month, if applicable, determined by ESI from the Eligibility Files.

"Plan" means a prepaid health care plan offered by Sponsor to a Member, a discount drug plan or an employer-funded health plan administered by Sponsor, which includes the prescription drug benefits specified by Sponsor to ESI on a Set-Up Form.

"Prescription Drug Claim" means a Member Submitted Claim, Subrogation Claim or claim for payment submitted to ESI by a Pharmacy as a result of dispensing Covered Drugs to a Member.

"Rebates" mean retrospective rebates that are paid to ESI pursuant to the terms of a rebate contract negotiated independently by ESI with a pharmaceutical manufacturer, and directly attributable to the utilization of certain Covered Drugs by Members. Rebates do not include Manufacturer Administrative Fees; product discounts or fees related to the procurement of prescription drug inventories by or on behalf of ESI owned and operated specialty or mail order pharmacies; fees received by ESI from manufacturers for care management or other services provided in connection with the dispensing of Specialty Products; or other fee-for-service arrangements whereby pharmaceutical manufacturers generally report the fees paid to ESI or its affiliates for services rendered as "bona fide service fees" pursuant to federal laws and regulations, including, but not limited to the Medicaid "Best Price" rule (collectively, "Other Pharma Revenue"). Such laws and regulations, as well as ESI's contracts with pharmaceutical manufacturers, generally prohibit ESI from sharing any such "bona fide service fees" earned by ESI, whether wholely or in part, with any ESI client. ESI represents and warrants that it will not enter into any agreement with a pharmaceutical manufacturer for Other Pharma Revenue in exchange for a reduction of Rebates.

"Set-Up Forms" means any standard ESI document or form, which when completed and signed by Sponsor, will describe the essential benefit elements and coverage rules adopted by Sponsor for its prescription drug program.

"Specialty Product List" means the standard list of Specialty Products maintained by ESI and their reimbursement rates under the applicable (exclusive or open) option, as updated by ESI from time to time. The Specialty Product List is available to Sponsor upon request.

"Specialty Products" means those injectable and non-injectable drugs typically having one or more of several key characteristics, including: frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution; specialized product handling and/or administration requirements and/or cost in excess of $500 for a 30 day supply. ESI updates the list of Specialty Products as new drugs are brought to market.

"Subrogation Claim" means subrogation claims submitted by any state or a person or entity acting on behalf of a state under Medicaid or similar United States or state government health care programs, for which Sponsor is deemed to be the primary payor by operation of applicable federal or state laws.

"Usual and Customary Price" or "U&C" means the retail price charged by a Participating Pharmacy for the particular drug in a cash transaction on the date the drug is dispensed as reported to ESI by the Participating Pharmacy.

ARTICLE II – PBM SERVICES

2.1 Eligibility/Set Up. Sponsor will submit completed Set-Up Forms and Eligibility Files (initial and updated) on a mutually determined basis, which ESI will accurately implement. Changes to the Set-Up Forms must be documented on ESI's standard amendment forms. Eligibility performed manually by ESI for Sponsor, or material changes to the Eligibility File processes requested by Sponsor during the term may be subject to additional fees set forth on Exhibit A. Sponsor will be responsible for all Prescription Drug Claims during the period of the Member's eligibility as indicated on the Eligibility File including for retroactively termed Members, except in the event of ESI's negligence.

2.2 Pharmacy Network.

(a) Participating Pharmacies. ESI will maintain a network(s) of Participating Pharmacies as identified in Exhibit A, and will make available an updated list of Participating Pharmacies on-line. ESI maintains multiple networks and subnetworks, and periodically consolidates networks or migrates clients to other networks or subnetworks, in order to capitalize on certain operational efficiencies and other benefits associated with such changes. ESI will notify Sponsor of any changes that would materially adversely affect Member access to Participating Pharmacies and work with Sponsor in good faith to mitigate any such effects. Upon Sponsor's written request, ESI will make good faith efforts to add any additional retail pharmacy to the Participating Pharmacy network for Sponsor, provided that such pharmacy meets ESI's network participation requirements and agrees to ESI's standard terms and conditions. If ESI pays any such Participating Pharmacy a higher rate than ESI's standard network rate, the rate charged to Sponsor for Prescription Drug Claims processed through

such Participating Pharmacy will be the net ingredient cost plus the dispensing fee paid by ESI to such Participating Pharmacy (plus applicable sales or excise tax or other governmental surcharge, if any). All such Prescription Drug Claims will be excluded from the pricing guarantees set forth in Exhibit A.

(i) ESI will require each Participating Pharmacy to meet ESI's network participation requirements, including but not limited to licensure, insurance and provider agreement requirements. ESI also performs electronic and on-site audits of Participating Pharmacies to determine compliance with their provider agreements. ESI will attempt recovery of identified overpayments through offset, demand or other reasonable means; provided that ESI will not be required to institute litigation. Recovered overpayments are credited to Sponsor. To compensate ESI for the cost of conducting audits, ESI charges a standard audit fee in the amount set forth in Exhibit A upon recovery of overpayments. Copies of participation requirements and auditing processes are available upon request.

(ii) ESI does not direct or exercise any control over the Participating Pharmacies or the professional judgment exercised by any pharmacist in dispensing prescriptions or otherwise providing pharmaceutical related services at a Participating Pharmacy.

(b) Mail Service Pharmacy. Members may have prescriptions filled through the Mail Service Pharmacy. Subject to applicable law, ESI may communicate with Members regarding benefit design, cost savings, availability and use of the Mail Service Pharmacy, as well as provide supporting services.

(c) Specialty Products and ASES. As elected by Sponsor on the Set-Up Forms, Members may have prescriptions filled through CuraScript on an exclusive basis (i.e., "CuraScript – Exclusive Care"), or at Participating Pharmacies and through CuraScript (i.e., "CuraScript – Open Care"). Subject to applicable law, ESI and CuraScript may communicate with Members and physicians to advise Members filling Specialty Products at Participating Pharmacies of the availability of filling prescriptions through CuraScript. Specialty Products will be excluded from any price guarantees set forth in the Agreement. In no event will the Mail Service Pharmacy or Participating Pharmacy pricing specified in the Agreement apply to Specialty Products.

(i) ESI will notify Sponsor monthly of new Specialty Products that are introduced to the market on or after the Effective Date of this Agreement with their applicable reimbursement rates ("Notice"). The parties agree as follows:

(A) If Sponsor has expressly excluded a specific therapy class or product on a Set-Up Form, Specialty Products in such excluded classes will automatically be deemed excluded from coverage and will reject as "NDC Not Covered" through Participating Pharmacies, Mail Service Pharmacy and CuraScript; otherwise, all other Specialty Products will be implemented as Covered Drugs at the rate specified in the applicable Specialty Drug list or Notice. If Sponsor desires to cover otherwise excluded Specialty Products, Sponsor must notify ESI in writing that it desires to cover the Specialty Product before ESI will adjudicate as a Covered Drug, and if ESI receives such confirmation of coverage from Sponsor such Specialty Product will be loaded thereafter as a Covered Drug at the applicable reimbursement rate set forth in the Notice.

(B) Sponsor must notify ESI in writing if it wants to exclude the Specialty Product from coverage. The exclusion will be implemented within seven (7) business days after the date of ESI's receipt of such notification. There will not be any retroactive denials for Prescription Drug Claims processed prior to ESI's receipt of the rejection notice and implementation of the exclusion as provided above and Sponsor will be responsible for the payment of such Prescription Drug Claims processed prior to the rejection of coverage.

(ii) For Specialty Products filled through CuraScript only, Members may receive the following services from CuraScript, depending on the particular therapy class or disease state: ASES; patient intake services; pharmacy dispensing services and/or social services (patient advocacy, hardship reimbursement support, and indigent and patient assistance programs).

(iii) Subject to Sponsor's prior authorization requirements, if applicable, at the rates set forth in Exhibit A, ESI will provide or coordinate ASES for Members through CuraScript or through other specialty pharmacies or other independent third party providers of ASES when ASES is required. If ESI

or CuraScript engages a third party provider of ASES, ESI or CuraScript shall contractually obligate such third party provider of ASES to comply with all applicable laws, including, without limitation, all applicable laws relating to professional licensure. ESI does not direct or exercise any control over any third party provider of ASES in administering Specialty Products or otherwise providing ASES.

(iv) If Sponsor elects the CuraScript - Open Care option, then any ancillary supplies, equipment, and services provided or coordinated in connection with the dispensing of Specialty Products at Participating Pharmacies will be billed to Sponsor at the cost charged to ESI for such ancillary supplies, equipment, and services provided or coordinated, unless such ancillary supplies, equipment, and services provided or coordinated are included in the ingredient cost of the Specialty Product.

2.3 Claims Processing.

(a) Claims Processing.

(i) ESI will perform claims processing services for Covered Drugs dispensed by Participating Pharmacies, Mail Service and CuraScript. The "per Rx" administrative fees set forth in Exhibit A shall be charged for all claims processing services, including initial, rejected, reversed and reprocessed Prescription Drug Claim processing.

(ii) ESI will perform a standard concurrent drug utilization review ("DUR") analysis of each prescription submitted for processing on-line by a Pharmacy in order to assist the dispensing pharmacist and prescribing physician in identifying potential drug interactions, incorrect prescriptions or dosages, and certain other circumstances that may be indicative of inappropriate prescription drug usage. ESI's DUR processes are not intended to substitute for the professional judgment of the prescriber, the dispensing pharmacist or any other health care professional providing services to the Member.

(iii) If elected by Sponsor, ESI will process Member Submitted Claims in accordance with the rules in the Set-Up Forms and ESI's standard procedures.

(iv) If authorized by Sponsor on the Set-Up Forms, ESI will process Subrogation Claims in accordance with applicable federal and state laws, in which case Sponsor will pay such Subrogation Claims in accordance with Article III and Exhibit A. If Sponsor does not authorize ESI to process Subrogation Claims, ESI will refer claimants to Sponsor regarding such claims, in accordance with applicable federal and state laws. ESI is not legally responsible to pay Subrogation Claims to the extent Sponsor is not timely paying ESI with respect to such Subrogation Claims.

(v) Sponsor or its third party designee (as applicable) will have the final responsibility for all decisions with respect to coverage of a Prescription Drug Claim and the benefits allowable under the Plan, including determining whether any rejected or disputed claim will be allowed.

(b) Prior Authorization. For the fees set forth on Exhibit A (if applicable), ESI will provide prior authorization ("PA") services as specified and directed by Sponsor for drugs designated on the Set-Up Form. Prior authorized drugs must meet Sponsor-approved guidelines ("Guidelines") before they are deemed to be Covered Drugs. Sponsor authorizes coverage for an otherwise excluded use in the event of co-morbidities, complications and other factors not otherwise expressly set forth in the Guidelines, unless Sponsor directs that Sponsor be provided such issue for determination. In determining whether to authorize coverage of such drug under the PA Program, ESI will apply only the Guidelines and may rely entirely upon information about the Member and the diagnosis of the Member's condition provided to it from the prescriber. ESI will not undertake to determine medical necessity, make diagnoses or substitute ESI's judgment for the professional judgment and responsibility of the physician.

(c) Call Center. Upon election by Sponsor and for payment of additional Fees set forth in Exhibit A, ESI will provide 24-hours a day, 7-days a week toll-free telephone, IVR and Internet support to assist Sponsor, Sponsor's agents and Members with Member eligibility and benefits verification, location of Pharmacies or other related Member concerns.

2.4 Formulary Support and Rebate Management.

(a) Formulary Adherence and Clinical Programs. ESI may provide clinical, safety, adherence and other like programs as appropriate. Exhibit A sets forth certain available adherence, clinical, safety and/or trend programs that require additional fees hereunder. ESI will not implement any program for which Sponsor may incur an additional fee without Sponsor's prior written approval and election of such program.

(b) Rebate Program. Subject to the remaining terms of this Agreement, ESI will pay to Sponsor the amounts set forth on Exhibit A.

