



FRANCHISE DISCLOSURE DOCUMENT

Medicap Pharmacies Incorporated
an Iowa corporation

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Dublin, Ohio 43017
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www.medicap.com
www.cardinalhealth.com/franchise
www.cardinalhealth.com/ownership

The Franchise offered is for the operation of a retail pharmacy under the Medicap Pharmacy® name and marks.

The total investment necessary to begin operation of a new Medicap Pharmacy® business is between \$513,050 and \$895,653. This includes up to \$103,425 that must be paid to the franchisor or affiliates. The total investment necessary to begin operation of a Medicap Pharmacy® business converted from an existing pharmacy is between \$130,000 and \$546,653. This includes up to \$39,425 that must be paid to the franchisor or affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different formats, please contact the Administrative Agent, for Franchise Development, at 2850 Elm Point Industrial Drive, St. Charles, Missouri 63301 and (800) 407-8055.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: September 18, 2025.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits Y and Z.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit W includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Medicap Pharmacy business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Medicap Pharmacy franchisee?	Item 20 or Exhibits Y and Z list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit X.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risk(s) to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by litigation and/or arbitration only in Ohio. Out-of-state litigation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Corporate Oversight Division, Attn.: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 5th Floor, Lansing, Michigan 48913, telephone: (517) 373-7117.

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EXHIBITS

- A. Franchise Agreement
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- B. Medicine Shoppe InterNet[®] Enrollment Guide
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- E. Reimbursement Consulting Services Agreement
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- G. Cardinal Health Medical Benefit Billing and Reconciliation Service Agreement
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 - K. Front-End Product Management Enrollment Form
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 - M. Leader End Cap Enrollment Form
 - N. POS Smart Reports Enrollment Form
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 - P. Leader Vitamin Club
 - Q. Reporting Enrollment Form
 - R. [Reserved]
 - S. [Reserved]
 - T. General Release
 - U. Table of Contents of Operations Manual
 - V. State Specific Addenda to Disclosure Document
 - W. Cardinal Health Financial Statements and Guarantee
 - X. List of State Agencies and Agents for Service of Process
 - Y. List of Current Franchisees
 - Z. List of Franchisees Who Left the System, Franchisees Who Transferred Their Franchises, and Franchisees with Whom Medicap has not Communicated Within 10 Weeks of the Issuance Date of this Disclosure Document
- State Effective Dates Page (Immediately Follows Exhibits)
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Medicap Pharmacies Incorporated

The Franchisor is Medicap Pharmacies Incorporated, a corporation organized under the laws of the State of Iowa on February 16, 1971. We do business under our corporate name, and under the name “Medicap Pharmacy.” Our principal offices are located at 7000 Cardinal Place, Dublin, Ohio 43017. In this disclosure document, Medicap Pharmacies Incorporated, is referred to as “the Company,” “we,” “us,” “Medicap,” “MPI” or “Medicap Pharmacies.” We refer to the person or entity that buys the franchise as “you” throughout the disclosure document. If you are a corporation, a limited liability company or a partnership, your owners must sign a personal guaranty agreeing to comply with all the provisions of the Franchise Agreement.

Parents, Predecessors and Affiliates

MPI is a wholly-owned subsidiary of Medicine Shoppe International, Inc. (“MSI”). MSI is therefore our “parent” for purposes of this disclosure document. MSI is a corporation organized under the laws of the State of Delaware on March 16, 1970. Its principal business address is the same as ours. MSI is the franchisor of The Medicine Shoppe[®] pharmacy system. As of June 30, 2025, that system had 271 retail pharmacies operating under the name “The Medicine Shoppe[®]” in the United States. The franchise being offered to you under this disclosure document is for the operation of a Medicap Pharmacy[®] business, operating under the Medicap Pharmacy[®] names, marks and system.

MSI incorporated a wholly-owned subsidiary, Medicine Shoppe InterNet, Inc. (“MSIN”), a Missouri corporation, incorporated on March 7, 1989, to function as a single source representative for participating Medicine Shoppe businesses. MSIN shares principal offices with us. MSIN is considered a Pharmacy Services Administrative Organization (“PSAO”) whose purpose is to negotiate contracts with health insurance plans and pharmacy benefit managers and provide administrative support to health plans, employers and third-party administrators. Currently, only Medicap Pharmacy businesses and those owned by MSI franchisees (see above) participate in the MSIN network, but MSI reserves the right to permit participation by other independent pharmacy businesses. MSIN does not offer franchises for sale.

On November 13, 1995, MSI became a wholly-owned subsidiary of Cardinal Health, Inc. (“Cardinal Health”), an Ohio corporation. Cardinal Health is therefore our parent for purposes of this disclosure document. Cardinal Health, located at 7000 Cardinal Place, Dublin, Ohio 43017, was incorporated on May 16, 1979. Cardinal Health is a pharmaceutical distributor in the United States, servicing a broad base of customers, including hospitals, independent and chain pharmacies, managed care facilities, alternate care centers, and pharmacy departments of supermarkets and mass merchandisers. You may elect to purchase substantially all of the pharmaceutical inventory for your Medicap business from Cardinal Health or one of its designated suppliers, which could be affiliates of Cardinal Health. Cardinal Health is therefore an affiliate of ours for purposes of this disclosure document. Independent pharmacies or other competitors in your market may also be using Cardinal Health or a subsidiary of Cardinal Health as their pharmaceutical distributor.

Cardinal Health has never directly operated any retail pharmacies of the type operated by our franchisees or granted franchises in any business. Cardinal Health has many wholly-owned subsidiaries and affiliates, some of which do business with other Medicap franchisees, and may in the future do business with you.

Cardinal Health Systems, Inc. (“CHS”) and Leader Drugstores, Inc. (“Leader”) are subsidiaries of Cardinal Health and are also located at 7000 Cardinal Place, Dublin, Ohio 43017. CHS provides a broad range of customer information services and products to customers of Cardinal Health and to other healthcare providers. Leader operates a program available to independent pharmacies in which a variety of value-added programs and services are available to members. A number of those services will also be made available to you, separate from this franchise offering, because they are available to all pharmacies. Ellipticare, LLC (“Ellipticare”) is a subsidiary of Cardinal Health and is located at 1330 Enclave Parkway, Houston, Texas 77077. Ellipticare manages retail/outpatient pharmacies for hospital systems and other healthcare providers. Ellipticare also offers third-party reimbursement analysis services to independent pharmacies. Cardinal Health 110, LLC (“Cardinal Health 110”), Cardinal Health 112, LLC (“Cardinal Health 112”), and The Harvard Drug Group, LLC (“Harvard Drug”) are wholly-owned subsidiaries of Cardinal Health that are wholesalers of pharmaceuticals, surgical and medical supplies, health and beauty care products, and other items typically sold by hospitals, retail drug stores, and other healthcare providers. The principal business address for Cardinal Health 110, Cardinal Health 112, and Harvard Drug is the same as that of Cardinal Health. RGH Enterprises, Inc., doing business as Cardinal Health at Home (“RGH”), is an affiliate that provides direct-to-home medical supplies and equipment. The principal business address for RGH is 1810 Summit Commerce Park, Twinsburg, Ohio 44087. Sonexus Health Pharmacy Services, LLC (“Sonexus”) is a subsidiary of Cardinal Health and is located at 7000 Cardinal Place, Dublin, Ohio 43017. Sonexus offers certain back-end pharmacy services as a central fill pharmacy for our pharmacies.

Our affiliates have not and do not operate any retail pharmacies of the type operated by our franchisees, nor have they offered nor do they offer franchises in any line of business. We have no affiliates other than MSI that currently offer or have ever offered franchises in any line of business. We do not have any predecessors.

Although in the past our affiliates, including Pharmacy Operations, Inc. (“POI”), operated retail pharmacies under the Medicap Pharmacy[®] name, all of these stores were closed or sold before June 30, 2009 and we do not currently have any company-owned or affiliate-owned “Medicap Pharmacy” stores. POI is a wholly-owned subsidiary of MSI which was incorporated on July 7, 1986 in Delaware and shares our principal offices with us. POI does not offer franchises. In the past, POI operated pharmacies under the name “The Medicine Shoppe” but those stores have been sold and POI no longer operates any company-owned or affiliate-owned stores for MSI.

Our Business – The Medicap Pharmacy[®] Franchise

The franchise agreement we offer will allow you to operate a retail pharmacy store and business under our names, marks, and systems including the name, Medicap Pharmacy[®]. The market for the goods and services offered in these businesses includes all of the general public, but because of the nature of this business and because of the gradual aging of the nation’s population, elderly persons will make up a disproportionate part of the business. This market is well-developed

and sales are typically not seasonal. Your competition will come from other franchised and chain pharmacies and drug stores, pharmacy benefit managers, mail order and Internet pharmacies, independent pharmacies and drug stores, and department stores and discount stores that may offer prescription and nonprescription medicines and vitamins.

We began operating our first retail pharmacy in 1971. In 1974, we began offering franchises for this type of business. From January 2001 to January 2003, we also offered franchises through a wholly-owned subsidiary, Medihealth Solutions, Inc., an Iowa corporation, for wellness centers under the name “medihealth solutions.” We have not and do not conduct business in any other line of business, nor have we offered nor do we offer franchises in any other line of business. Our affiliate, MSI, began offering franchises for retail pharmacies in 1970 and between 1986 and 2010, MSI also operated company-owned pharmacies through POI, its subsidiary. MSI has never offered franchises for any other type of business.

We have made arrangements with Cardinal Health, including its affiliates Cardinal Health 110, Cardinal Health 112, Harvard Drug, Ellipticare, CHS, RGH, and Sonexus, to offer a core package of support services to persons acquiring a franchise from us. Some of these services are the same or similar to services provided by Cardinal Health to its customers. Your franchise with us will give you access to this core package of services. In addition, we or our affiliates offer a number of optional programs, which we call “Retail Solutions,” available at additional fees. We will give you a monthly credit of \$300 that you can use toward the purchase of some of these Retail Solutions that you elect. These programs, and the initial fees and monthly fees associated with each program, are more fully described in Items 5, 6 and 11.

Regulations

There are a number of local, state and federal regulations that apply to the operation of pharmacies and therefore will apply to your business. There are federal laws and regulations that regulate the sale of prescription drugs, listed chemicals and controlled substances, and federal laws and regulations that impose responsibilities upon you in the areas of managed healthcare (like the Centers for Medicare and Medicaid Services), drug advertising (like the Federal Trade Commission), and patient safety (like the Consumer Product Safety Commission). If you are not familiar with controlled substance and listed chemical regulations, you can obtain them from the U.S. Department of Justice, Drug Enforcement Administration in Washington, D.C. The federal Omnibus Budget Reconciliation Act of 1990 (“OBRA”) requires, among other things, that pharmacists offer to provide patient counseling on prescriptions to all Medicaid patients. Some states have supplemented these requirements by mandating counseling of all patients for certain prescriptions. You also must comply with laws related to Fraud, Waste and Abuse (and corresponding training requirements), 42 U.S.C. 1395w-104. Regulatory requirements for a comprehensive fraud and abuse plan to detect, correct and prevent fraud, waste and abuse are found at 42 CFR 423.504(b)(4)(vi)(h).

Each state has its own regulations that regulate the operation of pharmacies. One of the most important of these regulations requires that a state registered pharmacist must at all times operate the store. Other state laws regulate the sale and disposal of prescription drugs. For a complete listing of the state pharmacy regulations that will affect the operation of a pharmacy in your state, you should contact the local or state office of your state’s Board of Pharmacy. There are

also state and federal laws protecting the privacy of your customers, including the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the Health Information Technology for Economic and Clinical Health Act. We will sign a Business Associate Agreement with you when you sign your franchise agreement that deals with our protection of your customers’ privacy rights under HIPAA (see Exhibit C for a form of this agreement).

There are also regulations that apply specifically to the offer of healthcare testing and wellness services that you may offer. In many cases, state law will restrict the services you may offer. The services you may offer will often depend upon the licenses you obtain for your business, and the licenses and certificates held by the people you employ in your business. You should check with the nursing, dietetic, and pharmacy associations in your state for more information about these services. You should also contact the respective licensing boards in your state as they are the authoritative source of information about state law. You should contact the Department of Public Health, or similar body in your state, to familiarize yourself with regulations that apply to wellness and preventive healthcare businesses and retail healthcare clinics in your state.

You will also be subject to the requirements of third-party contracts that have been negotiated on your behalf. You must also meet the CMS Quality Standards and may need to work with an accrediting organization such as the National Association of Boards of Pharmacy to become accredited if you want to receive reimbursement for DMEPOS products through the Medicare program. Many of the public and private payment plans have pharmacy manuals that are available either directly or online. Embedded in these contracts and manuals are requirements and other obligations relating to such practices, among others, as patient signature logs, record keeping, records retention and auditing. It is your responsibility to review the laws, regulations and manuals and adhere to the requirements they contain.

Whenever a pharmacy provides additional services to patients under one or more of our specialized care programs, additional statutory and regulatory requirements may apply. You must review and adhere to applicable laws and regulations. In many cases, these laws and regulations are found in areas other than traditional pharmacy practice acts. For example, for long-term care, you must comply with nursing home guidelines and the Interpretive Guidelines for the Center for Medicare & Medicaid Services and the State Operations Provider Certification Manual. For immunizations, you must comply with Occupational Safety and Health Administration (“OSHA”) regulations. For Point-of-Care Testing, you must have a Physician-signed Collaborative Practice Agreement, which may not be available in all states. Also, you will be subject to pertinent Clinical Laboratory Improvement Amendments Lab Proficiency Testing Programs as required by State Boards of Pharmacy.

There are certain optional programs or services you may offer in your business that will also be subject to regulation. If you provide compounding services in your pharmacy, you must comply with regulations of the Food and Drug Administration Modernization Act and the Food and Drug Administration Compliance Policy Guidelines (“CPGs”), including CPG Sections 460.200 and 608.400. If you operate a specialty drug care center, you must comply with USP packaging and labeling requirements. If you bill Medicare for DMEPOS products, you must comply with the regulations of the Centers for Medicare and Medicaid Services as required by Section 1834(a)(20) of the Social Security Act, including the quality standards for suppliers.

Our agents for service of process are disclosed in Exhibit X.

ITEM 2 BUSINESS EXPERIENCE

President, MSI, Medicap and Cardinal Health Executive Vice President, Pharmaceutical and Specialty Distribution: BRAD COCHRAN

Mr. Cochran joined Cardinal Health in 1998. From April 2011 to January 2019, he was the Vice President Alternative Care, LTC and CHC, Sales of Cardinal Health, located in Dublin, Ohio. From January 2019 to September 2022, he was Senior Vice President of National Markets and Consumer Health of Cardinal Health, located in Dublin, Ohio. From September 2022 to October 2023, he was President of MSI and Medicap and Executive Vice President, Retail Distribution at Cardinal Health, located in Dublin, Ohio. In October 2023, he became Executive Vice President, Pharmaceutical and Specialty Distribution at Cardinal Health, located in Dublin, Ohio and continues to serve as President of MSI and Medicap, also located in Dublin, Ohio.

Senior Vice President of Retail Independent, Inside Sales, ParMed and First Vet Services: MICHELLE BRITT

Ms. Britt joined Cardinal Health in October 2000. From September 2016 to May 2021, she was Vice President of Sales East Region, located in Dublin, Ohio. From May 2021 to October 2023, she was National Vice President of Specialty & Nursing Care Products, and in October 2023 she was promoted to Senior Vice President of Retail Independent, Inside Sales, ParMed and First Vet Services, located in Dublin, Ohio.

Vice President, MSI and Medicap, National Vice President, Programs and Solutions, Cardinal Health: JOHN ANTHONY (TONY) STEINER

Mr. Steiner joined Cardinal Health in May 2013. From July 2016 to September 2019, he was the Finance Controller for the Specialty Pharmaceutical Division of Cardinal Health, located in Dublin, Ohio. From September 2019 to September 2021 he was Director of Business Development for Commercial Operations, Inside Sales, Solutions Innovation and Specialty Distribution Business for Cardinal Health, located in Dublin, Ohio. From September 2021 to June 2024, he was Vice President Transformational Growth and Development, and since June 2024 is National Vice President of Programs and Solutions, for Cardinal Health, located in Dublin, Ohio.

Director, Franchise Development, MSI and Medicap: CORNELIUS T. LANE, III

Mr. Lane joined Cardinal Health in July 1990 as a store opening specialist. He was promoted to Operations Manager in April 1993, to Franchise Director in March 1995, and to National Sales Director for Franchise Development in December 1999. In April 2002, he became a Director of Franchise Development for Cardinal Health, located in Dublin, Ohio.

Director, Marketing Management, MSI and Medicap and Cardinal Health, Director Marketing Management: JULIE V. WILSON

Ms. Wilson joined Cardinal Health in November 2017 as Sr. Manager, Franchise Marketing, located in Dublin, Ohio. She assumed the role of Director, Marketing & Operations for MSI in November 2019 and transitioned to the role of Director, Marketing Management, Business Unit Marketing in June 2020, located in Dublin, Ohio.

Director of Operations, MSI and Medicap, and Cardinal Health Director Marketing, Data Operations: DAWN RICH

Ms. Rich joined Cardinal Health in 2008 and held a variety of roles in Supply Chain. She joined MSI and Medicap in January 2022 as the Director of Operations, located in Dublin, Ohio.

ITEM 3 LITIGATION

Medicap Litigation:

No litigation is required to be disclosed in this Item with respect to Medicap. No litigation or arbitrations were initiated by Medicap against franchisees during its last fiscal year (July 1, 2024 - June 30, 2025).

MSI and Cardinal Health Litigation:

Medicine Shoppe International, Inc. v. J. Acra, Inc. and Julie Acra, American Arbitration Association, AAA Case No. 58 114 26 14. In January 2014, MSI filed an arbitration demand against J. Acra and its guarantor based on their failure to pay \$583,000 due under their franchise agreement, and seeking a declaration that MSI complied with that agreement. J. Acra filed counterclaims for breach of contract and breach of the covenant of good faith and fair dealing, seeking damages of \$150,000. In April 2016, the parties agreed to a settlement under which J. Acra liquidated its business and left the MSI system. MSI received approximately \$165,000 as part of the liquidation.

Medicine Shoppe International, Inc. v. TODAMAR, Inc. and Timothy Gallegos, American Arbitration Association, AAA Case No. 58 114 28 14. In January 2014, MSI filed an arbitration demand against TODAMAR and its guarantor based on their failure to pay \$311,000 due under TODAMAR's franchise agreement, and seeking a declaration that MSI complied with that agreement. TODAMAR filed counterclaims for breach of contract and breach of the covenant of good faith and fair dealing, seeking damages of \$300,000. In February 2015, the parties reached a settlement agreement under which the franchisee agreed to convert to the form of franchise agreement that MSI had offered during the previous year, and to pay MSI \$71,000. The arbitration action was dismissed but the franchisee failed to meet certain requirements of the settlement agreement. In March 2016, MSI subsequently filed another arbitration, Medicine Shoppe International, Inc. v. TODAMAR, Inc. and Timothy Gallegos, American Arbitration Association, AAA Case No. 01-16-0000-8681. The parties asserted claims and counterclaims in this proceeding

similar to the claims and counterclaims in the first arbitration. In June 2016, the parties reached a settlement that allowed TODAMAR to leave the MSI system, but paying MSI \$140,000, with \$50,000 to be paid within 45 days and the remaining \$90,000 payable in 12 monthly installments.

Medicine Shoppe International, Inc. v. Nunya Business Systems, Inc., Brian Prather and Jodie Prather, American Arbitration Association, AAA Case No. 01-15-0004-2335. On July 13, 2015, MSI filed an arbitration demand against Nunya Business Systems, Inc., Brian J. Prather, and Jodie L. Prather, based upon the franchisee's failure to pay amounts due under its franchise agreement and its unilateral removal of its Medicine Shoppe signs. MSI sought to recover approximately \$232,375, plus attorneys' fees and interest, and it sought a permanent injunction requiring the franchisee to identify itself solely as a Medicine Shoppe Pharmacy. It also sought declarations that (1) MSI complied with the parties' agreement, and (2) the purported termination of the agreement by the franchisee was ineffective. The franchisee filed counterclaims for breach of contract and breach of the covenant of good faith and fair dealing, seeking an estimated \$300,000 in damages, plus interest and attorneys' fees. In June 2016, the parties reached a settlement agreement under which the franchisee converted to MSI's current form of franchisee agreement and agreed to pay MSI \$17,500, with \$7,500 payable at the time of settlement and the remaining \$10,000 payable in 12 monthly installments.

Litigation Involving Our Parent Company, Cardinal Health:

United States Securities and Exchange Commission v. Cardinal Health, Inc. United States District Court, Southern District of New York, (Civil Action No. 07-CV-6709). On July 26, 2007, the United States Securities and Exchange Commission ("SEC") filed a complaint against Cardinal Health, alleging that Cardinal Health and certain members of its corporate management engaged in a fraudulent earnings and management scheme and other improper accounting and disclosure practices, including materially overstating Cardinal Health's operating revenue, earnings and growth trends in certain releases and filings with the SEC. The SEC alleged that in engaging in these practices, Cardinal Health violated certain anti-fraud, financial reporting and disclosure, and internal control provisions of the federal securities laws. Without admitting or denying the allegations of the complaint, Cardinal Health consented to entry of a final judgment by the Court. The final judgment, which was entered by the Court on August 2, 2007, enjoined Cardinal Health from future violations of the federal securities laws, required disgorgement in the amount of \$1, and required Cardinal Health to pay a civil penalty of \$35 million. It also required Cardinal Health to retain an independent consultant to review certain company policies and procedures and then to adopt certain recommendations made by the independent consultant.

In Re: National Prescription Opiate Litigation, United States District Court for the Northern District of Ohio, 17-MV-2804, consolidated December 12, 2017, et al. As of June 30, 2025, Cardinal Health had \$4.9 billion accrued for the opioid related matters described below, of which \$628 million is included in other accrued liabilities and the remainder is included in deferred income taxes and other liabilities in its consolidated balance sheets. During fiscal 2025, Cardinal Health made payments totaling \$798 million, which included its fourth annual payment under the agreement to settle the vast majority of the opioid lawsuits filed by states and local governmental entities and payments related to the settlement agreements with the City of Baltimore and classes of third party payors and acute care hospitals.

During fiscal 2025, there were no material expenses recognized for these matters. During fiscal 2024, Cardinal Health recognized expense of \$340 million in connection with opioid-related matters, including agreements to settle claims brought by classes of third-party payors and acute care hospitals, and settlements with the City of Baltimore and the State of Alabama. This expense was partially offset by a benefit of \$105 million related to prepayments at a prenegotiated discount of certain future payments totaling \$344 million.

States & Political Subdivisions

In April 2022, Cardinal Health along with two other national distributors (collectively, the “Distributors”), without admitting liability or wrongdoing, became parties to a National Opioid Settlement Agreement (the “NOSA”) to settle the vast majority lawsuits and claims brought by states and political subdivisions related to the distribution of opioid pain medications. In addition to the Distributors, parties to the NOSA include 48 states, the District of Columbia, and 5 U.S. territories. The NOSA also resulted in the resolution of the opioid-related claims of over 99% of political subdivisions in settling states (together with settling states and territories, the “Settling Governmental Entities”).

Through July 2025, Cardinal Health paid the Settling Governmental Entities approximately \$2.2 billion and expects to pay the Settling Governmental Entities additional amounts up to \$4.1 billion through 2038. As required under the NOSA, a monitor is overseeing compliance with the Injunctive Relief provisions of the NOSA until 2027 and the Distributors have engaged a third-party vendor to act as a clearinghouse for data aggregation and reporting, which Distributors will fund until 2032. During fiscal 2024, Cardinal Health recognized a \$22 million charge in litigation (recoveries)/charge, net in the consolidated statements of earnings related to agreements with the Alabama Attorney General to pay approximately \$123 million to the State of Alabama over a period of 10 years and with the City of Baltimore to resolve their opioid-related claims for approximately \$153 million.

West Virginia subdivisions and Native American tribes were not a part of the NOSA. In July 2022, a judgment in favor of the Distributors was entered in bench trial before a federal judge in West Virginia in a case brought by Cabell County and City of Huntington. Plaintiffs have appealed this decision to the Fourth Circuit Court of Appeals. In July 2022, Cardinal Health entered into separate agreements to settle the opioid related claims of the majority of remaining West Virginia subdivisions and Native American Tribes for approximately \$124 million over 11 years and \$136 million over five years, respectively.

Cardinal Health has now resolved the opioid-related claims of all 50 states and the District of Columbia.

Private Plaintiffs

The NOSA does not address claims by private parties, which includes unions and other health and welfare funds, hospital systems and other healthcare providers, businesses, and individuals alleging personal injury. There were approximately 291 lawsuits brought by private plaintiffs pending as of August 8, 2025. Of these, approximately 11 are purported class actions. The

causes of action asserted by these plaintiffs are similar to those asserted by public plaintiffs. Cardinal Health is vigorously defending itself in all these matters.

Following resolution discussions with certain private plaintiffs during the six months ended December 31, 2024, the Distributors finalized agreements with classes of third-party payors and acute care hospitals. Cardinal Health's portion of these settlements totaled \$213 million. The settlement with the class of third-party payors was approved by the court in January 2025 and was finalized in August 2025. The settlement with the class of acute care hospitals was approved by the court in March 2025 and became final in April 2025.

Insurance Litigation

Cardinal Health is involved in ongoing legal proceedings with insurers related to their obligations to reimburse it for defense and indemnity costs in connection with the lawsuits described above. Cardinal Health received insurance recoveries related to these matters of \$25 million and \$34 million during fiscal 2025 and 2024, respectively. \$12 million of the recoveries from its insurers in fiscal 2025 were recorded in the Pharma segment. Cardinal Health has not recorded a receivable for any additional recoveries related to these insurance litigation matters as of June 30, 2025.

Other Litigation

Cordis IVC Filter Litigation, Dunson, et al. v. Cordis Corporation, et al., Superior Court of the State of California for the County of Alameda, Lead Case No. RG16812476. Cardinal Health has been named as a defendant in product liability lawsuits involving claims by plaintiffs that allege personal injuries associated with the use of inferior vena cava ("IVC") filter products. These lawsuits sought a variety of remedies, including unspecified monetary damages. The divestiture of the Cordis business did not include product liability related to the IVC filters in the U.S. and Canada, which Cardinal Health retained.

In April 2023, Cardinal Health executed a settlement agreement that, if certain conditions are satisfied, will resolve approximately 4,375 claims for \$275 million. Between May and September 2023, Cardinal Health made settlement payments totaling \$275 million into a qualified settlement fund. During the 3-months ended December 31, 2024, the minimum required sign-on threshold was met, and beginning in January 2025, payments to qualified implantees were being made out of the qualified settlement fund. Cardinal Health expects continued payments out of the qualified settlement fund as additional plaintiffs meet the procedural requirements.

Cardinal Health has also entered into other agreements, which, in addition to the settlement discussed above, resolved the vast majority of IVC filter product liability claims. These settlements will not resolve all IVC filter product liability claims, and Cardinal Health intends to continue to vigorously defend ourselves in the remaining lawsuits.

Cardinal Health recognized income of \$103 million during fiscal 2023, primarily related to a reduction of the reserve for the estimated settlement and defense costs for these matters due to the execution of the settlements noted above. At June 30, 2025, Cardinal Health had a total of \$56 million accrued for losses and legal defense costs, related to the IVC filter product liability lawsuits in its consolidated balance sheets, which includes the \$49 million in the qualified settlement fund.

MSI-Initiated Litigation: No litigation or arbitrations were initiated by MSI against Medicine Shoppe franchisees during its last fiscal year (July 1, 2024 - June 30, 2025).

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

We do not require you to pay us any initial franchise fee. Except as described in this Item 5, we do not require you to pay us any other fees or amounts before you begin operating your business.

You are not required to purchase any products or services from us. However, there are situations in which you may elect to purchase additional products or services (see Item 6), which will result in you incurring additional initial fees:

1. Although we do not require you to purchase other inventory from us or our affiliates, we will give you the option to amend your franchise agreement to reduce your Continuing License Fee from 3% of your gross sales to a fixed fee of \$599 per month if you voluntarily agree to purchase at least 95% of your pharmaceuticals from Cardinal Health or an affiliate of Cardinal Health, either through a direct purchase arrangement with Cardinal Health or its affiliate or as a member of a buying group approved by Cardinal Health. Also, if you enter into a purchasing arrangement with an approved buying group under which the pharmaceutical purchasing obligation is less than 95%, you are only required to comply with the buying group's pharmaceutical purchasing obligation. The cost of 95% of your pharmaceutical inventory will be between \$70,000 and \$100,000 (approximately the same amount you would pay to third-party vendors). If you are converting an existing pharmacy, the cost would be \$36,000 or less. See Items 6, 7 and 8 for additional information regarding inventory purchase requirements.

2. As disclosed in Item 6, we offer a number of programs to you that we refer to as Retail Solutions. We do not require that you participate in any of these programs. If you do decide to participate in these programs, there are fees associated with each one. The range of initial payments you will pay to us and our affiliates for these Retail Solutions would be \$0 (if none of these optional programs are selected) to \$3,425 based on the highest fees charged for these programs, consisting of \$200 for Leader Vitamin Club, up to \$2,500 for a single store on-site implementation and training support of the Cardinal Health Inventory Optimization Solution, and \$299 initial fee for a wired terminal or \$475 initial fee for a wireless terminal for Pharmacy Payments plus a one-time implementation fee of \$250 for Pharmacy Payments).

All these expenses are nonrefundable. In our fiscal year ending June 30, 2025, no initial fees were paid by franchisees.

**ITEM 6
OTHER FEES**

OTHER FEES			
TYPE OF FEE (NOTE 1)	AMOUNT	DUE DATE	REMARKS
CONTINUING LICENSE FEE	3% of Gross Sales or \$599 per month (Notes 2 and 3)	Within 30 days of the date of invoice. (Note 3)	This fixed fee is available to you if you elect to purchase 95% of your pharmaceutical inventory from Cardinal Health or its affiliates. Otherwise, the fee is 3% of the gross sales of your business. (Notes 2 and 3)
FRANCHISE BUSINESS CONSULTANT	\$0	As incurred	There is currently no charge for the Franchise Business Consultants. We may, however, in the future require enrollment and charge an additional fee for these services.
RETAIL SOLUTIONS	We do not require that you participate in any of these services. You can select the particular Retail Solutions you want to purchase.	Upon receipt of invoice	Certain Solutions qualify for a credit of \$300 per month, which you can apply against the cost of the Retail Solutions you select. (Notes 4 and 5)
REIMBURSEMENT CONSULTING SERVICE	\$255 - \$300 per month (Note 5)	Monthly upon invoice	Qualifies for \$300 Credit
FRONT-END PRODUCT MANAGEMENT (RETAIL PRICING AND PLANOGRAMS)	\$89 per month	Monthly upon invoice	Qualifies for \$300 Credit
FRONT-END PRODUCT MANAGEMENT (RETAIL PRICING ONLY OR PLANOGRAMS ONLY)	\$55 per month	Monthly upon invoice	Qualifies for \$300 Credit
RECONCILIATION SERVICES	\$145 - \$170 per month (Note 5)	Monthly upon invoice	Qualifies for \$300 Credit
RECONCILIATION PLUS	\$272 - \$320 per month (Note 5)	Monthly upon invoice	Qualifies for \$300 Credit

OTHER FEES

TYPE OF FEE (NOTE 1)	AMOUNT	DUE DATE	REMARKS
CARDINAL HEALTH INVENTORY OPTIMIZATION SOLUTION	\$325 per month, plus \$0 for remote implementation/training or \$2,500 for one on-site implementation/training	Monthly upon invoice	Qualifies for \$300 Credit
CARDINAL HEALTH™ PHARMACY MARKETING ADVANTAGE (PMA)	\$205 per month for primary location, \$155 per month for additional locations and additional URL or \$69 per month per additional location if using same URL (Note 6)	Monthly upon invoice	Qualifies for \$300 Credit
CARDINAL HEALTH™ PHARMACY MARKETING ADVANTAGE (PMA) DIGITAL MARKETING	\$310-\$1,015 per month. No set-up fees (Note 6)	Monthly upon invoice	Does not qualify for the \$300 Credit.
CARDINAL HEALTH™ PHARMACY MARKETING ADVANTAGE (PMA) COMMUNICATION PACKAGE	\$310-\$410 per month. No set-up fees. (Note 6)	Monthly upon invoice	Does not qualify for the \$300 Credit.
CARDINAL HEALTH™ PHARMACY MARKETING ADVANTAGE (PMA) REPUTATION MANAGEMENT	Currently \$205 per month per store site	Monthly upon invoice	Does not qualify for the \$300 Credit. Interactive service for all of your pharmacy's online reviews
CARDINAL HEALTH™ PHARMACY MARKETING ADVANTAGE (PMA) PATIENT ENGAGEMENT PLATFORM	Currently \$175 per month per store site	Monthly upon invoice	Does not qualify for the \$300 Credit. This optional program allows you to communicate directly with patients and allow them to schedule appointments at the pharmacy
CARDINAL HEALTH POINT- OF-CARE TESTING	\$99 per month for full solution (includes collaborative practice agreement) or \$75 per month for Resource Center Only tier	Monthly upon invoice	Does not qualify for the \$300 Credit.

OTHER FEES

<u>TYPE OF FEE</u> <u>(NOTE 1)</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
CARDINAL HEALTH MEDICAL BENEFIT BILLING	Base services: \$45 per month plus claim fees. Advance services: \$99 per month plus claim fees. Clinical Services: \$129 per month plus per claim fees. Claim charge of \$0.75-\$3.00 based on type of claim with a \$30 monthly claim minimum and \$0.25 for claim edits per claim	Monthly upon invoice	Does not qualify for the \$300 Credit.
IMMUNIZATION SERVICES	2 tiers to choose from: Clinical Immunization Hub: \$35 per month; or Clinical Immunization Hub + CPA: \$75 per month	Monthly upon invoice	Does not qualify for the \$300 Credit.
340B DIRECT®	Average of \$6.00 per claim	As incurred	Does not qualify for the \$300 Credit.
LEADER VITAMIN CLUB	Adult Marketing Kit -\$100 Kids Marketing Kit - \$100 (plus cost of product which varies)	One-time payment upon enrollment	Does not qualify for the \$300 Credit.
REPORTING	No charge	Not applicable	Standard Reports (Purchase Review & Product Catalog are provided to all users by default). Advanced Reports (Contract Opportunities, Department Billing, Service Level) must be enrolled in via sign up form.
PHARMACY PAYMENTS	\$79-\$149 per month, plus one-time fee of \$299-\$475 per terminal, plus one-time implementation fee of \$250, plus processing fees for transactions. Fees are 2.9% + \$0.30 for card present and card not present transactions.	Transaction fees as occurred	Does not qualify for the \$300 Credit.

OTHER FEES

TYPE OF FEE (NOTE 1)	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
LATE CHARGES	1½% per month on unpaid balances. Interest will not exceed the highest rate permitted by law.	Immediately after notice from us	This fee is only due when other fees or amounts owed to us are not paid on time.
COSTS AND ATTORNEYS' FEES	Will vary under circumstances	Within 10 days after notice	You may have to pay these if we are successful in any legal action we bring against you or you bring against us.
INDEMNIFICATION	Will vary under circumstances	As incurred	You have to reimburse us if we are sued or held liable for claims arising out of your business operations.
SUPPLIER EVALUATION EXPENSES	Will vary under circumstances	As incurred	If we set up a program for approving suppliers, we reserve the right to charge you for expenses incurred by us in evaluating a supplier requested by you.
TRANSFER FEE	\$1,000	Before completing a transfer of the franchise	This fee is only due when you transfer the franchise or control of the franchise.
PHARMACEUTICAL AND MARKETING INVENTORY	Varies	As incurred	The cost of any pharmaceutical and marketing inventory and supplies purchased from us or our affiliates varies based on the quantity and types of items purchased.

Notes

1. All fees are paid to Medicap or its affiliates, and are nonrefundable. Fees for optional programs or services offered by our affiliates to all their pharmacy customers (and therefore also available to our franchisees), but which are not required to operate a Medicap franchise, are not included. Except as described under “Remarks” or in the following footnotes, all fees are uniformly imposed for new franchisees. Existing franchisees who have signed earlier franchise agreements may have different fees. Also, under earlier programs we offered, we charged lower or no Continuing License Fees. Some of our franchisees operate under these old programs. We do not currently offer these programs to new franchisees.
2. If your state, or any governmental body in your state, charges us a tax on the continuing license fees we receive from you, then you must pay an additional continuing license fee equal to the amount of this tax. This does not apply to any income taxes we have to pay.
3. We may adjust this fee as of November 1 of each year to reflect inflation according to the Consumer Price Index published by the Bureau of Labor Statistics, U.S. Department of Labor, or its successors. You must pay this fee to us within 30 days of the date of the invoice we send to you. You will pay the full amount of these fees for the last month of the term of your agreement regardless of the actual termination date of that agreement. If you do not elect to purchase 95% of your pharmaceutical inventory from Cardinal Health or its affiliates, and therefore pay a 3% license fee to us, this fee is due on the 15th day of each month, based on gross sales of the previous month.
4. Once you select a particular Retail Solutions, you must continue with that program for at least one year. You can then terminate your participation in any program upon 30-90 days’ notice to us as provided in the applicable participation agreement. If you terminate a program early, you may be required to pay a termination fee as provided in the applicable participation agreement.
5. The lower fee represents a discount from our standard fee for this service. In most cases, it is a 15% discount for a full-branded store or a 10% discount for a co-branded store. The lower fee is the fee most franchisees will pay. The higher fee is our standard fee for this service.
6. The Pharmacy Marketing Advantage (PMA) program offers several different services; some are à la carte and others are offered as a bundled core package. The core package is eligible for the \$300 credit. The a la carte services are not eligible for the credit. The PMA Digital Marketing package cost range is dependent on the amount of media purchased. The PMA Communication package includes cloud IVR and TeleManager; upgrade fee includes outbound phone RxS ready/refill messaging service.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
	<u>New Store</u>	<u>Conversion (Note 2)</u>			
Initial Fee	\$0	\$0	Not applicable	Not applicable	Not applicable
Furniture, Fixtures & Equipment (Note 3)	\$42,000 - \$95,000	\$0 - \$40,000	As Incurred	Before Opening	Alarm, Credit Card, Label, and Bag vendors, Phone System
Pre-Opening Costs (Note 4)	\$3,000-\$10,000	\$0 - \$8,000	As Incurred	Before Opening	Landlord, Accountant, Attorney, Utility Company, Licensing Authorities, Insurance
Leasehold Improvements (Note 5)	\$55,000 - \$175,000	\$0 - \$140,000	As Incurred	Before Opening	Building Contractor
Signs & Installation (Note 6)	\$15,000 - \$35,000	\$5,000 - \$35,000	As Incurred	Before Opening	Vendors, Permit to Local Entity, Local Sign Company
Opening Inventory (Note 7)	\$70,000 - \$100,000	\$0 - \$36,000	As Incurred	Upon or within 10-15 days after delivery	Wholesaler, including our affiliates
Grand Opening and Marketing (Note 8)	\$4,000 - \$34,000	\$0 - \$26,000	As Incurred	Before Opening	Wholesaler, Temporary Staff, Post Office
Accounts Receivable Financing (Note 9)	\$120,000 - \$140,000	\$0	As Incurred	After Opening	Suppliers
Computer and Pharmacy Equipment (Note 10)	\$26,000 - \$40,000	\$0 - \$40,000	As Incurred	Before Opening	Computer Vendor
Retail Solutions (Note 11)	\$0 - \$14,153	\$0 - \$14,153	As Incurred	Before Opening	MPI or its affiliates
Accreditation Costs (Note 12)	\$3,050 - \$7,500	\$0 - \$7,500	As Incurred	Before Opening	Accrediting Organization

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	New Store	Conversion (Note 2)			
Additional Funds – 3 months (Note 13)	\$175,000 - \$245,000	\$125,000 - \$200,000	As Incurred	Upon Opening	Various parties
TOTAL (Notes 14 and 15)	\$513,050 - \$895,653	\$130,000 - \$546,653			

Notes

- All expenditures are non-refundable.
- A “Conversion” store is one that is already operating as a pharmacy and that you convert to one operating under our names and marks. Our estimates assume you already own that pharmacy; if you acquire it, you will have additional costs for the purchase of the prescription files, goodwill, and covenant not to compete. The amount you pay for these items will be negotiated between you and the seller and will vary significantly from store to store. We therefore cannot estimate these amounts.
- All estimates for furnishings, fixtures and equipment are based on a 2,500 square foot location with our standard building improvements. These amounts do not include rent or utility deposits, accountant fees or attorney fees.

New Stores

These costs include the cost of the waiting room and office furniture; phone system; alarm system; interior signage; facsimile machine; fixtures; refrigerator and dishwasher.

Conversion Stores

These costs include the waiting room and office furniture and interior signage package.

- These costs include utility deposits, pharmacy licenses, accounting and legal fees, first quarter insurance premiums and any lease deposits required by the landlord. You may locate your business in any feasible facility. This could be a downtown location, shopping center, office building, professional clinic, busy street, or neighborhood development. We recommend the site contain approximately 2,500 square feet of floor space. If you do not own adequate space for your Medicap Pharmacy[®] business, you will need to lease real estate for your business. We cannot estimate the amount of money you might spend to lease or construct a facility because that amount will vary from business to business, depending upon the location and layout of the business, and your wishes and financial capabilities. We have not included any new construction costs in our estimates. From the experiences of our other

franchisees in the last 12 months, we find that rent typically ranges between \$2,700 and \$6,000 per month for a 2,500 square foot location.

5. *New Stores*

These costs include flooring materials and installation, pharmacy sink and installation, electrical and data cabling at dispensing counter, interior painting, and any necessary partitions (based on a 2,500 sq. ft. location). This assumes you receive the site from the landlord in white box condition.

Conversion Stores

These costs include the cost of flooring materials and installation, relocating pharmacy area and sink, relocating electrical at dispensing counter and various required fixtures.

6. These costs include the manufacture and installation of exterior signs, including permits. In the case of a Conversion store, we are assuming that you only need to replace the sign panels in your existing signage.
7. Inventory includes prescriptions, national brand and private label over-the-counter inventory. For Conversion stores, we are assuming that you already have your regular inventory, and simply need to add private label inventory once your current inventory is depleted.
8. This estimate is the amount generally recommended by feasibility studies we have conducted in the past. Your actual cost will typically be dictated by local media costs.
9. When you begin operating a new store, you will start generating accounts receivable from third party payors, such as health plans and pharmacy benefit managers. We estimate that you will need additional funds of \$60,000 - \$100,000 during your first 2 months of operations so that you can pay your suppliers while waiting for these amounts to be paid by the third party payors. If you convert an existing pharmacy to a Medicap Pharmacy[®] business, you should not need this financing assuming you have the receivables from your independent operation to fund the receivables you generate as a Medicap Pharmacy[®] business.
10. The low estimate includes only the basic cost of a pharmacy management system (“PMS”) and a point of sale system (“POS”) that meet our standards (and does not include training costs). The high estimate includes the costs of the more expensive PMS and POS system. Other costs may include software maintenance and support and price updates for the systems. These estimates do not include optional training fees and related costs and expenses that a vendor may offer. This amount may vary for different configurations that you choose and any additional options you choose, like POS system options, signature capture or IVR. The low estimate for a Conversion store assumes you do not need to buy or replace the PMS or POS system.
11. You may elect additional Retail Solutions we offer. Some of those Retail Solutions have one time set up fees. The low estimate assumes you do not select any of these services,

while the high estimate assumes you elect all of them and operate as a co-brand business, and therefore pay the highest fees (first 3 months, with single \$300 credit, excluding Retail Solutions with variable fees based on amount of purchases or usage, and including the Retail Solution startup costs (see Item 5)).

12. Franchisees that wish to bill Medicare for Part B DMEPOS items (including diabetes test strips) must either:
 - a. Become accredited by an authorized accrediting organization as approved by the Centers for Medicaid and Medicare (CMS), such as the National Association of Boards of Pharmacy (NABP) or Healthcare Quality Association on Accreditation (HQAA); or
 - b. Meet the exemption criteria as outlined in Section 3109 of the Patient Protection and Affordable Care Act, which currently include:
 - i. Have total Medicare DMEPOS billings that are 5% or less of total prescription sales based on a rolling 3-year average, and submit an attestation accordingly.
 - ii. Have been enrolled as a Medicare DMEPOS supplier for at least 5 years.
 - iii. Have had no adverse actions imposed on you in the last 5 years.

Conversion franchisees may already be accredited or may be able to meet the exemption criteria and may only be required by CMS to complete a signed letter of attestation. New stores will need to become accredited and for them costs will vary depending on the amount of DMEPOS items that are sold, the accrediting organization which is used, and the amount of consultant help they will need to prepare policies and manuals. The low end assumes the store is only selling diabetes test strips, and other basic “pharmacy” items such as walkers, nebulizers, etc. The high end for those stores that supply a full assortment of DMEPOS products, including such items as hospital beds, oxygen and rentals, is based on a sliding scale, and is dependent on the gross annual HME (home medical equipment) revenue of the store.

13. This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation of your business, including working capital and fees payable to us. These expenses include payroll costs and other expenses you will incur during the first 3 months of operating the business (other than for replacement of initial inventory). We have not included in the low estimate the salary of a pharmacist to manage the business during the first 3 months, because we assumed that you will be the owner/operator of the business. These estimates are based on the experience of our franchisees and affiliates, as applicable, in opening Medicap Pharmacy® businesses during the last several years.
14. In putting together these estimates, we relied on the experience of our franchisees and affiliates in opening Medicap Pharmacy® businesses during the last several years. Your actual investment could be different than our experience, particularly if you decide to add features to your business that are above and beyond those normally contained in our stores. Our estimates do not include any finance charges, interest or debt service obligations.

15. These totals assume that you do not operate any of the Specialized Care Centers we offer as part of the Retail Solutions. If you integrate a Specialized Care Center, you will have an additional initial investment for that business. The amount of the initial investment will depend on the number and type of Specialized Care Centers and business expansions you select.

The additional investment you might incur for each of the Specialized Care Centers and business expansions that are offered as part of the Retail Solutions we offer you is described below.

Point-of-Care Testing:

The following chart describes the estimated initial investment to establish a Point-of-Care Testing program.

POINT-OF-CARE TESTING				
<u>Type of Expenditure</u>	<u>(Amount) (Estimated Low-High Range)</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
Pharmacist training in Point-of-Care	\$250-\$1,000	As incurred	Before Opening	Appropriate Vendor
Collaborative Practice Agreement & Testing Protocols (Note 1)	\$2,000 - \$6,000	As incurred	Before opening	Appropriate vendor
CLIA Waiver	\$150 (every 2 years)	As incurred	Prior to testing	CMS
Semi-private or private area for testing (Note 2)	\$500-\$10,000	As incurred	Before Opening	Appropriate Vendor
Automated reader device (Note 3)	\$1,000 - \$9,000	As incurred	Before Opening	Appropriate vendor
Program support forms: patient consent forms, patient screening, professional communications, etc. (Note 4)	\$0 - \$1,000	As incurred	Before Opening	Appropriate vendor
Marketing (Note 5)	\$0-\$5,000	As incurred	Before and After Opening	Appropriate Vendor

POINT-OF-CARE TESTING				
<u>Type of Expenditure</u>	<u>(Amount) (Estimated Low-High Range)</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
TOTAL (Note 6)	\$3,900 - \$32,150			

Notes

1. The Collaborative Practice Agreement (CPA) and testing protocols for each type of point-of-care test requirement varies by state. At a minimum, if required by your state, and enrolled in the Cardinal Health program, you will be on the low end of the estimated amount. If you develop your own protocols and seek a physician for signature of a CPA it is likely that you will need to compensate for regulatory and clinical review and will be at the high end of the range.
2. You must have a semi-private or private area within the pharmacy to administer point-of-care tests. You have three levels of options: the low end assumes using PVC piping and a curtain to create a semi-private area; the mid-range option assumes using cubicle-type fixtures that do not require permits (\$5,000-\$10,000 range); and the high end option assumes construction and permits required to create a private counseling room.
3. The low end of the range is for a lateral flow technology reader device. The high end of the range is for a molecular reader device.
4. The low end of the range assumes the pharmacist spends 40 hours developing all the forms and templates necessary to support the program. The high end of the range assumes the forms and tool development is outsourced.
5. We do not require you to perform marketing for your Point-of-Care Testing Program; however, it is recommended. The low end assumes you do not purchase any direct marketing. The high end assumes you purchase 1,500 bag clippers, 250 flyers, 10 posters, 3,000 postcard mailings, 1 banner and 4 half-page newspaper advertisements, and that you continue some form of in-pharmacy marketing activities throughout the year.
6. All expenditures are non-refundable.

**ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We may issue specifications for all store fixtures, equipment, cabinetry, flooring, insurance, certifications, computer hardware and software, and signs you obtain or purchase for use in your business, and the inventory and services you offer or sell in your business. Those specifications

may include minimum or recommended standards for delivery, support and performance, design, appearance and quality. If we issue specifications, we will include them in the policies and procedures that we distribute to you, or may separately issue them.

Currently, we may recommend specifications for your pharmacy computer system and pharmacy dispensing and computer compatible pharmacy hardware (see Item 11). We do not require that you purchase POS or pharmacy management systems that meet these standards, but if you do not do so and do not connect to our chain host, you may not be able to take advantage of some of the programs and services we offer.

We also have specifications for insurance. We require you to obtain and carry the following insurance: statutory worker's compensation insurance; comprehensive general liability insurance with limits of liability of at least \$1,000,000 per occurrence and at least \$3,000,000 aggregate; professional liability insurance with limits of liability of at least \$1,000,000 covering you and all employees; and fidelity bonds of at least \$10,000 on your employees. You must name us as an additional insured on all policies and must provide that we are given at least 30 days advance notice of any changes in, or termination or cancellation of, any insurance policy. You must send us annually Certificate(s) of Insurance showing that you have insurance meeting these requirements. The cost of this insurance depends on numerous factors, including your location, type of premises, inventory and number of employees. Some third party reimbursement programs in which you will participate, separately or through The Medicine Shoppe InterNet[®] Program, require more insurance coverage and require that you name the third party administrator as an additional insured on your liability insurance policies.

While we do not issue specifications for the content of local advertising you may create to promote your business, that advertising must meet our standards for the use of our names, marks and logos. You must also obtain our approval before you use any advertising materials you prepare.

We may also suggest suppliers for items you will purchase in your business. However, with the exception of inventory, you may currently purchase items from any source you desire, so long as the source can provide items that meet our specifications. Since we do not currently specify suppliers for items other than inventory, and we do not approve suppliers, we do not have or issue any specific criteria for approving suppliers.

You may purchase private label over-the-counter products from an affiliate of Cardinal Health. These products may include proprietary drugs, vitamins, supplements and various health-related supplies.

You may purchase your pharmaceutical inventory (prescription products) from any supplier able to provide sufficient quantities of these products and who meet all state and federal regulations, provided they have reasonable expiration dates as we may determine. However, we will also give you the option to purchase your pharmaceutical inventory from one of our affiliates, and if you elect that option, you will need to sign an Inventory Purchase Addendum, and we will reduce your continuing license fee to \$599 per month. If you elect that option, you must purchase at least 95% of your pharmaceutical inventory (prescription products) from one of our affiliates. The form of this Addendum is attached to this Disclosure Document as Exhibit A-4. Whether or not you exercise this option, you may also purchase other nonprescription inventory offered by our

affiliates. You must at all times meet the minimum standards established by Cardinal Health or its affiliates for credit, regulatory and other approvals. You may contract directly with Cardinal Health or its affiliates, subject to meeting all applicable terms and conditions, for the purchase of your inventory, or you may join a retail buying group that contracts with Cardinal Health or its affiliates for the purchase of your inventory under that group's terms and pricing. If the buying group you join has a contract with Cardinal Health or its affiliates that requires you to purchase less than 95% of your pharmaceutical inventory from it or them, then you only need to comply with the pharmaceutical purchase obligations under that buying group's contract, even if you otherwise commit to purchase 95% of your inventory from our affiliates.

At this time, we do not negotiate purchase arrangements with your suppliers, but we may do so in the future. We also do not directly provide any material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular vendors. However, if you do not participate in a particular supplier program, you may not be able to receive the favorable pricing or the benefits offered by that vendor.

If your suppliers are affiliates of ours, the affiliate will earn a profit from any sales. In addition, third-party suppliers may pay us rebates, based on purchases by our franchisees. For our fiscal year ended June 30, 2025, Medicap received \$9,508 in rebates from these suppliers. This information is taken from our internal financial statements. While we have the right to retain these rebates, we paid all of these rebates back to the franchisees who made the purchases that resulted in these rebates.

For our fiscal year ended June 30, 2025, we had no revenue from the sales or leases of required goods and services to our franchisees, which is 0% of our total revenues of approximately \$608,595. This information is taken from our internal financial statements. These were our total revenues, not our profits. We earn a profit from these revenues, equal to what we believe to be a reasonable wholesale mark-up for the goods and services we provide.

As indicated above, our affiliates Cardinal Health 110, Cardinal Health 112, and RGH are currently the required wholesale suppliers and will derive revenues from the sale of goods to our franchisees. For the fiscal year ended June 30, 2025, the combined revenue of our affiliates from the sale of Leader, Rugby and Major private label products to our franchisees was \$326,571, or approximately 0.0001% of Cardinal Health's total revenues of approximately \$222.6 billion. The combined revenue of our affiliates from the sale of all other goods and services to our franchisees was \$160,544,351 which was approximately 0.07% of Cardinal Health's total revenues of approximately \$222.6 billion. This information is taken from Cardinal Health's internal financial statements and audited financial statements.

Because inventory is the only item you must purchase to begin your business that either must meet our specifications or must be purchased from a particular supplier, you can expect that the items you purchase that must meet our specifications or must be purchased from a particular supplier will represent up to one-third of the total purchases you will make to begin operations if you are opening a new store, and from 3% up to 55% if you are converting an existing store. On an ongoing basis, these purchases will represent approximately 90% of your total annual purchases.

Some of our officers own stock in Cardinal Health and thereby indirectly own stock in all of the affiliates of Cardinal Health, including Ellipticare, Cardinal Health 110, Cardinal Health 112, and RGH.

We have not arranged any purchasing cooperatives among our franchisees, but may do so in the future.

ITEM 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

FRANCHISEE’S OBLIGATIONS		
<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
a. Site selection and acquisition/lease	Section I.A of Franchise Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Sections II.A, E, F, G, O of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections I and II of Franchise Agreement	Items 6, 7 and 11
d. Initial and ongoing training	Section V.A, C of Franchise Agreement	Item 11
e. Opening	Section I of Franchise Agreement	Items 7 and 11
f. Fees	Sections III, IV.D, V.C, VIII.A, X.B and XII.D of Franchise Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections II and IV of Franchise Agreement; paragraphs 2-9 and 12 of InterNet Participation Agreement	Items 8, 11, 15 and 16
h. Trademarks and proprietary information	Sections I.B, II.A, C, D and IX of Franchise Agreement; paragraphs 11 and 32 of InterNet Participation Agreement	Items 13, 14 and 17
i. Restrictions on products/services offered	Sections II and IV of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections II and IV of Franchise Agreement	Items 11 and 16

FRANCHISEE'S OBLIGATIONS

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
k. Territorial development and sales quotas	Not applicable	Not Applicable
l. Ongoing product/service purchases	Section II of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections II, VIII.A and XIII.B of Franchise Agreement	Items 8 and 11
n. Insurance	Section X.A of Franchise Agreement	Items 7 and 8
o. Advertising	Section II.C of Franchise Agreement	Items 6, 8 and 11
p. Indemnification	Section X.B of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections II.A, IV.C and XI of Franchise Agreement	Items 11 and 15
r. Records/reports	Sections II.M and IV.D of Franchise Agreement; paragraph 10 of InterNet Participation Agreement	Not applicable
s. Inspections/audits	Sections II.J and IV.D of Franchise Agreement	Not applicable
t. Transfer	Section VIII of Franchise Agreement; paragraph 26 of InterNet Participation Agreement	Items 6 and 17
u. Renewal	Section XIII.B of Franchise Agreement	Item 17
v. Post-termination obligations	Section VII of Franchise Agreement	Item 17
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Section XII of Franchise Agreement; paragraphs 28 and 33 of InterNet Participation Agreement	Item 17
y. Other – Obligation to participate in pharmacy network	Section II.B of Franchise Agreement	Items 16 and 17
z. Other – Guaranty of franchise obligations	Guaranty (attached to the Franchise Agreement)	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Medicap is not required to provide you with any assistance.

Pre-Opening Obligations:

Upon request, we provide limited assistance before you open your business, which may include selecting or purchasing equipment, signs, fixtures or supplies, either from us or our affiliates or our approved suppliers (depending on the item). Through our affiliates, we will offer to sell inventory to you, including pharmaceutical inventory. If we sell to you any of these items, we will deliver them to you (at your cost), but we do not install any items.

We do not provide you with any assistance in finding the site for your business. If you do not already have a location, it is your obligation to select a site for your business. We must approve your site before you acquire it or begin any development of the location (Franchise Agreement – Section I.A).

In deciding whether or not to approve a particular site, we will consider the size and location of space available, the demographics and density of the population in the trade area of the proposed site, competition in the vicinity of the proposed site, and general access to the site by potential customers. Although we do not offer any territory exclusivity, we do also consider a site's proximity to other Medicap businesses as a factor in deciding whether to approve a particular site. There is no time limit imposed on our approval of a site, but we generally approve or disapprove a site within 30 days after you have submitted all required information to us. If we do not agree on a site, you will not be able to open your business.

If you are converting an existing business and you do not open your business within 90 days after we grant your franchise, we have the right to terminate your franchise agreement. If you are a start-up business and you do not open your business within 12 months after we grant your franchise, we have the right to terminate your franchise agreement (Franchise Agreement – Section VI.B(13)).

In most cases, you will already have a pharmacy operating at the time you sign your franchise agreement, and the conversion of your business will take between 2 weeks and 3 months. The typical length of time between the signing of the franchise agreement and the opening of a new business is 6 to 12 months. This time period can be affected by the time it takes to select a site and negotiate a lease, obtain financing, obtain building permits and zoning variances, and by construction delays, or delays in the installation of equipment, fixtures and signs. We do not

provide assistance in locating a site or negotiating the purchase or lease of the site, nor do we typically lease or sell sites to franchisees.

During the operation of your business, we will:

(01) Offer to you the ability to select among optional programs we offer, which we call “Retail Solutions” (Franchise Agreement – Section V). As of the date of this disclosure document, we offer the following Retail Solutions:

<u>Retail Solution</u>	<u>Description</u>
Franchise Business Consultants	Business consultants support you and your pharmacy operation through operational and financial analysis and recommendations.
Reimbursement Consulting Services	A comprehensive program that brings together paid clinical opportunities, adherence monitoring, audit, and reimbursement reporting, detailed regularly by an advisor who contacts you bi-weekly.
Cardinal Health™ Pharmacy Marketing Advantage	In partnership with Digital Pharmacist, a provider of digital marketing solutions for retail independent pharmacies, Pharmacy Marketing Advantage equips your pharmacy with the tools to reach patients through web, app, text, email and social media.
Reconciliation Solutions	Web-based reconciliation service for your claims, with full visibility to adjudicated claims.
Cardinal Health Medical Benefit Billing	Bill, track, and reconcile your medical benefit claims for clinical services, patient education, immunizations, and DME in real time.
Dispill® Multi-dose Packaging	Dispill is a low cost multi-dose packaging solution that lets pharmacies deliver prescribed medication to consumers in an all-inclusive blister pack.
Cardinal Health™ Point-of-Care Testing Program	Provides programs needs to become a patient care destination and provide rapid diagnostic tests and wellness screenings in a single visit.
Cardinal Health Compliance Management Service	Access to an online portal to manage pharmacy’s CMS compliance requirements such as HIPAA & FWA trainings and federal exclusion checks.
Cardinal Health Inventory Optimization Solution	Cardinal Health™ Inventory Optimization Solution (IO) is a web-based, automated answer to your prescription drug inventory challenges.

<u>Retail Solution</u>	<u>Description</u>
Front-End Product Management (Retail Pricing and Planograms)	A set of full color planograms and line listings with national brand and private label products, with ongoing management tips. Includes tier pricing and sales reporting.
Front-End Product Management (Choice of Retail Pricing only or Planograms only)	Provides six tiers of targeted pricing.
Immunization Services	<p>Designed to be your home for all things immunizations.</p> <ul style="list-style-type: none"> • Access to a program-exclusive online portal enabling you to place vaccine orders and find resources needed to create and support your immunization business. • The Clinical Immunization Hub includes discounts on participating vaccines and expanded manufacturer marketing tools and resources. • Physician-signed immunization protocols are also available*, enabling you to administer routine vaccines without a physician prescription. <p>*The availability of collaborative practice agreements is dependent on state regulations.</p>
340BDirect®	Assist pharmacies in administering its 340B program by providing infrastructure, platform and expert 340B personnel to help manage the complete spectrum of the 340B program and administration.
Front End Reimbursement Programs	Promotions with discounts funded by the manufacturer. When the promotion is executed, the store is paid back the scan-down (discount) amount reflected in the POS sales report. Promotions include In-store Specials, Promotional Circular, and Buck in a Basket.
Point of Sale Smart Reports	A service that provides monthly reporting of data collected from POS provider and analyzed to provide valuable insights to improve front-end strategy.
Pharmacy Payments	Pharmacy Payments provides retail independent pharmacies with a fast, secure, and compliant payment solution that simplifies checkout, reduces costs, and enhances patient trust.

<u>Retail Solution</u>	<u>Description</u>
End Caps Program (LEADER®)	Provides access to displays comparable to a chain store that offer added savings, additional invoice dating and shopper appeal.
LEADER® Vitamin Club	This is a shopper loyalty program. Enrolled stores purchase Leader adult and/or children's multivitamins at a special promotional price and then give away a free bottle every month to shoppers who sign up for the program.
Reporting	Reporting offers a full suite of online reporting and analytics solutions. With Reporting, users gain the advantage of easy-to-use, pre-formatted reports and simple custom filtering controls to help review purchasing data. View data across a few or all accounts in modern, user-friendly visual dashboards that are entirely customizable to fit your needs.

To participate in some of these programs, you will need to sign a participation agreement for each program. The form of participation agreement for each program is attached to this disclosure document as Exhibits D - Q.

(02) Provide marketing assistance to you, including access to advertising templates, implementation guidance and best practices for the creation of local advertising. Website services are provided when enrolled in the PMA program. We will, however, provide store locations on the search store listing, but it will not be linked to website services. (Franchise Agreement - Section V).

(03) Provide you access to a line of over-the-counter private label products (Franchise Agreement - Section V). As of the date of this disclosure document the private label products are branded Leader, Rugby and Major. We do not have a private label carrying the name Medicap.

(04) Provide for you to participate in a program under which the Company will arrange for contracts to be entered into on your behalf with various employers, insurance companies, pharmacy benefit managers and other groups providing pharmaceutical benefits, as may be modified from time to time; provided you comply with the terms and conditions for participation in the network and sign the applicable agreement (Franchise Agreement Section II and Exhibit B - Medicine Shoppe InterNet® Participation Agreement).

(05) Provide to you copies of our Operations Manual (Franchise Agreement - Section IV). As of the issuance date of this disclosure document, the manual consists of 90 pages. The Table of Contents for the manual is attached to this disclosure document as Exhibit U.

In addition, although not obligated to do so under your franchise agreement, we also currently:

(01) Allow you to participate in the Medicap Pharmacy® Compliance and Marketshare Program ("CAMP"), under which you may receive volume reimbursements based on the number of prescriptions you fill that match a formulary submitted by manufacturers with whom you share non-

confidential information about prescription usage, or you may receive remuneration in the form of a fee for services provided by either you or by us, such as for mailing patient refill reminder letters or other in-store promotional activities (see Exhibit D - CAMP Agreement).

(02) Assist you, at no cost to you, in reviewing most third-party reimbursements to identify underpayments, lost margins on cash prescriptions and missed generic opportunities (see Exhibit E - Reimbursement Consulting Services Agreement).

(03) Assist you in reconciling third party reimbursements you receive against your accounts receivable, and pay all fees to the third party vendor, if any, arising out of your participation in this program (see Exhibit F – Reconciliation Service Agreement).

(04) Provide you with our EQuIPP Program. This program is a performance-benchmarking dashboard that will enable you to track and measure performance against CMS measures, and connect you to relevant information and tools to enhance your business.

(05) Provide you with the Compliance Management Service (Natural Bridge Learning Solution Portal). The solution informs pharmacies of HIPAA requirements, the annual Fraud, Waste and Abuse training and other government mandated training requirements through online courses. This program also includes CMS-mandated OIG-GSA check verifications on all of your employees, and credentialing through the Natural Bridge Learning Solution Portal.

(06) At your request, assist you with education and information regarding audits performed by contracted payors, including tips and information on such matters as document review, identifying and preventing prescription fraud, and minimizing charge-backs associated with audits.

(07) We have no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices, at which you must sell products and services.

Advertising and Marketing

We do not require you to make any payment into any type of advertising or business development fund and we do not conduct any advertising for your store, either in your area or otherwise. We recommend you spend an amount equal to at least 1% of your gross sales to advertise and promote your business. We also do not currently require you to participate in any local or regional advertising cooperative, but we have the right to require this in the future. We are not obligated to spend any specific amount on advertising in the market area in which your retail pharmacy will be located.

You may use any of the advertising and marketing materials templates available to you through our Franchisee intranet portal, free of charge, or you may access other templates through our digital platform, Cardinal Health™ Pharmacy Marketing Advantage, in promoting your business, or you may create your own materials. However, if you create your own materials, they must meet our specific guidelines and requirements, and you must obtain our approval of the materials before you use them. Our approval will only mean that we believe the materials meet our ethical and professional standards, and our standards for the use of our logos, names and marks, and is not an endorsement of the content or likely success of the materials. We do not review the

substantive content of your advertising, marketing or promotional material, nor do we review them for compliance with applicable laws.

Some areas have set up formal and informal advertising cooperatives and you have the option to participate in a local advertising cooperative, if one exists in your area. At this time, we do not require you to participate in these cooperatives. However, we have the right to make participation mandatory.

We do not currently have any formal advisory council that will advise us regarding advertising for franchisees operating under a franchise agreement similar to that being offered to you. However, we reserve the right to establish such an advisory council in the future.

Computer Hardware and Software

We may recommend technology standards for point of sale (“POS”) computer systems and pharmacy management systems and computer compatible pharmacy hardware. However, you are not required to purchase these items from any particular source. We anticipate the cost of purchasing a pharmacy management system that meets our current standards may be between \$18,500 and \$32,500, plus you may pay up to approximately \$11,000 for training fees and related costs and expenses. We anticipate the cost of purchasing a POS system to be approximately \$7,500, plus you may pay up to approximately \$6,000 for training fees and related costs and expenses depending on the system you choose.

We require that you have a computer on the premises of your business, and that the computer at all times has Internet access. You will use your computer in a variety of ways. Some of these ways are: prescription filling and recordkeeping functions that comply with your state pharmacy laws and regulations, submission of insurance claims to third party payors, hard copy claims printing, preparation of individual patient profile reports, integrated prospective Drug Utilization Review for patient counseling, printing individualized patient information leaflets simultaneously with prescription filling, printing reports at the end of each day, month and year, to access newsletters, bulletins, and other items on our company intra-net, and to access information on the Internet. The type of information or data you will collect will include personal, medical and insurance information on patients, cumulative individual drug product utilization by month to date and year to date, prescription claim data, and cumulative prescription account information.

In providing services to you, we will have access to some patient personal health information (“PHI”) that is protected under federal and state law. We will not use or disclose any PHI, except as permitted by law, and all of our pharmacy management system vendors must comply with all state and federal laws regarding the use and disclosure of PHI. To comply with federal privacy laws, we will also enter into a Business Associate Agreement with you when you sign your franchise agreement to deal with our protection of your PHI and your customers’ privacy rights under HIPAA (see Item 1, and see Exhibit C for a form of this addendum). We will have access to your purchase history from the endorsed wholesaler through the group reporting capabilities of the order entry system on the computer that our endorsed wholesaler provides to you. If you use one of our recommended pharmacy management systems, we will have independent access to information in that system. In all cases, we have the right to share any information we receive with any of our affiliates.

We recommend you upgrade your hardware and software as recommended by the manufacturer or when significant improvements have been made to the technology. The franchise agreement does not require you to upgrade or update any hardware component or software program during the term of the agreement. You will be required to upgrade your systems to be compliant with HIPAA or other security mandates as required by regulation, law or your pharmacy systems/POS vendor. We do not require you to purchase either a hardware maintenance program or a software maintenance program. The cost of hardware maintenance programs will vary among manufacturers. The vendors have the option to raise the maintenance fees annually.

Training

We do not provide any training programs to you, but we may assist you in obtaining web-based training for meeting your HIPAA, Fraud, Waste and Abuse or similar training obligations, and we do provide you with the Natural Bridge Learning Solution discussed above.

ITEM 12 TERRITORY

The franchise agreement gives you the right to operate a retail pharmacy in 1 location. You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. If you want to move your location, you must first obtain our consent, which we may withhold in our sole discretion. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control.

Medicap, you and our other franchisees have the right to advertise and solicit customers, including customers of other franchisees, using any medium including the Internet or any other channel of distribution or direct marketing sales techniques, and to accept orders from any customers they choose, regardless of their location. We and our affiliates may operate competitive businesses under the trademark, Medicap Pharmacy[®], or under other trademarks, even if these businesses compete with your business. Neither we, nor our affiliates, will pay you any compensation for soliciting or accepting orders, regardless of where or how the orders are accepted in relation to your pharmacy location.

Our affiliate, MSI, offers franchises for prescription pharmacies that operate under the name, The Medicine Shoppe[®]. All of the goods and services that are offered in The Medicine Shoppe[®] businesses are similar to the goods and services you will offer in your Medicap Pharmacy[®] business. The principal trademarks those businesses use are “The Medicine Shoppe[®]” and the logo design for that system.

There are no immediate plans to merge the Medicap Pharmacy[®] and The Medicine Shoppe[®] pharmacy systems. At some point in the future, this may occur, but we cannot predict if or when this will occur. MSI presently intends to support both the Medicap Pharmacy[®] and The Medicine Shoppe[®] pharmacy systems. The owners of The Medicine Shoppe[®] pharmacies may be located in proximity to your pharmacy, and may compete with your pharmacy.

Customers for the products and services offered by pharmacies operated by our franchisees and those operated by MSI franchisees are free to choose the pharmacy or pharmacies they want to provide them with their pharmaceutical and other healthcare needs. We do not have any control or influence over a customer’s selection of a pharmacy. Franchisees of both systems therefore have the right to solicit customers of the other, and to accept orders from any customers they choose, regardless of their location. Because no pharmacy has any exclusive right over any customer, we do not have any method for resolving any conflict for customers between The Medicine Shoppe® franchisees and Medicap Pharmacy® franchisees. We do not maintain, and have no plans to maintain, physically separate offices or training facilities for the MSI and Medicap businesses.

**ITEM 13
TRADEMARKS**

The franchise agreement provides that you will operate a pharmacy business under the trade names, trademarks, and service marks that we establish for the operation of pharmacies. We will also allow you to use a “co-brand” name, with The Medicine Shoppe, as a part of the name of your business, provided you meet our requirements, and sign a separate Co-Brand Addendum. The form of this Addendum is attached to this disclosure document as Exhibit A-5.

You must follow our rules when you use our marks. You cannot use any of our names or marks as part of a corporate name or with modifying words, designs or symbols, except for those we license to you, unless we specifically approve your use of another name or mark in connection with our marks and then only in the manner and to the extent approved by us. You may not use any of our names or marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have registered the following marks on the Principal Register of the United States Patent and Trademark Office (the “Trademark Office”).

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>
Medicap Pharmacy	1,337,368	May 21, 1985
Capsule Design Only	1,377,650	January 7, 1986
medihealth solutions	2,539,344	February 19, 2002
Medicap	3,679,253	September 8, 2009

After we obtained these trademark registrations, we assigned our interest in the “medihealth solutions” trademark to Pinnacle Intellectual Property Services, Inc. (“Pinnacle”), a wholly-owned subsidiary of our parent company, Cardinal Health. As part of that assignment, we received the exclusive right to use, license and sublicense the mark, and any other marks that Pinnacle owns in connection with the Medicap Pharmacy® System.

We and Pinnacle have filed all affidavits required to preserve and renew these marks. There are no agreements that limit our right to use or license the use of these marks.

There are no currently effective determinations of the Trademark Office or any other body or court; or any pending infringement, opposition or cancellation proceedings involving our principal marks. There is no material litigation involving our principal marks.

We are not aware of any infringing uses that could materially affect your use of our marks. If you learn of an infringement or challenge to your use of our marks, you must immediately notify us. We will take the action we think is appropriate. We are not obligated to protect your right to use any marks. However, we will protect you against claims of infringement or unfair competition that are made against you from your use of our marks if you are properly using them. We will have the right in this situation to take any action we think is appropriate to handle the claim.

We reserve the right to adopt new marks at any time, or to change our marks. If we adopt new marks, or change our existing marks, you must use the new or modified marks, and discontinue the use of any marks we decide to change or discontinue, at your expense. We also reserve the right to license these marks to others, including licensees and franchisees of our affiliates.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or patent applications that are material to the purchase of a franchise. We do claim copyright protection of forms, printed material and advertising and promotional materials that we have produced, although we have not registered these materials with the Copyright Office of the Library of Congress United States Registrar of Copyrights. These materials are proprietary and confidential and we consider them to be our property. You may use them only as long as you are a franchisee, and only as provided in your franchise agreement.

There are no currently effective determinations of the Copyright Office of the Library of Congress or any court regarding any of our copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. You may use this information, in the manner we approve, to operate your business. However, you may not use this information in any other way for your own benefit, or communicate or disclose it to, or use it for the benefit of any other person or entity. This information may include trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. This includes information about our sources of supply and our recommendations on pricing. You may disclose this information to your employees, but only as necessary to operate the business, and then only while your franchise agreement is in effect.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION
OF THE FRANCHISE BUSINESS

While we recommend that you participate personally in the operation of your business, you do not have to do so. However, it is your obligation to assure that the business is always under the supervision of a licensed pharmacist, and that all pharmacists you employ in the business are properly licensed. We do not require you to impose any restrictions on any manager you hire.

If you operate as a corporation or limited liability company, we may require that all of the shareholders or members sign a Guaranty in the form attached to your Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Medicap Pharmacy[®] image is that of a retail store pharmacy where the majority of the business is prescriptions and healthcare items. You must limit the goods and services you sell in your business to those that are consistent with this pharmacy image. We may prescribe certain goods and services that you must sell in your business, and certain products that you may sell in your business. We have the right to change these items at any time. You may also sell any other products in your business, except any products that we may specifically prohibit as not being consistent with the image of the Medicap Pharmacy[®] system. For example, the sale of tobacco products are specifically prohibited. Further, you may not sell any product that bears the private label of another pharmacy retailer.

You, and your employees or pharmacists, as applicable, must maintain all required licenses, permits, and certifications necessary to operate your business and to provide the goods and services offered through your business, and you can only offer those goods and services that you are licensed to provide under applicable law. Any inconsistency between the standards of our franchise system or our advice, on the one hand, and any legal requirement, on the other hand, is inadvertent and not an effort to cause you to deviate from such legal requirements or the proper practice of your profession. Therefore, the judgment of you and your registered pharmacists govern in all matters pertaining to the compounding and dispensing of medications, the advising of patients, communications with physicians on professional matters, and each and every aspect of the professional practice of pharmacies.

We have relationships with health maintenance organizations, preferred provider organizations, insurance companies, and other managed care organizations and third party payors for our franchisees. Through these arrangements, we believe we are able to negotiate better agreements for our franchisees to participate as providers in these insurance plans than they can negotiate on their own. You therefore must participate in our network of pharmacies and sign the MSI InterNet[®] Participation Agreement (see Exhibit B). In addition, we have negotiated a central payment arrangement with certain third-party payors, meaning that your reimbursement checks will be sent to a central lock box. Our outside vendor will collect the checks and electronically transfer

the monies to your bank account and provide you with an accounts receivable reconciliation (see Exhibit F - Reconciliation Service Agreement).