2.5 Program Operations.

(a) Reporting. ESI will make available to Sponsor ESI's on-line standard management information reporting applications. Upon Spo nsor's request, ESI may develop special reporting packages or perform custom programming at ESI's standard hourly rate for such services, as set forth in Exhibit A.

(b) Claims Data.

(i) Claims Data Retention. ESI will retain Sponsor's claims data for a total of ten (10) years from the date the prescription is filled. Thereafter ESI will dispose of such data in accordance with its standard policies and practices and applicable state and federal law. Disposition of PHI shall be in accordance with the Business Associate Agreement.

(ii) Claims Data to Vendors. Upon Sponsor's written request and at no additional charge, ESI will provide regular prescription claims data in ESI's standard format(s) to Sponsor's vendors ("Vendors") for disease management, flexible savings account and other "payment," "treatment" and "healthcare operations" purposes (as defined under HIPAA). Requests for retrieval of data beyond thirty (30) months are subject to the hourly custom programming charge set forth in Exhibit A.

(iii) De-Identified Claims Data. ESI or its affiliates may use and disclose both during and after the term of this Agreement the anonymized claims data (de-identified in accordance with HIPAA) including drug and related medical data collected by ESI or provided to ESI by Sponsor for research; provider profiling; benchmarking, drug trend, and cost and other internal analyses and comparisons; clinical, safety and/or trend programs; ASES; or other business purposes of ESI or its affiliates, in all cases subject to applicable law.

(c) Sponsor Audits. Provided that this Agreement has been duly executed by Sponsor and Sponsor is current in the payment of invoices under this Agreement, Sponsor may, upon written request, audit the prescription management services provided pursuant to this Agreement on an annual basis (unless additional audits are warranted), consistent with the Audit Protocol set forth in Exhibit B. Sponsor may use an independent third party auditor ("Auditor"), so long as such Auditor does not have a conflict of interest with ESI (as determined by ESI acting reasonably and in good faith), and provided that Sponsor's Auditor executes a mutually acceptable confidentiality agreement. Any request by Sponsor to permit an Auditor to perform an audit will constitute Sponsor's direction and authorization to ESI to disclose PHI to the Auditor.

ARTICLE III - FEES; BILLING AND PAYMENT

3.1 Fees. In consideration of the PBM Services provided by ESI, Sponsor will pay the applicable claims reimbursement amounts ("Claims Reimbursements") and other administrative fees ("Administrative Fees," and together with Claims Reimbursements, "Fees") set forth in Exhibit A. ESI may use any excess achieved in any guarantee offered pursuant to this Agreement to make up for, and offset, a shortfall in any other guarantee set forth in this Agreement.

3.2 Billing and Payment.

(a) Billing. ESI will invoice Sponsor bi-weekly for all applicable Fees.

(b) Payment. Sponsor will pay ESI by wire, ACH transfer or pre-authorized debit within two (2) days from the date of Sponsor's receipt of each ESI invoice. Notwithstanding the foregoing, if the payment due date falls on a Saturday, Sunday, or day for which Sponsor is closed for business in observation of a holiday (collectively, a "Non-Traditional Work Day"), then payment shall be due by the close of business of the next preceding business day following the Non-Traditional Work Day. Sponsor will be responsible for all costs of collection, and agrees to reimburse ESI for such costs and expenses. ESI may apply Rebate amounts otherwise owed to Sponsor against any unpaid Fees.

(c) Deposit. If, at any time: (i) Sponsor has two or more invoices past due and outstanding, or (ii) ESI has reasonable grounds to believe Sponsor may be delinquent in payment of fees based on Sponsor's financial data (e.g., persistent negative cash flow, bankruptcy or insolvency), ESI may require that the Sponsor provide to ESI a deposit in an amount equal to the average of the last three (3) months of billing history as the basis for determining the one (1) month deposit amount or, if three (3) months billing history is not available, the most recent month of billing history as the basis. ESI will retain the deposit until the earlier of termination of this Agreement (following any run-off period), or six (6) consecutive months of timely payments of all Fees following submission of the deposit, and may apply the deposit to delinquent fees until return of the deposit.

(d) Non-Recourse; Limitations on Collections. In no event, including but not limited to the insolvency of Sponsor or breach of this Agreement by Sponsor, shall the Mail Service Pharmacy, CuraScript or Participating Pharmacies (as required under their respective provider agreements) charge, collect a deposit from, or have any recourse against a Member or any person acting on behalf of such Member for the Covered Drugs provided hereunder; provided, that this does not prohibit the Mail Service Pharmacy or a Participating Pharmacy from charging a Member for Deductibles or Copayments, or for drugs or services not covered by the terms of this Agreement or the applicable Plan. This provision shall survive the termination of this Agreement for those Covered Drugs provided prior to such termination, regardless of the cause of the termination, and shall be construed for the benefit of the Member. Any modification, addition or deletion to this provision shall become effective no earlier than fifteen (15) days after the appropriate state regulatory authorities have received written notification of the proposed changes and such changes shall otherwise comply with all state laws and regulations.

ARTICLE IV – HIPAA; CONFIDENTIAL INFORMATION

4.1 HIPAA. The parties agree that as relates to use and disclosure of PHI, electronic transaction standards and security of electronic PHI under the Health Insurance Portability and Accountability Act of 1996, as amended, they are subject to the terms of the Business Associate Agreement set forth in Exhibit C. Notwithstanding the foregoing, the parties acknowledge that in providing services to Members, CuraScript and the Mail Service Pharmacy are acting as separate health care provider covered entities under HIPAA and not as business associates to the Plan covered by the Business Associate Agreement. In providing services, CuraScript and the Mail Services Pharmacy shall abide by all HIPAA requirements applicable to covered entities and shall safeguard, use and disclose Member PHI accordingly.

4.2 Confidential Information.

(a) Each party agrees that the terms of this Agreement and information of the other party, including, but not limited to the following, will constitute confidential and proprietary information ("Confidential Information"): (i) with respect to ESI: ESI's reporting and other web-based applications, eligibility and adjudication systems, system formats and databanks (collectively, "ESI's Systems"), clinical or formulary management operations or programs, anonymized claims data (de-identified in accordance with HIPAA); CuraScript and Mail Service Pharmacy data; information and contracts relating to Rebates and Manufacturer Administrative Fees, prescription drug evaluation criteria, drug pricing information, and Participating Pharmacy agreements; and (ii) with respect to Sponsor: Participating Pharmacy Sponsor and Member identifiable health information and data, Eligibility Files, Set-Up Form information, business operations and strategies. Neither party will use the other's Confidential Information, or disclose it or this Agreement to any third party (other than Sponsor attorneys and accountants), at any time during or after termination of this Agreement, except as specifically contemplated by this Agreement, as required by law, in accordance with Section 7.12, or upon prior written consent, which will not unreasonably be withheld. Upon termination of this Agreement, each party will cease using the other's Confidential Information, and all such information will be returned or destroyed upon the owner's direction. Confidential Information does not include information which is or becomes generally available to the public; was within the recipient's possession or knowledge prior to its being furnished to the recipient

pursuant to this Agreement, or is independently developed by the recipient under circumstances not involving a breach of this Agreement.

(b) Sponsor will not, and will not permit any third party acting on Sponsor's behalf to, access, attempt to access, test or audit ESI's Systems or any other system or network connected to ESI's Systems. Without limiting the foregoing, Sponsor will not: (i) access or attempt to access any portion or feature of ESI's Systems, by circumventing ESI's Systems access control measures, either by hacking, password "mining" or any other means; or (ii) probe, scan, audit or test the vulnerability of ESI's Systems, nor breach the security or authentication measures of ESI's Systems.

ARTICLE V - COMPLIANCE WITH LAW; PRICING BENCHMARKS; FIDUCIARY ACKNOWLEDGEMENTS; FINANCIAL DISCLOSURE

5.1 Compliance with Law; Change in Law. Each party shall be responsible for ensuring its compliance with any laws and regulations applicable to its business, including maintaining any necessary licenses and permits. Sponsor shall be responsible for any governmental or regulatory charges and taxes imposed upon the services provided hereunder, other than taxes based on the net income of ESI. With respect to any Plan that is subject to the provisions of ERISA, the Sponsor or the plan sponsor shall ensure that its activities in regard to such program are in compliance with ERISA, and shall be responsible for disclosing to Members any and all information relating to the Plan and this Agreement as required by law to be disclosed, including any information relating to Plan coverage and eligibility requirements, commissions, rebates, discounts, or provider discounts referred to in Section 5.4 hereof. If there is a new or change in federal or state laws or regulations or the interpretation thereof, or a regulatory, judicial or legal action that, among other things, materially burdens ESI, requires ESI to increase payments or shorten payment times for Covered Drugs to Participating Pharmacies, or materially changes the scope of services hereunder, (a "Change in Law"), then there shall be an appropriate modification of the services, reimbursement rates, Administrative Fees and/or Rebates such that the parties are returned to their comparable economic position as of the Effective Date. If the parties cannot agree on a modification or adjusted fee or rates, then either party may terminate the Agreement on thirty (30) days prior written notice to the other.

5.2 Pricing Benchmarks. The parties understand there are extra-market industry, legal, government, and regulatory activities which may lead to changes relating to, or elimination of, the AWP pricing index that could alter the pricing intent under this Agreement. If the pricing source changes the methodology for calculating AWP or replaces AWP, or if, as a result of such change, ESI utilizes another recognized pricing benchmark other than AWP (e.g., to Wholesale Acquisition Cost), then Participating Pharmacy, CuraScript and Mail Service Pharmacy rates, rebates, and guarantees, as applicable, will be modified (the "Pricing Adjustment") as reasonably and equitably necessary to maintain the pricing intent under this Agreement. ESI shall provide Sponsor with written notice (the "Notice") at least ninety (90) days prior to the Pricing Adjustment (or if such notice is not practicable, as much notice as is reasonable under the circumstances) (the "Notice Period"), and written illustration of the financial impact of the pricing source or index change (e.g., specific drug examples). Sponsor will notify ESI within sixty (60) days of receipt of the Notice if it disputes the illustration or the financial impact of the pricing source, and the parties agree to cooperate in good faith to resolve such disputes during the remainder of the Notice Period. If such dispute cannot be resolved within the remainder of the Notice Period, Sponsor may terminate the agreement upon ninety (90) days prior written notice, provided that ESI maintains the right to implement the change on the effective date as specified in the Notice. Sponsor must provide notice of termination within sixty (60) days following the end of the Notice Period, or such termination right shall thereafter be null and void.

5.3 Fiduciary Acknowledgements. ESI offers pharmacy benefit management services, products and programs ("PBM Products") for consideration by all clients, including Sponsor. The general parameters of the PBM Products, and the systems that support these products, have been developed by ESI as part of ESI's administration of its business as a PBM. The parties agree that they have negotiated the financial terms of this Agreement in an arm's-length fashion. Sponsor acknowledges and agrees that neither it nor a Plan intends for ESI to be a fiduciary (as defined in ERISA or State Law) of a Plan, and neither will name ESI or any of ESI's wholly-owned subsidiaries or affiliates as a "plan fiduciary." Sponsor further acknowledges and agrees that neither ESI nor any of ESI's wholly-owned subsidiaries or affiliates: (a) act on behalf of a Plan; (b) have any discretionary authority or control respecting management of a Plan's prescription benefit program, or (c) exercise any authority or control respecting management or disposition of the assets of a Plan or Sponsor. Sponsor further acknowledges that all such discretionary authority and control with respect to the management

of a Plans and Plan assets is retained by Sponsor or the applicable Plan. Upon reasonable notice, ESI will have the right to terminate PBM Services to any Plan (or, if applicable, Members) located in a state requiring a pharmacy benefit manager to be a fiduciary to Sponsor, a Plan, or a Member in any capacity.