You may not operate any other business from the premises of your Medicap Pharmacy® business without our consent. We do not limit the customers you may serve.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

This table lists certain important provisions of the franchise agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
A. Term of the franchise	Section XIII of Franchise Agreement	5 years from the date of the franchise agreement unless you are a Legacy franchisee or you are signing your franchise agreement as part of the transfer of an existing business to you that was operating under an older form of agreement with us, in which case the term of the franchise agreement will be the same as the term of the previous franchise or franchise license agreement under which the business was operating.
	Paragraph 1 of Legacy/Successor Franchise Addendum	If you are already operating your business under an earlier form of franchise or franchise license agreement with us, the franchise agreement terminates on the expiration date of that old agreement.
B. Renewal or extension of the term	Section XIII of Franchise Agreement	When your franchise agreement expires, it will automatically renew for an additional term of 5 years, unless you or Medicap give notice of non-renewal to the other at least 6 months before the end of the term.
C. Requirements for you to renew or extend	Section XIII of Franchise Agreement	If we ask you to sign our then-current form of agreement, you must sign that agreement as a condition of renewal. The terms and conditions of this new agreement may be materially different from your original franchise agreement.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
D. Termination by you	Section VI of Franchise Agreement	You may terminate your franchise agreement with or without cause, on 90 days prior written notice to us, unless you are a Legacy franchisee or you are signing your franchise agreement as part of the transfer to you of an existing business that was operating under an older form of agreement with us, in which case you do not have a right to terminate (subject to state law).
	Section 2 of Legacy/Successor Franchise Addendum	If you are a Legacy franchisee or if you are signing your franchise agreement as part of the transfer to you of an existing business that was operating under an older form of agreement with us, you do not have a right to terminate (subject to state law).
E. Termination by us without cause	Section VI of Franchise Agreement	Subject to state law, we may terminate your franchise agreement, without cause, on 90 days' notice to you.
	Section 2 of Legacy/Successor Franchise Addendum	If you are a Legacy franchisee or you sign the franchise agreement as part of the transfer of an existing business that was operating under an older form of agreement with us, we do not have the right to terminate.
F. Termination by us with cause	Sections II and VI of Franchise Agreement	We may terminate if you default. We cannot terminate the Business Associate Agreement except by returning to you, or destroying, all protected health information covered by the Business Associate Agreement. We may terminate your Franchise Agreement if we terminate your InterNet Participation Agreement for cause or if you fail to comply with your obligation to purchase inventory.
G. "Cause" defined - curable defaults	Sections II and VI of Franchise Agreement	General breaches of the franchise agreement, other than those described below, may be cured within 10 days after notice.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
H. “Cause” defined – non-curable defaults	Section VI of Franchise Agreement InterNet Participation Agreement, Paragraph 16	Revocation of your pharmacy license or any controlled substance license, unauthorized discontinuance of business, improper assignment of your business or your franchise agreement, dishonesty; failure to cure an act that threatens the goodwill of the Marks; the filing against you of a complaint which we reasonably believe affects the goodwill of the Marks; repeating a curable default within 12 months of the first default; if we find that the operation of your Business poses an unreasonable risk of diversion of a Controlled Substance, List 1 Chemical and/or Monitored Item; failure to begin operating within 90 days after you sign the franchise agreement if you are a conversion franchisee or within 12 months if you are a new franchisee; failure to comply with your obligation to purchase inventory; termination of the InterNet Participation Agreement for cause.
I. Your obligations on termination/nonrenewal	Section VII of Franchise Agreement	Obligations include complete de-identification, and payment of amounts owed and unbilled fees and assignment of social media accounts and domain names.
J. Assignment of contract by us	Section VIII of Franchise Agreement	No restriction on our right to assign any agreement.
K. “Transfer” by you – definition	Section VIII of Franchise Agreement	Includes transfer of contract or ownership change, or transfer of customer records or files.
L. Our approval of transfer by you	Section VIII of Franchise Agreement	We have the right to approve all transfers, but will not unreasonably withhold approval.
M. Conditions for our approval of transfer	Section VIII of Franchise Agreement	New franchisee must qualify and may be required to sign new agreement or assume the existing agreement. Transfer fee required. You may not transfer your business separate from your franchise agreement.
N. Our right of first refusal to acquire your business.	Not applicable	Not applicable
O. Our option to purchase your business.	Not applicable	Not applicable
P. Your death or disability	Section VIII of Franchise Agreement	If qualified by law, your heirs can assume the business. Otherwise, they must transfer the business within 90 days.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
Q. Noncompetition covenants during the term of the franchise	Not applicable	Not applicable
R. Noncompetition covenants after the franchise is terminated or expires	Not applicable	Not applicable
S. Modification of the agreement	Section XIV of Franchise Agreement	No modifications without consent by all parties, but policies and procedures are subject to change.
T. Integration/merger clause	Section XIV of Franchise Agreement	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable. However, neither this clause nor anything in any related agreement is intended to disclaim any representations we make in this disclosure document.
U. Dispute resolution by arbitration or mediation	Section XII of Franchise Agreement	The parties agree to resolve disputes by litigation brought in the state or federal courts in Franklin County, Ohio, but if the court refuses to enforce either the jury trial waiver or the class action waiver or the individual litigation requirements that are in the franchise agreement, then the matter must be moved from court to arbitration in Columbus, Ohio (subject to state law).
V. Choice of forum	Section XII of Franchise Agreement	Litigation must be brought in the state or federal courts in Franklin County, Ohio, subject to state law. If arbitration is mandated, arbitration must be brought in Columbus, Ohio, subject to state law.
W. Choice of law	Section XII of Franchise Agreement	Ohio law generally applies, subject to state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Brad Cochran, President, MSI and Cardinal Health Executive Vice President, Pharmaceutical and Specialty Distribution, at 7000 Cardinal Place, Dublin, Ohio 43017, (614) 757-5000, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

Systemwide Outlet Summary For Years ended June 30, 2023, June 30, 2024 and June 30, 2025				
Outlet Type	Year Ended	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	June 30, 2023	74	67	-7
	June 30, 2024	67	63	-4
	June 30, 2025	63	59	-4
Company- Owned	June 30, 2023	0	0	0
	June 30, 2024	0	0	0
	June 30, 2025	0	0	0
Total Outlets	June 30, 2023	74	67	-7
	June 30, 2024	67	63	-4
	June 30, 2025	63	59	-4

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years ended June 30, 2023, June 30, 2024 and June 30, 2025		
State	Year Ended	Number of Transfers
California	June 30, 2023	1
	June 30, 2024	0
	June 30, 2025	0
Iowa	June 30, 2023	1
	June 30, 2024	2
	June 30, 2025	0
North Carolina	June 30, 2023	1
	June 30, 2024	0
	June 30, 2025	0
New Jersey	June 30, 2023	1
	June 30, 2024	1
	June 30, 2025	0
Pennsylvania	June 30, 2023	0
	June 30, 2024	1
	June 30, 2025	0
Totals	June 30, 2023	4
	June 30, 2024	4
	June 30, 2025	0

Notes

1. There were no transfers in the last 3 years in any state not listed.

Table No. 3

Status of Franchise Outlets for Years ended June 30, 2023, June 30, 2024 and June 30, 2025 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
Alabama	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
California	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1

**Status of Franchise Outlets
for Years ended June 30, 2023, June 30, 2024 and June 30, 2025 (Note 1)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Florida	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Georgia	June 30, 2023	1	0	1	0	0	0	0
	June 30, 2024	0	0	0	0	0	0	0
	June 30, 2025	0	0	0	0	0	0	0
Idaho (Note 2)	June 30, 2023	4	0	0	0	0	0	4
	June 30, 2024	4	1	0	0	0	0	5
	June 30, 2025	5	0	0	0	0	0	5
Illinois	June 30, 2023	2	0	0	0	0	0	2
	June 30, 2024	2	0	1	0	0	0	1
	June 30, 2025	1	0	1	0	0	0	0
Indiana (Note 3)	June 30, 2023	3	0	0	0	0	0	3
	June 30, 2024	3	0	0	0	0	0	3
	June 30, 2025	3	0	0	0	0	0	3
Iowa	June 30, 2023	31	0	0	0	0	0	31
	June 30, 2024	31	0	4	0	0	0	27
	June 30, 2025	27	0	0	0	0	0	27
Kansas	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Minnesota	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	1	0
Mississippi	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Missouri	June 30, 2023	1	0	1	0	0	0	0
	June 30, 2024	0	0	0	0	0	0	0
	June 30, 2025	0	0	0	0	0	0	0
Nebraska	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	1	0
New Jersey	June 30, 2023	2	0	0	0	0	0	2
	June 30, 2024	2	0	0	0	0	0	2
	June 30, 2025	2	0	0	0	0	0	2
North Carolina	June 30, 2023	2	0	0	0	0	0	2
	June 30, 2024	2	0	0	0	0	0	2
	June 30, 2025	2	0	0	0	0	0	2

**Status of Franchise Outlets
for Years ended June 30, 2023, June 30, 2024 and June 30, 2025 (Note 1)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
North Dakota	June 30, 2023	0	0	0	0	0	0	0
	June 30, 2024	0	1	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Ohio	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Oklahoma	June 30, 2023	3	0	1	0	0	0	2
	June 30, 2024	2	0	0	0	0	0	2
	June 30, 2025	2	0	0	0	0	0	2
Oregon	June 30, 2023	4	0	2	0	0	0	2
	June 30, 2024	2	0	0	0	0	0	2
	June 30, 2025	2	0	0	0	0	0	2
Pennsylvania	June 30, 2023	4	0	0	0	0	0	4
	June 30, 2024	4	0	0	0	0	0	4
	June 30, 2025	4	0	0	1	0	0	3
South Carolina	June 30, 2023	0	0	0	0	0	0	0
	June 30, 2024	0	0	0	0	0	0	0
	June 30, 2025	0	0	0	0	0	0	0
Texas	June 30, 2023	1	0	0	0	0	0	1
	June 30, 2024	1	0	0	0	0	0	1
	June 30, 2025	1	0	0	0	0	0	1
Virginia	June 30, 2023	3	0	0	0	0	0	3
	June 30, 2024	3	0	0	0	0	0	3
	June 30, 2025	3	0	0	0	0	0	3
West Virginia	June 30, 2023	2	0	0	0	0	0	2
	June 30, 2024	2	0	0	0	0	0	2
	June 30, 2025	2	0	0	0	0	0	2
Wyoming	June 30, 2023	3	0	2	0	0	0	1
	June 30, 2024	1	0	1	0	0	0	0
	June 30, 2025	0	0	0	0	0	0	0
Totals	June 30, 2023	74	0	7	0	0	0	67
	June 30, 2024	67	2	6	0	0	0	63
	June 30, 2025	63	0	1	1	0	2	59

Notes

1. There were no outlets open in the last 3 years in any state not listed.
2. Four outlets in Idaho are a Telepharmacy.
3. One outlet in Indiana is a Telepharmacy.

Table No. 4

Status of Company-Owned Outlets for the Years ended June 30, 2023, June 30, 2024 and June 30, 2025							
State	Year	Outlets at Start of the Year	Outlets Opened During Year	Outlets Reacquired from Franchisee	Outlets Closed During Year	Outlets Sold to Franchisee	Outlets at Year End
All States	June 30, 2023	0	0	0	0	0	0
	June 30, 2024	0	0	0	0	0	0
	June 30, 2025	0	0	0	0	0	0
Totals	June 30, 2023	0	0	0	0	0	0
	June 30, 2024	0	0	0	0	0	0
	June 30, 2025	0	0	0	0	0	0

Table No. 5

Medicap Projected Openings as of June 30, 2025			
State	Franchise Agreements Signed But Outlet Not Open as of June 30, 2025	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	0	0
California	0	1-3	0
Hawaii	0	0	0
Iowa	0	2-4	0
Illinois	0	0	0
Indiana	0	1-2	0
Maryland	0	0	0
Minnesota	0	0	0
Missouri	0	0	0
Nebraska	0	0-1	0
New Jersey	0	0	0
New York	0	0	0
North Dakota	0	0-1	0
Ohio	0	0	0
Rhode Island	0	0	0
South Dakota	0	1-3	0
Virginia	0	0	0

Medicap Projected Openings as of June 30, 2025			
State	Franchise Agreements Signed But Outlet Not Open as of June 30, 2025	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Washington	0	0	0
TOTAL	0	5-14	0

The Item 20 tables above include data on Medicap Pharmacy[®] retail pharmacy outlets and telepharmacies. We also have franchisees that currently operate or intend to operate closed door pharmacies. Since closed door pharmacies are not substantially similar to Medicap Pharmacy[®] retail pharmacy outlets, they are not counted as separate franchised units in Item 20, however they are identified on Exhibits Y and Z.

Exhibit Z lists the name, city and state and the current business telephone number or if unknown to us, the last known home telephone number of the 4 franchisees who transferred their franchise or who have had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily stopped doing business under their franchise agreement during the fiscal year ended June 30, 2025, or who had not communicated with us within 10 weeks of this disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

A list of all franchisees that operated Medicap Pharmacy[®] businesses as of June 30, 2025, and the addresses and telephone numbers of their businesses, is attached as Exhibit Y. Some current and former franchisees have signed provisions in the last 3 years restricting their ability to speak openly about their experience with the Medicap Pharmacy[®] System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

FRANCHISEE ASSOCIATIONS

The following are trademark-specific franchisee organizations associated with the Medicap Pharmacy[®] System:

Owners' Advisory Council: Medicap formed this organization to foster and improve communications and the sharing of information between Medicap and its franchisees. The address and telephone number for the Council is 7000 Cardinal Place, Dublin, Ohio 43017; (614) 757-5000.

InterNet Advisory Council: This is the advisory panel described in the Medicine Shoppe InterNet[®] Participation Agreement which is sponsored by Medicine Shoppe InterNet, Inc. The address and telephone number for the Council is 7000 Cardinal Place, Dublin, Ohio 43017; (614) 757-5000.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit W is a copy of the consolidated balance sheets of Cardinal Health, Inc. and subsidiaries as of June 30, 2025 and June 30, 2024, and the related consolidated statements of earnings, shareholders' equity, cash flows and comprehensive income for the years ended June 30, 2025, June 30, 2024 and June 30, 2023. The financial statements of Cardinal Health, Inc., attached to this disclosure document as Exhibit W, have been audited by Ernst & Young LLP, independent registered public accountants, as stated in their report appearing in Exhibit W.

Cardinal Health is guaranteeing our obligations to you. A copy of that Guarantee is included in this disclosure document as Exhibit W.

ITEM 22
CONTRACTS

Attached to this disclosure document are a number of agreements you will or may sign:

- A. Franchise Agreement
 - A-1 Franchise Agreement
 - A-2 Guaranty
 - A-3 State Specific Addendum (if applicable)
 - A-4 Inventory Purchase Addendum
 - A-5 Co-Brand Addendum
- B. Medicine Shoppe InterNet[®] Enrollment Guide
- C. Business Associate Agreement
- D. Compliance and Marketshare Program Participation Agreement
- E. Reimbursement Consulting Services Agreement
- F. Reconciliation Service Agreement
- G. Cardinal Health Medical Benefit Billing and Reconciliation Service Agreement
- H. Point-of-Care Testing Program Enrollment Form
- I. Immunization Service Agreements
- J. Inventory Optimization Solution Agreement
- K. Front-End Product Management Enrollment Form
- L. Cardinal Health Pharmacy Marketing Advantage Enrollment Forms
- M. Leader End Cap Enrollment Form
- N. POS Smart Reports Enrollment Form
- O. Pharmacy Payments Processing Enrollment Form
- P. Leader Vitamin Club
- Q. Reporting Enrollment Form
- T. General Release
- V. State Specific Addenda to Disclosure Document

ITEM 23
RECEIPT PAGES

The last 2 pages to this disclosure document are detachable pages acknowledging receipt of the disclosure document by you.

EXHIBIT A

- A. Franchise Agreement
 - A-1 Franchise Agreement
 - A-2 Guaranty
 - A-3 State Specific Addendum (if applicable)
 - A-4 Inventory Purchase Addendum
 - A-5 Co-Brand Addendum

EXHIBIT A-1

FRANCHISE AGREEMENT

[THE MEDICINE SHOPPE®]
[MEDICAP PHARMACY®]
FRANCHISE AGREEMENT

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[THE MEDICINE SHOPPE®]
[MEDICAP PHARMACY®]
FRANCHISE AGREEMENT

This Agreement is made as of the ___ day of _____, _____, between [Medicine Shoppe International, Inc., a Delaware corporation][Medicap Pharmacies Incorporated, an Iowa corporation] (the "**Company**") and _____, _____ State of _____ ("**Franchisee**").

RECITALS

The Company has the right to use and license the primary service mark identified on the Rider to this Agreement (the "**Primary Mark**"), in connection with the operation of pharmacy businesses, and has created considerable goodwill for the Company and the network of pharmacies operating under the Primary Mark (the "**Franchised Network**"). In addition, the Company has made arrangements to provide a core package of services to participants in the Franchised Network, some of which services may be offered by affiliates of the Company, or others, and are available to independent pharmacies, while others may be available only to members of the Franchised Network.

Franchisee desires to operate a pharmacy business identified by the Primary Mark and using such other names and logos as may be identified by the Company (collectively with the Primary Mark, the "**Marks**"), with access to the core package of services the Company has arranged to make available to members of the Franchised Network, as they may be modified from time to time, and such other support and systems that the Company may offer to Franchisee from time to time. Franchisee acknowledges that it has read this Agreement and understands and accepts that the terms, conditions and covenants contained in this Agreement are reasonably necessary to maintain the standards of quality and service promoted by the Company and to protect and preserve the goodwill of the Marks. Franchisee further acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that it involves business risks, and that the success of the venture is largely dependent upon Franchisee's business abilities. In reliance upon the foregoing acknowledgments, the Company has agreed to grant to Franchisee the license represented by this Agreement (the "**License**") upon the terms and conditions hereinafter set forth:

SECTION I - GRANT OF LICENSE

The Company hereby grants to Franchisee the right to use the Marks, and the core package of services the Company has arranged to make available to members of the Franchised Network and such other of the Company's marketing and promotional methods, systems, and other procedures and forms used in connection with or applicable to the operation of pharmacies and related health care businesses (collectively, the "**System**"), in the operation by Franchisee of a pharmacy and related health care business (the "**Business**") at the location set forth in the Rider hereto attached and made a part of this Agreement (the "**Rider**").

A. Site Acquisition - Franchisee acknowledges that it is Franchisee's responsibility to select the site at which the Business is operated. Once Franchisee has selected a prospective

site, it shall advise the Company of its selection, and provide any additional information required by the Company so as to enable the Company to determine whether it will approve that site. Franchisee shall not take any action to acquire any particular site until the site has been approved by the Company. However, approval of a site is not an endorsement of that site or any assurance the site will prove to be a viable one from which to operate the Business.

B. Acknowledgment of Nonexclusivity of Grant - Franchisee acknowledges that the grant of the right to use the Marks and the System in connection with the operation of the Business is a nonexclusive grant, and the Company may, at its option, use the Marks (including the Primary Mark) in connection with the operation of any business, including any pharmacy or the sale of any products or services, and license others to operate such businesses and/or to sell any products or services, at any location outside the specific store premises of the Business, even if such use competes with the Business.

SECTION II - FRANCHISEE'S GENERAL RESPONSIBILITIES

A. Establishment and Continued Operation of Business - Franchisee shall establish a retail pharmacy identified under the Primary Mark at the location identified in the Rider. The Business shall operate under the Primary Mark, and under such other names and marks as may be approved by the Company in its sole discretion, using the System, throughout the term of this Agreement.

(01) At all times, the Business shall be under the direct supervision of Franchisee, and Franchisee shall be solely responsible for the operation of the Business. Without limiting the foregoing, Franchisee shall be solely responsible for recruiting and hiring employees who operate the Business, for training its employees, and for setting all terms and conditions of employment for its employees. All such persons shall be the employees of Franchisee, and not the Company's agents or employees. Company specifically disclaims any duty or obligation to operate the Business or to direct Franchisee's employees.

(02) Franchisee shall keep and maintain in full force and effect a valid pharmacy business license as required by the laws of the state in which the Business is located and ensure that all pharmacists employed by Franchisee are properly licensed in accordance with the laws of that state. Franchisee shall also keep and maintain in full force and effect all required licenses, both state and federal, for the sale in the Business of controlled substances, listed chemicals and/or monitored items.

B. Pharmacy Network Participation - Franchisee shall participate at all times throughout the term of this Agreement in any programs prescribed by the Company, including the Company's managed care network of pharmacies through which Franchisee will have access to arrangements made by the Company or the Company's designated single source representative with insurance and other providers (the "**Company's Pharmacy Network**"). Franchisee shall comply with all terms and conditions established by the Company for participation in programs prescribed by the Company, including the Company's Pharmacy Network, and shall execute such agreements related thereto as may be required by the Company from time to time. If Franchisee's participation in the Company's Pharmacy Network is terminated by the Company

for cause, the Company shall have the option to also terminate this Agreement under Section VI.B.

C. Marketing and Advertising - Franchisee shall participate in various marketing programs as designated from time to time by the Company. In addition, at the option of the Company, Franchisee must participate in any local or regional advertising cooperative established by the Company, on terms that may be set from time to time by the Company. Franchisee shall not modify any displays, advertising material, or promotional campaigns provided by the Company that Franchisee elects to use except as the Company may authorize. If Franchisee desires to use any advertising materials or promotional campaigns not provided by the Company, Franchisee shall first submit such materials to the Company for its prior approval. If the Company does not notify Franchisee, within ten (10) business days after receipt of such materials, that the materials have not been approved, Franchisee may begin using the materials. The Company's approval of any advertising materials or promotional campaigns shall not be deemed an endorsement of the content or likelihood of success of the materials. The Company does not review any such material for compliance with applicable laws. Franchisee shall, however, refrain from using, withdraw, or modify, advertising, which in the Company's sole judgment conflicts with policies of the Company or is not in keeping with high ethical and professional standards of the System, even if previously approved by the Company.

D. Identity - Franchisee shall utilize insignia, equipment, decals, personnel uniforms, vehicle signs and colors, indoor signs and posters, and such other materials as are required by the Company to maintain uniformity of appearance, identity recognition, point of purchase impact, and full penetration of promotional opportunities. If the Company permits Franchisee to use any other name, mark, logo or insignia not owned by Company in connection with the Business, including a co-brand name, Franchisee shall use such name or mark in association with the Marks in such manner as is specifically authorized in writing by the Company in accordance with the Company's standards and guidelines.

E. Specifications and Suppliers - Franchisee shall purchase equipment, fixtures, supplies, inventory and signs, which comply with the specifications of the Company, shall maintain such certifications and provide such products and services as required by the Company, and shall not sell any product or service in the Business that has been specifically disapproved by the Company. The Company may, from time to time, provide Franchisee a list of approved suppliers of items used in the operation of the Business that meet the Company's specifications. If provided, the Company may revise the approved supplier list from time to time in its sole discretion. The only approved source of supply for any individual item may be the Company, an affiliate of the Company, or an independent contractor. To assure the maintenance of quality standards in all pharmacies operating under the Primary Mark, the Company reserves the right to require Franchisee to obtain the written approval of the Company prior to the use of any supplier of any item used or sold in the Business, and as a precondition to the granting of such approval may require the proposed supplier to submit to the Company samples of products proposed to be provided to Franchisee for use or sale in the Business. The Company reserves the right to require Franchisee to reimburse the Company for its time and costs in researching suppliers suggested by Franchisee.

F. Inventory Requirements; Required Purchases From Company or Affiliates - Franchisee shall maintain physical inventory requirements as established from time to time by the Company. Franchisee may purchase such inventory from any supplier able to provide sufficient quantities of such merchandise, with reasonable expiration dates as the Company may determine from time to time, to meet the requirements of customers of the Business. Notwithstanding the foregoing, the Company shall have the right, at any time, to require purchases cease from any supplier that is providing mislabeled, out of date or adulterated products.

G. Private Label Products - Franchisee may purchase a representative sampling, as determined by the Company, of any available products bearing the Company's private label(s) (which may or may not include the Primary Mark), or at the Company's option, the private label(s) of an affiliate(s), as may be developed from time to time, in quantities sufficient to meet the demands of Franchisee's customers. Franchisee shall provide such products adequate shelf space. Franchisee may not sell any product that bears the private label of another pharmacy retailer.

H. Notification of Certain Actions - Within five (5) days after Franchisee is aware of the same, Franchisee shall notify the Company of any criminal or civil proceeding, action or lawsuit initiated against the Business or Franchisee related to the operation of the Business or any activity that occurred or was alleged to have occurred in the Business, and any criminal investigations against Franchisee or the Business.

I. Adherence to Standards - Franchisee shall diligently adhere to any standards established by the Company for interior and exterior standard colors, lighting, design, equipment, and fixtures, which have been designed by the Company to create a pleasant, inviting atmosphere and appearance to and in the Business and to provide statewide and national identification. Franchisee will also maintain a neat, orderly arrangement of displayed merchandise and high degree of cleanliness in the Business. Any new construction must conform, subject to zoning regulations and OSHA and other federal and local building laws and regulations, to the Company's then current standards. Franchisee will promptly, after notice from the Company, make such repairs, alteration, repainting, and refurbishing required to bring the premises up to the Company's standards.

J. Company Access - To enable the Company to maintain the integrity of the System and to confirm Franchisee's compliance with this Agreement, Franchisee shall allow the Company the unqualified right, from time to time during the term of this Agreement, to:

(01) Review and/or inspect the operations of the Business periodically during each year, which shall include, but not be limited to, the right to (i) conduct or observe a physical inventory of the Business; (ii) remove samples of any products, materials and supplies for testing and analysis; (iii) interview personnel of the Business; (iv) interview customers of the Business; (v) observe and record sales activities in the Business; (vi) photograph (including taking still photos and video depictions) the premises of the Business; and (vii) inspect and copy any books, records and documents relating to the operation of the Business;

(02) Consult with Franchisee from time to time on operating issues concerning the Business; and

(03) Obtain information, including purchasing information, from any supplier to the Business.

K. POS System - The Company may publish standards for a point of sale cash register. Franchisee may, however, use any POS system it chooses in the operation of the Business, but Franchisee acknowledges that if it does not use a system that meets the Company's standards, it may not be able to participate in all of the Company's programs and services.

L. Computer Systems - The Company may publish standards for a pharmacy dispensing computer, commonly referred to as a pharmacy management system, and compatible pharmacy software programs. However, Franchisee may use any pharmacy dispensing systems it chooses in the operation of the Business.

M. Financial and Sales Information - Franchisee shall maintain its books and records in the manner reasonably required by the Company (including use of the Company's bookkeeping and accounting systems), and provide the Company with such weekly, monthly, quarterly, and annual financial and sales information relating to the business of the Franchisee as from time to time may be reasonably required by the Company. All financial and sales information to be delivered to the Company shall be in the form and by the means of communication authorized by the Company. All monthly financial and sales information shall be prepared in accordance with generally accepted accounting principles and in the form prescribed by the Company and shall be received by the Company no later than the last day of the following month.

N. Use of Claims Switch - The Company may publish standards for claims processing services ("**Claims Switch**"), and make available for sale access to a Claims Switch that meets those standards. Franchisee may, however, use any Claims Switch it chooses in the operation of the Business, but Franchisee acknowledges that if it does not use the Claims Switch that meets the Company's standards, Franchisee may not be able to participate in marketing or other programs, if any, that require it to provide dispensing information.

O. Communications and Communications Lines - Franchisee shall at all times use a computer which has Internet access in the operation of the Business. Franchisee shall also install and maintain adequate telephone lines or other communications connectivity, as may be specified by the Company. All communications between the Company and Franchisee shall be in the form and manner determined from time to time by the Company, and Franchisee specifically consents to receipt of communications from the Company by fax, email, or other means of communications.

P. Taxes and Trade Payables - Franchisee shall promptly discharge all applicable tax liabilities and trade payables when due.

Q. Web Sites and Social Media - Franchisee shall not establish any website, or other presence, site or location on the Internet or successor technology, including without limitation any social networking and/or social media website, profile or account, or content thereon,

relating to or making reference to the Company or the System in any manner (a “**Social Media Site**”), except pursuant to the Company’s specific requirements and guidelines, which requirements and guidelines may be modified from time to time. The Company reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete or modify any Social Media Site.

R. Local Advertising - Franchisee is expected to promote its business through local advertising, including local newspaper, radio, and television advertising. Franchisee is not required to account to the Company with respect to its expenditures for local advertising, but all local advertising undertaken by Franchisee must comply with the Company’s specific guidelines and requirements, as amended from time to time.

SECTION III - FEES

A. Initial Fees - Franchisee shall not be required to pay any initial or origination fees to the Company in connection with the execution of this Agreement.

B. Continuing License Fees - Franchisee shall pay to the Company a monthly continuing license fee as follows: (01) if Franchisee, at its sole and exclusive option, signs the Inventory Purchase Addendum, then the continuing license fee shall be Five Hundred Ninety Nine Dollars (\$599) per month, payable within thirty (30) days of invoice provided to Franchisee; or (02) if this Agreement is being signed in connection with the transfer of an existing Business that was operated under a franchise agreement or franchise license agreement with the Company, the continuing license fee shall be the continuing license fee set forth in the franchise agreement or franchise license agreement that existed for the Business prior to such transfer. In all other cases, Franchisee shall pay to the Company a monthly continuing license fee equal to three percent (3%) of the gross sales of the Business, excluding sales, use or service taxes on such gross sales, payable on the fifteenth (15th) day of each month with respect to gross sales received in the preceding calendar month. Franchisee shall also pay all excise, use and other taxes (excluding any taxes imposed on the net income of the Company or franchise taxes) imposed on any fees payable to the Company or its affiliates.

C. National Marketing/Business Development Fees - Franchisee shall not be required to pay any national marketing or business development fees to the Company.

D. Late Payment of Fees - All amounts due to the Company from Franchisee under this Agreement not received by the Company on or before the due date will incur a service charge of one and one-half percent (1½%) per month.

E. Offset - The Company shall have the right to set-off any amounts owed by Franchisee to the Company or its affiliates against amounts the Company may have received from others for the account of Franchisee or against moneys otherwise owing by the Company to Franchisee. Franchisee specifically consents to the Company retaining any moneys it may be holding for Franchisee or may owe Franchisee to pay outstanding amounts owed by Franchisee to the Company. If any such set-off is taken, the Company may apply the payments in any manner it elects, provided Franchisee receives full credit for the set-off amounts against amounts owing by Franchisee to the Company or its affiliates. Likewise, if Franchisee fails to pay all

amounts owing to the Company on any given date, the Company shall have the right to apply any payments made by Franchisee in any manner it elects, notwithstanding any alternate designation by Franchisee.

SECTION IV - STANDARDS

A. Policies and Procedures - The Company shall provide to Franchisee copies of its policies and procedures, which may include without limitation mandatory certifications for the Business and mandatory products and services to be provided by the Business. These policies and procedures will initially be provided in a manual, but may be supplemented in bulletins, through the Internet, or by any other means determined by the Company. Franchisee agrees to operate the Business in conformance with all mandatory policies and procedures. The policies and procedures shall be kept in safekeeping and in the custody of Franchisee at the premises of the Business, shall remain the property of the Company, and shall not be copied in whole or in part. Franchisee acknowledges that any policies and procedures adopted by the Company are designed to protect the System and the Marks, and not to control the day-to-day operation of the Business or the means and manner by which Franchisee implements any standards adopted by the Company. Franchisee will correct any nonconformance with the policies and procedures within thirty (30) days after receiving written notice of such nonconformance by the Company.

B. Modifications - Franchisee understands and agrees that the System may be modified and improved in the future, and that such modifications may require changes from time to time in the manner in which the Business is operated. Franchisee covenants to conduct its business in strict conformance with any future modification in or amendments to its mandatory policies and procedures, provided that such changes are distributed to all other pharmacy franchisees.

C. Professional Standards - Notwithstanding the Company's right to require Franchisee to conduct business at the Business in accordance with the System, and the standards set from time to time by the Company, the Company and Franchisee recognize that the practice of pharmacy is a profession requiring independent judgment, skill and training and is governed by federal, state and local laws and regulations. Any inconsistency between the standards of the System or the advice of the Company, on the one hand, and any legal requirement, on the other hand, is inadvertent and not an effort to cause Franchisee to deviate from such legal requirements or the proper practice of its profession. Therefore, the Company and Franchisee understand and agree that (i) in all cases, lawful, regulatory requirements take precedence over both any inconsistent advice, counsel or other guidance offered by the Company as well as any inconsistent standards the Company may prescribe; (ii) no business advice given by the Company nor any standard the Company prescribes or recommends shall be taken as advice in respect of the practice of the profession of pharmacy, as defined by law; (iii) Franchisee's judgment, and the judgment of its registered pharmacists, govern in all matters pertaining to the compounding and dispensing of medications, the advising of patients, communications with physicians on professional matters, and each and every aspect of the professional practice of pharmacies; (iv) in any case in which Franchisee believes that the Company's advice or standards contravene the practice of the profession of pharmacy or any legal requirements of that practice, Franchisee will notify the Company, orally and in writing, immediately; and

(v) Franchisee and Franchisee's registered pharmacists are solely responsible for the practice of pharmacy in operating the Business and the results of that practice.

D. Financial Reporting - Franchisee shall provide such financial reports to the Company, concerning the operation of the Business, as may from time to time be requested by the Company. All such reports shall be provided on forms and in the manner required by the Company. The Company shall be allowed to audit Franchisee's books and records at any time to confirm the accuracy of the information provided, or required to be provided, to the Company. If any audit discloses an understatement of the gross sales of the Business for any period or periods equal to three percent (3%) or more of the gross sales for the period, or if Franchisee refuses or fails to promptly provide any financial information requested by the Company, Franchisee shall reimburse the Company for the cost of the audit, including without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of persons employed by the Company to make the audit.

SECTION V - THE COMPANY'S ASSISTANCE

A. Pre-Opening Assistance - Franchisee acknowledges that the Company has not represented that it will provide any pre-opening assistance to Franchisee, and the Company is not obligated to provide any such assistance.

B. Marketing Assistance - The Company will, from time to time, provide to Franchisee such marketing assistance that it deems appropriate, but which assistance shall include access to advertising templates for the creation of advertising, and a basic Business website with limited customizable features that include Business local information.

C. Additional Services - The Company will, from time to time, designate a menu of optional services offered by the Company or its affiliates and allow Franchisee the opportunity to select from among such services. While these services will generally be provided at scheduled prices, Franchisee will be given a credit of Three Hundred Dollars (\$300) per month that may be applied toward payment of the monthly fees for such services. In addition, Franchisee may receive a discount of ten percent (10%) per month from the scheduled prices for such services (increased to fifteen percent (15%) if Franchisee is not utilizing a co-brand name to identify its business). Franchisee will be required to sign a separate enrollment form or other agreement for each designated service, in the form specified by the Company or its affiliate. Once enrolled for a particular service, Franchisee must continue paying for that service for a period of one year, following which time Franchisee may discontinue the service at any time upon 90 days' prior written notice to the Company. However, the Company may terminate any service at any time, upon ninety (90) days' notice to Franchisee.

D. Private Label Products - The Company will provide Franchisee access to a line of private label products offered by the Company or its affiliates from time to time.

E. Nature of Assistance - Franchisee acknowledges that the Company is not required to provide any assistance to Franchisee's level of satisfaction, but as a function of its experience, knowledge and judgment. Further, the Company is not obligated to provide any services that are not set forth in this Agreement. In addition, the Company has the right to delegate its

responsibilities, and may provide some services through affiliates and others who provide similar services to others, including services offered under other pharmacy network programs.

SECTION VI - TERMINATION AND PRE-TERMINATION OPTIONS

A. Termination by Franchisee - Franchisee may terminate this Agreement, with or without cause, upon ninety (90) days prior written notice to the Company; provided, however, that (i) such termination shall not be effective if Franchisee does not comply with all of its post-termination obligations as set forth in Section VII of this Agreement and (ii) if this Agreement is being signed in connection with the transfer of an existing Business that was operated under a franchise agreement or franchise license agreement with the Company entered into prior to March 1, 2009, this Section VI.A shall be excised from this Agreement, and Franchisee shall not have any right to terminate this Agreement prior to expiration of its term.

B. Termination by the Company - The Company may terminate this Agreement, with or without cause, upon ninety (90) days prior written notice to Franchisee. In addition, the Company may terminate this Agreement by written notice to Franchisee, effective immediately upon receipt by Franchisee, upon the occurrence of any of the following events, each of which shall be considered a breach by Franchisee of its obligations under this Agreement:

(01) The revocation or suspension of Franchisee's pharmacy business license or any license relating to controlled substances, listed chemicals or monitored items, or the filing of any action against Franchisee by state or federal drug enforcement officials;

(02) If Franchisee discontinues its business operation as a pharmacy for more than five (5) consecutive days, or any shorter period after which it is not unreasonable under the facts and circumstances for the Company to conclude that Franchisee does not intend to operate the Business, unless the failure to operate is due to fire, flood, earthquake or another act of God beyond Franchisee's control. If such an act of God occurs, Franchisee shall use its best efforts to reopen the Business as soon as possible thereafter; provided, however, if the Business fails to reopen within ninety (90) days of the discontinuance of business operations as a result of one of these events, the Company may terminate this Agreement on the expiration of the ninety (90) days following the discontinuance of business operations, without further notice to Franchisee;

(03) The failure of Franchisee to timely provide any reports or other information due to the Company;

(04) Failure to be regularly open for business not less than the minimum hours prescribed from time to time by the Company;

(05) Any other conduct that endangers patients or employees of the Business or demonstrates bad faith, improper, fraudulent, or dishonest dealings;

(06) Franchisee sells or leases the business or a substantial portion of the assets or records of the Business (including patient records), including disposition of fifty percent (50%) or more of voting or membership rights of a corporation, limited liability company or partnership interest having policy control, without first having obtained the written

consent of the Company to such sale or lease (which approval the Company will not provide unless the sale or assignment complies with the provisions of Section VIII of this Agreement);

(07) Franchisee surrenders or otherwise transfers control of the operation of the Business without the Company's prior written consent;

(08) Franchisee breaches any of the provisions of this Agreement or any other agreement between Franchisee and the Company or its affiliates;

(09) Franchisee fails to pay when due monies owed to creditors of the Business, including the Company and its affiliates;

(10) Franchisee has filed against it any regulatory, administrative or criminal complaint which the Company reasonably believes affects the goodwill associated with the Marks;

(11) Franchisee fails to cure within 24 hours after notice from the Company any default which the Company reasonably believes affects the goodwill associated with the Marks;

(12) If the Company finds, acting in its sole and absolute discretion, that Franchisee's operation of the Business poses an unreasonable risk of diversion of a Controlled Substance, List 1 Chemical and/or Monitored Items (as defined by federal and/or state law); or

(13) Franchisee fails to commence operation of the Business within ninety (90) days after the grant of the License hereunder in the case of an existing business or within twelve (12) months after the grant of the License hereunder in the case of a start-up business.

Franchisee shall have the right, within a period of ten (10) days, to cure any default or defaults described in paragraphs (03), (04), (08), or (09) above, and if such default is cured by Franchisee within such ten (10) day period, dating from the date notice of such default is deemed to be delivered to Franchisee, the Company shall not have the right to terminate this Agreement. However, if there is a second or subsequent default of such paragraph within twelve (12) months of the date the first default occurs, and unless a specific state statute applicable to this Agreement and the relationship between the Company and Franchisee requires otherwise, the Company shall not be required to provide any opportunity to Franchisee to cure the second or subsequent default, and the Company may terminate this Agreement upon notice to Franchisee. To the extent, however, that the provisions of this Agreement with respect to termination or nonrenewal provide for periods of notice less than those required by applicable state law in the state in which the Business is located, or provide for termination, cancellation, nonrenewal, or the like other than in accordance with such applicable law, such provisions shall, to the extent they are not in accordance with applicable law, be superseded by said law, and the Company shall comply with such applicable law in connection with each of these matters.

C. The Company's Pre-Termination Options - Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to the Company or its affiliates, or fails to comply with any material term of this Agreement, then in addition to any right the Company may have to terminate this Agreement or to bring a claim for damages, the Company shall also have the option to suspend all services provided to Franchisee under this Agreement or otherwise, including the sale of products and supplies by the Company or its affiliates. The Company's actions as outlined in this paragraph may continue until Franchisee has brought its accounts current, cured any default, and complied with the Company's requirements, and the Company has acknowledged the same in writing. Franchisee acknowledges that such actions would not deprive Franchisee of the majority of the material benefits provided for under this Agreement, and would not constitute a constructive termination of this Agreement. Therefore, the taking of any of the actions permitted in this paragraph shall not suspend or release Franchisee from any obligation that would otherwise be owed to the Company or its affiliates under the terms of this Agreement.

SECTION VII - ACTIONS UPON TERMINATION

A. Franchisee De-Identification - Upon expiration or termination of this Agreement, or upon assignment of this Agreement by Franchisee, Franchisee shall (i) discontinue immediately the operation of the Business using any of the Marks, including the Primary Mark, or any name or mark similar to any of the Marks, or any portion of the System; (ii) discontinue immediately advertising or identifying the Business using any of the Marks, including the Primary Mark, any of the words or phrases identified in the Rider as "Confusingly Similar" names, any words, phrases or symbols that are likely to be confused with any of the Marks, including the Primary Marks, or any words, phrases or symbols that are reproductions, counterfeits, copies or colorable imitations of any of the Marks, including the Primary Mark, or any portion of the System; (iii) discontinue the sale of any products in the Business that bear any private label owned or licensed by the Company or its affiliates, (iv) cause to be made immediately such reasonable and necessary changes to establish effectively to the public that the Business is no longer a member of the Franchised Network, (v) immediately discontinue using any software and other items proprietary to the Company; (vi) immediately return to the Company all manuals and other proprietary materials that have been loaned to Franchisee under this Agreement; and (vii) immediately delete from Franchisee's computer and other records any software provided, loaned or licensed to Franchisee by the Company or the Company's designees and all advertising and promotional materials, price lists, supplier information, bulletins, memos, manuals, and other proprietary items transmitted to Franchisee by the Company by email, Internet or intra-net transmission, or by any other technological means. If Franchisee fails to comply forthwith, the Company may make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee on demand. Franchisee shall also promptly pay to the Company and any of its affiliates any and all amounts due and owing to Company or its affiliates at the time of termination and all unpaid continuing license fees invoiced either before or after the date of termination which are payable with respect to any month or partial month during which Franchisee operated the Business prior to termination.