5.4 Disclosure of Certain Financial Matters. In addition to the Administrative Fees paid to ESI by Sponsor, if any, ESI and ESI's wholly-owned subsidiaries or affiliates derive margin from fees and revenue in one or more of the ways as further described in the Financial Disclosure to ESI PBM Clients set forth in Exhibit D hereto ("Financial Disclosure"), as updated by ESI from time to time. In negotiating any of the fees and revenues described in the Financial Disclosure or in this Agreement, ESI and ESI's wholly-owned subsidiaries and affiliates act on their own behalf, and not for the benefit of or as agents for Sponsor, Members or the Plan. ESI and ESI's wholly-owned subsidiaries and affiliates retain all proprietary rights and beneficial interest in such fees and revenues described in the Financial Disclosure and, accordingly, Sponsor acknowledges that neither it, any Member, nor the Plan, has a right to receive, or possesses any beneficial interest in, any such fees or revenues; provided, that ESI will pay Sponsor amounts equal to the amounts expressly set forth on Exhibit A.

ARTICLE VI - TERM AND TERMINATION; DEFAULT AND REMEDIES

6.1 Term. This Agreement will commence effective as of the later of October 1, 2011, or the date that is ten (10) business days following ESI's execution of this Agreement ("Effective Date"), and, subject to continued appropriations by the Ventura County Board of Supervisors, will continue through December 31, 2014 ("Initial Term"), and may be terminated earlier or extended in accordance with the terms of Section 6.2 below. Thereafter, subject to continued appropriations by the Ventura County Board of Supervisors, this Agreement may be renewed with the same terms and conditions as set forth herein for successive one (1) year renewal terms, subject to the right of termination as otherwise provided herein. The first contract year of the Agreement will be the period from the Effective Date through December 31, 2012; subsequent contract years will coincide with the calendar year.

6.2 Termination.

(a) Non-Renewal Upon Notice. Not less than ninety (90) days prior to the end of the Initial Term or any renewal term of this Agreement either party may notify the other party in writing that it desires to terminate this Agreement effective as of the end of the then current term. ESI may terminate this Agreement immediately upon written notice to Sponsor in the event of Sponsor's loss of licensure as a health care service plan pursuant to the Knox-Keene Act and the Regulations. Sponsor shall have the right to terminate this Agreement immediately upon written notice in the event of the commission by ESI of fraud, misrepresentation or deception in connection with this Agreement, or the determination by Sponsor that the health or safety of Members may be jeopardized if this Agreement remains in effect. Upon termination of this Agreement, Sponsor shall notify Members then receiving services of the effective date of termination. Termination of this Agreement shall not release ESI or Sponsor from their respective obligations accruing hereunder prior to the effective date of termination, or that survive the termination hereof.

(b) Breach or Default. Either party may give the other written notice of a material, substantial and continuing breach of this Agreement. If the breaching party has not cured said breach within thirty (30) days from the date such notice was sent, this Agreement may be terminated at the option of the non-breaching party. If the amount of time commercially reasonable for the breach to be cured is longer than thirty (30) days, this Agreement may not be terminated by the non-breaching party pursuant to this provision until such commercially reasonable period of time has elapsed; provided, however, that in no event will such period exceed sixty (60) days. If the breach has not been cured to the reasonable satisfaction of the non-breaching party by the end of the applicable cure periods set forth above, the non-breaching party may terminate this Agreement effective immediately upon notice.

(c) Non-Payment. Notwithstanding anything to the contrary herein, ESI (and its wholly-owned subsidiaries) may terminate or suspend their performance hereunder and cease providing or authorizing provision of Covered Drugs to Members upon forty-eight (48) hours written notice if Sponsor fails to pay ESI or provide a deposit, if required, in accordance with the terms of this Agreement. ESI attempts collection through written and verbal communications with Sponsor prior to sending the notice described herein.

(d) Obligations Upon Termination. Upon notice of termination of this Agreement, the parties will mutually develop a run-off plan providing for: (a) Sponsor notification to Members of the timing of any transition

to a successor pharmacy benefit manager at least thirty (30) days prior to the effective date of such termination; (b) ESI provision of open Mail Service Pharmacy refill files and standard claims data and PA files for transition to the successor pharmacy benefit manager in accordance with then existing industry protocol; and (c) whether Sponsor elects for ESI to process Participating Pharmacy or Member Submitted Claims for prescriptions filled during the Term but filed with ESI after the effective date of termination ("Termination Date"). Sponsor will continue to pay ESI in accordance with this Agreement for any Fees for PBM Services provided during the term and any run-off period. ESI will continue filing for Rebates for claims incurred prior to the Termination Date and will, subject to final reconciliation of any outstanding amounts owed by Sponsor to ESI, pay Sponsor Rebates for such claims in accordance with the Rebate payment schedule set forth in Exhibit A.

6.3 Remedies.

(a) Remedies Not Exclusive. A party's right to terminate this Agreement under Article VI will not be exclusive of any other remedies available to the terminating party under this Agreement or otherwise, at law or in equity.

(b) Force Majeure. Neither party will lose any rights under this Agreement or be liable in any manner for any delay to perform its obligations under this Agreement that are beyond a party's reasonable control, including, without limitation, any delay or failure due to riots, earthquakes, storms, floods or other extreme weather conditions, fires, acts of terrorism, epidemics, embargoes, war or other outbreak of hostilities, government acts or regulations, the failure or inability of carriers, suppliers, or telecommunications providers to provide services necessary to enable a party to perform its obligations hereunder, or any other reason where failure to perform is beyond the party's reasonable control, and is not caused by the negligence, intentional conduct or misconduct of the defaulting party; *provided, however*, that this clause may not be invoked to excuse a party's payment obligations hereunder. ESI represents that it maintains and continually updates a business continuity plan designed to mitigate any disruption to the services provided by ESI under this Agreement.

(c) Limitation of Liability. Except for the indemnification obligations set forth in Section 6.3(d), each party's liability to the other hereunder will in no event exceed the actual proximate losses or damages caused by breach of this Agreement. In no event will either party or any of their respective affiliates, directors, employees or agents, be liable for any indirect, special, incidental, consequential, exemplary or punitive damages, or any damages for lost profits relating to a relationship with a third party, however caused or arising, whether or not they have been informed of the possibility of their occurrence.

(d) Indemnification.

(i) In addition to any indemnification obligations set forth in the Business Associate Agreement, ESI will indemnify and hold Sponsor harmless from and against any loss, cost, damage, expense or other liability, including, without limitation, reasonable costs and attorney fees ("Costs") incurred in connection with any and all third party claims, suits, investigations or enforcement actions ("Claims") which may be asserted against, imposed upon or incurred by Sponsor and arising as a result of (A) ESI's negligent acts or omissions or willful misconduct (including those of the Mail Service Pharmacy and CuraScript), or (B) ESI's breach of this Agreement.

(ii) Sponsor will indemnify and hold ESI harmless from and against any Costs for Claims which may be asserted against, imposed upon or incurred by ESI and arising as a result of (A) Sponsor's negligent acts or omissions or willful misconduct, benefit design and coverage decisions, or breach of this Agreement, or (B) any improper use Sponsor, an Auditor or Vendor may make of PHI or ESI System access provided to such party.

(iii) As a condition of indemnification, the party seeking indemnification will notify the indemnifying party in writing promptly upon learning of any Claim for which indemnification may be sought hereunder, and will tender the defense of such claim to the indemnifying party. No party will be obligated to indemnify the other with respect to any claim settled without the written consent of the other.

6.4 Survival. The parties' rights and obligations under Section 2.5, Articles III, IV and V; and Sections 6.2(c), 6.3, 6.4, 7.2, 7.3, 7.4 and 7.6 will survive the termination of this Agreement for any reason.

ARTICLE VII – MISCELLANEOUS

7.1 Liability Insurance. Each party will maintain such policies of general liability, professional liability and other insurance of the types and in amounts customarily carried by their respective businesses. Proof of such insurance will be available upon request. ESI agrees, at its sole expense, to maintain during the term of this Agreement or any renewal hereof, commercial general liability insurance, pharmacists professional liability insurance for the Mail Service and CuraScript pharmacies, and managed care liability with limits, excess of a self insured retention, in amounts of not less than $5,000,000 per occurrence and in the aggregate. ESI does not maintain liability insurance on behalf of any Participating Pharmacy, but does contractually require such pharmacies to maintain a minimum amount of commercial liability insurance or, when deemed acceptable by ESI, to have in place a self-insurance program

7.2 Notice. Any notice or document required or permitted to be delivered pursuant to this Agreement must be in writing and will be deemed to be effective upon mailing and must be either (a) deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, or (b) sent by recognized overnight delivery service, in either case properly addressed to the other party at the address set forth below, or at such other address as such party will specify from time to time by written notice delivered in accordance herewith:

Express Scripts, Inc.
Attn: President
One Express Way
St. Louis, Missouri 63121
With copy to Legal Department
Fax No. (800) 417-8163

VENTURA COUNTY HEALTH CARE PLAN
Attn: Larry Keller
2220 E. Gonzalez Road, Suite 210-B
Oxnard, California 93036
(805) 981-5026

7.3 Independent Parties. No provision of this Agreement is intended to create or will be construed to create any relationship between ESI and Sponsor other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither party, nor any of their respective representatives, will be construed to be the partner, agent, fiduciary, employee, or representative of the other and neither party will have the right to make any representations concerning the duties, obligations or services of the other except as consistent with the express terms of this Agreement or as otherwise authorized in writing by the party about which such representation is asserted.

7.4 Assignment and Subcontracting. Sponsor may assign this Agreement upon first obtaining ESI's written consent, which consent will not be unreasonably withheld following a standard credit review of the proposed assignee. Sponsor acknowledges and agrees that ESI may perform certain services hereunder (e.g., mail service pharmacy and specialty pharmacy services) through one or more ESI subsidiaries or affiliates. ESI is responsible and liable for the performance of its subsidiaries and affiliates in the course of their performance of any such service. To the extent that ESI subcontracts any PBM Service under this Agreement to a third party, ESI is responsible and liable for the performance of any such third party. In addition, ESI may contract with third parties to provide information technology support services and other ancillary services, which services are not PBM Services hereunder, but rather are services that support ESI's conduct of its business operations. This Agreement will be binding upon, and inure to the benefit of and be enforceable by, the respective successors and permitted assigns of the parties hereto.

7.5 Integration; Amendments. This Agreement and any Exhibits hereto constitute the entire understanding of the parties hereto and supersedes any prior oral or written communication between the parties with respect to the subject matter hereof. If there is a separate Business Associate Agreement between the parties, such an agreement will be incorporated herein for all applicable purposes. No modification, alteration, or waiver of any term, covenant, or condition of this Agreement will be valid unless in writing and signed by the parties or the

agents of the parties who are authorized in writing, except as may be otherwise permitted pursuant to the terms and conditions of this Agreement or any Exhibit hereto.

7.6 Choice of Law. This Agreement will be construed and governed in all respects according to the laws in the State of California, without regard to the rules of conflict of laws thereof.

7.7 Waiver. The failure of either party to insist upon the strict observation or performance of this Agreement or to exercise any right or remedy will not be construed as a waiver of any subsequent breach of this Agreement or impair or waive any available right or remedy.

7.8 Severability. In the event that any provision of this Agreement is invalid or unenforceable, such invalid or unenforceable provision shall not invalidate or affect the other provisions of this Agreement which shall remain in effect and be construed as if such provision were not a part hereof; provided that if the invalidation or unenforceability of such provision shall, in the opinion of either party to the Agreement, have a material effect on such party's rights or obligations under this Agreement, then the Agreement may be terminated by such party upon thirty (30) days written notice by such party to the other party.

7.9 Third Party Beneficiary Exclusion. This Agreement is not a third party beneficiary contract, nor will this Agreement create any rights on behalf of Members as against ESI. Sponsor and ESI reserve the right to amend, cancel or terminate this Agreement without notice to, or consent of, any Member.

7.10 Trademarks. Each party acknowledges each other party's sole and exclusive ownership of its respective trade names, commercial symbols, trademarks, and servicemarks, whether presently existing or later established (collectively "Marks"). No party shall use the other party's Marks in advertising or promotional materials or otherwise without the owner's prior written consent; provided, however, that the parties may inform Participating Pharmacies of the fact that ESI provides prescription drug benefit management services to Sponsor.

7.11 Authority to Contract. Sponsor hereby represents and warrants that it has obtained due and proper authority to enter into this Agreement through its governing body.

7.12 Open Records. ESI acknowledges that Sponsor, as a government agency, may be subject to applicable freedom of information or open records laws and must, upon request, disclose such materials as are covered by and not exempted from such laws. Pursuant to Section 4.2 hereof, Sponsor acknowledges that certain information contained herein or subject to this Agreement is proprietary and confidential to ESI and shall be exempt from that Act to the fullest extent permitted by law. Sponsor agrees to give ESI notice and the minimum statutory or regulatory period of time to oppose, or request redactions or limitations on any disclosures under a third party freedom of information or open records request pertaining to this Agreement or any proposal related hereto. This provision shall survive termination of the Agreement.

7.13 Health Plan Regulation. Sponsor is subject to the requirements of the Knox-Keene Act (Chapter 2.2 of Division 2 of the California Health and Safety Code) and the Regulations (Chapter 2 of Division 1 of Title 28 of the California Administrative Code), and may be subject to the provisions of the Accountable Care Act. Any provision required to be in this Agreement by any of the above shall be binding on the parties whether or not specifically set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Pharmacy Benefit Management Agreement as of the day and year below set forth.

EXPRESS SCRIPTS, INC

By:_____
Printed Name: _____
Title:_____

Date:_____

COUNTY OF VENTURA as owner and operator of the VENTURA COUNTY HEALTH CARE PLAN

By:_____
Printed Name:_____
Title:_____
Federal ID Number:_____

Date:_____

EXHIBIT A

PHARMACY PROGRAM FEES

ESI shall be Sponsor's exclusive provider of PBM Services for Sponsor's Plans offering a prescription benefit. The financial terms set forth in Exhibit A are conditioned on such exclusive arrangement and all other specified conditions expressly incorporated in such exhibits, including, but not limited to the adoption by Sponsor of the specified network, qualifying co-payment structures, Formulary, and no Members in a 100% co-payment plan (if applicable). In the event one or more of the following occurs (whether between the date of the Cost Proposal and the Effective Date, or during the Term), ESI will have the right, upon notice, to make an equitable adjustment to the rates, Administrative Fees and/or Rebates, solely as necessary to return ESI to its contracted economic position as of the effective date of such event:

(a) There is a material change in: (i) the conditions or assumptions, except for changes beyond the control of the Sponsor, stated in this Agreement; or (ii) the size, demographics or gender distribution of Sponsor's Membership compared to data provided by Sponsor;

(b) Sponsor changes its Formulary, benefit designs, implements OTC plans, clinical or trend programs or otherwise takes an action that has the effect of lowering the amount of Rebates earned by Sponsor; and/or

(c) Sponsor elects to use on-site clinics or pharmacies to dispense prescription drugs to Members which materially reduces Rebates and/or the number of Covered Drug claims submitted on-line.

Exhibit A includes the following:

Exhibit A-1

Pharmacy Reimbursement Rates

Exhibit A-2

Administrative and Clinical Program Fees

Exhibit A-3

Rebates

Exhibit A-1

Pharmacy Reimbursement Rates

Sponsor will pay to ESI the amounts set forth below, net of applicable Copayments. Sales or excise tax or other governmental surcharge, if any, will be the responsibility of Sponsor.

A Member's Copayment charged for a Covered Drug will be the lesser of the applicable Copayment, AWP discount or U&C.

1. Participating Pharmacy Reimbursement Rates (Does Not Apply to Specialty Products)

Network	Minimum 50,000 Participating Pharmacy Network Effective from the Effective Date through December 31, 2011	Maximum 30,000 Participating Pharmacy Network Effective January 1, 2012
Ingredient Cost - Brand *single source Generic Drugs are priced as brands*	Lesser of AWP –%, or U&C	**Year 2012**: Lesser of AWP –%, or U&C **Contract Year 2**[1]: Lesser of AWP –%, or U&C **Contract Year 3**[1]: Lesser of AWP –%, or U&C
Ingredient Cost - Generic	Lesser of AWP –%, MRA or U&C	**Year 2012**: Lesser of AWP –%, MRA or U&C **Contract Year 2**[1]: Lesser of AWP –%, MRA or U&C **Contract Year 3**[1]: Lesser of AWP –%, MRA or U&C
Ingredient Cost - Compound Drugs	Lesser of U&C or combined AWP plus applicable service fee	Lesser of U&C or combined AWP plus applicable service fee
Brand Dispensing Fee/Rx		
Generic Dispensing Fee/Rx		
Administrative Fee/Rx		

[1]**Year 2012 and Contract Years 2 and 3 will coincide with the calendar year.**

Notwithstanding the preceding, ESI will guarantee an average aggregate annual discount for Generic Drugs, as set forth in the table below.

II. Mail Service Pharmacy Reimbursement Rates (Does Not Apply to Specialty Products)

	1-34 Days' Supply	35-90 Days' Supply
Ingredient Cost - Brand Drugs *single source Generic Drugs are priced as brands* **Contract Year 1**[1] **Contract Year 2**[1] **Contract Year 3**[1]	 AWP – AWP – AWP –	 AWP –% AWP –% AWP –%
Ingredient Cost – Generic Drugs **Contract Year 1**[1] **Contract Year 2**[1] **Contract Year 3**[1]	 AWP - % or, if lower, MRA AWP - % or, if lower, MRA AWP - % or, if lower, MRA	 AWP - % or, if lower, MRA AWP - % or, if lower, MRA AWP - % or, if lower, MRA
Ingredient Cost - Compound Drugs	Combined AWP plus applicable service fee	
Brand Dispensing Fee/Rx *Subject to change for changes in delivery rates*		
Generic Dispensing Fee/Rx *Subject to change for changes in delivery rates*		
Administrative Fee/Rx		

[1]**Contract Year 1 will be for the period from the Effective Date through December 31, 2012. Subsequent Contract Years will coincide with the calendar year.**

Notwithstanding the preceding, ESI will guarantee an average aggregate annual discount for Generic Drugs, as set forth in the table below.

III. Pricing Guarantees:

Ingredient Cost Guarantee. ESI will guarantee an average aggregate annual discount as reflected below on Sponsor utilization to be calculated as follows:

[1-(total discounted AWP ingredient cost (excluding dispensing fees and claims with ancillary charges, and prior to application of Copayments) of applicable Prescription Drug Claims for the annual period divided by total undiscounted AWP ingredient cost (both amounts will be calculated as of the date of adjudication) for the annual period)]. Discounted ingredient cost will be the lesser of MRA, U&C or AWP discount adjudication methodology.

Type of Guarantee	Participating Pharmacy	Mail Service Pharmacy	Claims Excluded
Generic			
Contract Year 1[1]	AWP –	AWP –	
Contract Year 2[1]	AWP –	AWP –	
Contract Year 3[1]	AWP –	AWP –	

[1]Contract Year 1 will be for the period from the Effective Date through December 31, 2012. Subsequent Contract Years will coincide with the calendar year.

Guarantees will be measured and reconciled on an annual basis within 90 days of the end of each contract year. The above guarantees are annual guarantees - if this Agreement is terminated prior to the completion of the then current contract year (hereinafter, a "Partial Contract Year"), then the above guarantees will not apply for such Partial Contract Year. To the extent Sponsor changes its benefit design or Formulary during the term of the Agreement, the guarantee will be equitably adjusted if there is a material impact on the discount achieved. Subject to the remaining terms of this Agreement, ESI will pay the difference of Sponsor's net cost for any shortfall between the actual result and the guaranteed result; provided, however, that ESI may use an excess achieved in one or more of the above guarantees to make up for, and offset, a shortfall in another guarantee. ESI may also use any excess achieved in any other guarantee offered pursuant to this Agreement to make up for, and offset, a shortfall in any of the above guarantees or any other guarantee(s) set forth in this Agreement.

IV. Specialty Products.

(a) Exclusive Care. CuraScript is the exclusive provider of Specialty Products for the reimbursement rates shown on the Exclusive CuraScript Specialty Product List. Any Specialty Product dispensed at a Participating Pharmacy (for example, limited distribution products not then available through CuraScript or overrides) will be reimbursed at the standard Participating Pharmacy Specialty Product rates shown below. Upon CuraScript acquisition of limited distribution products, Members will obtain prescriptions through CuraScript.

(b) Open Care. Specialty Products shall be available through CuraScript and Participating Pharmacies for the rates shown below.

	Ingredient Cost	Dispensing Fee
Exclusive CuraScript	See Exclusive Specialty Drug List Lesser of AWP discount or MRA	
Open CuraScript	Non-Exclusive Specialty Drug List Lesser of AWP discount or MRA	
Participating Pharmacy Specialty Products	Participating Pharmacy Specialty Drug List Lesser of AWP discount, U&C or MRA	

(c) Pricing for ASES is as follows:

(i) For Specialty Products needing an additional charge to cover costs of all supplies, equipment (e.g., pumps), nursing and clinical monitoring required to administer the Specialty Products, the following standard per diem and nursing fee rates shall apply. Exceptions

to the standard per diem and nursing rates are set forth in (ii), below, which list may be updated from time to time by ESI. Pricing for home infusion supplies and services provided at Participating Pharmacies will be pass-through and based on the provider's rates.

Standard Per Diem	
Standard Nursing Fee/ First 2 Hours	
Standard Nursing Hourly	

(ii) Additional Exceptions to AWP Discount Rates and Standard Per Diem & Nursing Fees

Brand Name	AWP Discount	Per Diem

The TYVASO AWP discount includes Phone Support Nursing, Supplies, Pump, first two training visits, and Coordination of In-Person Nursing. In-home nursing that is requested/needed beyond the first two training visits will be charged at a rate of $150 for the first two hours and $75 for every hour after.

(d) Specialty Products will be excluded from any price guarantees set forth in the Agreement. In no event will the Mail Service Pharmacy or Participating Pharmacy pricing terms specified in the Agreement, including, but not limited to, the annual average ingredient cost discount guarantees, apply to Specialty Products dispensed through CuraScript.

(e) Unless otherwise set forth in an agreement directly between CuraScript and Sponsor, if a Specialty Product dispensed or ASES provided by CuraScript is billed to Sponsor directly by CuraScript instead of being processed through ESI, Sponsor agrees to timely pay CuraScript for such claim pursuant to the rates above and within thirty (30) days of Sponsor's, or its designee's, receipt of such electronic or paper claim from CuraScript. CuraScript shall have 360 days from the date of service to submit such electronic or paper claim.

(f) The list of Specialty Products and their corresponding rates set forth below are subject to addition, deletion, or modification by ESI from time to time.