B. Cancellation of Listings - Upon expiration or termination of this Agreement, or upon assignment of this Agreement by Franchisee, Franchisee shall promptly take such action as

may be required to properly cancel all domain names and any assumed name or equivalent registrations relating to the use of the Marks, or any part thereof, and direct and authorize any Internet service provider, domain name registrar and all listing agencies to transfer all domain names and listings for or used by the Business, and any registrations and listings for any Social Media Site that includes all or a portion of the Marks, or a word, phrase or symbol confusingly similar thereto, as part of the domain name, username, account name, account profile or page reference (a “**Company Social Media Site**”), to any other entity designated by the Company, or to completely discontinue the use thereof upon the Company’s direction; and Franchisee appoints the Company as its attorney-in-fact to make such changes in the event of Franchisee’s failure so to do. Franchisee acknowledges that, as between the Company and Franchisee, the Company has the sole right to and interest in all domain names associated with the Marks and all Company Social Media Sites and all such information reverts to the Company upon termination or expiration of this Agreement. Franchisee further acknowledges that Franchisee’s right to use any website or page provided to Franchisee by the Company shall terminate upon termination, expiration or assignment of this Agreement.

SECTION VIII - ASSIGNMENT

A. Franchisee Assignment - For purposes of this Section VIII, the term “**Assignment**” shall mean (i) the sale, lease or transfer of an interest in the License, the Business, or any substantial portion of the assets of the Business, including but not limited to sales or transfers of inventory outside the ordinary course of business, and sales or transfers of fixtures, patient records, or any business records of the Business, and (ii) if Franchisee is a partnership, limited liability company, corporation, or similar entity, an offer to purchase such percentage of interest of such entity as would constitute an aggregate change of fifty percent (50%) or more of the ownership of such entity as of the date of this Agreement. Franchisee shall not conclude any Assignment without the prior written consent of the Company, which consent shall not be unreasonably withheld if the following conditions and requirements are first satisfied:

(01) The transferee shall be of good moral character and reputation and shall have a good credit rating, financial capabilities, and competent business qualifications acceptable to the Company. The Company shall have approved the material terms and conditions of such transfer and determined that the price and terms will not adversely affect the transferee’s operation of the Business (but such approval shall not be considered a representation to anyone that such is the case). Franchisee shall provide the Company with such information and documents as it may reasonably require to make a determination concerning each proposed transfer and transferee;

(02) The transferee, at its expense, shall agree to attend any training programs mandated by the Company (but the Company shall not impose any separate charges for attending this training);

(03) The transferee shall, in the Company’s sole discretion, either assume this Agreement or sign a new franchise agreement with the Company in the form then being used by the Company, and in either case, payment and performance under the Agreement (as assumed) or the new franchise agreement, as the case may be, shall be personally guaranteed by all shareholders, members or partners of the transferee; provided, however,

that the transferee shall not be required to pay any initial fee in connection with a new franchise agreement, if applicable, and any pre-opening obligations of the Company under such new franchise agreement, if applicable, shall be waived;

(04) All accrued money obligations of Franchisee to the Company shall be satisfied prior to the assignment or transfer;

(05) Franchisee or the transferee shall complete, or agree to complete, any cleaning, repair, remodeling, upgrading, painting or decoration of the Business required by the Company;

(06) Franchisee shall execute a general release, in form required by the Company, of any and all claims against the Company and its affiliates, including their respective officers, directors, employees and agents;

(07) Franchisee shall pay to the Company a transfer fee of One Thousand Dollars (\$1,000), which is nonrefundable under any circumstances;

(08) If the transferee already owns one or more pharmacies operated under franchises or licenses granted by the Company or its affiliates, it shall be in full compliance with all agreements it has with the Company or its affiliates with respect thereto; and

(09) Franchisee shall have entered into an agreement with the Company providing that all obligations of the transferee to make installment payments of the purchase price or interest thereon to Franchisee or to any of its owners shall be subordinate to the obligations of the transferee to comply with all of its obligations to the Company and its affiliates.

Clauses (03) and (07) of this Paragraph A shall not apply to an Assignment to a corporation or limited liability company wholly owned by Franchisee, or to any stock or membership transfer among or between the individuals listed as Franchisee on the first page of this Agreement, provided that if the transfer is to a corporation or limited liability company, Franchisee must execute forms acceptable to the Company guaranteeing the obligations of the transferee and agreeing to remain personally bound by all confidentiality provisions of this Agreement.

Upon the death or permanent disability (as defined below) of Franchisee (or, in the case of a partnership, limited liability company or corporation, by the death or incapacity of one owning a majority of the voting interest of Franchisee), Franchisee's heir or personal representative must assign, transfer, or sell its interest in the License to a transferee who is permitted by law to own the Business and who complies with the remaining provisions of this Paragraph A. If a transfer or assignment of the License is not made by the heir or personal representative within one hundred eighty (180) days after the death or incapacity of Franchisee, the heir or personal representative must comply with all the provisions of this Paragraph A or the License will be deemed to have been transferred this Agreement in an unauthorized manner. For purposes of this paragraph, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition as reasonably expected to prevent Franchisee (or, in the case of a partnership, limited liability company or corporation, a person owning a majority of the

voting interest of Franchisee) from managing and supervising the Business for a period of more than one hundred twenty (120) days from the onset of such disability, impairment or condition.

B. The Company's Assignment - This Agreement is fully assignable by the Company and shall inure to the benefit of any assignee or other legal successor to the interest of the Company.

SECTION IX - INTELLECTUAL PROPERTY

A. Confidentiality - The System, and the Company's methods of operation, are valuable trade secrets and confidential information of the Company, and Franchisee shall not reveal or disclose any portion thereof, or use any portion thereof, in any other business. Such confidential information includes, but is not limited to, details as to the contents of the Company's manuals, third party reimbursement plans, and computer software and point of sale systems. Franchisee may not use such confidential information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence ("AI") model, algorithm improvement, or similar data aggregation activities without the express written consent of the Company. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. Franchisee shall not, without prior written consent by the Company, input any such confidential information into any generative AI platform, or disclose such information to any provider or source of generative AI services. Franchisee shall opt out of allowing any provider or source of generative AI to utilize such confidential information for training of any AI model or for other purposes.

B. Use of Marks - Franchisee shall operate under, and prominently display, the Marks in the operation of the Business. Franchisee shall use and display only the exterior sign or signs that meet specifications established by the Company or have been specifically authorized in writing by the Company.

(01) Franchisee agrees that if for any reason it becomes necessary or desirable for the Company to cease use of any of the Marks (including the Primary Mark) or other identifying indicia (in whole or in part), or otherwise modify the Marks, the Company shall have the right to modify such Marks or otherwise substitute marks or other identifying indicia as it deems necessary or desirable, and such modification or substitution shall not affect the validity of this Agreement which shall, in all respects, be deemed modified to provide for such substitution. If any of the Marks are changed (including the Primary Mark), Franchisee shall adopt the modified or substituted Marks and be responsible for all costs it incurs at the premises of the Business to change all signs and other materials identifying the Business.

(02) Franchisee shall use no commercial trade name, service mark or other commercial symbol, including associate logos, that does not satisfy the criteria established by the Company. Franchisee acknowledges that its right to use the Marks is derived solely from this Agreement and that all such use and any goodwill established thereby shall inure to the exclusive benefit of the Company. Franchisee shall not use any of the Marks, or any parts thereof, in the name of the corporation, limited liability company or partnership involved in the operation of the Business, or as part of a website address.

C. Information Concerning the Business - Franchisee acknowledges that any information concerning the operation of the Business that it provides to the Company, including information as to patients of the Business, may be used by the Company and/or its affiliates in connection with the operation of its/their business, but that such information will be used in compliance with the duties and requirements set forth in all applicable laws, rules and regulations which govern the practice of pharmacy and all general privacy laws, including any laws limiting the sale or disclosure of such information to others.

SECTION X - INSURANCE/INDEMNIFICATION

A. Insurance - At all times during the term of this Agreement, Franchisee shall maintain in force, at its sole expense, general comprehensive public liability insurance against claims for bodily and personal injury, death and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, Franchisee; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the Business's building, equipment, signs, and inventory; workers' compensation insurance; and, if any motor vehicles are owned by the business, motor vehicle liability insurance. The insurance coverage shall be maintained under one or more policies of insurance containing the amounts and types of coverage from time to time described by the Company and insured by insurance companies acceptable to the Company. All liability insurance policies shall name the Company as an additional insured and shall provide that the Company receive thirty (30) days' prior written notice of termination, expiration, reduction, or cancellation of any such policy. Franchisee shall submit annually to the Company a copy of the certificate or other evidence of the renewal or extension of each such insurance policy. If Franchisee at any time fails or refuses to maintain any insurance coverage required by the Company, or fails to furnish satisfactory evidence thereof, the Company, at its option, in addition to its other remedies and rights hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by the Company in connection therewith shall be paid by Franchisee on demand.

B. Indemnification - Neither the Company nor Franchisee shall be obligated by any agreement, representation, or warranty (except warranties specifically authorized by the Company, if any) made by the other, nor shall the Company be obligated for damages to any person or property directly or indirectly arising out of the operation of the Business, or caused by Franchisee's negligence, willful action, or failure to act. Franchisee agrees to indemnify and defend the Company in any action, suit, proceedings, demand, investigation, or inquiry (formal or informal) wherein the liability of the Company is alleged or in which it is named as a party as a result of (i) any action the Company is authorized to take under this Agreement on behalf of Franchisee, or (ii) actions by Franchisee, or activities occurring on the premises of the Business, except to the extent such actions or activities were taken by Franchisee under the specific direction of the Company, whether required in this Agreement, in the Company's policies and procedures, or in any written directive from the Company to Franchisee. In the event such an action or claim is made against the Company, Franchisee shall indemnify and hold harmless the Company from all costs (including without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses), and from all amounts paid or incurred by the Company arising out of such action or claim. The Company shall have the right to defend any such claim against it. Such an

undertaking by the Company shall, in no manner or form, diminish Franchisee's obligation to indemnify the Company and to hold it harmless. The Company shall not be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. The indemnities and assumption of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

SECTION XI - INDEPENDENT CONTRACTOR

Franchisee is and shall be considered an independent contractor with entire control and direction of its business and operation, subject only to the conditions and obligations established by this Agreement. Franchisee shall conspicuously identify itself on the premises of the Business as a licensee of the Company. No agency, employment, or partnership is created by this Agreement. Franchisee's business is separate and apart from any that may be operated by the Company. Except to the extent the Company is specifically authorized under this Agreement to act as attorney-in-fact for Franchisee, neither party to this Agreement will have authority to act for the other in any manner, or to create obligations or debts binding on the others, and neither party will be responsible for any obligations or expenses whatsoever of the other.

SECTION XII - ENFORCEMENT

A. Waivers - The failure, neglect, or delay of either party to enforce or exercise its rights under this Agreement or under any applicable law or regulation shall not constitute a waiver or diminish such party's right to strictly enforce the provisions of this Agreement or such law or regulation; provided, however, that failure, neglect, or delay to exercise any right under this Agreement or as provided by law, or to insist upon full compliance by the other with its obligations under this Agreement or under state or federal laws or regulations, shall constitute a waiver of any default arising under this Agreement or under state or federal law, or of any claimed misrepresentation, and shall preclude exercise or enforcement of any right or remedy arising therefrom unless written notice of such default is provided by the nondefaulting or injured party to the other party within eighteen (18) months after such default occurs, or such right or cause of action accrues.

B. Governing Law - Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq., as amended), this Agreement and the construction thereof shall be governed by the laws of the State of Ohio.

C. Venue - Subject to Paragraph K below, each party agrees to submit to the exclusive jurisdiction of the state and federal courts of Ohio, located in Franklin County, Ohio, with respect to any dispute concerning this Agreement or the rights and obligations of the parties under this Agreement. Except as set forth in the last sentence of this paragraph, no litigation involving this Agreement or any aspect of the relationship between the parties or their agents or affiliates shall be commenced by any party except in the foregoing courts, nor shall any action commenced in the state courts of Ohio, be removed or transferred to any court other than the Federal District Court, Sixth Circuit, Ohio Southern District, and each of the parties consents to jurisdiction in such court. Notwithstanding the foregoing, the Company may, at its option, seek injunctive relief against Franchisee in the county in which the Business is located.

D. Legal Fees - If Franchisee breaches any of its obligations under this Agreement, it shall reimburse the Company for any legal fees the Company incurs in either enforcing Franchisee's obligations, or in seeking redress for such breach.

E. Waiver of Punitive Damages - If any action is commenced in relation to this Agreement or the relationship of the parties created under this Agreement, the Company and Franchisee (and the respective owners and guarantors, if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other, and against any affiliates, owners, employees, or agents of the other, and agree that in the event of a dispute between or among any of them, each shall be limited in the recovery of any damages to recovery of the actual damages sustained by it.

F. Waiver of Collateral Estoppel - The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between the Company and Franchisee. The Company and Franchisee therefore each agree that a decision of an arbitrator or court of law in litigation to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between the Company and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

G. Joint and Several Liability - If Franchisee forms a corporation, limited liability company, or limited partnership to operate the Business, such entity shall be considered jointly and severally liable with Franchisee for performance of the obligations of Franchisee under this Agreement to the same extent as if such entity had been a signator to this Agreement as Franchisee, and by accepting the use of the Marks in connection with the operation of its pharmacy, such entity shall be estopped from claiming that it is not jointly and severally liable for the obligations of Franchisee under this Agreement.

H. Waiver of Jury Trial - IF ANY LITIGATION IS COMMENCED IN RELATION TO THIS AGREEMENT, OR THE RELATIONSHIP OF THE PARTIES CREATED UNDER THIS AGREEMENT (EVEN IF OTHER PARTIES ARE INCLUDED IN SUCH LITIGATION), EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL. THIS WAIVER SHALL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION, INCLUDING BUT NOT LIMITED TO, CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN THE COMPANY AND FRANCHISEE (INCLUDING ANY OWNERS OR GUARANTORS, IF APPLICABLE, AND INCLUDING ACTIONS INVOLVING AFFILIATES, EMPLOYEES, OR AGENTS OF THE COMPANY OR FRANCHISEE).

I. Waiver of Class Action - If any litigation is commenced in relation to this Agreement or the relationship of the parties created under this Agreement, the Company and

Franchisee (and the respective owners and guarantors, if applicable) agree that such litigation will be individual actions between the Company and Franchisee, and will not be class actions, or include any other franchisees as named parties unless the Company and Franchisee each expressly agree.

J. Individual Litigation Requirement - If any litigation is commenced in relation to this Agreement or the relationship of the parties created under this Agreement, the Company and Franchisee (and the respective owners and guarantors, if applicable) agree that such litigation will be an individual action between the Company and Franchisee and will not include any other franchisees as named parties (including, but not limited to, any consolidated, joint, collective, or other group form of action) unless the Company and Franchisee each expressly agree.

K. Arbitration - If any court in which litigation is commenced in relation to this Agreement, or the relationship of the parties created under this Agreement, refuses to enforce Paragraph H relating to the waiver of jury trials and/or Paragraph I of this Section XII relating to the waiver of class actions and/or Paragraph J relating to individual litigation requirements, then the parties agree that all controversies, disputes or claims of any kind arising between the Company and/or its officers, directors, parents, affiliates, agents, employees or attorneys (in their representative capacity) and Franchisee and/or its shareholders, members, partners, officers, directors or employees, which are or become part of such litigation, shall be resolved through binding arbitration and the parties agree to dismiss such litigation and proceed to arbitration in accordance with this Paragraph. Such arbitration shall be undertaken pursuant to the following provisions:

(01) Except as set out herein or otherwise agreed in writing, the arbitration shall be heard by a single arbitrator in the City of Columbus, Ohio. The arbitrator appointed must have at least ten (10) years of experience as a franchisor (or employee of a franchisor), as a franchisee (or employee of a franchisee), or as an attorney who primarily represents or represented franchisors and/or franchisees.

(02) Except as otherwise provided in this Section XII, the arbitration shall be conducted under the auspices and then current rules applicable to arbitration of commercial disputes of the American Arbitration Association. It is the intention of the Company that state laws attempting to void out-of-state forum selection clauses for arbitration be pre-empted by the Federal Arbitration Act and that arbitration be held in Ohio as stated above, notwithstanding any other notice the Company may be required to provide to Franchisee suggesting that this clause is void or non-enforceable.

(03) The arbitrator must follow the substantive law and the requirements, waivers and limitations of this Agreement. Subject to the foregoing, the arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances including, without limitation, money damages (with interest on unpaid amounts from the due date), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator shall not award any relief not specifically requested by the parties, and in any event, shall not award exemplary or punitive damages. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the

arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand.

(04) Both the Company and Franchisee shall be bound by the applicable provisions of any statute of limitations under Ohio law. In addition, both parties shall be bound by (i) the provisions of Rule 13 of the Federal Rules of Civil Procedure with respect to compulsory counterclaims (as the same may be amended from time to time), provided any such compulsory counterclaim shall be filed within thirty (30) days of the filing of the original claim and (ii) the Federal Rules of Evidence.

(05) This agreement to arbitrate shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The arbitration shall be conducted on an individual, not a class-wide basis.

(06) With respect to discovery procedures preceding any hearing in arbitration, unless otherwise agreed by all the parties to the action:

a. The parties shall exchange requested financial documentation, including balance sheets, banking documentation, invoices, and correspondence reasonably calculated to determine the financial results of the operation of the Business;

b. The parties shall exchange all operating files and correspondence with respect to the operation of the Business;

c. The parties shall be entitled to take up to five (5) depositions each, including a deposition under the conditions set out in Rule 30(b)(6) of the Federal Rules of Civil Procedure;

d. The parties shall be entitled to exchange interrogatories not exceeding ten (10) in number, including sub-parts.

(07) Any award from the arbitrator may be appealed under the Optional Rules of the American Arbitration Association.

(08) The final award in arbitration shall be conclusive and binding upon the Company and Franchisee and judgment upon the award may be entered in any court of competent jurisdiction. Any contest or motion for *vacatur* of each such award shall be in the United States District Court for the Southern District of Ohio, unless such Court shall lack jurisdiction, in which case such matter shall be heard in the Circuit Court for Franklin County, Ohio. Without limiting the foregoing, the Company and Franchisee shall be entitled in or after any such arbitration proceeding to the entry of an order by a court of competent jurisdiction pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this Agreement.

(09) It is the intent of the parties that this agreement to arbitrate disputes shall be interpreted and applied broadly such that all reasonable doubts as to arbitrability of a dispute be decided in favor of arbitration. This agreement to arbitrate includes, but is not limited to, all disputes arising from or relating to this Agreement and its formation, all

ancillary agreements, contracts, leases, guarantees and promissory notes, and any and all other agreements or matters arising between the Company and Franchisee and includes all disputes regardless of the theory of liability.

(10) If, after the Company or Franchisee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or to proceed to litigate all claims, counterclaims or defenses in a venue permitted under this Agreement. The decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

SECTION XIII – TERM

A. Term - This Agreement shall become effective as of the date hereof and shall expire five (5) years after the date of this Agreement. Notwithstanding the foregoing, if this Agreement is being signed in connection with the transfer of an existing Business that was operated under a franchise agreement or franchise license agreement with the Company, the term of this Agreement shall expire on the date that the franchise agreement or franchise license agreement that existed for the Business prior to such transfer would have expired, unless otherwise agreed by the parties in writing.

B. Renewal Rights - Upon expiration of any expiring term, this Agreement shall automatically renew for an additional term of five (5) years, unless either party has given notice to the other, at least six (6) months prior to the end of an expiring term, that it does not wish to renew this Agreement for any reason. In addition, the Company may, at any time prior to expiration of this Agreement, require Franchisee to execute a new franchise agreement in the form then being used by the Company in the grant of new franchises to use the Marks, as a condition to Franchisee being permitted to renew the Franchise. The terms of any such agreement may be significantly different than the terms set forth in this Agreement. Failure of Franchisee to execute that agreement within thirty (30) days after receipt shall be deemed an election not to continue as a licensee or franchisee following expiration of this Agreement. Franchisee acknowledges, however, that the initial term of this Agreement, without any right of renewal, provides Franchisee more than a sufficient opportunity to recoup its investment in the License, as well as a reasonable return of that investment.

SECTION XIV – MISCELLANEOUS

A. Entire Agreement - This Agreement contains the entire agreement of the parties and supersedes any oral or written representations (except for or other than those contained in the Franchise Disclosure Document which Franchisee acknowledges receiving at least fourteen (14) calendar days prior to Franchisee's execution of this Agreement or the payment of any monies due to the Company in connection with this Agreement, as nothing in this Agreement or any related agreement is intended to disclaim the representations the Company made in that Franchise Disclosure Document), inducements, or promises not contained herein and may not be modified except in writing signed by the party against whom enforcement is sought. Without

limiting the foregoing, the Company expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guaranty, expressed or implied, as to the potential or probable revenues, profits or success of the Business.

B. Binding Effect - This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company and upon the permitted successors, executors, or other personal representatives of Franchisee. Assignment or expiration or lapse of time or earlier termination of this Agreement shall not affect continuing covenants, duties, and obligations contained herein, nor the indemnity provided in Section X of this Agreement.

C. Time - Time is of the essence of this Agreement.

D. Consent to Communications - Each of the parties consents to receive communications sent by or on behalf of the other, or by or on behalf of any affiliates of the other, via regular mail, email, overnight mail, personal delivery, telephone, fax or other means; provided, however, that formal notices shall only be considered effective when delivered in accordance with the provisions of Paragraph G of this Section XIV.

E. Headings - All headings and titles contained in this Agreement are for reference only and shall not be considered a part of this Agreement.

F. The Company's Business Interests - Franchisee acknowledges that the Company and its affiliates have their own business interests that are not intended to be restricted by this Agreement. Except as expressly provided in this Agreement, the Company and its affiliates may pursue their own business interests without obligation to, and irrespective of, the impact of its actions upon Franchisee or the Business. These actions include, but not by way of limitation, ownership, operation or disposition of its own pharmacies or other businesses, whether or not similar to or compatible with the Business, and the sale of products (including pharmaceutical products) through other methods of distribution.

G. Notices - All notices required or permitted to be given under this Agreement shall be deemed effective when delivered by hand, when sent by facsimile, one (1) business day after sent by a national overnight courier for next business delivery, or four (4) days after placed in the United States mail by registered or certified mail, postage prepaid. In all cases in which notices are sent by facsimile, they must be sent, in the case of a notice to Franchisee, to a facsimile machine located in the Business, and in the case of a facsimile to the Company, to the principal facsimile number used by the Company for the receipt of facsimile transmissions. In all other cases in which delivery is made other than by personal delivery, delivery shall be deemed to be completed at the time indicated above when the notice is addressed to Franchisee at the principal location of the Business, or any other address provided to the Company by Franchisee prior to the opening of the Business or to the Company at its principal business address, or at such other address of which the notifying party has been notified.

(Remainder of page left intentionally blank -
this Agreement continues with the Rider that follows)

RIDER TO FRANCHISE AGREEMENT

The Company:

Medicine Shoppe International, Inc., a Delaware corporation
Medicap Pharmacies Incorporated, an Iowa corporation

Primary Mark: The Medicine Shoppe®
Medicap Pharmacy®

Confusingly Similar Names Medicine Shoppe®: Medicine, Med, Medi, Shop, Shoppe, Store
Medicap Pharmacy®: Medicine, Med, Medi

Location:

Franchisee acknowledges that this Agreement contains a jury waiver clause in Section XII – ENFORCEMENT, under which both the Company and Franchisee waive any right to a jury trial.

IN WITNESS WHEREOF, the parties have executed this Agreement, to become effective as of the date listed on the first page of this Agreement.

FRANCHISEE:
[INSERT FRANCHISEE NAME]

THE COMPANY:
MEDICINE SHOPPE
INTERNATIONAL, INC., a
Delaware corporation
MEDICAP PHARMACIES,
INCORPORATED, an Iowa
corporation

By: _____

Name: _____

Title (if an entity): _____

Executed on: _____

By: _____

Name: _____

Title: _____

Executed on: _____

EXHIBIT A-2

GUARANTY

GUARANTY

IN CONSIDERATION for, and as an inducement for [Medicine Shoppe International, Inc.][Medicap Pharmacies Incorporated] (the “Company”) to enter into the Franchise Agreement to which this Guaranty is attached (the “Franchise Agreement”), the undersigned hereby jointly and severally guarantee to the Company and to the Company’s successors and assigns the payment of all fees required to be paid to the Company or its affiliates by Franchisee identified in the Franchise Agreement, whether provided for in the Franchise Agreement or under any other agreement between the Company and Franchisee, and the performance by Franchisee of all of the provisions of such agreements. The undersigned further specifically agree to be individually bound by all covenants, obligations and commitments of Franchisee contained in the Franchise Agreement to the same extent as if each of the undersigned had individually executed the Franchise Agreement as Franchisee.

The undersigned understand and agree that any modification of the Franchise Agreement, including any addendum or addenda thereto, or waiver by the Company of the performance by Franchisee of its obligations thereunder, or the giving by the Company of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of the Company or any failure by the Company to enforce any of its rights under the Franchise Agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, or affected or diminished. Notice to the undersigned of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived. This Guaranty shall be enforceable upon ten (10) days’ written notice by the Company to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda thereto, and any other agreement between the Company and Franchisee.

The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement, in whole or in part, that the Company or its successors may make.

Dated: _____

Dated: _____

Dated: _____

EXHIBIT A-3

STATE SPECIFIC ADDENDUM (IF APPLICABLE)

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of California:

The California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20044) provides franchisees with additional rights concerning termination, transfer and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of termination, transfer and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Section 20000 through 20044).

3. The Franchise Agreement requires application of the laws and forum of Ohio. These provisions may not be enforceable under California law.

4. California Civil Code Section 1671 has statutes which restrict or prohibit the imposition of liquidated damage provisions.

5. The provisions of the Franchise Agreement which waive punitive damages and trial by jury may not be enforceable in California under current court decisions which may supersede the Franchise Agreement.

6. The second paragraph of the Recitals of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee desires to operate a pharmacy business identified by the Primary Mark and using such other names and logos as may be identified by the Company (collectively with the Primary Mark, the "**Marks**"), with access to the core package of services the Company has arranged to make available to members of the Franchised Network, as they may be modified from time to time, and such other support and systems that the Company may offer to Franchisee from time to time. Franchisee understands and accepts that the terms, conditions and covenants contained in this Agreement are reasonably necessary to maintain the standards of quality and service promoted by the Company and to protect and preserve the

goodwill of the Marks. In reliance upon the representations and acknowledgements made by Franchisee, the Company has agreed to grant to Franchisee the license represented by this Agreement (the “**License**”) upon the terms and conditions hereinafter set forth:

7. Section II(J)(01) of the Franchise Agreement is amended by replacing the phrase “remove samples of any products, materials and supplies for testing and analysis” with “[Intentionally Omitted]”.

8. The second sentence of Section XIV(A) of the Franchise Agreement is hereby deleted.

9. Cal. Corp. Code § 31512.1 states:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor of its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. Based upon the financial condition of the Company’s guarantor, the California Department of Financial Protection and Innovation has required a financial assurance. Therefore, all initial fees and payments owed to the Company by Franchisee shall be deferred until the Company completes its pre-opening obligations under the Franchise Agreement and Franchisee is open for business.

12. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law, with respect to each such provision, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Hawaii:

The Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. The second paragraph of the Recitals of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee desires to operate a pharmacy business identified by the Primary Mark and using such other names and logos as may be identified by the Company (collectively with the Primary Mark, the “**Marks**”), with access to the core package of services the Company has arranged to make available to members of the Franchised Network, as they may be modified from time to time, and such other support and systems that the Company may offer to Franchisee from time to time. Franchisee understands and accepts that the terms, conditions and covenants contained in this Agreement are reasonably necessary to maintain the standards of quality and service promoted by the Company and to protect and preserve the goodwill of the Marks. In reliance upon the representations and acknowledgements made by Franchisee, the Company has agreed to grant to Franchisee the license represented by this Agreement (the “**License**”) upon the terms and conditions hereinafter set forth:

2. The second sentence of Section XIV(A) of the Franchise Agreement is hereby deleted.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law, with respect to each such provision, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Medicap Pharmacy[®] franchises offered and sold in the state of Illinois:

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Based upon the Franchisor's financial condition, the Illinois Attorney General has required a financial assurance. Therefore, we secured a surety bond in the amount of \$182,700 from Federal Insurance Company. A copy of the bond is on file at the Office of the Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62701.

Item 3 of the Franchise Disclosure Document contains extensive disclosures regarding litigation involving Medicap Pharmacies Incorporated and its subsidiaries. Be sure to review Item 3 with your business advisor or attorney.

There is NO formal training program for this franchise opportunity.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE INDIANA FRANCHISE DISCLOSURE LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Indiana:

The Indiana Addendum is only applicable if you are a resident of Indiana or your business will be located in Indiana.

1. Paragraph A(06) of Section VIII of the Agreement is hereby deleted in its entirety.

2. Paragraph B of Section XII is hereby amended by addition of the following language:

Provided, however, any limitation of action is subject to the superseding provisions of Ind. Code § 23-2-2.5-30 and Ind. Code § 23-2-2.7-7.

3. Paragraphs E, F and H of Section XII of the Agreement are hereby deleted in their entirety.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

The following provisions shall amend the Medicap Pharmacies Incorporated Franchise Agreement and apply to (a) any Medicap Pharmacy[®] franchise offered for sale from Maryland, (b) any offer to purchase a Medicap Pharmacy[®] franchise that is accepted in Maryland, (c) residents of Maryland, and (d) Medicap Pharmacy[®] franchises to be operated in Maryland:

1. The second paragraph of the Recitals of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee desires to operate a pharmacy business identified by the Primary Mark and using such other names and logos as may be identified by the Company (collectively with the Primary Mark, the “**Marks**”), with access to the core package of services the Company has arranged to make available to members of the Franchised Network, as they may be modified from time to time, and such other support and systems that the Company may offer to Franchisee from time to time. Franchisee understands and accepts that the terms, conditions and covenants contained in this Agreement are reasonably necessary to maintain the standards of quality and service promoted by the Company and to protect and preserve the goodwill of the Marks. In reliance upon the representations and acknowledgements made by Franchisee, the Company has agreed to grant to Franchisee the license represented by this Agreement (the “**License**”) upon the terms and conditions hereinafter set forth:

2. Section VIII of the Franchise Agreement is revised to provide that the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section XII of the Franchise Agreement is revised to include the following language:

Notwithstanding the provisions of this section, the Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Section XII of the Franchise Agreement is revised to provide that Ohio law generally applies, however, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland laws, and we will comply with that law in Maryland.

5. The second sentence of Section XIV(A) of the Franchise Agreement is hereby deleted.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. The Company will comply with Minn. Stat. Section 80C.14, subs. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The Franchise Agreement is revised to include the following:

To the extent required by the Minnesota Franchise Act, the Company will protect the Franchisee's rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the Franchisee's use of the marks, provided the Franchisee is using the Marks in accordance with this Agreement.

4. The Company shall not require the Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. The Company shall comply with Minnesota Statute Section 80C.17 Subd. 5 with respect to limitation of claims.

6. NSF checks are governed by Minnesota Statute 604.113, which puts a limit of \$30 on service charges.

7. The Franchisee cannot consent to the Company obtaining injunctive relief. The Company may seek injunctive relief. A court will determine if a bond is required.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of New York:

The New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Any provision in the Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680-695 may not be enforceable.

2. Paragraph A of Section IV of the Franchise Agreement is revised to include the following:

Revisions to any manual will not unduly affect your obligations, including economic requirements, under this Agreement.

3. Paragraph A of Section VI of the Franchise Agreement is revised to include the following:

The Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.

4. Paragraph A of Section VIII of the Franchise Agreement is revised to include the following:

Any provision in this Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

5. Paragraph B of Section VIII of the Franchise Agreement is revised to include the following:

The Company will not make an assignment, except to an assignee who, in the Company's good faith judgment, is willing and able to assume its obligations under the Agreement.

6. Paragraph B of Section XII of the Franchise Agreement is revised to include the following:

"The foregoing choice of forum should not be considered a waiver of any right conferred upon either Medicap Pharmacies

Incorporated or upon you by Article 33 of the General Business Law of the State of New York.”

7. Paragraph C of Section XII of the Franchise Agreement is revised to include the following:

“The foregoing choice of law should not be considered a waiver of any right conferred upon either Medicap Pharmacies Incorporated or upon you by Article 33 of the General Business Law of the State of New York.”

8. Paragraphs E, F, and H of Section XII of the Franchise Agreement are revised to include the following language:

Provided, however, that all rights arising under the Franchisee’s favor from the provisions of Article 33 of the General Business Law (GBL) of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Paragraph A of Section III of the Franchise Agreement is amended by the addition of the following language:

Based upon the franchisor's financial condition, the North Dakota Insurance Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$182,700 from Federal Insurance Company. A copy of the bond is on file at the North Dakota Insurance & Securities Department, 600 E. Boulevard Avenue, 5th Floor, Bismarck, ND 58505.

2. The North Dakota Insurance Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to include certain provisions within a franchise agreement. In recognition of North Dakota Franchise Investment Law and the rulings of the North Dakota Insurance Commissioner, the Franchise Agreement is amended as follows:

a. Any references in the Franchise Agreement to any requirement that the franchisee consents to termination penalties or liquidated damages are deleted.

b. Any claims arising under North Dakota law will be governed by the laws of the State of North Dakota.

c. Any references in the Franchise Agreement to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

d. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

e. Any references in the Franchise Agreement to any requirement that the franchisee consents to a waiver of exemplary and punitive damages are deleted.

f. Any references in the Franchise Agreement to any requirement that the franchisee consents to a waiver of trial by jury are deleted.

g. Any references in the Franchise Agreement to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Rhode Island:

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS
REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Franchise Agreement and related agreements, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Virginia:

The Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title: _____
Executed on: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rule or order thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason

during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Changes to Franchise Agreement.**

- (i) The second paragraph of the Recitals of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee desires to operate a pharmacy business identified by the Primary Mark and using such other names and logos as may be identified by the Company (collectively with the Primary Mark, the “**Marks**”), with access to the core package of services the Company has arranged to make available to members of the Franchised Network, as they may be modified from time to time, and such other support and systems that the Company may offer to Franchisee from time to time. Franchisee understands and accepts that the terms, conditions and covenants contained in this Agreement are reasonably necessary to maintain the standards of quality and service promoted by the Company and to protect and preserve the goodwill of the Marks. In reliance upon the representations and acknowledgements made by Franchisee, the Company has agreed to grant to Franchisee the license represented by this Agreement (the “**License**”) upon the terms and conditions hereinafter set forth:

- (ii) The second sentence of Section XIV(A) of the Franchise Agreement is hereby deleted.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated _____

FRANCHISEE:
[INSERT LICENSEE NAME]

THE COMPANY:
MEDICAP PHARMACIES
INCORPORATED, an Iowa corporation

By: _____
Name: _____
Title (if an entity): _____
Executed on: _____

By: _____
Name: _____
Title: _____
Executed on: _____

4927-4000-8538, v. 3

EXHIBIT A-4

INVENTORY PURCHASE ADDENDUM

INVENTORY PURCHASE ADDENDUM

This Addendum is made as of the ____ day of _____, _____, between the entity designated below as “the Company” and the party designated below as “Franchisee”.

RECITALS

The Company and Franchisee entered into a Franchise Agreement dated the ____ day of _____, _____ (the “Franchise Agreement”), under which Franchisee agreed to operate a pharmacy business under the “Primary Mark,” as identified in the Franchise Agreement. Pursuant to Paragraph F of Section II of the Franchise Agreement, Franchisee is permitted to purchase inventory for the Business from any source that is able to provide appropriate inventory to meet the needs of the Business. However, the Company has made arrangements with its affiliates, that will allow Franchisee, if it chooses to do so, to purchase substantially all inventory for the Business from affiliates of the Company in consideration for a significant reduction in the continuing license fee payable to the Company by Franchisee. Franchisee has advised the Company that it desires to take advantage of this opportunity pursuant to the terms of this Addendum. Thus, at the request of Franchisee, and in consideration of the premises and agreements set forth herein, the Company and Franchisee agree as follows:

1.) Continuing License Fees – The first two sentences of Paragraph B of Section III of the Franchise Agreement are hereby deleted and replaced by the following:

Franchisee shall pay to the Company a monthly continuing license fee of Five Hundred Ninety-nine Dollars (\$599) per month. The Company may increase the amount of the continuing license fee, on November 1 of each year, beginning November 1, 2025, to reflect inflation according to the changes in the Consumer Price Index -- All Items 1982-84 = 100 (the “Index”) published by the Bureau of Labor Statistics, U.S. Department of Labor, or its successors, or in the event the Index is no longer published, by any other comparable instrumentality the Company selects of tracking inflation in the United States. The increase shall be based on the increase in the Index for the most recent twelve (12) months ended August 31 of each year, and such increase will take effect on November 1. This fee is due within thirty (30) days of the date of the monthly invoice for such fees issued by or on behalf of the Company. Franchisee must also pay the full amount of the continuing license fee for the last month of the term of the Franchise Agreement, regardless of the actual expiration or termination date of the Franchise Agreement.

2.) Inventory Purchases – In consideration of the Company’s reduction of the continuing license fee as set forth above, the second and third sentences of Paragraph F of Section II of the Franchise Agreement are hereby deleted and replaced by the following:

Franchisee shall enter into an agreement or Company approved buying group arrangement with the Company’s selected supplier(s) of pharmaceutical inventory and shall at all times comply with the credit, regulatory and other minimum requirements established from time to time by the Company’s selected supplier(s). Franchisee shall purchase not less than 95% of its pharmaceutical inventory from the Company’s selected supplier(s); provided, however, that if Franchisee enters into a purchasing arrangement with a Company approved buying group under which the pharmaceutical purchasing obligation is less than 95%, then Franchisee shall be required only to comply with the buying group’s pharmaceutical purchasing obligation. The selected source of supply for any individual item may be the Company, an affiliate of the Company, or an independent contractor.

(i) Notwithstanding the foregoing, if Franchisee is a part of a pharmaceutical buying group that has a contract with Cardinal Health, Inc., or its affiliates, that requires it to purchase less than ninety-five percent (95%) of its pharmaceutical inventory from Cardinal Health, Inc., or its affiliates, then Franchisee need only comply with the pharmaceutical purchase obligations under that buying group's contract to fulfill its obligations under this provision.

(ii) Franchisee acknowledges that the Company is entering into this Addendum, at Franchisee's request, pursuant to which Franchisee will pay a significantly lower fixed monthly continuing license fee in exchange for Franchisee's voluntary commitment to comply with the purchase requirements of this Paragraph 2.

(iii) Failure of Franchisee at any time to meet these purchase requirements shall constitute a material breach of this Addendum, entitling the Company to terminate this Addendum, retroactive to the date Franchisee ceased purchasing the minimum requirements set forth herein. Should the Company terminate this Addendum for such purchases, Franchisee shall immediately pay to the Company the difference between the continuing license fees paid under this Addendum, and the fees payable under the Franchise Agreement from and after the effective date of termination of this Addendum.