	Participating Pharmacies	**CuraScript Open**	**CuraScript Exclusive**
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
8-MOP			
ABRAXANE			
ACTEMRA			
ACTHAR H.P.			
ACTIMMUNE			
ADAGEN			
ADCIRCA			
ADRIAMYCIN			
ADRUCIL			
ADVATE			
ADVATE H			
ADVATE L			
ADVATE M			
ADVATE SH			
ADVATE UH			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
AFINITOR			
ALDURAZYME			
ALFERON N			
ALIMTA			
ALKERAN			
ALPHANATE			
ALPHANINE SD			
AMEVIVE			
AMIFOSTINE			
AMPYRA			
APOKYN			
ARALAST			
ARALAST NP			
ARANESP			
ARCALYST			
AREDIA			
ARIXTRA			
ARRANON			
ARZERRA			
ATGAM			
AVASTIN			
AVONEX			
AVONEX ADMINISTRATION PACK			
BCG VACCINE (TICE STRAIN)			
BEBULIN VH IMMUNO			
BENEFIX			
BERINERT			
BETASERON			
BEXXAR			
BICNU			
BLEOMYCIN SULFATE			
BONIVA			
BOTOX			
BOTOX COSMETIC			
BRAVELLE			
BUSULFEX			
CAMPATH			
CAMPTOSAR			
CAMPTOSAR			
CARBAGLU			
CARBOPLATIN			
CARIMUNE NF NANOFILTERED			
CAYSTON			
CELLCEPT			
CEPROTIN			
CEREDASE			
CEREZYME			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
CERUBIDINE			
CETROTIDE			
CHENODAL			
CHORIONIC GONADOTROPIN			
CIMZIA			
CINRYZE			
CISPLATIN			
CLADRIBINE			
CLOLAR			
COPAXONE			
COPEGUS			
COSMEGEN			
CYCLOPHOSPHAMIDE			
CYCLOSPORINE			
CYSTAGON			
CYTARABINE			
CYTOGAM			
CYTOGAM			
CYTOXAN			
DACARBAZINE			
DACOGEN			
DAUNORUBICIN HCL			
DAUNOXOME			
DDAVP			
DEFEROXAMINE MESYLATE			
DEPOCYT			
DESFERAL			
DESFERAL MESYLATE			
DESMOPRESSIN ACETATE			
DEXRAZOXANE			
DOXIL			
DOXORUBICIN HCL			
DTIC-DOME IV			
DYSPORT			
EGRIFTA			
ELAPRASE			
ELIGARD			
ELITEK			
ELLENCE			
ELOXATIN			
ELSPAR			
ENBREL			
ENOXAPARIN SODIUM			
EPIRUBICIN HCL			
EPOGEN			
EPOPROSTENOL SODIUM			
ERBITUX			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
ETHYOL			
ETOPOPHOS			
ETOPOSIDE			
EUFLEXXA			
EXJADE			
EXTAVIA			
FABRAZYME			
FASLODEX			
FEIBA NF			
FEIBA VH IMMUNO			
FIRMAGON			
FLEBOGAMMA			
FLEBOGAMMA DIF			
FLOLAN			
FLOXURIDINE			
FLUDARA			
FLUDARABINE PHOSPHATE			
FLUOROURACIL			
FOLLISTIM AQ			
FOLOTYN			
FORTEO			
FRAGMIN			
FUDR			
FUSILEV			
FUZEON			
GAMASTAN S-D			
GAMMAGARD LIQUID			
GAMMAGARD S-D			
GAMMAPLEX			
GAMUNEX			
GANIRELIX ACETATE			
GEMZAR			
GENOTROPIN			
GEREF DIAGNOSTIC			
GILENYA			
GLASSIA			
GLEEVEC			
GONAL-F			
GONAL-F RFF			
HALAVEN			
HELIXATE FS			
HEMOFIL M			
HEPAGAM B			
HERCEPTIN			
HIZENTRA			
HUMATE-P			
HUMATROPE			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
HUMIRA			
HYALGAN			
HYCAMTIN			
HYPERHEP B S-D			
HYPERRAB S-D			
HYPERRHO S-D			
IDAMYCIN PFS			
IDARUBICIN HCL			
IFEX			
IFOSFAMIDE			
IFOSFAMIDE-MESNA			
ILARIS			
IMOGAM RABIES-HT			
IMPLANON			
INCRELEX			
INFERGEN			
INNOHEP			
INTRON A			
IPRIVASK			
IRESSA			
IRINOTECAN HCL			
ISTODAX			
IXEMPRA			
JEVTANA			
KALBITOR			
KEPIVANCE			
KINERET			
KOATE-DVI			
KOGENATE FS			
KRYSTEXXA			
KUVAN			
LETAIRIS			
LEUCOVORIN CALCIUM			
LEUKINE			
LEUPROLIDE ACETATE			
LEUSTATIN			
LOVENOX			
LUCENTIS			
LUMIZYME			
LUPRON			
LUPRON DEPOT			
LUPRON DEPOT-PED			
LUVERIS			
MACUGEN			
MELPHALAN HCL			
MENOPUR			
MESNA			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
MESNEX			
METHOTREXATE			
MICRHOGAM			
MICRHOGAM PLUS			
MIRENA			
MITOMYCIN			
MITOXANTRONE HCL			
MONARC-M			
MONOCLATE-P			
MONOCLATE-P			
MONONINE			
MOZOBIL			
MUSTARGEN			
MYLOTARG			
MYOBLOC			
MYOZYME			
NABI-HB			
NAGLAZYME			
NAVELBINE			
NEULASTA			
NEUMEGA			
NEUPOGEN			
NEXAVAR			
NIPENT			
NORDITROPIN			
NORDITROPIN FLEXPRO			
NORDITROPIN NORDIFLEX			
NOVANTRONE			
NOVAREL			
NOVOSEVEN			
NOVOSEVEN RT			
NPLATE			
NUTROPIN			
NUTROPIN AQ			
NUTROPIN AQ NUSPIN			
OCTAGAM			
OCTREOTIDE ACETATE			
OFORTA			
OMNITROPE			
ONCASPAR			
ONSOLIS			
ONTAK			
ONXOL			
ORENCIA			
ORFADIN			
ORTHOCLONE OKT-3			
ORTHOVISC			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
OVIDREL			
OXALIPLATIN			
PACLITAXEL			
PAMIDRONATE DISODIUM			
PANRETIN			
PARAPLATIN			
PEGASYS			
PEGINTRON			
PEGINTRON REDIPEN			
PHOTOFRIN			
PREGNYL			
PRIALT			
PRIALT			
PRIVIGEN			
PROCRIT			
PROFILNINE SD			
PROGESTERONE			
PROGESTERONE IN OIL			
PROGRAF			
PROLASTIN			
PROLASTIN C			
PROLEUKIN			
PROLIA			
PROMACTA			
PROVENGE			
PULMOZYME			
QUTENZA			
RAPTIVA			
REBETOL			
REBIF			
RECLAST			
RECOMBINATE			
RECOMBINATE			
REFACTO			
REFLUDAN			
REMICADE			
REMODULIN			
REPRONEX			
RETROVIR			
REVATIO			
REVLIMID			
RHOGAM			
RHOGAM PLUS			
RHOPHYLAC			
RIBAPAK			
RIBASPHERE			
RIBATAB			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
RIBAVIRIN			
RILUTEK			
RITUXAN			
ROFERON-A			
SABRIL			
SAIZEN			
SANDIMMUNE			
SANDOSTATIN			
SANDOSTATIN LAR			
SEROSTIM			
SIMPONI			
SIMULECT			
SOLIRIS			
SOMATULINE DEPOT			
SOMAVERT			
SPRYCEL			
SPRYCEL			
STELARA			
SUCRAID			
SUPARTZ			
SUPPRELIN LA			
SUTENT			
SYNAGIS			
SYNVISC			
SYNVISC-ONE			
TARABINE PFS			
TARCEVA			
TASIGNA			
TAXOL			
TAXOTERE			
TEMODAR			
TEV-TROPIN			
THALOMID			
THERACYS			
THIOTEPA			
THYMOGLOBULIN			
THYROGEN			
TOBI			
TOPOSAR			
TORISEL			
TOTECT			
TRACLEER			
TREANDA			
TRELSTAR			
TRELSTAR DEPOT			
TRELSTAR LA			
TRISENOX			

	Participating Pharmacies	CuraScript Open	CuraScript Exclusive
Product	**% Off AWP**	**% Off AWP**	**% Off AWP**
TYKERB			
TYSABRI			
TYVASO			
VALSTAR			
VANTAS			
VECTIBIX			
VELCADE			
VELETRI			
VENTAVIS			
VIADUR			
VIDAZA			
VINBLASTINE SULFATE			
VINCRISTINE SULFATE			
VINORELBINE TARTRATE			
VISUDYNE			
VIVAGLOBIN			
VIVITROL			
VOTRIENT			
VPRIV			
VUMON			
WINRHO SDF			
XELODA			
XENAZINE			
XEOMIN			
XGEVA			
XIAFLEX			
XOLAIR			
XYNTHA			
XYNTHA			
XYREM			
ZANOSAR			
ZAVESCA			
ZEMAIRA			
ZENAPAX			
ZEVALIN			
ZINECARD			
ZOLADEX			
ZOLINZA			
ZOMETA			
ZORBTIVE			

V. Influenza and Other Vaccinations

Vaccinations shall adjudicate at the lower of:

(a)

	Participating Pharmacy INFLUENZA	Participating Pharmacy OTHER VACCINES
Ingredient Cost **+**	Participating Pharmacy Ingredient Cost as set forth in the Agreement	Participating Pharmacy Ingredient Cost as set forth in the Agreement
Dispensing Fee **+**	Participating Pharmacy Dispensing Fee as set forth in the Agreement	Participating Pharmacy Dispensing Fee as set forth in the Agreement
Professional Service Fee (PSF); cost for pharmacist to inject the vaccine		
Vaccine Program Administrative Fee *		

* The Vaccine Program Administrative Fee will be manually billed to Sponsor on a monthly basis or as otherwise agreed between ESI and Sponsor. This Vaccine Program Administrative Fee is in addition to any per Prescription Drug Claim administrative fee set forth in the Agreement.

or

(b) the combined ingredient cost, dispensing fee (if any) and professional service fee (if any) that the Participating Pharmacy generally charges an individual paying cash, without coverage for prescription drug benefits.

Coverage is subject to Plan provisions. No vaccine claims will be included in any guarantees set forth in the Agreement and/or amendments thereto.

Medicaid. The professional service fee in (a) and (b) for vaccine claims for Members enrolled in Sponsor's Medicaid programs, if any, will be capped at the maximum reimbursable amount under the state Medicaid program in which the Member is enrolled."

Exhibit A-2

Administrative Services and Clinical Program Fees

I. Administrative Services

PBM Services –	
Electronic/on-line eligibility submission	Electronic claims processing
Standard coordination of benefits (COB) (reject for primary carrier)	Plan setup
FSA eligibility feeds	
Network Pharmacy Services	
Pharmacy help desk	Pharmacy reimbursement
Pharmacy network management	Network development (upon request)
Account and Member Service	
Assigned account team	Annual strategic planning with quarterly review
Telephonic training for access to online system(s)	Implementation support
Centralized administration for payment of claim and administrative fees	New Member packets (includes two standard resin ID cards) Member replacement cards printed via web
Home Delivery Services	
Benefit education (includes Home Delivery promotion program)	Prescription delivery – standard
Reporting Services	
Web-based client reporting – produced by Sponsor	Custom ad hoc reporting (up to 10 hours of programming time)
Ad-hoc desktop parametric reports	Billing reports, including paid claims file
Claims detail extract file electronic (NCPDP format)	Inquiry access to claims processing system (client responsible for telecommunications charges)
Website Services	
Express-Scripts.com for Sponsor — access to reporting tools, eligibility update capability, contact directory, sales and marketing information, and benefit and enrollment support secured through Risk Base Authentication	Express Preview℠ enrollment option — available during open enrollment to enable members to evaluate prescription benefit plan options
Express-Scripts.com for Members — access to benefit, drug, health and wellness information; prescription ordering capability; and customer service	External Compass – advanced user interface for real-time, online inquiries
Clinical	
Concurrent Drug Utilization Review (DUR) Prior Authorization – Administrative (a) Non-clinical Prior Authorization (b) Lost/stolen overrides (c) Vacation supplies	Emerging Therapeutics Step Therapy Blood Glucose Meter Program Therapeutic Interchange

PBM Services	Fees
Manual/hardcopy eligibility submission	ESI will provide web based tool to update eligibility electronically free of charge
Member-submitted paper claims processing fee Medicaid subrogation claims fee	
Communication with physicians and/or members (e.g., program descriptions, notifications, formulary compliance, EOBs, etc.)	
Network Pharmacy Services	
Pharmacy Audit Compliance Program Integrity (Fraud, Waste and Abuse – includes quarterly reporting)	
Account and Member Services	
Customer service for members	
Member requested replacement packets Client requested re-carding	
Reporting Services	
Web-based client reporting — produced by Express Scripts	
Custom ad-hoc reporting requiring more than 10 hours of programming	
Clinical Programs*	
Prior Authorization — clinical	
Appeals	
Clinical appeals (Non-ASO) Non-clinical appeals (Non-ASO)	
Medicaid Encounter Errors	
Support for submission of Medicaid encounter data, error correction, and maintenance of state pharmacy IDs	

* ESI also offers additional programs, as well as savings guarantees, under certain conditions. Information concerning such programs, guarantees, and fees, if applicable, is available on request.

II. Selected Clinical/Trend Programs.

ESI offers a comprehensive list of trend, safety, care and disease management programs, a limited number of which are identified below, and which may change or be discontinued from time to time. ESI also offers savings guarantees under certain conditions. Information concerning such programs, guarantees and fees, if applicable, is available from the ESI Account Team.

Reduce Prescription Waste	**Fees**
Drug Quantity Management * Prior Authorization – Base List* Prior Authorization — Clinical Supplemental List * Prior Authorization – Pharmacogenomics List* Prior Authorization – Proactive PA* Prior Authorization – Specialty List* Prior Authorization — Other Clinical Overrides (e.g. non-standard Prior Authorization medications, medical exceptions) Step Therapy — Individual modules and packages available More than 50 modules available. The most utilized include: Leukotrienes, Cox-2, other antidepressants, SSRI, Hypnotics, ACE, ARB, PPI, Brand NSAID, HMG. Formulary Rapid Response Zero Dollar Generic Copay RxSavings Select Turn2Generics	
Manage Medication Therapy and Safety	
Medication Adherence	
Retrospective DUR Retrospective DUR — Seniors	
Enrich Care Continuum	
Express*Alliance*® Basic Pharmacist Support Basic Pharmacist Support Includes Quarterly webcasts on drug updates Support for general drug questions Monthly grand rounds case review Regular review status calls (monthly or quarterly) Clarification of clinical targeting within the web based application	
Express*Alliance*® Comprehensive Pharmacist Support Comprehensive Pharmacist Support includes all of the items with Basic Pharmacist Support plus: Proactive Web Target Screening (Weekly Review for High Risk Target Opportunities and Summary) Full Case Review Case Summary or Switch Opportunities Post Hospital Patient Services	
Express*Alliance*® Additional Services ESI Managed Administration List – ESI coordinates match process with the plan sponsor's ESI-specific ID, client-specific IDs, and vendor-specific IDs for their Member population Sponsor Managed Administration List – Plan Sponsor provides Member ID match list to auto load into Web application, match between ESI ID, client-specific ID, and vendor-specific ID already complete Emerging Therapeutic Communications (included with all targeting packages)	

Additional Reporting Predictive Modeling - (Adult and/or Pediatric): Report identifies Members predicted to have high medical expenditures in the following six months. Specialty Care Management Reporting – The CMC report identifies members who have qualified for the Specialty Program offered by CuraScript. Each qualified Member is assessed by a certified Clinical Nurse Manager and the evaluation details are stored in their system as a referral. The CMC reports are generated monthly and contain detailed information collected during the patient's assessment interview. The CMC nurse manager then sends all completed reports to Express*Alliance*® for distribution. There are six disease states included in the CMC reports; Multiple Sclerosis, Rheumatoid Arthritis, Psoriasis, Respiratory Syncytial Virus (RSV), Hemophilia, and Hepatitis C.	
Value Based Insurance Design (VBID)	Priced upon request
Physician Consultation	**Phone-based Program:** **Mailed Profiles Only** **(i.e., no telephone consultation):** **Phone-based Program plus additional profiles to physicians other than the group targeted for consultations:**
Physician Report Card	**Mailed Profiles Only:**
Enable Better Health and Value	
Care Management	
Wellness	
Integrated Data Services	

*List of drugs subject to change at the discretion of ESI.
**All programs are optional and will only be implemented upon Sponsors request.
***ESI and Sponsor each understand that client conditions and vendor status changes may occur from time to time. If Sponsor changes its program operations or otherwise takes an action that has the effect of materially increasing the costs of the pharmacist consulting phase of the program, ESI shall have the right to make an equitable adjustment to the program price as of the effective date of the event upon notification to the Sponsor. Material costs are defined and increasing the pharmacist time by greater than 20% due to increased calls or services above the agreed upon service levels.

EXHIBIT A-3

Rebates

1. **Rebate Amounts**

Subject to the conditions set forth in Sections 2. and 3. below and elsewhere in this Agreement, ESI will pay to Sponsor an amount equal to the percentage of Rebates received by ESI as set forth in the table below:

Formulary	Custom and ESI Prime	
	Participating Pharmacies and CuraScript	Mail Service Pharmacy
Per Prescription Drug Claim		

2. **Rebate Payment Terms**

Subject to the conditions set forth herein, ESI shall pay Sponsor the percentage amounts set forth in Section 1 above for Rebates collected by ESI during each calendar quarter hereunder within approximately one hundred and sixty (160) days following the end of such calendar quarter. ESI shall also pay Sponsor the percentage amount set forth in Section 1. above for residual Rebates collected by ESI, if any, related to such calendar quarter, which are collected by ESI in subsequent quarters.

3. **Conditions**

A. ESI contracts with pharmaceutical manufacturers for Rebates on its own behalf and for its own benefit, and not on behalf of Sponsor. Accordingly, ESI retains all right, title and interest to any and all actual Rebates received from manufacturers. ESI will pay Sponsor amounts equal to the Rebate amounts allocated to Sponsor, as specified above, from ESI's general assets (neither Sponsor, its Members, nor Sponsor's plan retains any beneficial or proprietary interest in ESI's general assets). Sponsor acknowledges and agrees that neither it, its Members, nor its Plan will have a right to interest on, or the time value of, any Rebate payments received by ESI during the collection period or moneys payable under this Section. No amounts for Rebates will be paid until this Agreement is executed by Sponsor. ESI will have the right to apply Sponsor's allocated Rebate amount to unpaid Fees.

B. Sponsor acknowledges that it may be eligible for Rebate amounts under this Agreement only so long as Sponsor, its affiliates, or its agents do not contract directly or indirectly with anyone else for discounts, utilization limits, rebates or other financial incentives on pharmaceutical products or formulary programs for claims processed by ESI pursuant to the Agreement, without the prior written consent of ESI. In the event that Sponsor negotiates or arranges with a pharmaceutical manufacturer for Rebates or similar discounts for any Covered Drugs hereunder, but without limiting ESI's right to other remedies, ESI may immediately withhold any Rebate amounts earned by, but not yet paid to, Sponsor as necessary to prevent duplicative rebates on Covered Drugs. To the extent Sponsor knowingly negotiates and/or contracts for discounts or rebates on claims for Covered Drugs without prior written approval of ESI, such activity will be deemed to be a material breach of this Agreement, entitling ESI to suspend payment of Rebate amounts hereunder and to renegotiate the terms and conditions of this Agreement.

EXHIBIT B

AUDIT PROTOCOL

1. AUDIT PRINCIPLES

ESI recognizes the importance of its clients ensuring the integrity of their business relationship by engaging in periodic audits of their financial arrangements with ESI. ESI provides this audit right to each and every client. In granting this right, ESI's primary interest is to facilitate a responsive and responsible audit process. In order to accomplish this goal, for all clients, ESI has established the following Protocol. Our intent is in no way to limit Sponsor's ability to determine that ESI has properly and accurately administered the financial aspects of the Agreement, but rather to create a manageable process in order to be responsive to our clients and the independent auditors that they may engage. If Sponsor has any concern that this Protocol will prohibit Sponsor from fully confirming its financial arrangement with ESI, we encourage Sponsor to express such concern at the audit kick-off meeting.

2. AUDIT PREREQUISITES

A. The financial aspects of the Agreement can be broken down into the following three main components. Sponsor has the right to audit any or all three of these components, if applicable:

   A. Claims
   B. Rebates
   C. Performance Guarantees

   At Sponsor's discretion, Sponsor may conduct an audit of each component separately, or may combine all three components in one audit. In addition to the above audit rights, Sponsor may address general claim inquiries, which do not require an audit, by contacting Sponsor's ESI Account Management team at any time.

B. ESI will provide all data reasonably necessary for Sponsor to determine that ESI has performed in accordance with contractual terms.

C. ESI engages a national accounting firm, at its sole cost and expense, to conduct a SAS 70 audit on behalf of its clients. Upon request, ESI will provide the results of its most recent SAS 70 audit. Testing of the areas covered by the SAS 70 is not within the scope of Sponsor's audit rights (i.e., to confirm the financial aspects of the Agreement) and is therefore not permitted. However, if requested, ESI will explain the SAS 70 audit process and findings to Sponsor in order for Sponsor to gain an understanding of the SAS 70.

3. AUDITS

A. ESI recommends that the initial audit period for a claims audit cover a timeframe not to exceed twenty-four (24) months immediately preceding the request to audit (the "Audit Period"). This Audit Period allows a reasonable amount of time for both parties to conclude the audit before claims data is archived off the adjudication system. ESI will accommodate reasonable requests to extend the Audit Period, but this may delay ESI's response time to audit findings due to the age of the claims.

B. When performing a Rebate audit, Sponsor may perform an on-site review of the applicable Rebate rate components of manufacturer agreements, selected by Sponsor, as reasonably necessary to audit the calculation of the Rebate payments made to Sponsor by ESI.

C. ESI recommends that Sponsor select an initial number of manufacturer contracts to enable Sponsor to audit fifty percent (50%) of the total Rebate payments due to Sponsor for two (2) calendar quarters during the twelve (12) month period immediately preceding the audit. ESI will accommodate reasonable requests to extend this audit scope, but this may delay ESI's on-site preparation time as well as response time to audit findings.

4. AUDIT FINDINGS

A. Following Sponsor's initial audit, Sponsor (or its Auditor) will provide ESI with a written report of suspected errors, if any. In order for ESI to evaluate Sponsor's audit report, Sponsor shall provide an electronic data file in a mutually agreed upon format containing either a representative sample of claims, or the entire suspected error population, and the dollar amount associated with the suspected errors.

B. If Sponsor provides the entire suspected error population, consistent with generally accepted industry audit standards, ESI will evaluate a statistically valid sample of claims in order to provide a timely response. ESI will use commercially reasonable best efforts to respond to the audit report in no more than thirty (30) days from ESI's receipt of the report. Please be aware, however, that audits that require evaluation of six (6) or more findings typically require additional time to respond due to the complex nature of such audits. Our pledge to respond within the foregoing timeframe is predicated on a good faith and cooperative effort between Sponsor and/or its Auditor and ESI.

C. Following ESI's evaluation of Sponsor's (or its Auditor's) audit report, if the audit findings warrant an increase in the Audit Period or the number of contracts reviewed, then ESI and Sponsor will mutually determine the scope of further analysis.

D. Sponsor agrees that once audit results are accepted by both parties, the audit shall be considered closed and final.

E. ESI shall promptly pay overpayments (or Sponsor shall promptly pay underpayments, if applicable) upon closure of the audit.

5. CONFIDENTIALITY

ESI's contracts are highly confidential and proprietary. For this reason, ESI only permits on-site review rather than provide copies to our clients. During on-site contract review, Sponsor (or its Auditor) may take and retain notes to the extent necessary to document any identified errors, but may not copy (through handwritten notes or otherwise) or retain any manufacturer or Participating Pharmacy agreements (in part or in whole) or related documents provided or made available by ESI in connection with the audit. ESI will be entitled to review any notes to affirm compliance with this paragraph.

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

Express Scripts, Inc. ("ESI") and Sponsor are parties to an agreement ("PBM Agreement") whereby ESI provides certain pharmacy benefit management services to the Sponsor's prescription drug plan (Sponsor and Sponsor's prescription drug plan collectively referred to hereinafter as "Plan"). This Business Associate Agreement addresses the parties' rights and obligations concerning the use and disclosure of patients' protected health information. The HIPAA Rules (as defined below) require ESI and the Plan to enter into a "business associate agreement" to comply with applicable sections of the HIPAA Rules as of the applicable Compliance Dates. If Sponsor or a third party authorized by Sponsor provides health information related to Sponsor's medical plan to ESI to perform PBM Services, and to the extent such information constitutes PHI, the parties agree that the terms of this Business Associate Agreement shall also apply with respect to such medical plan PHI.