3.) Effect of Addendum – This Addendum shall be considered an addendum to, and a part of the Franchise Agreement, and shall be governed by all of the terms of the Franchise Agreement. Any breach of this Addendum shall be considered a breach of the Franchise Agreement and shall entitle the non-breaching party to exercise all remedies provided for in the Franchise Agreement. All capitalized terms used in this Addendum that are not otherwise defined shall have the meaning ascribed thereto in the Franchise Agreement. Except as specifically modified by this Addendum, each of the parties hereby ratifies and reaffirms their respective obligations under the Franchise Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____

Name: _____

Title (if an entity): _____

THE COMPANY:
[MEDICAP PHARMACIES,
INCORPORATED, an Iowa]
[MEDICINE SHOPPE INTERNATIONAL,
INC., a Delaware] corporation

By: _____

Name: _____
Title: _____

EXHIBIT A-5

CO-BRAND ADDENDUM

CO-BRAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum is made as of the ____ day of _____, _____, between the entity designated below as “the Company” and the party designated below as “Franchisee”.

RECITALS

The Company and Franchisee entered into a Franchise Agreement dated the ____ day of _____, _____ (the “Franchise Agreement”), under which Franchisee agreed to operate a pharmacy business under the “Primary Mark,” as identified in the Franchise Agreement. Pursuant to Paragraph D of Section II of the Franchise Agreement, Franchisee is only permitted to use another name, mark, or logo in connection with the Business, if permitted by the Company, and then only in such manner as is specifically authorized in writing by the Company. Franchisee has requested such consent from the Company, and the Company has agreed to permit Franchisee to use another name, mark, and/or logo in connection with the Business, as specifically provided for herein. Thus, in consideration of the premises and agreements set forth herein, the Company and Franchisee agree as follows:

1.) Additional Name, Mark, Logo or Insignia – The Company hereby consents to the use by Franchisee of the name, mark, and/or logo specified in this Section 1 (the “Permitted Marks”) in connection with the operation of the Business, provided Franchisee does so only in accordance with the Company’s standards and guidelines, as established by the Company from time to time in its sole discretion. Franchisee acknowledges, however, that the Permitted Marks do not replace the Primary Mark, and at all times, the Business must be operated under the Primary Mark, and must be principally identified by the Primary Mark.

Permitted Marks: _____

If Franchisee fails to comply with any of the Company’s standards and guidelines in connection with the use of the Permitted Marks, the Company may terminate this consent, in which case Franchisee must cease use of the Permitted Marks in the promotion or operation of the Business within thirty (30) days following receipt of notice of termination of the consent.

2.) Effect of Addendum – This Addendum shall be considered an addendum to, and a part of the Franchise Agreement, and shall be governed by all of the terms of the Franchise Agreement. Any breach of this Addendum shall be considered a breach of the Franchise Agreement and shall entitle the non-breaching party to exercise all remedies provided for in the Franchise Agreement. All capitalized terms used in this Addendum that are not otherwise defined shall have the meaning ascribed thereto in the Franchise Agreement. Except as specifically modified by this Addendum, each of the parties hereby ratifies and reaffirms their respective obligations under the Franchise Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISEE:
[INSERT LICENSEE NAME]

By: _____

Name: _____

Title (if an entity): _____

THE COMPANY:
[MEDICAP PHARMACIES,
INCORPORATED, an Iowa]
[MEDICINE SHOPPE INTERNATIONAL,
INC., a Delaware] corporation

By: _____

Name: _____

Title: _____

EXHIBIT B

MEDICINE SHOPPE INTERNET® ENROLLMENT GUIDE

LeaderNET/MSInterNet Electronic Enrollment

Change of Ownership Remaining on LeaderNET/MSInterNet

When a pharmacy is going through a new change of ownership, notify LeaderNET/MSInterNet through Pharmacy Solutions Electronic Enrollment.

How does the new ownership enroll in LeaderNET/MSInterNet?

1. Access the LeaderNET/MSInterNet Electronic Enrollment (EE) page [here](#)
 - a. If that does not work, enter <https://pharmacyservices.cardinalhealth.com/> into your internet browser
 - b. Click on **Pharmacy Solutions Enrollment**
2. On the left-hand side under the **Managing Care and Reimbursements** section, click on **PSAO Services**
3. Click on **Change Enrollment** next to the intended NCPDP number

PSAO Services ([for program info](#)) **Engagement Form**

NCPDP	CIN	Status	Effective Dates	Action
		Active	4/22/2020	Change Enrollment

Page 1 of 7 View 1 - 10 of 70

4. Select **Change of ownership**, then click **Next**

Do you wish to Change or Terminate?

- Change of ownership**
- Other Change
- Terminate

Back **Next**

5. The required fields, which are indicated with an asterisk (*), must be completed prior to submitting the change of ownership notification

PSAO Services : Change Ownership Form

In order to submit change of ownership, please enter value for all fields below and click 'Submit Form'. All values entered should correspond to the new owner.

Pharmacy DBA Name*	Pharmacy Order Express User ID*	Type of Ownership change *
<input type="text"/>	<input type="text"/>	<input type="text"/>
New Ncpdp*	DEA*	Cardinal Division #* Cardinal Account #*
<input type="text"/>	<input type="text"/>	<input type="text"/> <input type="text"/>
Contact Name*	Contact Phone Number*	Contact Email *
<input type="text"/>	<input type="text"/>	<input type="text"/>

Back **Submit**

6. LeaderNET will be notified of your change of ownership. Once LeaderNET/MSInterNet accepts the notification, the pharmacy will be able to access the online application by selecting **Change Enrollment** again.
7. Complete the online application with the new ownership information

- Once the online application is complete, select the acknowledgement at the bottom of the page and click **Next** to review your entered data.

→ Click to acknowledge: If not already contacted, please contact Caremark and Express Scripts to establish provider agreements. Please reference the onboarding email sent from ManagedCareSMC@cardinalhealth.com for contact information

[What to expect during your LeaderNET enrollment](#)



- Click **Submit** to send your completed application to LeaderNET/MSInterNet to review.

I am unable to access the LeaderNET/MSInterNet Online Application after notifying LeaderNET of the change of ownership

LeaderNET/MSInterNet must acknowledge your Change of ownership notification. Once acknowledged, the online application will be accessible.

Helpful tips for completing the LeaderNET/MSInterNet Online Application

- The online application auto-populates based on Cardinal Health and/or NCPDP Online data. If any information needs corrected, the fields are editable. Edit by clicking on the field, removing the incorrect data, and typing the new data.
 - Ensure to enter the new ownership pharmacy data
- Select the pharmacy location's county
- Enter the pharmacy's email address
 - The pharmacy will receive this prompt each time the form is accessed during the onboarding process. This ensures that we maintain an accurate email address for the pharmacy.

PHARMACY INFORMATION

Pharmacy DBA Name *		
<input type="text"/>		
Pharmacy Legal Name *		
<input type="text"/>		
Street Address 1 *	Street Address 2	City *
<input type="text"/>	<input type="text"/>	<input type="text"/>
State *	Zip Code *	County *
<input type="text"/>	<input type="text"/>	<input type="text"/>
Mailing Address 1 *	Mailing Address 2	Mailing City *
<input type="text"/>	<input type="text"/>	<input type="text"/>
Mailing State *	Mailing Zip Code *	Pharmacy Phone # *
<input type="text"/>	<input type="text"/>	<input type="text"/>
Pharmacy Fax # *	Pharmacy Type *	After Hours Phone #
<input type="text"/>	<input type="text"/>	<input type="text"/>
Pharmacy E-mail Address *	Pharmacy Business Consultant (PBC) *	
<input type="text"/>	<input type="text"/>	
Pharmacy Management System *	Switch *	
<input type="text"/>	<input type="text"/>	

Miles from the closest retail pharmacy* (This includes any retail pharmacy i.e., chain, retail independent, grocery, etc)

0-14
 By selecting 15 and above, your pharmacy will be considered for rural rate contracts based on PBM standards.

Services Provided by the Pharmacy *

Compounding Specialty Mail Order 340 B Do not provide these services

- Appropriately select your **Pharmacy Type**

→ Pharmacy Type *

- Chain Drug Store
- Clinic
- Closed Door
- Community Retail
- Hospital
- Other

- The form allows for multiple owners to be entered. Click on **Add More Owners** to add an additional line of fields.
 - The form currently does not have a "remove" feature. Please only click Add More Owners as necessary.

OWNERSHIP & STAFF INFORMATION

[Add More Owners](#)

First Name * owner1 owner2	Last Name * owner1 owner2	Ownership % * 50 50
Pharmacist in Charge - First Name * pic	Pharmacist in Charge - Last Name * pic	Pharmacist License # *

6. Medicare ID numbers must be 10 digits. Please enter any leading "0"s.
7. Upload documents by selecting the type of document from the dropdown provided and click **Choose File**
 - a. The same document file name cannot be uploaded more than once

Please upload all required documents (All documents with "*" are mandatory)

Select the document

▼

- DEA License
- State License
- Fed Tax ID
- NPI Confirmation
- Pharmacist In Charge
- Certificate of Liability
- Power of Attorney
- Other Document

Choose File | No file chosen

Click to Delete

remark and Express Scripts to establish provider agreements.
@cardinalhealth.com for contact information

8. If the enrollment form does not allow you past **Next**, please review the errors at the top of the page before continuing. Once all errors are corrected, click **Next** again and then **Submit**.

LeaderNET/MSInterNet Electronic Enrollment

Enrolling Pharmacy in LeaderNET/MSInterNet

Enrolling in LeaderNET/MSInterNet is easy now that it is available through the Cardinal Health's Electronic Enrollment platform.

How do I enroll in LeaderNET/MSInterNet?

Your sales rep will complete a LeaderNET/MSInterNet Engagement Form. The LeaderNET/MSInterNet onboarding team will then review your pharmacy information to ensure the pharmacy is a good fit for LeaderNET. Once approved, the contact email provided will be notified that you are able to Begin Enrollment.

What are the steps to Begin Enrollment?

1. Access the LeaderNET/MSInterNet Electronic Enrollment (EE) page [here](#)
 - a. If that does not work, enter <https://pharmacyservices.cardinalhealth.com/> into your internet browser
 - b. Click on **Pharmacy Solutions Enrollment**
2. On the left-hand side under the **Managing Care and Reimbursements** section, click on **PSAO Services**
3. Click on **Begin Enrollment** next to the intended NCPDP



4. Fill out the enrollment form in it's entirety and submit

I am unable to access the LeaderNET/MSInterNet Online Application after clicking on Begin Enrollment

Your sales rep must first complete and submit a LeaderNET/MSInterNet Engagement Form to notify our onboarding team of your intent to enroll in LeaderNET. This process is referred to in the below pop up message box:



If your sales rep did submit the Engagement Form, it is then in queue to be reviewed by the Onboarding Team. Upon acceptance, the pharmacy will be notified and will then be able to access **Begin Enrollment**. In the instance an Engagement Form is rejected, a rejection notification will instead be sent.

Helpful tips for completing the LeaderNET/MSInterNet Enrollment Form

1. The online application auto-populates based on Cardinal Health and/or NCPDP Online data. If any information needs corrected, the fields are editable. Edit by clicking on the field, removing the incorrect data, and typing the new data.
2. Select the pharmacy location's county
3. Enter the pharmacy's email address
 - a. This will be prompted of the pharmacy whenever accessing this form during the onboarding process and as an active LeaderNET/MSInterNet customer. This ensures that we maintain an accurate email address for the pharmacy.

PHARMACY INFORMATION

Pharmacy DBA Name *

Pharmacy Legal Name *

Street Address 1 * Street Address 2 City *

State * Zip Code * **County ***

Mailing Address 1 * Mailing Address 2 Mailing City *

Mailing State * Mailing Zip Code * Pharmacy Phone # *

Pharmacy Fax # * Pharmacy Type * After Hours Phone #

Pharmacy E-mail Address *

Pharmacy Business Consultant (PBC) *

Pharmacy Management System * Switch *

Miles from the closest retail pharmacy* (This includes any retail pharmacy i.e., chain, retail independent, grocery, etc)

Services Provided by the Pharmacy *

Compounding Specialty Mail Order 340 B Do not provide these services

4. Appropriately select your Pharmacy Type

Pharmacy Type *

Chain Drug Store
Clinic
Closed Door
Community Retail
Hospital
Other

5. The application allows for more than one owners to be entered. Click on **Add More Owners to add an additional line of fields.**

a. The form currently does not have a “remove” feature. Please only click Add More Owners as necessary.

OWNERSHIP & STAFF INFORMATION **Add More Owners**

First Name *	Last Name *	Ownership % *
owner1	owner1	50
owner2	owner2	50

Pharmacist in Charge - First Name *	Pharmacist in Charge - Last Name *	Pharmacist License # *
pic	pic	

6. Medicare ID numbers must be 10 digits. Please enter any leading “0”s.

7. Document uploads are not required if the pharmacy is enrolling as Start-up, Change of PSAO, or Coming from Direct Contracts scenarios. LeaderNET/MSInterNet onboarding will utilize your NCPDP Online profile for these documents. Therefore, your profile must be complete and up-to-date.

a. If uploading documents, select the type of document from the dropdown provided and click **Choose File**

i. The same document file name cannot be uploaded more than once

Please upload all required documents (All documents with "*" are mandatory)

Select the document

Choose File | No file chosen

Click to Delete

DEA License
State License
Fed Tax ID
NPI Confirmation
Pharmacist In Charge
Certificate of Liability
Power of Attorney
Other Document

Caremark and Express Scripts to establish provider agreements.
@cardinalhealth.com for contact information

8. The application will not submit with selecting the acknowledgement

Click to acknowledge: If not already contacted, please contact Caremark and Express Scripts to establish provider agreements. Please reference the onboarding email sent from ManagedCareSMC@cardinalhealth.com for contact information

[What to expect during your LeaderNET enrollment](#)

Back Save For Later Next

9. Click **Next to review your entered data and **Submit** the online application**

- a. If the enrollment form does not allow you past **Next**, please review the errors at the top of the page before continuing. Once all errors are corrected, click **Next** again.

I am still having issues with completing the online application

If you are still experiencing issues with filling out and submitting the LeaderNET/MSInterNet online application, please contact the LeaderNET/MSInterNet Onboarding Team by email at ManagedCareOnboarding@cardinalhealth.com.

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

Business Associate Agreement

This **Business Associate Agreement** ("Agreement") is made and is effective as of the effective date specified on the signature page (the "Effective Date"), by and between the applicable Cardinal Health entity(ies) identified on the signature page (collectively, "Cardinal Health") and the undersigned customer/covered entity ("Covered Entity"). Capitalized terms used, but not otherwise defined, in this Agreement shall have the respective meanings assigned to such terms by the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act and their implementing regulations as amended from time to time (collectively, "HIPAA").

In the performance of one or more agreements entered into between Cardinal Health and Covered Entity before, on, or after the date of this Agreement (collectively, the "Service Agreements"), Cardinal Health may use, disclose, create, receive, maintain or transmit Protected Health Information ("PHI") from or on behalf of Covered Entity. The parties acknowledge and agree that Covered Entity is a "covered entity" as defined under HIPAA. This Agreement is only applicable to Cardinal Health to the extent that Cardinal Health functions as a "business associate" (as defined under HIPAA) in providing services to, or on behalf of, Covered Entity. For the avoidance of doubt, the terms of this Agreement shall only apply to a Cardinal Health entity that is party to one or more Service Agreements with Covered Entity that require such Cardinal Health entity to use, disclose, create, receive, maintain or transmit PHI. In accordance with the foregoing, the parties' rights and obligations under this Agreement shall have no force or effect unless, and until such time as, Cardinal Health is a business associate of Covered Entity in accordance with HIPAA. Subject to the foregoing, Cardinal Health and Covered Entity agree as follows:

1. Permitted Uses and Disclosures of PHI.

- (a) Cardinal Health shall not use or disclose PHI other than as permitted or required by this Agreement or as otherwise Required By Law. Except as otherwise limited in this Agreement, Cardinal Health may use or disclose PHI to perform functions, activities, or services for, or on behalf of, the Covered Entity as specified in the Service Agreements, provided that such use or disclosure would not violate HIPAA if done by the Covered Entity.
- (b) Cardinal Health may also use and/or disclose PHI for the following purposes:
 - (i) Cardinal Health may use PHI for Cardinal Health's proper management and administration or to carry out its legal responsibilities.
 - (ii) Cardinal Health may disclose PHI for the proper management and administration of Cardinal Health or to carry out its legal responsibilities, provided that disclosures are Required By Law (as that term is defined under 45 C.F.R. §164.103) or Cardinal Health obtains reasonable assurances from the third party to whom the information is disclosed that such third party shall: (1) protect the confidentiality of the PHI; (2) use or further disclose the PHI only as Required By Law or for the purpose for which it was disclosed to the person; and (3) notify Cardinal Health of any instances of which it is aware in which the confidentiality of the PHI has been breached.
 - (iii) Cardinal Health may "de-identify" PHI in accordance with 45 C.F.R. §164.514 and use or disclose "de-identified" information in a manner consistent with and permitted by HIPAA.
 - (iv) Cardinal Health may use PHI to provide Data Aggregation services related to the Health Care Operations of the Covered Entity.

2. Protection of PHI. Cardinal Health shall use reasonable and appropriate safeguards to prevent use or disclosure of the PHI other than as permitted by this Agreement.

3. Mitigation. Cardinal Health shall take reasonable steps to mitigate, to the extent practicable, any harmful effect that is known to Cardinal Health of a use or disclosure of PHI by Cardinal Health in violation of this Agreement.

4. Unauthorized Use or Disclosure and Reporting Requirements.

- (a) Upon the discovery of an impermissible acquisition, access, use, or disclosures of PHI in violation of this Agreement or HIPAA by Cardinal Health, its employees, or other agents or contractors or by a third party to which Cardinal Health disclosed PHI (each, an "Unauthorized Use or Disclosure"), Cardinal Health shall immediately investigate the Unauthorized Use or Disclosure and mitigate the root cause and any harmful effects of the Unauthorized Use or Disclosure. As part of such investigation, Cardinal Health shall gather all information required to be reported by 45 C.F.R. § 164.410(c).
- (b) If Cardinal Health becomes aware of a use or disclosure of PHI in violation of this Agreement by Cardinal Health or by a third party to which Cardinal Health disclosed PHI, Cardinal Health shall report any such use or disclosure to Covered Entity without unreasonable delay. Cardinal Health shall, following the discovery of a Breach of Unsecured PHI, notify Covered Entity of the Breach in accordance with 45 C.F.R. §164.410 without unreasonable delay and in no case later than thirty (30) days after discovery of the Breach.

- (c) Cardinal Health shall report to Covered Entity any Security Incident of which it becomes aware in the following time and manner: (i) any actual, successful Security Incident will be reported to Covered Entity in writing, within thirty (30) days of the date on which Cardinal Health first becomes aware of such Security Incident, and (ii) any attempted, but unsuccessful Security Incident of which Cardinal Health becomes aware will be reported to Covered Entity orally or in writing upon the written reasonable request of Covered Entity. If the HIPAA Security Regulations are amended to remove the requirement to report unsuccessful attempts at unauthorized access, the requirement to report such unsuccessful attempts shall no longer apply as of the effective date of that amendment.
5. Minimum Necessary Standard. To the extent required by the “minimum necessary” requirements of HIPAA, Cardinal Health shall only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure. Covered Entity represents that, to the extent Covered Entity provides PHI to Cardinal Health, such information is the minimum necessary PHI for the accomplishment of Cardinal Health’s purpose.
 6. Subcontractors. Except as otherwise permitted by Section 1(b)(ii) above, Cardinal Health shall enter into a written agreement meeting the requirements of 45 C.F.R. §§ 164.504(e) and 164.314(a)(2) with each Subcontractor (including, without limitation, a Subcontractor that is an agent under applicable law) that creates, receives, maintains or transmits PHI on behalf of Cardinal Health. Cardinal Health shall ensure that the written agreement with each Subcontractor obligates the Subcontractor to comply with restrictions and conditions that are at least as restrictive as the restrictions and conditions that apply to Cardinal Health under this Agreement.
 7. Availability of Books and Records. Cardinal Health shall make Cardinal Health’s internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Cardinal Health on behalf of, Covered Entity available to the Secretary, in a reasonable time and manner, for purposes of the Secretary determining Covered Entity’s and Cardinal Health’s compliance with HIPAA.
 8. Documentation of Disclosures. Cardinal Health shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures PHI in accordance with 45 C.F.R. §164.528.
 9. Accounting of Disclosures. Within thirty (30) days of notice by Covered Entity to Cardinal Health that it has received a request for an accounting of disclosures of PHI (other than disclosures to which an exception to the accounting requirement applies), Cardinal Health shall make available to Covered Entity such information as is in Cardinal Health’s possession and is required for Covered Entity to make the accounting required by 45 C.F.R. §164.528. If Cardinal Health receives a request directly from an individual pursuant to 45 C.F.R. §164.528 it shall, direct the Individual to make the request directly from Covered Entity.
 10. Access to Information. Within fifteen (15) business days of a request by Covered Entity for access to PHI about an Individual contained in any Designated Record Set of Covered Entity and maintained by Cardinal Health, Cardinal Health shall make available to Covered Entity such PHI for so long as Cardinal Health maintains such information in the Designated Record Set. If Cardinal Health receives a request for access to PHI directly from an Individual, it shall direct the Individual to make the request directly from Covered Entity. Covered Entity shall be solely responsible for making determinations with respect to the provision of access to the individual of such PHI and/or denial of the same (including the creation and/or maintenance of any notifications and/or documents in connection therewith).
 11. Availability of PHI for Amendment. Within fifteen (15) business days of receipt of a request from Covered Entity for the amendment of an Individual’s PHI contained in any Designated Record Set of Covered Entity maintained by Cardinal Health, Cardinal Health shall provide such information to Covered Entity for amendment and incorporate any such amendments in the PHI (for so long as Cardinal Health maintains such information in the Designated Record Set) as required by 45 C.F.R. §164.526. If the Covered Entity denies an individual’s request to amend such PHI, Cardinal Health shall incorporate into the PHI any of the statements and/or documents that the Covered Entity has created or received with respect to such denial; provided that, the Covered Entity has provided Cardinal Health with a copy of such statement and/or documents. If Cardinal Health receives a request for amendment to PHI directly from an Individual, it shall direct the Individual to make the request directly from Covered Entity. Covered Entity shall be solely responsible for making determinations with respect to the amendment of such PHI pursuant to an individual’s request and/or the denial of such request (including the creation and/or maintenance of any notification and/or creation of documents in connection therewith).
 12. Electronic PHI/Security Obligations.
 - (a) Cardinal Health shall implement Administrative Safeguards, Physical Safeguards and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of any Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity as required by HIPAA.
 - (b) Cardinal Health shall comply with the HIPAA Security Rule (i.e., 45 C.F.R. Part 160 and Subparts A and C of Part 164) with respect to Electronic PHI.

13. To the extent Cardinal Health is explicitly delegated to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164 in a Service Agreement, Cardinal Health shall comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s).
14. Obligations of Covered Entity.
- (a) Covered Entity shall not request that Cardinal Health use or disclose PHI in any manner that would not be permissible under HIPAA if done directly by Covered Entity.
 - (b) Covered Entity warrants that it has obtained and will obtain any consents, authorizations and/or other legal permissions required under HIPAA and other applicable law for the disclosure of PHI to Cardinal Health. Covered Entity shall notify Cardinal Health of any changes in, or revocation of, the permission by an Individual to use or disclose his or her PHI, to the extent that such changes may affect Cardinal Health's use or disclosure of PHI. Covered Entity shall not agree to any restriction on the use or disclosure of PHI under 45 C.F.R. § 164.522 that restricts Cardinal Health's use or disclosure of PHI under this Agreement unless such restriction is Required By Law or Cardinal Health grants its written consent, which consent shall not be unreasonably withheld.
 - (c) Except as Required By Law, with Cardinal Health's consent, or as set forth in the Service Agreements or this Agreement, Covered Entity shall not include any limitation in the Covered Entity's notice of privacy practices that limits Cardinal Health's use or disclosure of PHI under the Service Agreements.
15. Term. The term of this Agreement (the "Term") shall be effective as of the effective date, and shall continue in effect until termination of the last effective Services Agreement pursuant to which Cardinal Health creates, receives, maintains, or transmits PHI from or on behalf of Covered Entity, unless this Agreement is otherwise terminated as set forth herein.
16. Termination Upon Breach of Provisions Applicable to PHI. Any other provision of the Service Agreements notwithstanding, the Service Agreements and this Agreement may be terminated by either party (the "Non-Breaching Party") upon 30 days written notice to the other party (the "Breaching Party") in the event that the Breaching Party materially breaches any provision contained in this Agreement in any material respect and such breach is not cured within such 30-day period.
17. Return or Destruction of Health Information. Upon termination of this Agreement, for any reason, Cardinal Health shall return or destroy all PHI received from Covered Entity or created or received by Cardinal Health on behalf of Covered Entity and which Cardinal Health still maintains in any form. This provision shall apply to all such PHI in the possession of Subcontractors or agents of Cardinal Health. Notwithstanding the forgoing, if Cardinal Health determines that returning or destroying such PHI is infeasible, then Cardinal Health shall provide to Covered Entity notification of the conditions that make return or destruction infeasible, which may include without limitation, the need for Cardinal Health to retain such information for purposes of audits by pharmaceutical manufacturers and others involved with medication assistance programs referenced in the Service Agreements, and Cardinal Health shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long Cardinal Health maintains such PHI.
18. HIPAA Amendments. The parties acknowledge and agree that the Health Information Technology for Economic and Clinical Health Act and its implementing regulations impose requirements with respect to privacy, security and breach notification applicable to Business Associates (collectively, the "HITECH BA Provisions"). The HITECH BA Provisions and any other future amendments to HIPAA affecting Business Associate agreements are hereby incorporated by reference into this Agreement as if set forth in this Agreement in their entirety, effective on the later of the Effective Date or such subsequent date as may be specified by HIPAA.
19. No Third Party Beneficiaries. The parties have not created and do not intend to create by this Agreement any third party rights, including, but not limited to, third party rights for Individuals.
20. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity and Cardinal Health to comply with the HIPAA. In the event of a conflict between this Agreement and the terms of any Service Agreement, the terms of this Agreement will control, provided however, Cardinal Health's obligations hereunder shall be subject to any limitation of liability provisions set forth in the relevant Service Agreement.
21. Notice. All notices required under this Agreement must be given in writing and must be delivered by (i) personal service, (ii) certified mail, return receipt requested, or (iii) messenger or courier. All notices shall be addressed and delivered to the contact designated below the signature block, or other address provided by a party from time to time in writing to the other party. Notices given by mail will be deemed for all purposes to have been given forty-eight hours after deposit with the United States Postal Service. Notices delivered by any other authorized means will be deemed to have been given upon actual delivery.

(SIGNATURE PAGE FOLLOWS)

EFFECTIVE DATE: _____

CARDINAL HEALTH*

Dan Edds

Signature

Dan Edds

Printed Name

Privacy Officer

Title

Date

CUSTOMER/COVERED ENTITY LEGAL NAME

Signature

Printed Name

Title

Date

NCPDP(s)

* "Cardinal Health" includes without limitation, Cardinal Health 110, LLC.; Leader Drugstores, Inc.; Medicine Shoppe International, Inc.; Medicap Pharmacies Inc.; and any other subsidiary of Cardinal Health, Inc., as may be designated by Cardinal Health Inc.

CONTACTS FOR NOTICES UNDER THIS AGREEMENT:

CARDINAL HEALTH*

Cardinal Health
Attn: Pharmacy Distribution Privacy Officer
7000 Cardinal Place
Dublin, OH 43017

With a copy to:
Cardinal Health
Attn: General Counsel, Pharmaceutical Segment
7000 Cardinal Place
Dublin, OH 43017

Phone: 614-757-5000
Email: privacy@cardinalhealth.com

COVERED ENTITY

Customer Entity Name

Attn:

Street Address

Street Address

City, State, Zip Code

Phone

Email

EXHIBIT D

COMPLIANCE AND MARKETSHARE PROGRAM PARTICIPATION AGREEMENT



CardinalHealth

Medicap Pharmacy® Compliance and Marketshare Program Participation Application and Agreement

The Medicap Pharmacy® business (the "Pharmacy") listed below agrees to become a Participant in the Medicap Pharmacy® Compliance and Marketshare Program (the "Program"). The person executing this Agreement is authorized to execute this Agreement, has reviewed and accepts the Terms and Conditions of Participation that follow this Agreement (which are incorporated into this Agreement by this reference), and will provide the services required by each Program Contract that is a part of the Program.

This Application and Agreement will be in effect when received by Medicap Pharmacies Incorporated.

Name of Licensee (Use corporate name if applicable)

Medicap Pharmacy® Store #

Street Address of Pharmacy

City, State and Zip Code of Pharmacy

Telephone Number of Pharmacy (include Area Code)

Pharmacy Management System and Primary Claims Switch

NCPDP Number

NPI Number

Chief Pharmacist First and Last Name

Acceptance by Licensee:

Authorized Signature

Date

Print Name and Title of Person Signing Above

TERMS AND CONDITIONS OF PARTICIPATION IN THE
MEDICAP PHARMACY® COMPLIANCE AND MARKETSHARE PROGRAM

- 1. Medicap Pharmacy® Compliance and Marketshare Program.** Medicap Pharmacies Incorporated (“MPI”) shall solicit and use its best efforts to enter into contracts (“Program Contracts”), on behalf of each Medicap Pharmacy® business (“Participant”) that has agreed to participate in this Medicap Pharmacy® Compliance and Marketshare Program (the “Program”), with various administrators, manufacturers, wholesalers, distributors and other companies (“Program Administrators”) for programs that (i) provide rebates, payments or incentives based on the sale of products by Participants, (ii) are designed to increase pharmacy sales or drive marketshare of a particular pharmacy product, or (iii) provide payments or incentives based upon promotional activities conducted by Participant. Such programs shall include, by way of example and not limitation: rebate, marketshare, cash claim, treatment communications, compliance and persistency, messaging (for example, edit messaging to pharmacists and messaging to pharmacy customers regardless of the method of communication including letters, telephone, bag clippers, etc.), manufacturer promotional programs, and such other programs either now existing or hereinafter developed as MPI shall determine. Participant hereby appoints MPI as its agent to contract with Program Administrators to arrange, provide or administer programs described above for the pharmacies owned and operated by Participant. Each Participant shall provide the services required by each Program Contract, which shall be defined and explained in memorandums and supplemental information sent to Participant (“Program Summaries”), as updated from time to time and in accordance with the other terms and conditions that follow.
- 2. Use of Data.** Participant agrees that all data (including, without limitation, prescription and over-the-counter product sales data) with respect to Participant’s pharmacy operations will be provided to MPI. Participant hereby grants MPI the unrestricted right to use and sell Participant’s pharmacy data pursuant to the terms of this Agreement, so long as MPI does not sell information which would disclose the identity of patients or customers of Participant, and hereby consents to the use of its pharmacy data for any and all Programs as determined by MPI. Participant represents and warrants that the data, including the existence, content, substance, purport, effect or meaning thereof, shall not be retransmitted, furnished, sold, divulged or published to any other network or association of pharmacies that would be in conflict with or adversely affect the use of such data in the Programs committed to by Participant under this Agreement. In addition, Participant agrees that it shall not participate in any other treatment communications or persistency and compliance programs.
- 3. Patient Information to MPI and Program Administrator.** Each Participant may be required to keep certain information on each patient whose prescription purchase is or may be subject to a rebate, payment or incentive under a Program Contract and make such information available to MPI and any Program Administrator. The type of information is to be determined by the Program Administrator and MPI. Upon request, each Participant may be required to provide a Program Administrator or MPI with a copy of appropriate portions of the information.
- 4. Patient Information to Customer.** Each Participant may be required to provide each patient whose purchase is or may be subject to a rebate, payment or incentive by a Program Administrator, as appropriate, with a copy of a prescription drug list or other information about the prescribed drug or product in a form acceptable to the Program Administrator and MPI.
- 5. Patient and Prescriber Counseling.** Each Participant may be required to provide, where appropriate, pharmacist counseling services both to patients and to prescribers about the prescription drug list, products or other information about the prescribed drugs and products subject to a rebate, payment or incentive from a Program Administrator.

6. Treatment Communications.

6.1 Appointment of MPI. MPI provides or arranges for the provision of certain services to Participant. MPI has or will execute an agreement with one or more providers (as the same may change from time to time, each a "Treatment Communications Administrator" and, collectively, the "Treatment Communications Administrators") pursuant to which the Treatment Communications Administrator will evaluate, establish, implement, market and administer communications instituted with the specific objective of educating Participant's patient population to maintain therapy as prescribed by their physician and such other topics permitted by law and selected by MPI (collectively "Treatment Communications"). Participant hereby appoints MPI as its agent to arrange for one or more Treatment Communications Administrators (including, without limitation, Adheris, Inc., Carepoints, and such other providers selected by MPI) to provide Treatment Communications for the pharmacies owned and operated by Participant. MPI hereby accepts such appointment and agrees to use its best efforts to arrange for the provision of such services. Participant acknowledges and agrees that the Treatment Communications services arranged by MPI pursuant to this Agreement shall be the exclusive Treatment Communications services utilized by Participant.

6.2 Obligations of MPI.

6.2.1 In General. MPI shall arrange for one or more Treatment Communications Administrators to evaluate, establish, implement, market and administer Treatment Communications for Participant. Patients shall receive Treatment Communications based upon the NDC of their prescription and their prescription status. Treatment Communications shall include: (a) enrollment letters, (b) reminder letters, (c) drug recall notices, and (d) such other letters as are mutually agreed upon by MPI and the Treatment Communications Administrator from time to time.

6.2.2 Implementation. MPI shall arrange for the Treatment Communications Administrator to provide or subcontract for the necessary technologies associated with administering the Treatment Communications.

6.2.3 Administration. MPI shall arrange for the Treatment Communications Administrator to provide Participant with programming, set-up, content development, intervention protocol design, control group randomization, program analysis, patient opt-out processes, and other services as are necessary for the administration of the Treatment Communications.

6.2.4 Approval of Treatment Communications. MPI shall review and approve all Treatment Communications that the Treatment Communications Administrator sends on behalf of Participant under this Agreement.

6.2.5 Opt-Out-Procedure. With respect to those patients who wish to opt-out of receiving future Treatment Communications, MPI shall arrange for the Treatment Communications Administrator to, either directly or through a subcontractor, provide: (a) a nonexclusive automated opt-out telephone number for use by patients and Participant, (b) an Internet based interface for use by Participant, or (c) such other opt-out procedure approved by MPI.

6.2.6 Limitations. Notwithstanding any other provision herein, MPI shall require the Treatment Communications Administrator to represent and warrant that the Treatment Communications Administrator shall not (a) send any Treatment Communications to any patient who is located in California or New Hampshire or such other states determined by MPI; ; or (b) such other group or class of patients as MPI shall determine.



6.2.7 Notification. To the extent that MPI has identified any material problems in the quality and timeliness of the Pharmacy Claims Data from Participant, MPI will notify Participant of the problem and instruct Participant to correct said problem. To the extent the problem is not corrected to MPI's satisfaction, MPI may terminate Participant's participation in this Treatment Communications initiative.

6.3 Obligations of Participant.

6.3.1 Participation in Treatment Communications. Participant hereby agrees that it shall participate in all Treatment Communications that have been approved by MPI.

6.3.2 Participation Application and Agreement. Participant shall complete and provide to MPI for each pharmacy location the information set forth on the Participation Application and Agreement. If any of the information set forth on the Participation Application and Agreement changes, Participant shall promptly notify MPI of such changes. Finally, Participant hereby acknowledges and agrees that MPI will share Participant's completed Participation Application and Agreement form, and any subsequent changes, with each Treatment Communications Administrator so that the Treatment Communications Administrator may perform its obligations under MPI's agreement with the Treatment Communications Administrator.

6.3.3 Compliance Program Sales & Marketing. Participant hereby agrees to allow Treatment Communications Administrators to represent Participant as a member of the Treatment Communications Administrators' Pharmacy Network in the course of its marketing efforts for Treatment Communications Programs to pharmaceutical manufacturers or other third parties.

6.3.4 Prompt Handling of Undeliverable or Returned Treatment Communications. In the event that any Treatment Communication is returned to Participant as undeliverable by the US post office or other delivery service, Participant hereby acknowledges and agrees that Participant shall, within three (3) days after receiving such undeliverable Treatment Communication, either: (a) contact the intended recipient of said Treatment Communication and correct the intended recipient's address or other contact information in Participant's database; or (b) notify the Treatment Communications Administrator, via the Internet based interface or other communications vehicle established by the Treatment Communications Administrator, of the identity of the intended recipient whose address or other contact information was unable to be corrected.

6.3.5 Notification of Opt-Out. If Participant is notified that any patient of Participant wants to opt-out of receiving Treatment Communications pursuant to this Agreement, Participant shall notify Treatment Communications Administrators of the patient's identity within three (3) days after receiving such notice. Participant shall provide such notification via either the nonexclusive automated patient opt-out telephone number provided by the Treatment Communications Administrator, the Internet based interface provided by the Treatment Communications Administrator, or such other method established by the Treatment Communications Administrator.

6.3.6 Anti-Kickback Compliance. Participant shall report any rebates as discounts for the purpose of the federal and state anti-kickback and anti-fraud laws and regulations (including Medicare and Medicaid anti-kickback laws). Participant shall comply with all applicable requirements under such laws and regulations, including relevant reporting and disclosure obligations.

7. Other Services. Each Participant may be required to provide other services to a patient as required by a particular Program Contract, including, without limitation, those services further described in this Section 7. Unless specified in the applicable Program Summary, the manner in which those services are provided is to be determined by Participant.



7.1 Training. Participant agrees to ensure that all personnel participating in the provision of services under a Program Contract have been adequately trained for such participation. Participant further agrees that all communications with consumers, patients, physicians, pharmacists or other health care professionals pursuant to a Program Contract will be made by a licensed pharmacist, pharmacy technician or employees working under direct supervision of a licensed pharmacist and be consistent with the Program Summaries.

7.2 Disclosures. Participant will make all disclosures required by law, this Agreement or the Program Summaries to medical professionals or pharmacy customers contacted pursuant to the terms of this Agreement or a Program Summary, including without limitation the fact that a Program Administrator may be paying for the respective services pursuant to a Program Contract.

7.3 Promotional Activities. Participant may be required to display in its pharmacy or distribute to patients promotional materials of a manufacturer or other third party. Participant agrees to comply with the requirements of any such promotional programs.

7.4 Messaging Activities. MPI may contract with Program Administrators to automatically issue messages to pharmacy customers based on certain data such as the customer's prescription purchase behavior, demographics and other data, which messages may include incentives to be redeemed by Participant. Participant shall honor for redemption and otherwise observe the terms of all incentives properly issued to customers through a messaging program. Participant shall distribute, pursuant to the terms of each Program Summary, all messages determined by MPI.

8. Confidentiality. The chances of success for the Program could be adversely affected if any information about the Program is disclosed by Participant to competitors, manufacturers, wholesalers or any person who is not a Participant and a licensee of MPI. Therefore, disclosure of information about the Program to any person or entity without the prior written consent of MPI shall be a breach of this Agreement and shall authorize MPI to terminate the participation of the breaching Participant. In addition, Participant agrees not to disclose the terms or existence of a Program Contract to any third party without the prior written consent of MPI, as well as any other proprietary or confidential information of a Program Administrator disclosed to it. Each Program Administrator shall be a third party beneficiary of and have the right to enforce this Section 8.

9. Drug Utilization Review. Each Participant may be required to participate in a drug utilization review, peer review and other quality assurance programs and may be required to take appropriate action in response to situations identified through the quality assurance programs.