2. Definitions.

(a) "Breach" shall mean the unauthorized acquisition, access, use, or disclosure of Protected Health Information that compromises the security or privacy of such information, except where an unauthorized person to whom such information is disclosed would not reasonably have been able to retain such information. "Breach" shall not include:

(i) any unintentional acquisition, access, or use of PHI by an employee or individual acting under the authority of Plan or ESI, as long as such acquisition, access, or use was made in good faith and within the course and scope of the employment or other professional relationship of such employee or individual with Plan or ESI and such information is not further acquired, accessed, used, or disclosed by any person; or

(ii) an inadvertent disclosure from an individual who is otherwise authorized to access PHI at a facility operated by Plan or ESI to another similarly situated individual at the same facility, provided that any such information received as a result of such disclosure is not further acquired, accessed, used, or disclosed by any person.

(b) "Compliance Date(s)" shall mean the date established by HHS or the United States Congress for effective date of applicability and enforceability of the HIPAA Rules and HITECH Standards.

(c) "Designated Record Set" shall mean a group of records maintained by or for Plan that is (i) the medical records and billing records about individuals maintained by or for Plan, (ii) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (iii) used, in whole or in part, by or for Plan to make decisions about individuals.

(d) "Electronic Health Record" shall mean an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.

(e) "Electronic PHI" shall have the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103.

(f) "Health Plan" or "Plan" shall have the same meaning as the term "Health Plan" in 45 C.F.R. § 160.103.

(g) "HIPAA Rules" means the collective privacy, transaction and code sets, and security regulations promulgated pursuant to the Health Insurance Portability and Accountability Act, as codified at 45 C.F.R. Parts 160, 162 & 164.

(h) "HITECH Standards" means the privacy, security and security Breach notification provisions applicable to a Business Associate under Subtitle D of the Health Information Technology for Economic and Clinical Health Act ("HITECH"), which is Title XIII of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), and any regulations promulgated thereunder.

(i) "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(j) "Protected Health Information" or "PHI" shall have the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, limited to the information created or received by ESI from or on behalf of Plan.

(k) "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and 45 C.F.R. Part 164, Subpart A and Subpart E, as they exist now or as they may be amended.

(l) "Required by Law" shall have the same meaning as the term "required by law" in 45 C.F.R. § 164.103.

(m) "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.

(n) "Security Incident" shall have the same meaning as "security incident" in 45 C.F.R. § 164.304

(o) "Security Standards" shall mean the Security Standards, 45 C.F.R. Part 160 and 45 C.F.R. Part 164, Subpart A and Subpart C, to be effective no later than April 20, 2005, as they exist now or as they may be amended.

(p) "Transactions Standards" shall mean the Standards for Electronic Transactions, 45 C.F.R. Parts 160 and 162, as they exist now or as they may be amended.

Terms used, but not otherwise defined, in this Business Associate Agreement shall have the same meaning as those terms in the HIPAA Rules and the HITECH Standards.

3. **General Use and Disclosure Provisions.** ESI and Plan acknowledge and agree as follows:

(a) *Use or Disclosure.* ESI agrees not to use or further disclose PHI other than as expressly permitted or required by this Business Associate Agreement or as Required by Law.

(b) *Minimum Necessary.* ESI will take reasonable efforts to limit requests for, use and disclosure of PHI to the minimum necessary to accomplish the intended request, use or disclosure.

(c) *Specific Use or Disclosure Provisions.* Except as otherwise limited in this Business Associate Agreement, ESI may use and disclose PHI to properly provide, manage and administer the PBM Services required under the PBM Agreement and consistent with applicable law to assist the Plan in its operations, as long as such use or disclosure would not violate the HIPAA Rules if done by the Plan, or such use or disclosure is expressly permitted in (i) through (iii) below:

(i) ESI may use PHI for the proper management and administration of ESI or to carry out ESI's legal responsibilities.

(ii) ESI may disclose PHI to third parties for the proper management and administration of ESI or to carry out the legal responsibilities of ESI provided that the disclosures are Required by Law, or ESI obtains reasonable assurances from the person to whom the information is disclosed that: (A) the information will remain confidential, (B) the information will be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and (C) the person notifies ESI of any instances of which it is aware in which the confidentiality of the information has been breached.

(iii) ESI may use PHI to perform Data Aggregation services on behalf of the Plan as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

(d) *Reporting.* ESI agrees to promptly notify Plan if ESI has knowledge that PHI has been used or disclosed by ESI in a manner that violates this Business Associate Agreement. To the extent that ESI creates, receives, maintains or transmits Electronic PHI, ESI agrees to report promptly to Plan any Security Incident, as determined by ESI, involving PHI of which ESI becomes aware. Effective thirty (30) calendar days after the effective date of applicable regulations issued by the Secretary, ESI shall, following the discovery of a Breach of Unsecured PHI, notify Plan of such Breach without unreasonable delay and in no event later than sixty (60) calendar days after the discovery, including the identification of each individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired or disclosed during the Breach. A Breach shall be treated as discovered as of the first day on which such Breach is known or reasonably should have been known by ESI.

(e) *Safeguards.* ESI agrees to use appropriate safeguards, consistent with applicable law, to prevent use or disclosure of PHI in a manner that would violate this Business Associate Agreement. ESI shall provide Plan with such information concerning such safeguards as Plan may reasonably request from time to time. To the extent that ESI creates, receives, maintains or transmits Electronic PHI, ESI agrees to use appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of the Electronic PHI that ESI creates, receives, maintains or transmits on behalf of the Plan as required by the Security Standards.

(f) *Mitigation.* ESI agrees to mitigate, to the extent practicable, any harmful effect that is known to ESI of a use or disclosure of PHI by ESI in violation of this Business Associate Agreement or the PBM Agreement.

(g) *Subcontractors and Agents.* ESI agrees to ensure that any agent, including a subcontractor, to whom it

provides PHI received from, or created or received by ESI on behalf of the Plan, agrees to the same restrictions, terms and conditions that apply through this Agreement to ESI with respect to such information, including the requirement that it implement reasonable and appropriate safeguards to protect any Electronic PHI that is disclosed to it by ESI.

(h) *Access.* Within fifteen (15) business days of a request by the Plan, ESI shall provide access to Plan to PHI in a Designated Record Set in order to meet the requirements under 45 C.F.R. § 164.524. If ESI receives a request directly from an Individual, or if requested by the Plan that access be provided to the Individual, ESI shall provide access to the Individual to PHI in a Designated Record Set within thirty (30) days in order to meet the requirements under 45 C.F.R. § 164.524.

(i) *Amendment.* Within sixty (60) days of a request by the Plan or subject Individual, ESI agrees to make any appropriate amendment(s) to PHI in a Designated Record Set that Plan directs or agrees to pursuant to 45 C.F.R. § 164.526.

(j) *Accounting.* Within thirty (30) days of a proper request by the Plan, ESI agrees to document and make available to Plan, for a reasonable cost-based fee (under conditions permitted by HIPAA if an Individual requests an accounting more than once during a twelve month period), such disclosures of PHI and information related to such disclosures necessary to respond to such request for an accounting of disclosures of PHI, in accordance with 45 C.F.R. § 164.528. Within sixty (60) days of proper request by subject Individual, ESI agrees to make available to the Individual the information described above. ESI shall retain copies of any accountings for a period of six (6) years from the date the accounting was created.

(k) *Restrictions on Use or Disclosure.* Within fifteen (15) business days of a request of the Plan, ESI agrees to consider restrictions on the use or disclosure of PHI agreed to by the Plan on behalf of an Individual in accordance with 45 C.F.R. § 164.522.

(l) *Audit and Inspection.* ESI agrees to make internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by ESI on behalf of the Plan, available to Plan within ten (10) business days, or at the request of the Plan or the Secretary, to the Secretary in a time and manner directed by the Secretary, for purposes of the Secretary determining the Plan's compliance with the HIPAA Rules. Any release of information regarding ESI's practices, books and records is proprietary to ESI and shall be treated as confidential and shall not be further disclosed without the written permission of ESI, except as necessary to comply with the HIPAA Rules.

(m) *Compliance with the HITECH Standards.* Notwithstanding any other provision in this Business Associate Agreement, no later than February 17, 2010, unless a separate effective date is specified by law or this Business Associate Agreement for a particular requirement (in which case the separate effective date shall be the effective date for that particular requirement), ESI shall comply with the HITECH Standards, including, but not limited to: (i) compliance with the requirements regarding minimum necessary under HITECH § 13405(b); (ii) requests for restrictions on use or disclosure to health plans for payment or health care operations purposes when the provider has been paid out of pocket in full consistent with HITECH § 13405(a); (iii) the prohibition of sale of PHI without authorization unless an exception under HITECH § 13405(d) applies; (iv) the prohibition on receiving remuneration for certain communications that fall within the exceptions to the definition of marketing under 45 C.F.R. § 164.501 unless permitted by this Agreement and Section 13406 of HITECH; (v) the requirements relating to the provision of access to certain information in electronic access under HITECH § 13405(e); (vi) compliance with each of the Standards and Implementation Specifications of 45 C.F.R. §§ 164.308 (Administrative Safeguards), 164.310 (Physical Safeguards), 164.312 (Technical Safeguards) and 164.316 (Policies and Procedures and Documentation Requirements); and (vii) as of the separate compliance date set forth in regulations promulgated under HITECH on this topic, the requirements regarding accounting of certain disclosures of PHI maintained in an Electronic Health Record under HITECH § 13405(c) to the extent that ESI discloses any PHI maintained in an Electronic Health Record on behalf of the Plan pursuant to this Business Associate Agreement.

4. Plan Obligations.

(a) Plan shall notify ESI of any limitation(s) in the notice of privacy practices of Plan in accordance with 45 C.F.R. § 164.520, to the extent that such limitation may affect ESI's use or disclosure of PHI.

(b) Plan shall notify ESI of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect ESI's use or disclosure of PHI.

(c) Plan shall notify ESI of any restriction to the use or disclosure of PHI that Plan has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect ESI's use or disclosure of PHI.

(d) Plan shall not request that ESI use or disclose PHI in any manner that would exceed that which is minimally necessary under the HIPAA Rules or that would not be permitted by a Covered Entity.

(e) Plan agrees that it will have entered into "Business Associate Agreements" with any third parties (e.g., case managers, brokers or third party administrators) to which Plan directs and authorizes ESI to disclose PHI.

5. **Transactions Standards.** The HIPAA Rules provide for certain Transactions Standards for transfer of data between trading partners. While certain of the standards may or may not be adopted by the Plan (e.g., for eligibility), ESI will be prepared to accept the following in accordance with 45 C.F.R. Part 162.1502: ASC X12N 834 – Benefit Enrollment and Maintenance. In addition, to the extent applicable, ESI shall comply with other applicable transactions standards for claims processing functions between ESI and provider pharmacies. Each party hereby agrees that it shall not change any definition, data condition or use of a data element or segment in a standard, add any data elements or segment to the maximum defined data set, use any code or data elements that are either marked "not used" in the standard's implementation specification or are not in the implementation specification, or change the meaning or intent of the implementation specification.

6. **Breach; Termination.**

(a) Without limiting the termination rights of the parties pursuant to the PBM Agreement, upon Plan's knowledge of a material breach by ESI of this Business Associate Agreement, Plan shall notify ESI of such breach and ESI shall have thirty (30) days to cure such breach. In the event ESI does not cure the breach, or cure is infeasible, Plan shall have the right to immediately terminate this Business Associate Agreement and the PBM Agreement. If cure of the material breach is infeasible, Plan shall report the violation to the Secretary.

(b) As of February 17, 2010 and without limiting the termination rights of the parties pursuant to the PBM Agreement, upon ESI's knowledge of a material breach by the Plan of this Business Associate Agreement, ESI shall notify Plan of such breach and the Plan shall have thirty (30) days to cure such breach. In the event the Plan does not cure the breach, or cure is infeasible, ESI shall have the right to immediately terminate this Business Associate Agreement and the PBM Agreement. If cure of the material breach is infeasible, ESI shall report the violation to the Secretary.