10. Claims Submission and Processing. MPI shall provide or may contract with another company or companies (the "Processor") to process the claims validly submitted to the Processor by Participant for pharmacy services rendered and products dispensed or sold that are eligible for a rebate, payment or incentive under a Program Contract. Unless notified to the contrary or set forth in a Memo, all data processing services, including submission of claims and disbursement of moneys from the Program Administrators, will be provided by MPI, or a Processor selected by MPI or a Program Administrator. MPI MAKES NO EXPRESS WARRANTIES AS TO SUCH DATA PROCESSING SERVICES PROVIDED BY A THIRD PARTY PROCESSOR AND NO WARRANTIES ARE TO BE IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL MPI HAVE ANY LIABILITY WHATSOEVER TO PARTICIPANT ARISING OUT OF OR IN CONNECTION WITH THE SUPPLYING OR FAILURE TO SUPPLY THE DATA PROCESSING SERVICES OR THE DISBURSEMENT OF MONEYS BY A THIRD PARTY PROCESSOR.



All data submitted to MPI or the Processor for processing and all output provided by the Processor shall be delivered and transported to and from Participant at Participant's sole risk, cost and expense. Each Participant must submit claims using the forms or electronic claim format as may be required by MPI and/or the Processor.

11. Contracts. Each Participant must participate in each and every Program Contract accepted by MPI. The actual effective date of commencement or termination of each Program Contract will be specified in Program Summaries by MPI. MPI cannot and does not warrant or represent that a Participant will have any particular amounts of rebates, payments or incentives from participation in any or all of the Program Administrator contracts.

12. Laws. Each Participant must comply with all applicable state and federal laws and regulations affecting either the practice of the profession of pharmacy or the operation of a pharmacy, including but not limited to having a licensed pharmacist available during the hours of business for patient consultation and, at all times, holding a valid permit to operate a pharmacy in the jurisdiction where Participant does business.

13. Disclosure of Protected Health Information. The parties hereby acknowledge and agree that in participating in Treatment Communications pursuant to this Agreement, Participant shall disclose to each Treatment Communications Administrator certain information and data, some of which may constitute Protected Health Information as defined in 45 CFR 164.5012 ("PHI"). With respect to such PHI, MPI agrees to comply with the terms and conditions of the Business Associate and Data Use Addendum between Participant and MPI. Further, MPI shall ensure that each Treatment Communications Administrator agrees, in writing, to the same restrictions and conditions that apply to "business associates" in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA") and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws. Each Treatment Communications Administrator shall be solely responsible for protecting the privacy of, and providing for the security of, the PHI disclosed to the Treatment Communications Administrator by Participant.

14. Liability. Nothing contained in this Agreement shall be construed to require Participant to render any pharmaceutical service or dispense any prescription medication if, in the pharmacist's professional judgment, such service should not be rendered or such medication should not be dispensed. Each Participant assumes complete responsibility for all acts taken by agents of the pharmacy pursuant to contracts accepted by MPI under this Agreement and agrees to indemnify and to hold harmless MPI and each Program Administrator from any liability or costs, including attorney's fees, for any such acts. Each Participant will maintain adequate professional and other appropriate liability insurance in accordance with the requirements of Participant's Franchise Agreement with MPI. Each Participant shall look solely to each Program Administrator for all rebates, payments or incentives due under any Program Contract. MPI will provide appropriate assistance to each Participant in obtaining such rebate, payment or incentive. MPI assumes complete legal responsibility for liability arising solely out of its acts and agrees to hold Participants harmless from such acts.

15. Exception from Participation. If any Program Contract accepted by MPI should, in any jurisdiction, violate or in its implementation cause Participant to violate any federal, state or local law, Participants in that jurisdiction shall not be required to participate in that particular Program Contract.

16. Termination or Rejection.

16.1 MPI reserves the right to terminate, at its sole discretion, any Program Contract accepted under the Program and the entire Program, in whole or in part. MPI also reserves the right to terminate or to reject any Licensee for cause from participating in the Program. Such termination or rejection shall not be limited to failure to comply with these Terms and Conditions of Participation, but shall also include a failure to comply with the terms and conditions of the pharmacy's Franchise Agreement with MPI and any other action of the pharmacy which affects adversely either the reputation

of MPI, its Licensees, and its shareholders, directors, officers and employees, or its ability to offer any patient a top quality product at competitive prices. A terminated Participant shall return all Program materials in possession of such Participant to MPI immediately upon termination.

16.2 Notwithstanding any other provision in this Agreement, in the event that Participant does not promptly resolve any issues regarding undeliverable Treatment Communications in accordance with Section 6.3.5 above or in the event that pharmacy does not properly handle opt-out notifications by its patients in accordance with Section 6.3.6 above, MPI may, at its option, either immediately terminate this Agreement or immediately terminate Participant's participation in Treatment Communications Programs, by providing written notice to Participant.

17. Amendment. This Agreement may be amended by either of the following methods:

17.1 By a writing signed by each of the parties hereto; or

17.2 By a notice from MPI, provided that such unilateral notice shall not amend this Agreement unless:

- (i) it is sent to Participant and to all other then current participants in the Program who have a provision in their agreements permitting MPI to provide notice of unilateral amendment to their agreements,
- (ii) not more than twenty-five percent (25%) of such then current participants provide written notice of objection to implementation of the amendment within twenty (20) days of their receipt of MPI's notice; and
- (iii) MPI does not withdraw its notice within thirty (30) days of Participant's receipt of the notice.

If the conditions set forth in clauses (i), (ii) and (iii) are met, then the amendment will take effect on the first day of the second month following receipt of MPI's notice by Participant.

18. Term. The initial term of Participant's participation in the Program shall be three (3) years from the date of acceptance into the Program by MPI and shall automatically renew for additional one (1) year terms, unless either party gives the other party written notice of termination at least one hundred twenty (120) days prior to the next scheduled expiration of term. Either party has the right to terminate this Agreement if the other party breaches or is in default of any obligation hereunder which default is incapable of cure or which, being capable of cure, has not been cured within thirty (30) days of receipt of written notice thereof. For purposes of this Agreement, a breach of Participant's Franchise Agreement with MPI shall constitute a breach hereunder. Participant shall return all materials to MPI immediately upon expiration or termination of this Agreement for any reason. In the event that End User's Franchise Agreement with MPI expires or terminates for any reason, then this Agreement shall automatically terminate effective as of the expiration or termination of the Franchise Agreement without further action of the parties.

19. Reinstatement. An applicant for participation whose application is rejected, or a Participant that discontinues participation by reason of termination or withdrawal under the provisions of these Terms and Conditions of Participation, Participant may thereafter make application to MPI to become a Participant or to be reinstated as a Participant or to be reinstated as a Participant for good cause shown. To be reinstated, the applicant must be in compliance with all of the terms and conditions of his or her Franchise Agreement with MPI.

20. Status of Parties. Each Participant participates in the Program as an independent contractor to provide prescription drugs and other professional pharmacy services to the prescription drug beneficiaries pursuant to contracts presented by MPI.



21. MPI's Compensation. MPI shall be compensated for its administrative services hereunder and be entitled to withhold ten percent (10%) of the "net profits" generated from any Program Contract. For purposes of this Program, "net profits" shall be defined to mean (i) the amount of the rebate, payment or incentive received pursuant to a Program Contract, minus (ii) the direct costs MPI incurs to administer such Program Contract, including, but not limited to: the cost of purchasing promotional materials, identification cards, benefit booklets and other printed materials required by the Program Administrator or necessary to implement a Program Contract; the actual cost of fees or other charges imposed by a Program Administrator; expenses for shipping, claims processing, disbursement of moneys or other incentives to Participants received from a Program Administrator; the direct cost of personnel for the time dedicated to establish and administer this Program and other expenses incurred in the implementation of each Program Contract.

When necessary, MPI is authorized to advance and be reimbursed for such costs and expenses. Any such costs and expenses shall be included in the explanatory information provided for each Program Contract in the Program Summaries.

A Participant may incur costs to participate in the Programs for items such as data processing equipment, computer software licenses, telephone lines and other items. MPI will use its best efforts to make sure these costs are reasonable and competitive, but cannot guarantee any prices or costs. Participant will not be obligated to incur these costs, or to upgrade its equipment, software or other connective items, however the failure to do so may limit or eliminate Participant's ability to participate in some or all of the Programs.

22. Right to Setoff. MPI shall have the right to set-off any amounts owed by Participant to MPI or its affiliates against rebates, payments or incentives MPI may receive under this Agreement from Program Administrators for the account of Participant. Participant specifically consents to MPI retaining any moneys it may be holding for Participant or may owe Participant to pay outstanding amounts owed by Participant to MPI. If any such set-off is taken, MPI may apply the payments in any manner it elects, provided Participant receives full credit for the set-off amounts against amounts owing by Participant to MPI or its affiliates.

23. Records. During the term of this Agreement and for a period of thirty-six (36) months thereafter, or such longer time if required by law, Participant will maintain, or cause to be maintained, adequate records, books, files and reports with respect to its performance under this Agreement. In addition, Participant authorizes MPI to receive a copy of all records, books, files and reports, and information regarding the prescriptions filled by Participant and any other information that must be submitted to Program Administrators to be entitled to receive a rebate, payment or other incentive. MPI will maintain the confidentiality of such information in accordance with all legal requirements; provided, however, that MPI shall be permitted to disclose such records to Program Administrators for purposes of the Program Administrators conducting their own audit and review. Each Participant also shall provide authorized representatives of MPI and Program Administrators with an opportunity to examine and audit Participant's record pertinent to Program Contracts under the Program. Such examination and audit shall be conducted at a time convenient both to MPI's authorized representative and Participant. The foregoing obligations of Participant and audit rights of MPI and the Program Administrator will apply only with respect to services provided in connection with this Agreement. The confidentiality of information obtained through such an examination and audit shall be maintained.

24. Indemnification. Participant shall indemnify and hold harmless MPI and its shareholders, directors, officers, employees, affiliates, agents and/or subcontractors from and against all claims, liabilities, losses, damages, costs, and expenses (including without limitation reasonable attorneys' fees) arising directly or indirectly out of: any breach of any warranty made by Participant in this Agreement or any failure of Participant to perform and observe fully all obligations and conditions to be performed or observed by Participant pursuant to this Agreement, including, but not limited to, those obligations set forth in Sections 6.3.2, 6.3.4 and 6.3.5 above.



25. Notices. All notices sent by Participant and MPI, or representatives of either party, shall be sent in accordance with the terms of Participant's Franchise Agreement with MPI.

26. Assignment and Transfer. The Participation Agreement shall not be transferable or assignable by any Participant.

27. Entire Agreement. The Participation Agreement, these Terms and Conditions of Participation, and the Program Summaries constitute the entire agreement between Participant and MPI regarding the subject matter hereof; there are no other agreements or understanding except as contained or referenced in the foregoing documents. In the event of a conflict between the Participation Agreement, these Terms and Conditions of Participation, or the Program Summaries, on the one hand, or Participant's Franchise Agreement or other related agreements with MPI, on the other hand, then the terms of the Participation Agreement, these Terms and Conditions of Participation, and the Program Summaries shall control.

28. Ohio Law and Jurisdiction. This Participation Agreement, the Terms and Conditions of Participation, the relationship between each Participant and MPI and any dispute between our respective affiliates, officers, directors, shareholders and employees shall be governed by and interpreted in accordance with the laws of the state of Ohio. Any dispute shall be resolved in accordance with the Franchise Agreement between Participant and MPI.

29. Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns. In addition, the provisions of Sections 8, 12 and 23 shall inure to the benefit of each Program Administrator with respect to the respective Program Contract, who shall be third party beneficiaries solely with respect to such sections.

30. Miscellaneous. Noncompliance with the obligations hereunder for reasons of force majeure shall not constitute a breach of this Agreement. No waiver of any right or remedy by MPI shall constitute a subsequent waiver of the same right or remedy.

END OF DOCUMENT

EXHIBIT E

REIMBURSEMENT CONSULTING SERVICES AGREEMENT

Reimbursement Consulting Services: Service Agreement

Cardinal Health 110, LLC (“Cardinal Health”) and the undersigned Pharmacy agree as follows:

1. Master Agreement. Pharmacy desires to enroll in Cardinal Health Reimbursement Consulting Services as set forth herein. The terms and conditions of the Retail Independent Pharmacy Master Service Agreement (“Master Agreement”) between the parties is hereby incorporated by reference and shall govern the performance of Services by Cardinal Health. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Agreement.
2. Fees. Pharmacy will pay Cardinal Health a monthly subscription fee of \$300 per Store Site per month. Cardinal Health will pass through any data fees charged by third-party vendors to the extent that such fees exceed \$50.00. Cardinal Health may adjust fees on no less than sixty (60) days prior written notice. Payment terms are set forth in the Master Agreement.
3. Term. The initial term of this Reimbursement Consulting Services Agreement shall be for twelve (12) months following the Requested Start Date specified on the Enrollment Form (“Requested Start Date”), unless sooner terminated by either party in accordance with the terms of this Service Agreement and shall automatically renew for successive twelve (12) month periods unless either party terminates this Agreement in accordance with this Section or the Master Agreement. Either party may terminate this Agreement (i) without cause, beginning six (6) months after the Requested Start Date, upon sixty (60) days prior written notice to the other party, or (ii) in accordance with any terms specified in the Master Agreement.
4. Store Site. This Service Agreement applies to the Store Site in the table below.

Pharmacy name (“<u>Pharmacy</u>”):		Provide legal name of pharmacy			
		Insert “DBA”			
Store Site address:					
City:		State:		Zip Code:	
Phone:		Fax:			
Requested Start Date:					
Please note that actual start date is dependent upon receiving all required forms prior to this date					

CARDINAL HEALTH 110, LLC

PHARMACY

Signature

Printed Name

Title

Date

Signature

Printed Name

Title

Date

Retail Independent Pharmacy Master Service Agreement

This **Retail Independent Pharmacy Master Service Agreement** (the “Master Agreement”) is made and entered into as of the date of signature of the last party to sign this Master Service Agreement (“Effective Date”) and is by and between the undersigned pharmacy and Cardinal Health 110, LLC (“CAH 110”), each of which hereby agree as follows:

1. Definitions.

“Cardinal Health” means CAH 110 or another affiliate of CAH 110 that enters into a Service Agreement with Pharmacy. Affiliates of CAH 110 that enter into Service Agreements with Pharmacy are severally liable for the performance of that Service Agreement in accordance with the terms specified in the applicable Service Agreement and this Master Agreement.

“Pharmacy” means the undersigned pharmacy that enters into this Master Agreement and includes each store location utilizing Services, as set forth in the applicable Service Agreement (“Store Site”).

“Platform” means a Cardinal Health proprietary platform licensed by Pharmacy pursuant to a Service Agreement, including all updates and upgrades issued by Cardinal Health, and related services, software, materials and documentation provided in conjunction with the Platform.

“Service” means the Platform, consulting service, or other service to be provided by Cardinal Health to Pharmacy, as described in a Service Agreement.

“Service Agreement” means an enrollment form (“Enrollment Form”), statement of work (“SOW”), work order (“Work Order”), or similar form applicable to Services to be provided by Cardinal Health that specifically references and incorporates this Master Agreement.

2. Consulting and Other Services. Cardinal Health will provide consulting and/or other services described in a Service Agreement applicable to such Services. This Agreement does not cover distribution of pharmaceuticals or other products covered under a Prime Vendor Agreement with Cardinal Health or its affiliates.

3. Access to Platforms.

(a) License. Subject to the terms and conditions of this Master Agreement and the applicable Service Agreement, Cardinal Health grants to Pharmacy during the Term, a non-exclusive, non-transferable, revocable, limited license (without a right of sublicense) to access each Platform at the Store Sites identified in the applicable Service Agreement solely for Pharmacy’s own internal business use and operations. Pharmacy may not rent, lease, re-license or otherwise provide access to any such Platform to any third party.

(b) License Restrictions. Pharmacy will not, and will not permit any third party, including without limitation Users, to: (i) use or reproduce any of the Platform in source code format; (ii) decompile, disassemble, or otherwise reverse engineer or attempt to reconstruct or discover any source code or underlying ideas or algorithms of any of the Platform; or (iii) modify or alter any of the Platform in any manner. Pharmacy shall cause its Personnel to comply with the terms and conditions of this Master Agreement and the applicable Service Agreement.

(c) Hosting Services and Maintenance. Cardinal Health will host the Platform on the servers of a third-party hosting services provider (“Hosted Server”). Pharmacy acknowledges that Cardinal Health shall update and upgrade the Platform from time to time, in its discretion.

(d) Authorized Users. Pharmacy shall identify those of its officers and employees (“Personnel”) who will require access to the Platform for the purposes permitted by this Master Agreement and applicable Service Agreement. Those individuals approved by Cardinal Health will be designated as “Authorized Users” of the Platform under this Master Agreement. Access to the Platform will be limited to Authorized Users by the assignment of appropriate user identification names and passwords (“Credentials”). Pharmacy shall take reasonable precautions to ensure that Credentials are assigned only to Authorized Users and that the Credentials assigned to Authorized Users are protected from unauthorized use and disclosure. Pharmacy shall promptly notify Cardinal Health in writing if any Authorized User ceases to represent Pharmacy, so that the Credentials assigned to such Authorized User can be deactivated. Pharmacy assumes full responsibility for the actions of anyone accessing the Platform using Credentials assigned to any Authorized User, unless and until Pharmacy notifies Cardinal Health to deactivate such Credentials. Upon written notice to Pharmacy, Cardinal Health may modify or suspend Pharmacy’s or an Authorized User’s access to the Platform due to breach of this Master Agreement, as necessary to comply with any applicable law or regulation, or as reasonably necessary to ensure security of the Platform.

4. Data Requirements.

(a) Delivery of Data. Pharmacy agrees to provide or cause its Store Sites to provide Cardinal Health access to all such data and information reasonably deemed necessary by Cardinal Health to provide the Services, which may include without limitation prescription claims transactions, dispensing data, and any other information or data that is received from, or created or received by Cardinal Health on behalf of a Store Site or Pharmacy, including data or information received by Cardinal Health prior to the Effective Date or pursuant to a separate agreement (“Pharmacy Data”). Pharmacy Data shall be accurate and shall be delivered in the format reasonably required by Cardinal Health to support the applicable Services. The method and timing of delivery shall be determined by Cardinal Health and Pharmacy or Pharmacy’s third-party vendor designated to provide such Pharmacy Data. If applicable to the Services, Pharmacy hereby authorizes Cardinal Health to access and use Protected Health Information (as defined by the Health Insurance Portability and Accountability Act of 1996, all U.S. Department of Health and Human Services’ (“HHS”) implementing regulations under HIPAA and the Health Information Technology Economic and Clinical Health (“HITECH”) Act) (“PHI”) contained in data electronically received from, or created by Cardinal Health on behalf of Pharmacy and Store Site locations. Pharmacy shall own all right, title and interest in the Pharmacy Data, provided that Cardinal Health will have the right to use such Pharmacy Data as set forth in Section 4(b) of this Master Agreement.

(b) Data Use. Notwithstanding any provision or limitation to the contrary, as set forth herein or otherwise, including in any Business Associate Agreement or other agreement between the parties, Pharmacy and Store Site, hereby authorize Cardinal Health and its affiliates to access and use Pharmacy Data to the extent necessary for the following purposes: (i) to provide Services to Pharmacy

under this Master Agreement and each Service Agreement; (ii) to identify additional service and program opportunities that are or may be available to Pharmacy, which may be beneficial to the health care operations of Pharmacy, such as adherence programs, and which may be sponsored by health plans, pharmaceutical manufacturers, or other third parties; (iii) to perform studies, analyze data, and create reports related to the operations of Cardinal Health and/or Pharmacy (each such study, analysis, or report, a “Derivative Work”); and (iv) to de-identify Derivative Works in accordance with 45 CFR §164.514. Any Derivative Work that has been (A) de-identified with respect to PHI in accordance with 45 CFR §164.514, and (B) de-identified as to the identity of Pharmacy is “Cardinal Health Data.” Cardinal Health Data may include, without limitation, analytical reports and statistics regarding usage of the Platform or Services and the efficiencies gained related to use of the Platform or Services. Cardinal Health Data shall not otherwise identify or reveal any Confidential Information about Pharmacy or the Authorized Users. Cardinal Health shall own all right, title and interest in Cardinal Health Data.

(c) Business Associate Agreement. Cardinal Health may receive PHI from Pharmacy or its Users in connection with a Service Agreement and this Master Agreement. Prior to or at the same time as the initial Service Agreement is signed by the parties, the parties will enter into a Business Associate Agreement with respect to such PHI (“Business Associate Agreement” or “BAA”). In the event of any conflict between this Master Agreement and the Business Associate Agreement, the Business Associate Agreement will prevail.

5. Proprietary Rights. Pharmacy acknowledges that Cardinal Health is the exclusive owner of all right, title and interest in each Service and Platform regardless of any participation or collaboration by Pharmacy in the design, development or implementation of any such Service and/or Platform, and Pharmacy further acknowledges that Cardinal Health is the owner and holder of all copyrights, patents, trademark, trade secret and other proprietary rights therein (collectively, “Cardinal Health Proprietary Rights”). Cardinal Health reserves all such Cardinal Health Proprietary Rights to itself except as expressly licensed to Pharmacy hereunder.

6. Confidentiality.

(a) Confidential Information. The Parties agree that (i) Platforms, Service and Platform descriptions and manuals, Cardinal Health data, source code, access codes, Credentials, reports created through a Platform or by Cardinal Health, passwords or other authentication credentials, and other terms offered to Pharmacy are the confidential property of Cardinal Health; (ii) subject to HIPAA, the Pharmacy Data entered through the Platform, and any other User data that Pharmacy provides Cardinal Health is the confidential information of Pharmacy; and (iii) any confidential business, technical, financial or other information disclosed by one Party to the other pursuant to this Master Agreement is the confidential information of the disclosing Party (collectively, “Confidential Information”). Except as expressly allowed in Section 4(b) or elsewhere herein, each Party shall hold Confidential Information of the other party in confidence, shall not disclose to any third party any Confidential Information of the other Party, and may not use such Confidential Information for purposes unrelated to this Master Agreement or applicable Service Agreement except as expressly permitted in this Master Agreement. Each Party may disclose the other party’s Confidential Information to its Personnel

who have a legitimate “need to know,” have been advised of the obligations of confidentiality under this Master Agreement and are bound in writing to obligations of confidentiality substantially similar to those set out in this Master Agreement. Receiving Party shall be liable for breach of this provision by its Personnel.

(b) Permitted Disclosure. A Party will not be obligated under Section 6(a) with respect to information that it can document: (i) is or has become readily publicly available without restriction through no fault of such Party or its Personnel; (ii) is received, without restriction, from a third party in possession of such information and lawfully permitted to disclose such information; or (iii) was rightfully in such Party’s possession without restriction prior to its disclosure by the other Party. Nothing in this Master Agreement will prohibit receiving Party from disclosing Confidential Information of disclosing Party if it is legally required to do so by judicial or governmental order or in a judicial or governmental proceeding, provided that the party subject to such order takes appropriate action to safeguard the confidentiality of the Confidential Information including, but not limited to, seeking a protective order of a court of competent jurisdiction.

7. Fees and Payments.

(a) Fees. Pharmacy shall pay to Cardinal Health the applicable license, customization, consulting and maintenance and support services fees in accordance with the payment schedule set forth in the applicable Service Agreement (“Fees”).

(b) Taxes. All Fees are exclusive of any state, local, and other taxes and charges (other than income taxes payable by Cardinal Health) directly applicable to the licensing, installation, support, or use of the Platform or of the Services. Pharmacy shall be responsible for the payment of all such taxes.

(c) Payments. Unless otherwise set forth in a Service Agreement, Pharmacy shall pay each Cardinal Health invoice for Services/Platform on or before thirty (30) calendar days after the date of the invoice. Payments remitted after the due date will bear interest at one and one-half percent (1.5%) per month or, if less, the maximum rate allowed by law. All fees paid hereunder are non-refundable.

(d) Important Notice. Any rebates or discounts provided under any Service Agreement may constitute a “discount or other reduction in price” as such terms are defined under the Medicare/Medicaid Anti-Kickback Statute, on products purchased by Pharmacy. Pharmacy and Cardinal Health agree to comply with any and all requirements imposed on sellers and buyers, respectively, under 42 U.S.C. § 1320a-7b(b)(3)(A) and the “safe harbor” regulations regarding discounts or other reductions in price set forth in 42 C.F.R. § 1001.952(h). In this regard, Pharmacy may have an obligation to accurately report, under any state or federal program which provides cost or charge based reimbursement for the products or services covered by the Service Agreement, or as otherwise requested or required by any governmental agency, the net cost actually paid by Pharmacy.

8. Term and Termination.

(a) Term. The term of this Master Agreement (“Term”) will begin on the Effective Date and continue until the later of (i) expiration or termination of all Service Agreements, or (ii) ninety (90) days following written notice of termination by either Party.

(b) Termination of Service Agreement. Either Party may terminate a Service Agreement for cause: (i) upon thirty (30) days written notice if the other Party breaches a material term of the

Service Agreement and does not cure such breach within the thirty (30) day period, provided however that the notice and cure period for a payment default shall be limited to ten (10) days; or (ii) effective immediately if the other Party becomes insolvent, seeks protection under a bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other and continues for ninety (90) days undismissed, unbonded and undischarged.

(c) Events Upon Termination. Upon termination of a Service Agreement for any reason, Pharmacy and its Personnel shall cease all use of the Platform and Services covered by that Service Agreement. Upon termination of a Service Agreement, Cardinal Health will invoice Pharmacy for accrued fees and reimbursable expenses. Pharmacy shall pay the invoiced amount upon receipt of such invoice. In the event of termination of this Master Agreement for any reason, the provisions of Sections 1, 3(b), 4(b), 5, 6, 7(c), 8(c), 9(d), 10, 11 and 12 will survive in perpetuity to the maximum period allowed by law with respect to this Master Agreement and all Service Agreements.

9. Limited Warranties and Disclaimer.

(a) Compliance. Each Party shall perform its obligations under this Master Agreement and each Service Agreement in compliance with applicable laws, rules and regulations.

(b) Authority. Each Party represents and warrants that it has full power and authority to enter into this Master Agreement and each Service Agreement and to convey the rights conveyed herein and in each Service Agreement. Each Party further represents that it has not entered into nor will it enter into any agreements that would conflict with its obligations hereunder.

(c) Pharmacy Data. Pharmacy represents and warrants that it has all necessary rights, authorizations, licenses and consents necessary to provide Pharmacy Data and other information submitted by Pharmacy or on behalf of Pharmacy by a third party.

(d) Disclaimer. EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS MASTER AGREEMENT AND ANY APPLICABLE SERVICE AGREEMENT, CARDINAL HEALTH MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO ANY PLATFORM OR SERVICES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. FURTHER, CARDINAL HEALTH DOES NOT WARRANT, GUARANTEE, OR MAKE ANY REPRESENTATIONS REGARDING (i) THE USE OR THE RESULTS OF THE USE, OF ANY PLATFORM, (iii) ANY INFORMATION CONTAINED THEREIN OR OTHERWISE PROVIDED PURSUANT TO THIS MASTER AGREEMENT OR ANY SERVICE AGREEMENT, (iii) THE SERVICES, IN TERMS OF CORRECTNESS, ACCURACY, RELIABILITY, ERROR-FREE OPERATION OR OTHERWISE.

10. Indemnification and Insurance

(a) Pharmacy's Indemnity. Pharmacy shall indemnify, defend and hold Cardinal Health its successors, assigns, officers, directors, and employees ("Indemnitees") harmless with respect to all fines, penalties, claims, liability, damage, loss and expenses, and penalties imposed upon Cardinal Health including reasonable attorney's fees (collectively, "Losses") which are related to, caused by, or arise out of the Agreement or in connection with: (i) receipt by Cardinal Health of inaccurate, false or misleading information; (ii) breach of this Agreement or any Service Agreement, (iii) fraud, negligence or willful misconduct of Pharmacy; and, (iv) any claims

by Pharmacy's employees against Cardinal Health for compensation or benefits, and, except to the extent that any of the foregoing arise from the negligence or willful misconduct of Cardinal Health. Pharmacy shall pay Cardinal Health reasonable attorney's fees and all costs of litigation associated with enforcement of the obligation set forth in this section.

(b) Cardinal Health's Indemnity. If Cardinal Health breaches its obligations under its BAA with Pharmacy, including a Breach (as defined by 45 CFR §164.402) of Pharmacy PHI to the extent caused by Cardinal Health, Cardinal Health will indemnify and hold Pharmacy harmless from and against all Losses to the extent arising out of Cardinal Health's breach of the BAA or violation of HIPAA by fault of Cardinal Health with respect to Pharmacy's PHI. This indemnification shall not include PHI disclosures or breaches which are the result of data which Cardinal Health received from Pharmacy or its third-party designee.

(c) Indemnification Procedure. The Parties' indemnification obligations under this Section 10 are contingent upon: (i) the indemnified Party giving prompt written notice to the indemnifying Party of any claim under this Section (provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent that the indemnifying Party is actually prejudiced as a result of such failure); (ii) the indemnifying Party having the right, but not the obligation, to assume sole control of the defense or settlement of the claim; and (iii) at the indemnifying Party's request and expense, the indemnified Party cooperating in the investigation and defense of such claim(s). If the indemnifying Party assumes the defense of any claim hereunder, the indemnified Party will be entitled to participate in (but not control) such defense and to retain its own counsel, at its own expense. The indemnifying Party may not settle or consent to an adverse judgment in any such claim that adversely affects the rights or interests of the indemnified Party or imposes additional obligations on the indemnified Party, without the prior express written consent of the indemnified Party.

(d) Insurance. During the Term, (i) Pharmacy will maintain adequate professional and other appropriate liability insurance in an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate and (ii) Cardinal Health will maintain insurance coverage. Each Party will provide evidence of such insurance to the other party upon request.

11. Limitation of Liability. EXCEPT WITH RESPECT TO EACH PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS MASTER AGREEMENT AND ANY APPLICABLE SERVICE AGREEMENT; INFRINGEMENT OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS, OR; BREACH OF OBLIGATIONS OF CONFIDENTIALITY, (i) NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOST REVENUES OR LOSS OF DATA), WHETHER OR NOT FORESEEABLE. CARDINAL HEALTH'S AGGREGATE LIABILITY FOR ANY LOSS, LIABILITY OR EXPENSE ARISING IN CONNECTION WITH THIS AGREEMENT AND ANY SERVICE AGREEMENT WILL BE LIMITED TO THE TOTAL AMOUNT OF FEES ACTUALLY PAID BY PHARMACY UNDER THAT SERVICE AGREEMENT FOR THE SIX (6) MONTHS PRIOR TO THE EVENT GIVING RISE TO SUCH LIABILITY. THE PARTIES ACKNOWLEDGE THAT THE LIMITATIONS AND DISCLAIMERS SET FORTH IN THIS MASTER AGREEMENT ARE AN ESSENTIAL ELEMENT IN

Retail Independent Pharmacy — Service Enrollment Packet

SETTING CONSIDERATION UNDER THIS MASTER AGREEMENT AND EACH SERVICE AGREEMENT, AND SHALL APPLY REGARDLESS OF WHETHER SUCH CLAIMS ARE BROUGHT UNDER TORT, CONTRACT OR ANY OTHER LEGAL OR EQUITABLE THEORY.

12. General.

(a) Publicity. Pharmacy will not use any Cardinal Health name, or abbreviation thereof, or any Cardinal Health logo, or adaptation thereof, in any advertising or trade displays, or for any commercial purpose, without Cardinal Health's prior written consent. Neither party will make any press release or other public announcement regarding this Master Agreement or any Service Agreement without the other party's prior written consent.

(b) Assignment. Pharmacy may not assign, transfer, or sublicense any obligation or benefit under this Master Agreement or any Service Agreement without the prior written consent of Cardinal Health. Except as otherwise provided herein, this Master Agreement will be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties. Any attempted assignment in violation of this Master Agreement will be void and without effect.

(c) Notices. All notices under this Master Agreement and each Service Agreement must be in writing, and will be deemed given when personally delivered, when mailed by prepaid certified or registered U.S. mail, or when sent by commercial overnight courier service with tracking capabilities, to the Pharmacy's Store Site address in the applicable Service Agreement and to Cardinal Health at Cardinal Health, 7000 Cardinal Place, Dublin, OH 43017, Attn: General Counsel, Pharmaceutical Segment, or to such other address specified as the notice address in the applicable Service Agreement.

(d) Setoff. Without limiting Cardinal Health's rights under law or in equity, Cardinal Health and its affiliates, parent or related entities, collectively or individually, may exercise a right of set-off against any and all amounts due to Pharmacy. For purposes of this section, Cardinal Health, its affiliates, parent or related entities shall be deemed to be a single creditor.

(e) Waiver. The failure of either Party to enforce its rights under this Master Agreement or any Service Agreement at any time for any period will not be construed as a waiver of such rights.

(e) Modifications. No changes or modifications to or waivers of any provision of this Master Agreement or any Service Agreement will be effective unless evidenced in a written amendment that is signed by both Parties.

(f) Governing law. This Master Agreement and each Service Agreement will be governed by and construed in accordance with the laws of Ohio without regard to its conflicts of laws provisions.

(g) Independent Contractors. The relationship of Cardinal Health and Pharmacy established by this Master Agreement and each Service Agreement is that of independent contractor, and nothing contained in this Master Agreement or any Service Agreement will be construed to constitute the Parties as partners, principal-agent, franchisee-franchisor, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, or otherwise give rise to fiduciary obligations between the Parties.

(h) Force Majeure. Neither Party will be liable for nonperformance, delay in performance (other than of obligations regarding payment of money or confidentiality) or any other matter pursuant to this Master Agreement or any Service Agreement to the extent caused by any event reasonably beyond the control of such party.

(i) Entire Agreement. This Master Agreement together with the Service Agreements, the Business Associate Agreement and all schedules, attachments and exhibits attached hereto, constitute the entire agreement between the Parties with respect to the subject matter of this Master Agreement and any Service Agreements and supersedes all prior agreements with respect to a Service, and all proposals, oral or written, all negotiations, conversations, discussions or agreements between or among the Parties relating to the subject matter of any Service Agreement. In the event of any conflict among the agreements between the parties, the order of precedence shall be: (i) Business Associate Agreement; (ii) the Service Agreement; (iii) the Master Service Agreement, and (iv) other schedules, attachments and exhibits.

(j) Counterparts. This Master Agreement and each Service Agreement may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

CARDINAL HEALTH 110, LLC

PRINT PHARMACY LEGAL NAME

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

EXHIBIT F

RECONCILIATION SERVICE AGREEMENT

Retail Independent Pharmacy Master Service Agreement

This **Retail Independent Pharmacy Master Service Agreement** (the "Master Agreement") is made and entered into as of the date of signature of the last party to sign this Master Service Agreement ("Effective Date") and is by and between the undersigned pharmacy and Cardinal Health 110, LLC ("CAH 110"), each of which hereby agree as follows:

1. Definitions.

"Cardinal Health" means CAH 110 or another affiliate of CAH 110 that enters into a Service Agreement with Pharmacy. Affiliates of CAH 110 that enter into Service Agreements with Pharmacy are severally liable for the performance of that Service Agreement in accordance with the terms specified in the applicable Service Agreement and this Master Agreement.

"Documentation" means user guides and written specifications made available by Cardinal Health to Customer or its representatives in connection with use of any Service.

"Pharmacy" means the undersigned pharmacy that enters into this Master Agreement and includes each store location utilizing Services, as set forth in the applicable Service Agreement ("Store Site").

"Platform" means a Cardinal Health proprietary platform licensed by Pharmacy pursuant to a Service Agreement, including all updates and upgrades issued by Cardinal Health, and related services, software, and Documentation provided in conjunction with the Platform.

"Service" means the Platform, consulting service, or other service to be provided by Cardinal Health to Pharmacy, as described in a Service Agreement and includes Documentation related to such platform or service.

"Service Agreement" means an enrollment form ("Enrollment Form"), statement of work ("SOW"), work order ("Work Order"), or similar form applicable to Services to be provided by Cardinal Health that specifically references and incorporates this Master Agreement.

2. Consulting and Other Services. Cardinal Health will provide consulting and/or other services described in a Service Agreement applicable to such Services. This Agreement does not cover distribution of pharmaceuticals or other products covered under a Prime Vendor Agreement with Cardinal Health or its affiliates.

3. Access to Platforms.

(a) License. Subject to the terms and conditions of this Master Agreement and the applicable Service Agreement, Cardinal Health grants to Pharmacy during the Term, a non-exclusive, non-transferable, revocable, limited license (without a right of sublicense) to access each Platform at the Store Sites identified in the applicable Service Agreement solely for Pharmacy's own internal business use and operations. Pharmacy may not rent, lease, re-license or otherwise provide access to any such Platform to any third party.

(b) License Restrictions. Pharmacy will not, and will not permit any third party, including without limitation Users, to: (i) use or reproduce any of the Platform in source code format; (ii) decompile, disassemble, or otherwise reverse engineer or attempt to reconstruct or discover any source code or underlying ideas or algorithms of any of the Platform; or (iii) modify or alter any of the Platform in any manner. Pharmacy shall cause its Personnel to comply with the terms and conditions of this Master Agreement and the applicable Service Agreement.

(c) Hosting Services and Maintenance. Cardinal Health will host the Platform on the servers of a third-party hosting services provider ("Hosted Server"). Pharmacy acknowledges that Cardinal Health shall update and upgrade the Platform from time to time, in its discretion.

(d) Authorized Users. Pharmacy shall identify those of its officers and employees ("Personnel") who will require access to the Platform for the purposes permitted by this Master Agreement and applicable Service Agreement. Those individuals approved by Cardinal Health will be designated as "Authorized Users" of the Platform under this Master Agreement. Access to the Platform will be limited to Authorized Users by the assignment of appropriate user identification names and passwords ("Credentials"). Pharmacy shall take reasonable precautions to ensure that Credentials are assigned only to Authorized Users and that the Credentials assigned to Authorized Users are protected from unauthorized use and disclosure. Pharmacy shall promptly notify Cardinal Health in writing if any Authorized User ceases to represent Pharmacy, so that the Credentials assigned to such Authorized User can be deactivated. Pharmacy assumes full responsibility for the actions of anyone accessing the Platform using Credentials assigned to any Authorized User, unless and until Pharmacy notifies Cardinal Health to deactivate such Credentials. Upon written notice to Pharmacy, Cardinal Health may modify or suspend Pharmacy's or an Authorized User's access to the Platform due to breach of this Master Agreement, as necessary to comply with any applicable law or regulation, or as reasonably necessary to ensure security of the Platform.

4. Data Requirements.

(a) Delivery of Data. Pharmacy agrees to provide or cause its Store Sites to provide Cardinal Health access to all such data and information reasonably deemed necessary by Cardinal Health to provide the Services, which may include without limitation prescription claims transactions, dispensing data, and any other information or data that is received from, or created or received by Cardinal Health on behalf of a Store Site or Pharmacy, including data or information received by Cardinal Health prior to the Effective Date or pursuant to a separate agreement ("Pharmacy Data"). Pharmacy Data shall be accurate and shall be delivered in the format reasonably required by Cardinal Health to support the applicable Services. The method and timing of delivery shall be determined by Cardinal Health and Pharmacy or Pharmacy's third-party vendor designated to provide such Pharmacy Data. If applicable to the Services, Pharmacy hereby authorizes Cardinal Health to access and use Protected Health Information (as defined by the Health Insurance Portability and Accountability Act of 1996, all U.S. Department of Health and Human Services' ("HHS") implementing regulations under HIPAA and the Health Information Technology Economic and Clinical Health ("HITECH") Act) ("PHI") contained in data electronically received from, or created by Cardinal Health on behalf of Pharmacy and Store Site locations. Pharmacy shall own all right, title and interest in the Pharmacy Data, provided that Cardinal Health will have the right to use such Pharmacy Data as set forth in Section 4(b) of this Master Agreement.