(c) To the extent feasible, upon termination of the PBM Agreement for any reason, ESI shall, and shall cause any subcontractors and agents to, return or destroy and retain no copies of all PHI received from, or created or received by ESI on behalf of, the Plan. If ESI determines, in its sole discretion, that return or destruction of such information is not feasible, ESI shall continue to limit the use or disclosure of such information as set forth in this Agreement as if the PBM Agreement had not been terminated.

7. **Indemnification.** Each party (the "Indemnifying Party") shall indemnify and hold the other party and its officers, directors, employees and agents (each an "Indemnified Party") harmless from and against any claim, cause of action, liability, damage, cost or expense ("Liabilities") to which the Indemnified Party becomes subject to as a result of third party claims (including reasonable attorneys' fees and court or proceeding costs) brought against the Indemnified Party, which arise as a result of: (i) the material breach of this Business Associate Agreement by the Indemnifying Party; or (ii) the gross negligence or willful misconduct of the Indemnifying Party, except to the extent such Liabilities were caused by the Indemnified Party. A party entitled to indemnification under this Section 7 shall give prompt written notification to the Indemnifying Party of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification is sought, subject to applicable confidentiality constraints. The Indemnifying Party shall be entitled to assume control of the defense of such action, suit, proceeding or claim with competent counsel of its choosing. Indemnification shall not be required if any claim is settled without the Indemnifying Party's consent, which such consent shall not be unreasonably withheld. **NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION 7, IN NO EVENT WILL AN INDEMNIFYING PARTY BE LIABLE TO AN INDEMNIFIED PARTY UNDER CONTRACT, TORT, OR ANY OTHER LEGAL THEORY FOR INCIDENTAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, OR SPECIAL LOSSES OR DAMAGES OF ANY KIND.**

8. **Miscellaneous.**

(a) **Amendment.** The parties acknowledge that the foregoing provisions are designed to comply with the mandates of the HIPAA Rules and HITECH Standards. ESI shall provide written notice to Plan to the extent that any final regulation or amendment to final regulations promulgated by the Secretary under HITECH requires changes to this Business Associate Agreement. Such written notice shall include any additional amendment required by any such final regulation and the Business Associate Agreement shall be automatically amended to incorporate the changes set forth in such amendment provided by ESI to Plan, unless Plan objects to such amendment in writing within fifteen (15) days of receipt of such written notice. In the event that Plan objects timely to such amendment, the parties shall work in good faith to reach agreement on an amendment to the Business Associate Agreement that complies with the final regulations. If the parties are unable to reach agreement regarding an amendment to the Business Associate Agreement within thirty (30) days of the date that ESI receives any written objection from the Plan, either ESI or Sponsor may terminate this Business Associate Agreement upon ninety (90) days written notice to the other party. Any other amendment to this Business Associate Agreement unrelated to

compliance with applicable law and regulations shall be effective only upon execution of a written agreement between the parties.

(b) **Effect on PBM Agreement**. Except as relates to the use, security and disclosure of PHI and electronic transactions, this Business Associate Agreement is not intended to change the terms and conditions of, or the rights and obligations of the parties under, the PBM Agreement.

(c) **No Third-Party Beneficiaries**. Nothing express or implied in the PBM Agreement or in this Business Associate Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever.

(d) **Interpretation**. Any ambiguity in this Business Associate Agreement shall be resolved in favor of a meaning that permits the Plan to comply with the HIPAA Rules and the HITECH Standards.

(e) **Effective Date**. This Business Associate Agreement shall be effective as of the applicable Compliance Dates or the effective date of the PBM Agreement, whichever is later.

EXHIBIT D

FINANCIAL DISCLOSURE TO ESI PBM CLIENTS

This disclosure provides an overview of the principal revenue sources of Express Scripts, Inc. ("ESI"). In addition to administrative and dispensing fees paid to ESI by our clients for pharmaceutical benefit management ("PBM") services, ESI derives revenue from other sources, including arrangements with pharmaceutical manufacturers, wholesale distributors, and retail pharmacies. Some of this revenue relates to utilization of prescription drugs by members of the clients receiving PBM services. ESI may pass through certain manufacturer payments to its clients or may retain those payments for itself, depending on the contract terms between ESI and the client.

Network Pharmacies – ESI contracts for its own account with retail pharmacies to dispense prescription drugs to client members. Rates paid by ESI to these pharmacies may differ among networks (e.g., Medicare, Worker's Comp, open and limited), and among pharmacies within a network, and by client arrangements. PBM agreements generally provide that a client pay ESI an ingredient cost, plus dispensing fee, for drug claims at a uniform rate. If the rate paid by a client exceeds the rate contracted with a particular pharmacy, ESI will realize a positive margin on the applicable claim. The reverse also may be true, resulting in negative margin for ESI. ESI also enters into pass-through arrangements where the client pays ESI the actual ingredient cost and dispensing fee paid by ESI to the pharmacy. In addition, when ESI receives payment from a client before payment to a pharmacy, ESI retains the benefit of the use of the funds between these payments. ESI may charge pharmacies standard transaction fees to access ESI's pharmacy claims systems and for other related administrative purposes.

Brand/Generic Classifications – Prescription drugs may be classified as either a "brand" or "generic;" however, the reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. ESI distinguishes brands and generics through a proprietary algorithm ("BGA") that uses certain published elements provided by First DataBank (FDB) including price indicators, Generic Indicator, Generic Manufacturer Indicator, Generic Name Drug Indicator, Innovator, Drug Class and ANDA. The BGA uses these data elements in a hierarchical process to categorize the products as brand or generic. The BGA also has processes to resolve discrepancies and prevent "flipping" between brand and generic status due to price fluctuations and marketplace availability changes. The elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the BGA are available upon request.

Maximum Allowable Cost/Maximum Reimbursement Amount ("MAC") – As part of the administration of the PBM services, ESI maintains a MAC List of drug products identified as requiring pricing management due to the number of manufacturers, utilization and/or pricing volatility. The criteria for inclusion on the MAC List are based on whether the drug has readily available generic product(s), is generally equivalent to a brand drug, is cleared of any negative clinical implications, and has a cost basis that will allow for pricing below brand rates. ESI also maintains correlative MAC price lists based on current price reference data provided by FDB or other nationally recognized pricing source, market pricing and availability information from generic manufacturers and on-line research of national wholesale drug company files, and client arrangements. Similar to the BGA, the elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the MAC methodology are available upon request.

Manufacturer Formulary Rebates, Associated Administrative Fees, and PBM Service Fees – ESI contracts for its own account with manufacturers to obtain formulary rebates attributable to the utilization of certain brand drugs and supplies (and possibly certain authorized generics marketed under a brand manufacturer's new drug application). Formulary rebate amounts vary based on the volume of utilization as well as a client's benefit design and formulary position applicable to the drug or supplies, and in certain instances also may vary based on the product's market-share. ESI often pays an amount equal to all or a portion of the formulary rebates it receives to a client based on the client's PBM agreement terms. ESI retains the financial benefit of the use of any funds held until payment of formulary rebate amounts is made to the client. In addition, ESI provides administrative services to formulary rebate contracted manufacturers, which include, for example, maintenance and operation of the systems and other infrastructure necessary for managing and administering the PBM formulary rebate process and access to drug utilization data, as allowed by law, for purposes of verifying and evaluating the rebate payments and for other purposes related to the manufacturer's products. ESI receives administrative fees from the participating manufacturers for these services. These administrative fees are calculated based on the price of the rebated drug or supplies along with the volume of utilization and do not exceed the greater of (i) 4.58% of the average wholesale price, or (ii) 5.5% of the wholesale acquisition cost of the products. In its capacity as a PBM company, ESI also may receive service fees from manufacturers as compensation for the performance of various services, including, for example, formulary compliance initiatives, clinical services, therapy management services, education services, medical benefit management services, and the sale of non-patient identifiable claim information. These service fees are not part of the formulary rebates or associated administrative fees.

ESI Subsidiary Pharmacies – ESI has several licensed pharmacy subsidiaries, including our specialty pharmacies. These entities may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. These subsidiary pharmacies contract for these arrangements on their own account in support of their various pharmacy operations. Many of these subsidiary arrangements relate to services provided outside of PBM arrangements, and may be entered into irrespective of whether the particular drug is on one of ESI's national formularies. Discounts and fee-for-service payments received by ESI's subsidiary pharmacies are not part of the PBM formulary rebates or associated administrative fees paid to ESI in connection with ESI's PBM formulary rebate

programs. From time to time, ESI also may pursue and maintain for its own account other supply chain sourcing relationships not described below as beneficial to maximize ESI's drug purchasing capabilities and efficiencies, and ESI may realize an overall positive margin with regard to these initiatives.

The following provides additional information regarding examples of ESI subsidiary pharmacy discount arrangements and fee-for-service arrangements with pharmaceutical manufacturers, wholesale distributors, and third party data aggregators:

ESI Subsidiary Pharmacy Discount Arrangements – ESI subsidiary pharmacies purchase prescription drug inventories, either from manufacturers or wholesalers, for dispensing to patients. Often, purchase discounts off the acquisition cost of these products are made available by manufacturers and wholesalers in the form of either up-front discounts or retrospective discounts. These purchase discounts, obtained through separate purchase contracts, are not formulary rebates paid in connection with our PBM rebate programs. Drug purchase discounts are based on a pharmacy's inventory needs and, at times, the performance of related patient care services and other performance requirements. When a subsidiary pharmacy dispenses a product from its inventory, the purchase price paid for the dispensed product, including applicable dispensing fees, may be greater or less than that pharmacy's acquisition cost for the product net of purchase discounts. In general, our pharmacies realize an overall positive margin between the net acquisition cost and the amounts paid for the dispensed drugs.

ESI Subsidiary Pharmacy Fee-For-Service Arrangements – ESI's subsidiary pharmacies also may receive fee-for-service payments from manufacturers or wholesalers in conjunction with various programs or services, including, for example, patient assistance programs for indigent patients, dispensing prescription medications to patients enrolled in clinical trials, various therapy adherence and fertility programs, administering FDA compliance requirements related to the drug, product reimbursement support services, and various other pharmacy programs or services. As a condition to having access to certain products, and sometimes related to certain therapy adherence criteria or FDA requirements, a pharmaceutical manufacturer may require a pharmacy to report selected information to the manufacturer regarding the pharmacy's service levels and other dispensing-related data with respect to patients who receive that manufacturer's product. A portion of the discounts or other fee-for-service payments made available to our pharmacies may represent compensation for such reporting. In addition, ESI may sell non-patient identifiable claim information it maintains as a PBM or through one of its subsidiaries to data aggregators or manufacturers on a fee-for-service basis. All reporting activities are conducted in compliance with applicable patient and pharmacy privacy laws

Other Manufacturer Arrangements – ESI also maintains other lines of business that may involve discount and service fee relationships with pharmaceutical manufacturers and wholesale distributors. Examples of these businesses include a wholesale distribution business, a group purchasing organization, a drug sample fulfillment company (Phoenix Marketing Group), and a medical benefit management company. Compensation derived through these business arrangements is not part of the PBM formulary rebates or associated administrative fees paid to ESI in connection with ESI's PBM formulary rebate programs. Services related to these arrangements are provided to manufacturers irrespective of whether a drug is on one of ESI's national formularies.

THIS EXHIBIT REPRESENTS ESI'S FINANCIAL POLICIES. ESI MAY PERIODICALLY UPDATE THIS EXHIBIT AND THE FINANCIAL DISCLOSURES CONTAINED HEREIN TO REFLECT CHANGES IN ITS BUSINESS PROCESSES; THE CURRENT FINANCIAL DISCLOSURE IS AVAILABLE UPON REQUEST AND ACCESSIBLE ON EXPRESS-SCRIPTS.COM FOR CLIENTS & ADVISORS.