(b) Data Use. Notwithstanding any provision or limitation to the contrary, as set forth herein or otherwise, including in any other agreement between the parties, Pharmacy and Store Site, hereby authorize Cardinal Health and its affiliates to access and use Pharmacy Data to the extent necessary for the following purposes: (i) to provide Services to Pharmacy under this Master Agreement and each Service Agreement; (ii) to identify additional service and program opportunities that are or may be available to Pharmacy, which may be beneficial to the health care operations of Pharmacy, such as adherence programs, and which may be sponsored by health plans, pharmaceutical manufacturers, or other third parties; (iii) to perform studies, analyze data, and create reports related to the operations of Cardinal Health and/or Pharmacy (each such study, analysis, or report, a “Derivative Work”); and (iv) to identify Derivative Works in accordance with 45 CFR §164.514. Any Derivative Work that has been (A) de-identified with respect to PHI in accordance with 45 CFR §164.514, and (B) de-identified as to the identity of Pharmacy is “Cardinal Health Data.” Cardinal Health Data may include, without limitation, analytical reports and statistics regarding usage of the Platform or Services and the efficiencies gained related to use of the Platform or Services. Cardinal Health Data shall not otherwise identify or reveal any Confidential Information about Pharmacy or the Authorized Users. Cardinal Health shall own all right, title and interest in Cardinal Health Data.

5. Proprietary Rights. Pharmacy acknowledges that Cardinal Health is the exclusive owner of all right, title and interest in each Service and Platform regardless of any participation or collaboration by Pharmacy in the design, development or implementation of any such Service and/or Platform, and Pharmacy further acknowledges that Cardinal Health is the owner and holder of all copyrights, patents, trademark, trade secret and other proprietary rights therein (collectively, “Cardinal Health Proprietary Rights”). Cardinal Health reserves all such Cardinal Health Proprietary Rights to itself except as expressly licensed to Pharmacy hereunder.

6. Confidentiality.

(a) Confidential Information. The Parties agree that (i) Platforms, Service and Platform descriptions and manuals, Cardinal Health data, source code, access codes, Credentials, reports created through a Platform or by Cardinal Health, passwords or other authentication credentials, and other terms offered to Pharmacy are the confidential property of Cardinal Health; (ii) subject to HIPAA, the Pharmacy Data entered through the Platform, and any other User data that Pharmacy provides Cardinal Health is the confidential information of Pharmacy; and (iii) any confidential business, technical, financial or other information disclosed by one Party to the other pursuant to this Master Agreement is the confidential information of the disclosing Party (collectively, “Confidential Information”). Except as expressly allowed in Section 4(b) or elsewhere herein, each Party shall hold Confidential Information of the other party in confidence, shall not disclose to any third party any Confidential Information of the other Party, and may not use such Confidential Information for purposes unrelated to this Master Agreement or applicable Service Agreement except as expressly permitted in this Master Agreement. Each Party may disclose the other party’s Confidential Information to its Personnel who have a legitimate “need to know,” have been advised of the obligations of confidentiality under this Master Agreement and are bound in writing to obligations of confidentiality substantially similar to those set out in this Master Agreement. Receiving Party shall

be liable for breach of this provision by its Personnel.

(b) Permitted Disclosure. A Party will not be obligated under Section 6(a) with respect to information that it can document: (i) is or has become readily publicly available without restriction through no fault of such Party or its Personnel; (ii) is received, without restriction, from a third party in possession of such information and lawfully permitted to disclose such information; or (iii) was rightfully in such Party’s possession without restriction prior to its disclosure by the other Party. Nothing in this Master Agreement will prohibit receiving Party from disclosing Confidential Information of disclosing Party if it is legally required to do so by judicial or governmental order or in a judicial or governmental proceeding, provided that the party subject to such order takes appropriate action to safeguard the confidentiality of the Confidential Information including, but not limited to, seeking a protective order of a court of competent jurisdiction.

7. Fees and Payments.

(a) Fees. Pharmacy shall pay to Cardinal Health the applicable license, customization, consulting and maintenance and support services fees in accordance with the payment schedule set forth in the applicable Service Agreement (“Fees”).

(b) Taxes. All Fees are exclusive of any state, local, and other taxes and charges (other than income taxes payable by Cardinal Health) directly applicable to the licensing, installation, support, or use of the Platform or of the Services. Pharmacy shall be responsible for the payment of all such taxes.

(c) Payments. Unless otherwise set forth in a Service Agreement, Pharmacy shall pay each Cardinal Health invoice for Services/Platform on or before thirty (30) calendar days after the date of the invoice. Payments remitted after the due date will bear interest at one and one-half percent (1.5%) per month or, if less, the maximum rate allowed by law. All fees paid hereunder are non-refundable.

(d) Important Notice. Any rebates or discounts provided under any Service Agreement may constitute a “discount or other reduction in price” as such terms are defined under the Medicare/Medicaid Anti-Kickback Statute, on products purchased by Pharmacy. Pharmacy and Cardinal Health agree to comply with any and all requirements imposed on sellers and buyers, respectively, under 42 U.S.C. § 1320a-7b(b)(3)(A) and the “safe harbor” regulations regarding discounts or other reductions in price set forth in 42 C.F.R. § 1001.952(h). In this regard, Pharmacy may have an obligation to accurately report, under any state or federal program which provides cost or charge based reimbursement for the products or services covered by the Service Agreement, or as otherwise requested or required by any governmental agency, the net cost actually paid by Pharmacy.

8. Term and Termination.

(a) Term. The term of this Master Agreement (“Term”) will begin on the Effective Date and continue until ninety (90) days following written notice of termination of this Master Agreement by either Party, which may only be provided after expiration or termination of all outstanding Service Agreements.

(b) Termination of Service Agreement. Either Party may terminate a Service Agreement for cause: (i) upon thirty (30) days written notice if the other Party breaches a material term of the Service Agreement and does not cure such breach within the thirty (30) day period, provided however that the notice and cure period for a payment default shall be limited to ten (10) days; or (ii)

effective immediately if the other Party becomes insolvent, seeks protection under a bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other and continues for ninety (90) days undismissed, unbonded and undischarged.

(c) Events Upon Termination. Upon termination of a Service Agreement for any reason, Pharmacy and its Personnel shall cease all use of the Platform and Services covered by that Service Agreement. Upon termination of a Service Agreement, Cardinal Health will invoice Pharmacy for accrued fees and reimbursable expenses. Pharmacy shall pay the invoiced amount upon receipt of such invoice. In the event of termination of this Master Agreement for any reason, the provisions of Sections 1, 3(b), 4(b), 5, 6, 7(c), 8(c), 9(d), 10, 11 and 12 will survive in perpetuity to the maximum period allowed by law with respect to this Master Agreement and all Service Agreements.

9. Limited Warranties and Disclaimer.

(a) Compliance. Each Party shall perform its obligations under this Master Agreement and each Service Agreement in compliance with applicable laws, rules and regulations.

(b) Authority. Each Party represents and warrants that it has full power and authority to enter into this Master Agreement and each Service Agreement and to convey the rights conveyed herein and in each Service Agreement. Each Party further represents that it has not entered into nor will it enter into any agreements that would conflict with its obligations hereunder.

(c) Pharmacy Data. Pharmacy represents and warrants that it has all necessary rights, authorizations, licenses and consents necessary to provide Pharmacy Data and other information submitted by Pharmacy or on behalf of Pharmacy by a third party.

(d) Disclaimer. EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS MASTER AGREEMENT AND ANY APPLICABLE SERVICE AGREEMENT, CARDINAL HEALTH MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO ANY PLATFORM OR SERVICES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. FURTHER, CARDINAL HEALTH DOES NOT WARRANT, GUARANTEE, OR MAKE ANY REPRESENTATIONS REGARDING (i) THE USE OR THE RESULTS OF THE USE, OF ANY PLATFORM, (iii) ANY INFORMATION CONTAINED THEREIN OR OTHERWISE PROVIDED PURSUANT TO THIS MASTER AGREEMENT OR ANY SERVICE AGREEMENT, (iii) THE SERVICES, IN TERMS OF CORRECTNESS, ACCURACY, RELIABILITY, ERROR-FREE OPERATION OR OTHERWISE.

10. Indemnification and Insurance

(a) Pharmacy's Indemnity. Pharmacy shall indemnify, defend and hold Cardinal Health its successors, assigns, officers, directors, and employees ("Indemnitees") harmless with respect to all fines, penalties, claims, liability, damage, loss and expenses, and penalties imposed upon Cardinal Health including reasonable attorney's fees (collectively, "Losses") which are related to, caused by, or arise out of the Agreement or in connection with: (i) receipt by Cardinal Health of inaccurate, false or misleading information; (ii) breach of this Agreement or any Service Agreement, (iii) fraud, negligence or willful misconduct of Pharmacy; and, (iv) any claims by Pharmacy's employees against Cardinal Health for compensation or benefits, and, except to the extent that any of the foregoing arise from the negligence or willful misconduct of

Cardinal Health. Pharmacy shall pay Cardinal Health reasonable attorney's fees and all costs of litigation associated with enforcement of the obligation set forth in this section.

(b) Cardinal Health's Indemnity. If Cardinal Health breaches its obligations under its BAA with Pharmacy, including a Breach (as defined by 45 CFR §164.402) of Pharmacy PHI to the extent caused by Cardinal Health, Cardinal Health will indemnify and hold Pharmacy harmless from and against all Losses to the extent arising out of Cardinal Health's breach of the BAA or violation of HIPAA by fault of Cardinal Health with respect to Pharmacy's PHI. This indemnification shall not include PHI disclosures or breaches which are the result of data which Cardinal Health received from Pharmacy or its third-party designee.

(c) Indemnification Procedure. The Parties' indemnification obligations under this Section 10 are contingent upon: (i) the indemnified Party giving prompt written notice to the indemnifying Party of any claim under this Section (provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent that the indemnifying Party is actually prejudiced as a result of such failure); (ii) the indemnifying Party having the right, but not the obligation, to assume sole control of the defense or settlement of the claim; and (iii) at the indemnifying Party's request and expense, the indemnified Party cooperating in the investigation and defense of such claim(s). If the indemnifying Party assumes the defense of any claim hereunder, the indemnified Party will be entitled to participate in (but not control) such defense and to retain its own counsel, at its own expense. The indemnifying Party may not settle or consent to an adverse judgment in any such claim that adversely affects the rights or interests of the indemnified Party or imposes additional obligations on the indemnified Party, without the prior express written consent of the indemnified Party.

(d) Insurance. During the Term, (i) Pharmacy will maintain adequate professional and other appropriate liability insurance in an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate and (ii) Cardinal Health will maintain insurance coverage. Each Party will provide evidence of such insurance to the other party upon request.

11. Limitation of Liability. EXCEPT WITH RESPECT TO EACH PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS MASTER AGREEMENT AND ANY APPLICABLE SERVICE AGREEMENT; INFRINGEMENT OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS, OR; BREACH OF OBLIGATIONS OF CONFIDENTIALITY, (i) NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOST REVENUES OR LOSS OF DATA), WHETHER OR NOT FORESEEABLE. CARDINAL HEALTH'S AGGREGATE LIABILITY FOR ANY LOSS, LIABILITY OR EXPENSE ARISING IN CONNECTION WITH THIS AGREEMENT AND ANY SERVICE AGREEMENT WILL BE LIMITED TO THE TOTAL AMOUNT OF FEES ACTUALLY PAID BY PHARMACY UNDER THAT SERVICE AGREEMENT FOR THE SIX (6) MONTHS PRIOR TO THE EVENT GIVING RISE TO SUCH LIABILITY. THE PARTIES ACKNOWLEDGE THAT THE LIMITATIONS AND DISCLAIMERS SET FORTH IN THIS MASTER AGREEMENT ARE AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS MASTER AGREEMENT AND EACH SERVICE AGREEMENT, AND SHALL APPLY REGARDLESS OF WHETHER SUCH CLAIMS ARE

Retail Independent Pharmacy — Service Enrollment Packet

BROUGHT UNDER TORT, CONTRACT OR ANY OTHER LEGAL OR EQUITABLE THEORY.

12. General.

(a) Publicity. Pharmacy will not use any Cardinal Health name, or abbreviation thereof, or any Cardinal Health logo, or adaptation thereof, in any advertising or trade displays, or for any commercial purpose, without Cardinal Health's prior written consent. Neither party will make any press release or other public announcement regarding this Master Agreement or any Service Agreement without the other party's prior written consent.

(b) Assignment. Pharmacy may not assign, transfer, or sublicense any obligation or benefit under this Master Agreement or any Service Agreement without the prior written consent of Cardinal Health. Except as otherwise provided herein, this Master Agreement will be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties. Any attempted assignment in violation of this Master Agreement will be void and without effect.

(c) Notices. All notices under this Master Agreement and each Service Agreement must be in writing, and will be deemed given when personally delivered, when mailed by prepaid certified or registered U.S. mail, or when sent by commercial overnight courier service with tracking capabilities, to the Pharmacy's Store Site address in the applicable Service Agreement and to Cardinal Health at Cardinal Health, 7000 Cardinal Place, Dublin, OH 43017, Attn: General Counsel, Pharmaceutical Segment, or to such other address specified as the notice address in the applicable Service Agreement.

(d) Setoff. Without limiting Cardinal Health's rights under law or in equity, Cardinal Health and its affiliates, parent or related entities, collectively or individually, may exercise a right of set-off against any and all amounts due to Pharmacy. For purposes of this section, Cardinal Health, its affiliates, parent or related entities shall be deemed to be a single creditor.

(e) Waiver. The failure of either Party to enforce its rights under this Master Agreement or any Service Agreement at any time for any period will not be construed as a waiver of such rights.

(e) Modifications. No changes or modifications to or waivers of any provision of this Master Agreement or any Service Agreement will be effective unless evidenced in a written amendment that is signed by both Parties.

(f) Governing law. This Master Agreement and each Service Agreement will be governed by and construed in accordance with the laws of Ohio without regard to its conflicts of laws provisions.

(g) Independent Contractors. The relationship of Cardinal Health and Pharmacy established by this Master Agreement and each Service Agreement is that of independent contractor, and nothing contained in this Master Agreement or any Service Agreement will be construed to constitute the Parties as partners, principal-agent, franchisee-franchisor, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, or otherwise give rise to fiduciary obligations between the Parties.

(h) Force Majeure. Neither Party will be liable for nonperformance, delay in performance (other than of obligations regarding payment of money or confidentiality) or any other matter pursuant to this Master Agreement or any Service Agreement to the extent caused by any event reasonably beyond the control of such party.

(i) Entire Agreement. This Master Agreement together with the Service Agreements and all schedules, attachments and exhibits attached hereto, constitute the entire agreement between the Parties with respect to the subject matter of this Master Agreement and any Service Agreements and supersedes all prior agreements with respect to a Service, and all proposals, oral or written, all negotiations, conversations, discussions or agreements between or among the Parties relating to the subject matter of any Service Agreement. In the event of any conflict among the agreements between the parties, the order of precedence shall be: (i) the Service Agreement; (ii) the Master Service Agreement, and (iii) other schedules, attachments and exhibits.

(j) Counterparts. This Master Agreement and each Service Agreement may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

CARDINAL HEALTH 110, LLC



Signature
John "Tony" Steiner

Printed Name
VP Solutions & Programs

Title

Date

PRINT PHARMACY LEGAL NAME

Signature

Printed Name

Title

Date

Reconciliation Services: Service Agreement

Cardinal Health 110, LLC (“Cardinal Health”) and the undersigned Pharmacy agree as follows:

1. Master Agreement. The terms and conditions of the Retail Independent Pharmacy Master Service Agreement between the parties (“Master Agreement”) are hereby incorporated by reference and shall govern the performance of Services by Cardinal Health and Pharmacy’s use of the Reconciliation Platform. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Agreement.
2. Fees. Pharmacy will pay Cardinal Health a monthly subscription fee of One Hundred Seventy Dollars (\$170.00) for Reconciliation or Three Hundred and Twenty Dollars (\$320.00) for Reconciliation+, per Store Site. Cardinal Health will pass through any data fees charged by third-party vendors to the extent that such fees exceed \$50.00. Cardinal Health may adjust fees on no less than sixty (60) days prior written notice. Payment terms are set forth in the Master Agreement.
3. Term. The term of this Reconciliation Services Service Agreement shall be for twelve (12) months following the Requested Start Date specified on the Enrollment Form (“Requested Start Date”), unless sooner terminated by either party in accordance with the terms of this Service Agreement and shall automatically renew for successive twelve (12) month periods unless either party terminates this Agreement in accordance with this Section or the Master Agreement. Either party may terminate this Agreement (i) without cause, beginning six (6) months after the Requested Start Date, upon sixty (60) days prior written notice to the other party, or (ii) in accordance with any terms specified in the Master Agreement.
4. Additional Terms.
 - a. Pharmacy agrees that all claims and remittance transaction data reported to Cardinal Health will be in a Sunday to Saturday standard accounting week. Pharmacy understands that claims and reversals processed outside of my designated switch (es) or via the phone will not be reconciled.
 - b. The Reconciliation Operations Team will work on behalf of Pharmacy to obtain Electronic 835 Pharmacy Remittance directly from Pharmacy Benefits Managers (i.e. Payers) outside of Central Pay as designated by Cardinal Health. When necessary, Pharmacy understands that it is responsible for two kinds of payment data transmission through the Reconciliation Complete Portal for data received by the Pharmacy: (i) submitting remittance for any PBM paper remittance, and (ii) uploading of store-level PBM 835 files (pharmacy is responsible for duplicate payment data loads).
 - c. Pharmacy shall provide Cardinal Health authorization for Pharmacy Benefits Managers (i.e. Payers) to send Electronic 835 Pharmacy Remittance to Cardinal Health’s reconciliation operations team (“Reconciliation Operations Team”) as instructed herein and to discuss all issues related to receipt of that data with the Reconciliation Operations Team. No change in the current Pharmacy Payment process is authorized with this form. Pharmacy understands that it should no longer receive paper remittance from a PBM once that PBM begins including payment data in electronic 835 files sent to the Reconciliation Complete Operations Team. Pharmacy understands that it is Pharmacy’s responsibility to ensure that PBMs stop sending Electronic 835 Pharmacy Remittance to the Reconciliation Operations Team upon termination of the program for those PBMs that will not take direction from the Reconciliation Operations Team. Pharmacy will remain active within the Reconciliation Platform for no more than 60 days from the end of the month in which termination was given or until the PBMs begin providing Pharmacy Remittance information to Pharmacy, whichever comes first. If Pharmacy wishes to obtain these Electronic 835 Pharmacy Remittance files following this sixty (60) day grace period, Pharmacy understands that it will be charged the cost of the program in order for Pharmacy’s profile to remain active.
 - d. Store Site. This Service Agreement applies to the Store Site in the table below.

Pharmacy name (“<u>Pharmacy</u>”):		Provide legal name of pharmacy			
		Insert “DBA”			
Store Site address:					
City:		State:		Zip Code:	
Phone:		Fax:			
Pharmacy is enrolling in: Pharmacy may change its selection of service by email notice to Cardinal Health.		<input type="checkbox"/> Reconciliation		<input type="checkbox"/> Reconciliation +	
Requested Start Date: Please note that actual start date is dependent upon receiving all required forms prior to this date					

[signature page follows]

Retail Independent Pharmacy — Service Enrollment Packet

CARDINAL HEALTH 110, LLC

PHARMACY



Signature
John "Tony" Steiner

Printed Name
VP Solutions & Programs

Title

Date

Signature

Printed Name

Title

Date

**Request for third-party authorization to receive:
Electronic 835 Pharmacy Payment Remittance Detail**

Pharmacy Legal name (“ <u>Pharmacy</u> ”):					
Store Site address:					
City:		State:		Zip Code:	
NPI:		NCPDP:		Fed Tax ID:	

I hereby authorize all Pharmacy Benefits Managers (i.e. Payers) to send Electronic 835 Pharmacy Payment Remittance Detail in the X-12 835 electronic format to Cardinal Health, as processor for my reconciliation services as instructed herein.

I also hereby authorize all Pharmacy Benefits Managers (i.e. Payers) to discuss all issues related to those services with the Cardinal Health Reconciliation Service Operations Team.

No change in the current Pharmacy Payment process is authorized with this form. I represent and warrant that the information below is correct to the best of my knowledge and that I am authorized to sign this form on behalf of the Pharmacy.

Note to store enrollee: The above date should be the same or within two weeks of the Start Date indicated on the Reconciliation Service enrollment form.

Note to Pharmacy Benefit Manager (PBM): If you have any questions regarding this request, please contact the Reconciliation Service Operations Team by email at ManagedCareSupport@cardinalhealth.com. Thank you.

CARDINAL HEALTH 110, LLC

PRINT PHARMACY LEGAL NAME



Signature
John “Tony” Steiner

Printed Name
VP Solutions & Programs

Title

Date

Signature

Printed Name

Title

Date

Business Associate Agreement

This **Business Associate Agreement** ("Agreement") is made and is effective as of the effective date specified on the signature page (the "Effective Date"), by and between the applicable Cardinal Health entity(ies) identified on the signature page (collectively, "Cardinal Health") and the undersigned customer/covered entity ("Covered Entity"). Capitalized terms used, but not otherwise defined, in this Agreement shall have the respective meanings assigned to such terms by the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act and their implementing regulations as amended from time to time (collectively, "HIPAA").

In the performance of one or more agreements entered into between Cardinal Health and Covered Entity before, on, or after the date of this Agreement (collectively, the "Service Agreements"), Cardinal Health may use, disclose, create, receive, maintain or transmit Protected Health Information ("PHI") from or on behalf of Covered Entity. The parties acknowledge and agree that Covered Entity is a "covered entity" as defined under HIPAA. This Agreement is only applicable to Cardinal Health to the extent that Cardinal Health functions as a "business associate" (as defined under HIPAA) in providing services to, or on behalf of, Covered Entity. For the avoidance of doubt, the terms of this Agreement shall only apply to a Cardinal Health entity that is party to one or more Service Agreements with Covered Entity that require such Cardinal Health entity to use, disclose, create, receive, maintain or transmit PHI. In accordance with the foregoing, the parties' rights and obligations under this Agreement shall have no force or effect unless, and until such time as, Cardinal Health is a business associate of Covered Entity in accordance with HIPAA. Subject to the foregoing, Cardinal Health and Covered Entity agree as follows:

1. Permitted Uses and Disclosures of PHI.

- (a) Cardinal Health shall not use or disclose PHI other than as permitted or required by this Agreement or as otherwise Required By Law. Except as otherwise limited in this Agreement, Cardinal Health may use or disclose PHI to perform functions, activities, or services for, or on behalf of, the Covered Entity as specified in the Service Agreements, provided that such use or disclosure would not violate HIPAA if done by the Covered Entity.
- (b) Cardinal Health may also use and/or disclose PHI for the following purposes:
 - (i) Cardinal Health may use PHI for Cardinal Health's proper management and administration or to carry out its legal responsibilities.
 - (ii) Cardinal Health may disclose PHI for the proper management and administration of Cardinal Health or to carry out its legal responsibilities, provided that disclosures are Required By Law (as that term is defined under 45 C.F.R. §164.103) or Cardinal Health obtains reasonable assurances from the third party to whom the information is disclosed that such third party shall: (1) protect the confidentiality of the PHI; (2) use or further disclose the PHI only as Required By Law or for the purpose for which it was disclosed to the person; and (3) notify Cardinal Health of any instances of which it is aware in which the confidentiality of the PHI has been breached.
 - (iii) Cardinal Health may "de-identify" PHI in accordance with 45 C.F.R. §164.514 and use or disclose "de-identified" information in a manner consistent with and permitted by HIPAA.
 - (iv) Cardinal Health may use PHI to provide Data Aggregation services related to the Health Care Operations of the Covered Entity.

2. Protection of PHI. Cardinal Health shall use reasonable and appropriate safeguards to prevent use or disclosure of the PHI other than as permitted by this Agreement.

3. Mitigation. Cardinal Health shall take reasonable steps to mitigate, to the extent practicable, any harmful effect that is known to Cardinal Health of a use or disclosure of PHI by Cardinal Health in violation of this Agreement.

4. Unauthorized Use or Disclosure and Reporting Requirements.

- (a) Upon the discovery of an impermissible acquisition, access, use, or disclosures of PHI in violation of this Agreement or HIPAA by Cardinal Health, its employees, or other agents or contractors or by a third party to which Cardinal Health disclosed PHI (each, an "Unauthorized Use or Disclosure"), Cardinal Health shall immediately investigate the Unauthorized Use or Disclosure and mitigate the root cause and any harmful effects of the Unauthorized Use or Disclosure. As part of such investigation, Cardinal Health shall gather all information required to be reported by 45 C.F.R. § 164.410(c).
- (b) If Cardinal Health becomes aware of a use or disclosure of PHI in violation of this Agreement by Cardinal Health or by a third party to which Cardinal Health disclosed PHI, Cardinal Health shall report any such use or disclosure to Covered Entity without unreasonable delay. Cardinal Health shall, following the discovery of a Breach of Unsecured PHI, notify Covered Entity of the Breach in accordance with 45 C.F.R. §164.410 without unreasonable delay and in no case later than thirty (30) days after discovery of the Breach.

- (c) Cardinal Health shall report to Covered Entity any Security Incident of which it becomes aware in the following time and manner: (i) any actual, successful Security Incident will be reported to Covered Entity in writing, within thirty (30) days of the date on which Cardinal Health first becomes aware of such Security Incident, and (ii) any attempted, but unsuccessful Security Incident of which Cardinal Health becomes aware will be reported to Covered Entity orally or in writing upon the written reasonable request of Covered Entity. If the HIPAA Security Regulations are amended to remove the requirement to report unsuccessful attempts at unauthorized access, the requirement to report such unsuccessful attempts shall no longer apply as of the effective date of that amendment.
5. Minimum Necessary Standard. To the extent required by the “minimum necessary” requirements of HIPAA, Cardinal Health shall only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure. Covered Entity represents that, to the extent Covered Entity provides PHI to Cardinal Health, such information is the minimum necessary PHI for the accomplishment of Cardinal Health’s purpose.
 6. Subcontractors. Except as otherwise permitted by Section 1(b)(ii) above, Cardinal Health shall enter into a written agreement meeting the requirements of 45 C.F.R. §§ 164.504(e) and 164.314(a)(2) with each Subcontractor (including, without limitation, a Subcontractor that is an agent under applicable law) that creates, receives, maintains or transmits PHI on behalf of Cardinal Health. Cardinal Health shall ensure that the written agreement with each Subcontractor obligates the Subcontractor to comply with restrictions and conditions that are at least as restrictive as the restrictions and conditions that apply to Cardinal Health under this Agreement.
 7. Availability of Books and Records. Cardinal Health shall make Cardinal Health’s internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Cardinal Health on behalf of, Covered Entity available to the Secretary, in a reasonable time and manner, for purposes of the Secretary determining Covered Entity’s and Cardinal Health’s compliance with HIPAA.
 8. Documentation of Disclosures. Cardinal Health shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures PHI in accordance with 45 C.F.R. §164.528.
 9. Accounting of Disclosures. Within thirty (30) days of notice by Covered Entity to Cardinal Health that it has received a request for an accounting of disclosures of PHI (other than disclosures to which an exception to the accounting requirement applies), Cardinal Health shall make available to Covered Entity such information as is in Cardinal Health’s possession and is required for Covered Entity to make the accounting required by 45 C.F.R. §164.528. If Cardinal Health receives a request directly from an individual pursuant to 45 C.F.R. §164.528 it shall, direct the Individual to make the request directly from Covered Entity.
 10. Access to Information. Within fifteen (15) business days of a request by Covered Entity for access to PHI about an Individual contained in any Designated Record Set of Covered Entity and maintained by Cardinal Health, Cardinal Health shall make available to Covered Entity such PHI for so long as Cardinal Health maintains such information in the Designated Record Set. If Cardinal Health receives a request for access to PHI directly from an Individual, it shall direct the Individual to make the request directly from Covered Entity. Covered Entity shall be solely responsible for making determinations with respect to the provision of access to the individual of such PHI and/or denial of the same (including the creation and/or maintenance of any notifications and/or documents in connection therewith).
 11. Availability of PHI for Amendment. Within fifteen (15) business days of receipt of a request from Covered Entity for the amendment of an Individual’s PHI contained in any Designated Record Set of Covered Entity maintained by Cardinal Health, Cardinal Health shall provide such information to Covered Entity for amendment and incorporate any such amendments in the PHI (for so long as Cardinal Health maintains such information in the Designated Record Set) as required by 45 C.F.R. §164.526. If the Covered Entity denies an individual’s request to amend such PHI, Cardinal Health shall incorporate into the PHI any of the statements and/or documents that the Covered Entity has created or received with respect to such denial; provided that, the Covered Entity has provided Cardinal Health with a copy of such statement and/or documents. If Cardinal Health receives a request for amendment to PHI directly from an Individual, it shall direct the Individual to make the request directly from Covered Entity. Covered Entity shall be solely responsible for making determinations with respect to the amendment of such PHI pursuant to an individual’s request and/or the denial of such request (including the creation and/or maintenance of any notification and/or creation of documents in connection therewith).
 12. Electronic PHI/Security Obligations.
 - (a) Cardinal Health shall implement Administrative Safeguards, Physical Safeguards and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of any Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity as required by HIPAA.
 - (b) Cardinal Health shall comply with the HIPAA Security Rule (i.e., 45 C.F.R. Part 160 and Subparts A and C of Part 164) with respect to Electronic PHI.

13. To the extent Cardinal Health is explicitly delegated to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164 in a Service Agreement, Cardinal Health shall comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s).
14. Obligations of Covered Entity.
- (a) Covered Entity shall not request that Cardinal Health use or disclose PHI in any manner that would not be permissible under HIPAA if done directly by Covered Entity.
 - (b) Covered Entity warrants that it has obtained and will obtain any consents, authorizations and/or other legal permissions required under HIPAA and other applicable law for the disclosure of PHI to Cardinal Health. Covered Entity shall notify Cardinal Health of any changes in, or revocation of, the permission by an Individual to use or disclose his or her PHI, to the extent that such changes may affect Cardinal Health's use or disclosure of PHI. Covered Entity shall not agree to any restriction on the use or disclosure of PHI under 45 C.F.R. § 164.522 that restricts Cardinal Health's use or disclosure of PHI under this Agreement unless such restriction is Required By Law or Cardinal Health grants its written consent, which consent shall not be unreasonably withheld.
 - (c) Except as Required By Law, with Cardinal Health's consent, or as set forth in the Service Agreements or this Agreement, Covered Entity shall not include any limitation in the Covered Entity's notice of privacy practices that limits Cardinal Health's use or disclosure of PHI under the Service Agreements.
15. Term. The term of this Agreement (the "Term") shall be effective as of the effective date, and shall continue in effect until termination of the last effective Services Agreement pursuant to which Cardinal Health creates, receives, maintains, or transmits PHI from or on behalf of Covered Entity, unless this Agreement is otherwise terminated as set forth herein.
16. Termination Upon Breach of Provisions Applicable to PHI. Any other provision of the Service Agreements notwithstanding, the Service Agreements and this Agreement may be terminated by either party (the "Non-Breaching Party") upon 30 days written notice to the other party (the "Breaching Party") in the event that the Breaching Party materially breaches any provision contained in this Agreement in any material respect and such breach is not cured within such 30-day period.
17. Return or Destruction of Health Information. Upon termination of this Agreement, for any reason, Cardinal Health shall return or destroy all PHI received from Covered Entity or created or received by Cardinal Health on behalf of Covered Entity and which Cardinal Health still maintains in any form. This provision shall apply to all such PHI in the possession of Subcontractors or agents of Cardinal Health. Notwithstanding the forgoing, if Cardinal Health determines that returning or destroying such PHI is infeasible, then Cardinal Health shall provide to Covered Entity notification of the conditions that make return or destruction infeasible, which may include without limitation, the need for Cardinal Health to retain such information for purposes of audits by pharmaceutical manufacturers and others involved with medication assistance programs referenced in the Service Agreements, and Cardinal Health shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long Cardinal Health maintains such PHI.
18. HIPAA Amendments. The parties acknowledge and agree that the Health Information Technology for Economic and Clinical Health Act and its implementing regulations impose requirements with respect to privacy, security and breach notification applicable to Business Associates (collectively, the "HITECH BA Provisions"). The HITECH BA Provisions and any other future amendments to HIPAA affecting Business Associate agreements are hereby incorporated by reference into this Agreement as if set forth in this Agreement in their entirety, effective on the later of the Effective Date or such subsequent date as may be specified by HIPAA.
19. No Third Party Beneficiaries. The parties have not created and do not intend to create by this Agreement any third party rights, including, but not limited to, third party rights for Individuals.
20. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity and Cardinal Health to comply with the HIPAA. In the event of a conflict between this Agreement and the terms of any Service Agreement, the terms of this Agreement will control, provided however, Cardinal Health's obligations hereunder shall be subject to any limitation of liability provisions set forth in the relevant Service Agreement.
21. Notice. All notices required under this Agreement must be given in writing and must be delivered by (i) personal service, (ii) certified mail, return receipt requested, or (iii) messenger or courier. All notices shall be addressed and delivered to the contact designated below the signature block, or other address provided by a party from time to time in writing to the other party. Notices given by mail will be deemed for all purposes to have been given forty-eight hours after deposit with the United States Postal Service. Notices delivered by any other authorized means will be deemed to have been given upon actual delivery.

(SIGNATURE PAGE FOLLOWS)

EFFECTIVE DATE: _____

CARDINAL HEALTH*

Signature
Dan Edds

Printed Name
Privacy Officer

Title

Date

CUSTOMER/COVERED ENTITY LEGAL NAME

Signature

Printed Name

Title

Date

NCPDP(s)

* "Cardinal Health" includes without limitation, Cardinal Health 110, LLC.; Leader Drugstores, Inc.; Medicine Shoppe International, Inc.; Medicap Pharmacies Inc.; and any other subsidiary of Cardinal Health, Inc., as may be designated by Cardinal Health Inc.

CONTACTS FOR NOTICES UNDER THIS AGREEMENT:

CARDINAL HEALTH*

Cardinal Health
Attn: Pharmacy Distribution Privacy Officer
7000 Cardinal Place
Dublin, OH 43017

With a copy to:
Cardinal Health
Attn: General Counsel, Pharmaceutical Segment
7000 Cardinal Place
Dublin, OH 43017

Phone: 614-757-5000
Email: privacy@cardinalhealth.com

COVERED ENTITY

Customer Entity Name

Attn:

Street Address

Street Address

City, State, Zip Code

Phone

Email

EXHIBIT G

CARDINAL HEALTH MEDICAL BENEFIT BILLING
AND RECONCILIATION SERVICE AGREEMENT

Medical Claims Billing and Reconciliation: Service Agreement

Cardinal Health 110, LLC (“Cardinal Health”) and the undersigned Pharmacy agree as follows:

1. **Master Agreement.** The terms and conditions of the Retail Independent Pharmacy Master Service Agreement between the parties (“Master Agreement”) are hereby incorporated by reference and shall govern the performance of Services by Cardinal Health and Pharmacy’s use of the Medical Claims Billing and Reconciliation Platform. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Agreement.
2. **Fees.** Pharmacy will pay Cardinal Health a monthly subscription fee and fees for claims submitted as set forth in Exhibit A. Such fees may be adjusted from time to time on thirty (30) days prior written notice from Cardinal Health. If Pharmacy does not agree to the change in fees, Pharmacy may terminate this Agreement on thirty Days prior written notice. Payment terms are set forth in the Master Agreement.
3. **Term.** The initial term of this Medical Claims Billing and Reconciliation Service Agreement shall be for twelve (12) months following the Requested Start Date specified on the Enrollment Form (“Requested Start Date”), unless sooner terminated by either party in accordance with the terms of this Service Agreement and shall automatically renew for successive twelve (12) month periods unless either party terminates this Agreement in accordance with this Section or the Master Agreement. Either party may terminate this Agreement (i) without cause, beginning six (6) months after the Requested Start Date, upon sixty (60) days prior written notice to the other party, or (ii) in accordance with any terms specified in the Master Agreement. Either party may terminate this Agreement at any time if the other breaches any of its obligations hereunder and fails to cure such breach within thirty (30) days after receipt of written notice thereof. Pharmacy acknowledges that Pharmacy claims and other information will remain active within the Medical Billing program portal for no more than sixty (60) days from the end of the month in which this Agreement is terminated. As and when any Store Site closes or ceases to use the Medical Billing program, Pharmacy will notify Cardinal Health thereof in writing to initiate a shut off relative to Reconciliation for that Store Site.
4. **Services.** Cardinal Health will provide medical billing and reconciliation platform for Pharmacy to submit certain eligible claims reimbursed by Medicare Part B and certain private medical reimbursement plans in accordance with the terms of this Agreement. To have medical claims reconciled, the pharmacy must also participate in Cardinal Health’s pharmacy reconciliation services program pursuant to a separate agreement. Pharmacy agrees to create a BIN and PCN in its pharmacy management system, as provided in instructions provided by Cardinal Health, to direct medical billing claims to Cardinal Health’s medical billing and reconciliation service provider. Any claims or reversals submitted by Pharmacy outside of the Reconciliation programs tools provided under this Agreement will not be reconciled.
5. **Medicare/Applicable Law Compliance.** Pharmacy is solely responsible to submit claims in compliance with all applicable laws. Pharmacy shall ensure the integrity of claims submitted to government and private payers, including but not limited to, billing codes, medical necessity documentation and physician orders required by government and private payors for coverage determination and reimbursement.
6. **Required Information.** Pharmacy agrees to provide or cause its Store Sites to provide Cardinal Health access to information reasonably deemed necessary by Cardinal Health to support the Medical Billing and Reconciliation program (“Program”). Data shall be delivered to Cardinal Health with accurate content and in the format necessary to support the Program. The method of daily delivery shall be determined by Cardinal Health and the Store Site’s dispensing system vendor. Pharmacy must sign a Data Transmission Authorization Form and Business Associate Agreement, each in a form as prepared by Cardinal Health. Pharmacy represents and warrants that Pharmacy has all necessary rights, authorization, licenses and consents necessary to provide all data and information submitted directly or indirectly by or on behalf of any Store Site or by or on behalf of the Pharmacy to Cardinal Health hereunder. Pharmacy shall indemnify, defend and hold Cardinal Health and its affiliates, officers, agents, contractors and employees harmless from a breach of the foregoing representations and warranties.
7. **Store Site.** This Service Agreement applies to the Store Site in the table below.

Pharmacy name (“Pharmacy”):		Provide legal name of pharmacy		
		Insert “DBA”		
Store Site address:				
City:		State:		Zip Code:
Phone:		Fax:		
Requested Start Date:				
Please note that actual start date is dependent upon receiving all required forms prior to this date				

Retail Independent Pharmacy — Service Enrollment Packet

CARDINAL HEALTH 110, LLC

PHARMACY

Signature

Printed Name

Title

Date

Signature

Printed Name

Title

Date

EXHIBIT A

MEDICAL CLAIMS BILLING AND RECONCILIATION FEES

	Fee	Frequency	Notes
Subscription Fee: Base Services	\$45	Monthly	Monthly subscription fee includes online portal, ability to submit medical claims, access to the medical billing help desk, etc.
Base Services Level 1 Claim	\$0.75	Per claim	Claim captured through the pharmacy management system and additional elements are not required (ex: prior authorization). Includes secondary claims that do not automatically cross over to secondary payer.
Base Services Level 2 Claim	\$1.25	Per claim	Claims that require additional documentation before the claim can be submitted to the payer.
Base Services Level 3 Claim	\$1.50	Per claim	Claims that require additional action before being submitted to the payer. Example: HRSA claims
Subscription Fee: Advanced Services	\$99	Per month	Monthly subscription fee includes all functionality of Base Service plus automated secondary claim billing and automated rental claim billing
Advanced Services Level 1 Claim	\$1.25	Per claim	Claim captured through the pharmacy management system and additional elements are not required (ex: prior authorization). Includes secondary claims that do not automatically cross over to secondary payer. This includes a dedicated medical billing specialist to assist with reconciliation of medical claims and support.
Advanced Services Level 2 Claim	\$3.00	Per claim	Claims that require additional documentation before the claim can be submitted to the payer. This includes a dedicated medical billing specialist to assist with reconciliation of medical claims and support.
Advanced Services Level 3 Claim	\$3.00	Per claim	Claims that require additional action before being submitted to the payer. This includes a dedicated medical billing specialist to assist with reconciliation of medical claims and support. Example: HRSA claims
Claim edits	\$0.25	Per claim	Notification of missing information on a claim
PTAN Support	\$250	Per PTAN	This is an add-on service to assist with applying for PTAN for Medicare Part B billing.
Clinical Service Billing	\$129	Per month	This is an add-on service that allows pharmacies to document clinical encounters and bill to patient's medical benefit, if eligible.

*There is a \$30 per month claim minimum charge

4931-0083-9526, v. 1

EXHIBIT H

POINT-OF-CARE TESTING PROGRAM ENROLLMENT FORM

Point of Care Testing: Service Agreement

Cardinal Health 110, LLC (“Cardinal Health”) and the undersigned Pharmacy agree as follows:

1. Master Agreement. The terms and conditions of the Retail Independent Pharmacy Master Service Agreement between the parties (“Master Agreement”) are hereby incorporated by reference and shall govern the performance of Services by Cardinal Health under this Service Agreement and Pharmacy’s use of the Point of Care Testing program (the “Program”), Collaborative Practice Agreements, Protocols (each as defined below), and all related documentation and services. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Agreement.
2. Fees. Pharmacy will pay Cardinal Health a monthly fee of [xxx] per Store Site. Cardinal Health may adjust fees on no less than sixty (60) days prior written notice. Payment terms are set forth in the Master Agreement.
3. Term and Termination.
 - a. Term. The term of this Point of Care Testing Service Agreement shall be for twelve (12) months following the date of the last party to sign this Service Agreement (“Effective Date”) and shall automatically renew for successive twelve (12) month periods unless either party provides written notice of termination at least sixty (60) days prior to the end of the then current term (“Termination Notice”). Pharmacy shall submit any Termination Notice to pocesting@cardinalhealth.com. Cardinal Health may terminate the Program and this Service Agreement at any time upon written notice to the Pharmacy.
 - b. Effect of Termination. Upon termination of this Agreement or Pharmacy's participation in the Program, Pharmacy shall immediately:
 - i. Discontinue the use of any (a) Collaborative Practice Agreements and/or Protocols provided or acquired under the Program; and, (b) all trademarks, trade names or other indications of the Program, including any further names that may be given to define the Program or any other words or phrases that may be confusingly similar.
 - ii. Discontinue use of any Program Materials, methods of operation, hardware, software or other items related to the Program;
 - iii. Delete from Pharmacy's computer and other records any software provided, loaned or licensed to Pharmacy and all advertising and promotional materials, price lists, supplier information, bulletins, memos, manuals, and other proprietary items transmitted to Pharmacy by the Company or at the Company's direction by any means, which pertains to the Program.
4. Program Standards. The success of the point of care testing program (“Program”) depends on strict consistency in the quality of professional service delivered by Pharmacy. To this end, Cardinal Health has secured physician signed Collaborative Practice Agreements (the “Collaborative Practice Agreement”), a copy of which will be made available to Pharmacy if Pharmacy resides in a state that permits multiple pharmacists and patients to be party to a single Collaborative Practice Agreement. If Pharmacy is in a state that does not permit a Collaborative Practice Agreement in accordance with this Program, the Pharmacy will receive a Protocol (“Protocol”) which outlines patient eligibility, screening process, documentation and communication. It is the intent of the Company to deliver the Collaborative Practice Agreements and/or Protocols to pharmacies within 60 days from the effective date. Delivery may take longer in certain states due to the respective state's requirements. Pharmacy agrees to operate its business and the Program in conformance with all mandatory provisions of Pharmacy's applicable State Board(s) of Pharmacy, the Collaborative Practice Agreement and/or Protocol, and all other applicable state and federal rules and regulations. Pharmacy will comply with the following standards with full knowledge that these standards are subject to change from time to time:
 - a. Participating pharmacist(s) that will be administering influenza, strep, cholesterol and glucose tests will have completed a training and certification course for the administration of testing. Currently, the four approved courses are:
 - Influenza Diagnosis and Treatment in Community Pharmacy
 - Group A Streptococcal Pharyngitis (GAS) Diagnosis and Treatment in Community Pharmacy
 - Diabetes Mellitus
 - DyslipidemiaAdditional courses may be added from time to time. An updated list will be provided upon request.
 - b. Pharmacy and Pharmacy's pharmacist(s) who will be administering Clinical Laboratory Improvement Amendments (CLIA)-waived tests must maintain adequate liability insurance.
 - c. Pharmacy must comply with all managed healthcare contracts related to the billing of CLIA- waived tests.
 - d. Participating pharmacist(s) who will be administering CLIA-waived tests must complete any pertinent CLI Lab Proficiency Testing Programs as required by the applicable State Board of Pharmacy.
 - e. Upon execution of this Service Agreement, Pharmacy shall provide Cardinal Health with a copy of its CLIA-waiver certificate. Upon receipt of the CLIA-waiver certificate, Cardinal Health will order the automated reader device used to analyze test results (“Device”) selected by Pharmacy. The Devices and applicable purchase prices are listed on Exhibit A. Upon Pharmacy’s completion and submission of the Device Order Form to Cardinal Health, Pharmacy agrees to

accept and pay for the Device. The cost of the Device will be invoiced to Pharmacy by Cardinal Health. Pharmacy further agrees to store/handle the Device, ancillary supplies and CLIA Certificate of Waiver (COW) as outlined in the Pharmacy's State Board of Pharmacy guidelines and requirements; and in accordance with testing manufacturer's instructions. Pharmacy will be responsible for any repairs to and replacement of the Device.

- f. Pharmacy understands and agrees that the Program may be modified and improved in the future, and that such modifications may require changes from time to time in the manner in which the pharmacy is operated. Pharmacy agrees and covenants to operate the Program in conformance with any future modification in or amendments to the Program, provided that such changes are distributed to all other participants in the Program. Further, Pharmacy acknowledges that the practice of pharmacy is a profession requiring independent judgment, skill and training and is governed by federal, state and local laws and regulations. Any inconsistency between the Program Standards, on the one hand, and any legal requirement, on the other hand, is inadvertent and not an effort to cause Pharmacy to deviate from such legal requirements or the proper practice of its profession.
- g. Pharmacy and each pharmacist participating in the Program agree that all risk associated with participation in the Program shall be assumed solely by Pharmacy. All clinical and therapeutic decisions relating to the provision of point of care testing and any other healthcare services shall be the exclusive responsibility of Pharmacy, its pharmacists and other health care professionals utilizing the Program. Pharmacy shall indemnify, defend and hold harmless Cardinal Health from any loss, liability or expense arising in connection with the performance of any services for pharmacy's customers, patients, or any third party.

EXHIBIT A

CIN	UPC	Item description	Net sell price

EXHIBIT I

IMMUNIZATION SERVICE AGREEMENTS

This document and each Program, Service and Platform is subject to confidentiality obligations in Master Service Agreement Disclosure to third parties not permitted

Clinical Immunization Hub + COLLABORATIVE PRACTICE + Vaccine Alliance AGREEMENT: Service Agreement

Cardinal Health 110, LLC ("Cardinal Health") and the undersigned Pharmacy agree as follows:

1. **Master Agreement.** The terms and conditions of the Retail Independent Pharmacy Master Service Agreement between the parties ("Master Agreement") are hereby incorporated by reference and shall govern the performance of services by Cardinal Health and Pharmacy's participation in and use of the Cardinal Health Vaccine Alliance ("Vaccine Alliance ") and the Clinical Immunizations Hub f/k/a Immunization Specialized Care Center ("HUB") + Collaborative Practice Agreement ("CPA") (all together "Program") and all related documentation and services. Capitalized terms not otherwise defined herein shall have the meaning set forth
2. **Fees.** Pharmacy will pay Cardinal Health a monthly fee of \$75 per month per Store Site (105). Cardinal Health may adjust fees on no less than sixty (60) days prior written notice. Payment terms are set forth in the Master Agreement.
3. **Term and Termination.**
 - a. **Term.** The term of this Clinical Immunization Hub + CPA Service Agreement + Cardinal Health Vaccine Alliance ("Service Agreement") shall be for twelve (12) months following the date of the last party to sign this Service Agreement ("Effective Date") and shall automatically renew for successive twelve (12) month periods unless either party provides written notice of termination at least sixty (60) days prior to the end of the then current term ("Termination Notice").
 - b. **Termination.** Pharmacy shall submit any Termination Notice to PatientCareSolutions@cardinalhealth.com. Pharmacy understands and agrees that termination of the Program prior to the expiration of the then current term is considered an early Termination ("Early Termination") and shall subject the Pharmacy to a termination fee ("Termination Fee"). The Termination Fee for Early Termination during the Initial Term is \$300.00. A termination of the program without providing Notice of Intent to Terminate within the sixty (60) days' notice period, is considered an Early Termination subject to a Termination Fee. Cardinal Health reserves the right to terminate the Program and this Service Agreement, in whole or in part, in its sole discretion at any time.
 - c. **Effect of Termination.** Upon termination of this Agreement or Pharmacy's participation in the Program, Pharmacy shall immediately:
 - i. Discontinue the use of any immunization protocols and/or CPAs provided or acquired under the Program, all trademarks, trade names or other indicia of the Program, including any further names that may be given to define the Program or any other words or phrases that may be confusingly similar;
 - ii. Discontinue immediately advertising or identifying the pharmacy with the Program;
 - iii. Discontinue use of any Program Materials, methods of operation, hardware, software or other items related to the Program;
 - iv. Return to Cardinal Health all Program Materials that have been loaned to Pharmacy;
 - v. Delete from Pharmacy's computer(s) and other records any software provided, loaned, or licensed to Pharmacy and all advertising and promotional materials, price lists, supplier information, bulletins, memos, manuals, and other proprietary items transmitted to Pharmacy by Cardinal Health or at Cardinal Health's direction by any means which pertains to the Program.
4. **Program Standards*.** The success of the Program depends, in part, on strict consistency in the quality of professional service delivered by each pharmacy. To this end, Cardinal Health has secured physician signed CPA immunization protocols (the "Protocols") and created and curated a collection of materials related to the Program (the "Program Materials"), which will be made available to Pharmacy during their enrollment. The CPA refers to the signed Protocols between identified and specified providers. The Protocols refers to the

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documented guidelines and steps to administer immunizations. Pharmacy agrees to operate its business and the Program in compliance with all mandatory provisions of the applicable State Board(s) of Pharmacy, OSHA, CPA, the Protocols and all other applicable state and federal rules and regulations. Pharmacy will correct any non-compliance with the Program Materials within thirty (30) days after receiving written notice of such non-compliance from Cardinal Health.

Pharmacy warrants and represents, to the extent applicable, that the Pharmacy, participating pharmacist(s) and technician(s) will:

- a. Be trained to administer vaccines by successfully completing approved training & certification programs on vaccine administration and basic life support:
 - Vaccine-based training program from the Accreditation Council for Pharmacy Education (ACPE) or comparable course that meets standards for pediatric, adolescent, and adult immunization practices recommended by the Centers for Disease Control and Prevention (CDC) and includes basic immunology, preventable diseases, current recommended immunization schedules, storage and management, informed consent, physiology and techniques for administration, assessment and counseling, reporting and records management, and adverse events.
 - Basic life support from the American Heart Association (AHA) or comparable program that includes Cardiopulmonary Resuscitation (CPR) and Automated Electronic Defibrillator (AED) training.
 - Pharmacy is required to complete any on-going Continuing Education (CE) and training to maintain its active vaccine certification and to consult and comply with the applicable State Board(s) of Pharmacy for any state-specific required training, renewals and regulations.
 - b. Maintain Healthcare Provider certification for current Basic Life Support.
 - c. Be licensed and in good standing with the applicable State Board(s) of Pharmacy.
 - d. Comply with federal laws and regulations and if applicable bill according to Medicare guidelines as well as comply with billing requirements for vaccines and immunizations related to managed health care contracts.
 - e. Secure and maintain adequate liability insurance.
 - f. Participate in applicable Continuing Education (CE) courses pertaining to immunizations and vaccines administration.
 - g. As mandated by federal law, complete OSHA Bloodborne Pathogens training, prior to the administration of immunizations.
 - h. Pharmacy will order and properly store/handle vaccines, ancillary supplies, standing orders and vaccine information statements as outlined in the applicable State Board(s) of Pharmacy's guidelines and requirements and in accordance with the vaccine manufacturer's instructions.
5. Program Modifications. Pharmacy understands and agrees that the Program may be modified and improved in the future, and that such modifications may require changes in the Program from time to time, and Pharmacy agrees and covenants to operate in conformity with any future modification or amendments to the Program, provided that such changes are communicated to all other participants in the Program. Further, Pharmacy acknowledges that the practice of pharmacy is a profession requiring independent judgment, skill and training and is governed by federal, state, and local laws and regulations. Any inconsistency between the Program standards and any legal requirement is inadvertent and not an effort to cause Pharmacy to deviate from such legal requirements or the proper practice of its profession. Should there be a change or modification to the Program, Pharmacy will be given the opportunity to terminate the Program by providing written notice to Cardinal Health of its intent to terminate. Failure of Pharmacy to provide written notice of intent to terminate within thirty (30) days of its receipt of notice of change or revision to the Program from Cardinal Health shall be considered Pharmacy's acceptance.
6. Assumption of Risk. Pharmacy and each pharmacist and technician participating in the Program agree that all risk associated with participation in the Program shall be assumed solely by Pharmacy. All clinical and therapeutic decisions relating to the provision of immunizations and any other healthcare services shall be the exclusive responsibility of Pharmacy, its pharmacists, technicians, and other health care professionals utilizing the Program. Pharmacy shall indemnify, defend, and hold harmless Cardinal Health from any loss,

Cardinal Health Confidential Information rev 08072021

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liability or expense arising in connection with the performance of any services for pharmacy’s customers, patients, or any third party.

- 7. Data Rights. Each Party shall have the rights to data as set forth in the Master Agreement. Additionally, Cardinal Health shall have the right to use Pharmacy’s prescription claims transactions and/or dispensing data in accordance with the terms of the Master Agreement and Business Associate Agreement. Pharmacy shall provide claims transactions and/or dispensing data upon request from Cardinal Health to Cardinal Health.
- 8. Third-Party providers. Cardinal Health uses third party providers for the Program. The Protocols are provided by a third party, Therapeutic Research Center LLC, via its Bula: All Access service. The CPA physician signatures are sourced and obtained by a third party, Jackson & Coker. The Continuing Education (CE) courses and Bloodborne Pathogens training are provided by a third party, Moulton Education LLC dba CEImpact. Cardinal Health makes no representations or warranties as to the accuracy or reliability of the Bula: All Access Content, the Jackson & Coker service and/or Moulton Education LLC content (collectively referred to as “third-party providers”) and Pharmacy waives any claims against Cardinal Health arising from Pharmacy’s use of third-party providers and their services. Cardinal Health assumes no responsibility or liability for any errors or omissions related to or in connection with third-party providers and their content. Further, Cardinal Health specifically disclaims all warranties of any kind, express or implied, including but not limited to, the implied warranties of merchantability and fitness for particular purpose.
- 9. Disclosure. If and to the extent any discount, credit, rebate or other purchase incentive is paid or applied by Cardinal Health with respect to the vaccine or products purchased under the Agreement, such discount, credit, rebate or other purchase incentive shall constitute a “discount or other reduction in price,” as such terms are defined under the Medicare/Medicaid Anti-Kickback Statute (42 U.S.C. § 1320a 7b(b)(3)(A) and the “safe harbor” regulations regarding discounts or other reductions in price set forth in 42 C.F.R. § 1001.952(h)) on the applicable vaccine or products purchased by the Pharmacy under the terms of the Service Agreement. Pharmacy may have an obligation to accurately report, under any state or federal program which provides cost or charge based reimbursement for the products or services covered by the Service Agreement, or as otherwise requested or required by any governmental agency, the net cost actually paid by the Pharmacy.
- 10. Entire Agreement. This Service Agreement constitutes the entire agreement and understanding of the parties with respect to the Program services and supersedes any other Program (as described herein) service agreement between the Parties.
- 11. Store Site. This Service Agreement applies to the Store Site in the table below.

Pharmacy name (“Pharmacy”):		Provide legal name of pharmacy			
		Insert “DBA”			
Store Site address:					
City:		State:		Zip Code:	
Phone:		Fax:			
Requested Start Date:					
Please note that actual start date is dependent upon receiving all required forms prior to this date					

This document and each Program, Service and Platform is subject to confidentiality obligations in Master Service Agreement Disclosure to third parties not permitted

CARDINAL HEALTH 110, LLC

PHARMACY

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

*Cardinal Health sourced the information contained in this Service Agreement and, specifically in section 4, from the Centers for Disease Control and Prevention (CDC). Cardinal Health makes no representations or warranties as to the accuracy, reliability or completeness of this information. Pharmacy should consult the applicable state-specific scope of practice laws and regulations and use this Service Agreement in accordance with those provisions.

EXHIBIT J

INVENTORY OPTIMIZATION SOLUTION AGREEMENT

Cardinal Health Inventory Optimization Solution: Service Agreement

Cardinal Health 110, LLC (“Cardinal Health”) and the undersigned Pharmacy agree as follows:

1. **Master Agreement.** The terms and conditions of the Retail Independent Pharmacy Master Service Agreement between the parties (“Master Agreement”) are hereby incorporated by reference and shall govern the performance of Cardinal Health Inventory Optimization Solution (“Inventory Optimization Solution”) Services as set forth herein and Pharmacy’s use of the Inventory Optimization Solution. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Agreement.
2. **Fees.** Customer agrees to pay a monthly service fee in the amount of \$325 (“Monthly Service Fee”) per pharmacy location (“Site”) for Inventory Optimization Solution. The Monthly Service Fee shall be invoiced by Cardinal Health to Customer on the first day of the first month following activation of the Inventory Optimization Solution (the “Activation Date”) and shall continue the first day of each month thereafter. If Customer elects on-site training for the Inventory Optimization Solution, Customer will be invoiced a fee in the amount of \$2,500 per Site for such on-site training. Customer will pay a service charge calculated at the rate of 1.5% per month (or the maximum rate allowed by law, if such rate is less than 1.5% per month) on any amount not paid by Customer to Cardinal Health when due under the terms of the Agreement from the first day of delinquency until such amount is paid in full, along with reasonable attorney fees associated with any such delinquency. Failure or delay by Cardinal Health to invoice Customer for any such service charge will not waive Cardinal Health’s right to receive the same.
3. **Term.** The initial term of this Inventory Optimization Solution Service Agreement shall be for twelve (12) months following the Effective Date (the “Initial Period”) and shall automatically renew for successive twelve (12) month periods unless either party terminates this Agreement in accordance with this Section or the Master Agreement. Cardinal Health may terminate this Agreement at any time without cause upon providing Customer with 30 days’ prior written notice. Customer’s termination of this Agreement within the Initial Term shall be deemed a default under the Agreement, in which event Customer shall be responsible for paying the remaining Monthly Service Fees until the conclusion of the Initial Term (the “Remaining Service Fees”). Cardinal Health retains the right, in its sole discretion, to accelerate payment in full of the Remaining Service Fees. Following the conclusion of the Initial Term, the parties must provide the other party thirty (30) days’ prior written notice of an intent to terminate the Agreement. This Service Agreement will automatically terminate upon expiration or termination of Pharmacy’s Prime Vendor Agreement with Cardinal Health Pharmaceutical Distribution (“PVA”).
4. **The Inventory Optimization Solution Service.** The Inventory Optimization Solution Service automatically orders generates and allows Pharmacy to place on-line orders under Pharmacy’s PVA or in the absence of a PVA, pursuant to Cardinal Health’s terms and conditions applicable to such sale to Pharmacy (“Sale Terms”). Pharmacy shall not use Inventory Optimization Solution to access or attempt to access any other data, systems or software. The parties shall mutually agree on an implementation schedule for activating Inventory Optimization Solution for each of Pharmacy’s locations, if more than one, and both parties shall use their best efforts to comply with such schedule.
5. **Orders.** Inventory Optimization Solution will use Pharmacy Data to generate orders to replenish Pharmacy’s inventory (“Orders”) and Pharmacy intends that Cardinal Health receive and fulfill such Orders pursuant to the PVA or Sale Terms, as applicable, as it would any handwritten or manually placed orders. Pharmacy acknowledges that all Orders placed hereunder are governed by the PVA or Sale Terms, as applicable, rather than this Service Agreement. Without limiting the generality of the foregoing, the parties agree that all payments due under Orders are to be made in accordance with the terms of the subject Orders, invoices from Cardinal Health and the PVA or Sale Terms, as applicable. Pharmacy will immediately advise Cardinal Health of any errors in an Order or if it wants to cancel an Order. Orders will be retained on the System for ready access, review and printing by Pharmacy during the term of this Agreement.
6. **Cardinal Health’s Duties.** During the term of this Agreement and provided that Pharmacy fulfills its obligations hereunder, Cardinal Health shall:
 - a. Subject to receipt of any needed information or assistance from Pharmacy, perform the following standard activities: site activation, product catalog setup, activation of dispense activity and receiving process, assign logon IDs, load Pharmacy dispense activity, recommend item groupings and reorder points, load physical inventory records, and conduct one (1) training session at Pharmacy’s location; and,
 - b. Provide customer support during Cardinal Health’s normal business hours.
7. **Pharmacy’s Duties.** During the term of this Agreement, Pharmacy shall:
 - a. Provide Inventory Optimization Solution with a data feed (from a mutually acceptable provider of switching services or in a mutually agreeable format) of Pharmacy’s dispensing activity to include all dispenses and reversals;

- b. On a regular basis, review product groups for accuracy, perform a manual count of any segments of its inventory specified by Inventory Optimization Solution for audit and perform other manual adjustments to on hand quantities required to maintain an accurate on hand perpetual inventory amount at the item level such as outdated or damaged returns to a third party processor, waste, any transfers in or out of inventory, and any non-Cardinal Health purchases;
 - c. Maintain an always-on high-speed internet connection;
 - d. Use reasonable efforts to ensure that only Pharmacy data necessary for performing the functions described in this Agreement is transmitted to Cardinal Health and that it is transmitted in accordance with all applicable laws including the Health Insurance Portability and Accountability Act;
 - e. Use Inventory Optimization Solution with the recommended configuration as updated from time to time by Cardinal Health; and
 - f. Provide Cardinal Health with eighteen (18) months (or at least 100 days) of dispensing history and current physical inventory records in a mutually agreeable electronic file format.
8. **Store Site.** This Service Agreement applies to the Store Site in the table below. Complete Store Site information is provided in the applicable Pharmacy Information Form completed by the Participant for the Store Site identified below.
9. **Discount.** If Customer receives any “discount or other reductions in price” under Section 1128B(b)(3)(a) of the Social Security Act (42 U.S.C.1320-7b(b)(3)(a) from Cardinal Health. Customer may be required to disclose such discounts or reduction in price under any state or federal program that provides cost or charge-based reimbursement to Customer for the product or services Customer buys from Cardinal Health, or as otherwise requested or required by any governmental agency.

Pharmacy name (“Pharmacy”):		Provide legal name of pharmacy	
		Insert “DBA”	
Store Site address:			
City:		State:	Zip Code:
Phone:		Fax:	

CARDINAL HEALTH 110, LLC

PHARMACY

Signature

Printed Name

Title

Date

Signature

Printed Name

Title

Date

EXHIBIT K

FRONT-END PRODUCT MANAGEMENT ENROLLMENT FORM

Front-end Product Management

The right product in the right place at the right price

Create a better patient experience with optimized OTC assortment and competitive pricing

The Front-end Product Management program does all the thinking for you. Our category experts create recommended products to stock through research, competitive tracking and trend-monitoring. Your customers can shop your shelves with ease, with a price that motivates them to add it to their basket.



Data driven: Retail experts analyze market data to determine the best product mix for the planogram based on current trends



Competitive pricing: Choose from six tiered pricing strategies



Up-to-date merchandising: Shelves stay shopper-ready with your monthly planogram packet and educational signs to educate your patients on what product they need for their condition

Visit the Retail Solutions tab on Order Express, Vantus HQ or the Pharmacy Solutions tab on Weblink to learn more or scan the QR code to enroll



This offer is available to eligible customers of:



CardinalHealth™



a Cardinal Health company

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CardinalHealth™



Front-end Product Management Program
Planogram plus retail pricing

\$89 per month

Planogram only or
Retail Tier Pricing only

\$55 per month

EXHIBIT L

CARDINAL HEALTH PHARMACY MARKETING ADVANTAGE ENROLLMENT FORMS

Cardinal Health™ Pharmacy Marketing Advantage

You are enrolled. What's next?

Take your digital marketing to the next level with these program enhancements.



In partnership with  DIGITAL PHARMACIST

Digital Marketing Services*

Let us handle your digital advertising via Facebook, Instagram and other social media channels, attracting new patients to your pharmacy!

- Guaranteed website traffic
- Target new patients by demographic
- Promote services unique to your store including custom content and photos

Our digital experts will help customize your monthly spend based on your pharmacy size, location and growth goals.

Communication Package

Drive patient adherence and customer experience with IVR (Interactive Voice Response), Text-To-Refill and Outbound Messaging!

- Refills directly into your PMS queue
- Patients avoid holding for available staff
- Pick-up and refill reminders

Patient Engagement Platform

Communicate directly with patients and allow them to schedule appointments at the pharmacy!

- Data encrypted Bi-directional HIPAA secure messaging, including bulk or targeted messages
- Manage messages or create message workflows in a messaging dashboard
- Scheduling functionality to set and manage appointment based services
- Patients can schedule appointments through the app or website based on pharmacy availability

Reputation Management

Interactive service for all of your pharmacy's online reviews.

- Digital Pharmacist team responds to all reviews left on Google and Facebook platforms
- Each pharmacy receives a unique link to request reviews from their patients

For more information, call **(888) 887-5323**, **Live Chat**, or use the **Intake Form**.



*As a MSI/MPI franchisee, you receive 100 website visitors/mo as a part of your core digital platform.

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Communication Package- Review

Please select package type *

\$299 base package (Cloud IVR, Telemanger Workflow screen)

\$399 base package + RxReady via phone/text, text refill up to 1000 messages

Pharmacy Name

Street Address

City

State

Zip Code

Pharmacy Phone Number

Pharmacy Fax Number

Pharmacy Contact*

Pharmacy Management System*

Pharmacy Email Address*

Distribution Center #- Cardinal Account #*

Pharmacy Business Consultant*

Pharmacy Business Consultant's E-mail Address*



Digital Marketing Services- Review

Please select the level of marketing *

Pharmacy Name

Street Address

City

State

Zip Code

Pharmacy Phone Number

Pharmacy Fax Number

Pharmacy Contact*

Pharmacy Management System*

Pharmacy Email Address*

Distribution Center #-Cardinal Account #**

Pharmacy Business Consultant*

Pharmacy Business Consultant's E-mail Address*

Digital Package- Review

Digital Package

Type of Digital Package Product*

- Digital package – Additional location(s): Same site/URL and app
- Digital package – Additional location(s): Multiple sites/URLs and apps
- Digital package – Single store location

Pharmacy Name

City

State

Zip Code

Street Address

Pharmacy Phone Number

Pharmacy Fax Number

Pharmacy Contact*

Pharmacy Management System*

Pharmacy Email Address*

Distribution Center #-Cardinal Account #*

Pharmacy Business Consultant*

Pharmacy Business Consultant's E-mail Address*

Cardinal Health Pharmacy Marketing Advantage Commerce Program - Enrollment

An online OTC Cardinal Health Pharmacy Marketing Advantage Commerce solution that plugs into your existing pharmacy's website to provide your patients access to shop thousands of health, beauty and wellness items... The solution expands your front-end revenue stream with a full online shopping experience for your patients without the hassle of carrying additional inventory in your store and without the maintenance and responsibilities of managing pricing, item maintenance, and site maintenance. Promotional and marketing materials are included with the solution.

Please review the steps to enroll

1. All mandatory fields should be filled to successfully enroll
2. "*" represents mandatory fields
3. You can save your work anytime by clicking the "Save for Later" button
4. Click "Next" once you have completed your form

STORE INFORMATION

STORE LOCATION INFORMATION

Pharmacy DBA Name

Pharmacy Legal Name

Street Address

City

State

Zip

Pharmacy Phone Number

Pharmacy Fax Number

Public Store Email Address * **This needs to be a general email for all storefront notifications.**

Upload Store Logo *

background 1.jpg

Browse

DELIVERY AND PICKUP OPTIONS

Are you offering pick up in store option? *

Yes No

Are you offering delivery? *

Yes No

Save For Later

Contacts
1-800-ECOMHLP(326-6457)

Help
Enrollment steps
Help Guide
Frequently Asked Questions (FAQ)

Cardinal Health
Privacy Policy
Terms of Service
CardinalHealth.com

Pharmacy Solutions Electronic Enrollment

[Give us your feedback](#) | [Logout](#)

[Home](#) >> [Business Solutions](#) >> [Cardinal Health™ Pharmacy Marketing Advantage](#) >> [Cardinal Health Pharmacy Marketing Advantage Commerce](#) >> Enrollment

Cardinal Health Pharmacy Marketing Advantage Commerce Program - Enrollm

An online OTC Cardinal Health Pharmacy Marketing Advantage Commerce solution that plugs into your existing pharmacy’s website to provide your patients access to shop thousands of health, beauty and wellness items... The solution expands your front-end revenue stream with a full online shopping experience for your patients without the hassle of carrying additional inventory in your store and without the maintenance and responsibilities of managing pricing, item maintenance, and site maintenance. Promotional and marketing materials are included with the solution.

Please review the steps to enroll

1. All mandatory fields should be filled to successfully enroll
2. " * " represents mandatory fields
3. You can save your work anytime by clicking the "Save for Later" button
4. Click "Next" once you have completed your form

STORE HOURS

Hours of the Day

Select Store Days Open and Hours:

Monday Closed Open

Tuesday Closed Open

Wednesday Closed Open

Thursday Closed Open

Friday Closed Open

Saturday Closed Open

Sunday Closed Open

Hours: Open - Close

9:00 ▾ - 6:00 ▾

Apply hours Monday - Friday

9:00 ▾ * - 6:00 ▾ *

9:00 ▾ * - 6:00 ▾ *

9:00 ▾ * - 6:00 ▾ *

9:00 ▾ * - 6:00 ▾ *

Select the Holidays you are closed. *

New Year's Day Labor Day

Easter Thanksgiving

Memorial Day Christmas

Independence Day Open For All Holidays

Select Time Zone *

CST - CENTRAL STANDARD TIME ▾

[Save For Later](#)

Contacts
1-800-ECOMHLP(326-6457)

Help
[Enrollment steps](#)
[Help Guide](#)
[Frequently Asked Questions \(FAQ\)](#)

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[Home](#) >> [Business Solutions](#) >> [Cardinal Health™ Pharmacy Marketing Advantage](#) >> [Cardinal Health Pharmacy Marketing Advantage Commerce](#) >> [Enrollment](#)

Cardinal Health Pharmacy Marketing Advantage Commerce Program - Enrollm

An online OTC Cardinal Health Pharmacy Marketing Advantage Commerce solution that plugs into your existing pharmacy's website to provide your patients access to shop thousands of health, beauty and wellness items... The solution expands your front-end revenue stream with a full online shopping experience for your patients without the hassle of carrying additional inventory in your store and without the maintenance and responsibilities of managing pricing, item maintenance, and site maintenance. Promotional and marketing materials are included with the solution.

Please review the steps to enroll

1. All mandatory fields should be filled to successfully enroll
2. " * " represents mandatory fields
3. You can save your work anytime by clicking the "Save for Later" button
4. Click "Next" once you have completed your form

STORE WEBSITE INFORMATION

Page 4 of 4

STORE WEBSITE

Website URL for this location: ***Do you have multiple store locations on this website? *** Yes No

WEBSITE CONTACT / DEVELOPER

Who will be the store's point of contact for the website domain management? * I manage the technical needs for the website I hire a company/person for the technical needs of the website

Questions or Concerns

Please email PMACommerce@cardinalhealth.com or contact your Cardinal representative, if you have any questions.

[Save For Later](#)

Contacts
1-800-ECOMHLP(326-6457)

Help
[Enrollment steps](#)
[Help Guide](#)
[Frequently Asked Questions \(FAQ\)](#)

Cardinal Health
[Privacy Policy](#)
[Terms of Service](#)
[CardinalHealth.com](#)

Cardinal Health Pharmacy Marketing Advantage Commerce Program - Review

An online OTC Cardinal Health Pharmacy Marketing Advantage Commerce solution that plugs into your existing pharmacy's website to provide your patients access to shop 11,000+ health, beauty, and wellness items. The solution expands your front-end revenue stream with a full online shopping experience for your patients without the hassle of carrying additional inventory in your store and without the maintenance and responsibilities of managing pricing, item maintenance, and site maintenance. Promotional and marketing materials are included with the solution.

Please review the steps to enroll

1. All mandatory fields should be filled to successfully enroll
2. " * " represents mandatory fields
3. You can save your work anytime by clicking the "Save for Later" button
4. Click "Submit" once you have completed your form

PHARMACY INFORMATION

Page 1 of 4

OWNER INFORMATION

First Name *

Last Name *

Phone Number

Email Address *

CUSTOMER SERVICE REPRESENTATIVE

This user will be able to log onto the Cardinal Health Pharmacy Marketing Advantage Commerce dashboard and manage orders.

First Name *

Last Name *

Phone Number

Email Address *

BILLING INFORMATION

What store account number do you want to use for Program Fee *

PAYMENT PROCESSOR AGREEMENT

I agree to register with Square to use as my payment processor. You must agree to this to continue with Cardinal Health Pharmacy Marketing Advantage Commerce. Please register the address associated with your bank account * true

STORE INFORMATION

Page 2 of 4

PHARMACY PHYSICAL LOCATION INFORMATION

Pharmacy DBA Name

Pharmacy Legal Name

Street Address

City

State

Zip

Pharmacy Phone Number

Pharmacy Fax Number

Public Store Email Address * This needs to be a general email for all storefront notifications.

Upload Store Logo *background 1.jpg
DELIVERY AND PICKUP OPTIONS

Are you offering pick up in store option? * true

Are you offering delivery? * false

STORE HOURS

Hours of the Day

Select Store Days Open and Hours:	Hours: Open - Close
Monday true	9:00 AM - 6:00 PM
Tuesday true	9:00 AM - 6:00 PM
Wednesday true	9:00 AM - 6:00 PM
Thursday true	9:00 AM - 6:00 PM
Friday true	9:00 AM - 6:00 PM
Saturday false	
Sunday false	

Select the Holidays you are closed. *

- true true
- New Year's Day Labor Day
- true Easter true
- true Thanksgiving
- Memorial Day true
- true Christmas
- Independence Day false
- Open For All Holidays

Select Time Zone * CST - CENTRAL STANDARD TIME

STORE WEBSITE INFORMATION

STORE WEBSITE

Website URL for this location: * www.test.com

Do you have multiple store locations on this website? * false

WEBSITE CONTACT / DEVELOPER

Who will be the store's point of contact for the website domain management? * true

Questions or Concerns

Please email PMACommerce@cardinalhealth.com or contact your Cardinal representative, if you have any questions.

EXHIBIT M

LEADER END CAP ENROLLMENT FORM

LEADER™ End Cap Program

Easy product merchandising without the risk

Time is valuable, and identifying products to display visually is not at the top of your priority list. With the LEADER™ End Cap Program, each quarter enrolled customers receive seasonally relevant end cap trays with top-selling items. These trays are prebuilt, visually appealing and ready to display with no assembly required. All unsold product can be returned at no cost to you.

Benefits to the LEADER™ End Cap Program:

- Captures attention with visually appealing displays and top-selling products
- Drives impulse purchases
- Allows for easy set-up with preassembled displays
- Requires no upfront investment (90 days dating) and no risk with a 100% money back guarantee



Enroll by:	To reserve end cap shipping in the:
November 1	Spring
February 1	Summer
May 1	Fall
August 1	Winter

Electronically enroll in the LEADER™ End Cap Program today.

If you have questions, contact GMB-Front-End@cardinalhealth.com or your Pharmacy Solutions Consultant.

Distributed by



a Cardinal Health company

EXHIBIT N

POS SMART REPORTS ENROLLMENT FORM

Cardinal POS Smart Reports: Data Authorization Form

Primary Contact Name:

First

Last

Store Name:

Enter a location

Address:

Street Address

Street Address Line 2

City

State

Postal / Zip Code

United States

Phone:

Email:

Cardinal Health Distribution Center:

Cardinal Health Account Number:

NCPDP or NABP #:

POS Vendor:

Other POS Vendor:

If your POS Vendor is not in the list please add it here.

You agree to provide Cardinal Health either directly or through your providers (including POS vendors) information as requested to support our service offerings to you and our other customers including Front-end Product Management information, optimization reports and other services.

Front-End Reimbursement Program Acknowledgement:

As part of the Front-End Reimbursement Program, I agree to participate in Cardinal Health's Monthly Merchandising Check supported by a third-party merchandising partner. I further agree to allow the third-party merchandising partner to assist in the execution of the monthly promotional program and corresponding marketing materials and products without the presence of the Pharmacy Solutions Consultant or a Cardinal Health team member. I acknowledge and understand that ordering of new product and returning of product is not the responsibility of the third-party merchandising partner. [ADV Monthly Merchandising Check Service Agreement](#)

Monthly Promotional Circular Acknowledgement:

I acknowledge that once Cardinal Health obtains my data feed, they will enroll me in the Monthly Circular program to obtain manufacturer funded discounts! Participation in the Monthly Circular program includes a free marketing kit with in-store printed circulars, posters, new sales tags and a convenient shipment of top performing products.

POS Data Authorization:

You agree that we can use this permission form to request this data from your POS vendor.

Agreement Authorization:

You agree to electronically sign and to create a legally binding contract between Cardinal Health and myself, or the entity you are authorized to represent.

Authorization Name:

First

Last

Signature:

NOTICE: Please refrain from inputting Protected Health Information (PHI) in your store's POS data feeds. Your store will be contacted to resolve the issue if PHI is found. Please reach out to GMB-Front-End@cardinalhealth.com with any questions.

*While POS Reporting is provided FREE from Cardinal Health, it is at the discretion of the POS Vendor whether or not they charge a nominal fee for data transmission.

Sign Up

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EXHIBIT O

PHARMACY PAYMENTS ENROLLMENT FORM

Pharmacy Payments Program Review

PHARMACY PAYMENTS TIER

Level of participation:

Essential

Essential - Basic tier offering for in-store payments processing.
Growth - Essential tier offerings with additional features to support customization and additional commerce services.
Enterprise - Fully branded and customization tier for a pharmacy entity with 10 or more locations.

PHARMACY INFORMATION

Pharmacy Legal Name

Pharmacy DBA Name *

Street Address

City

State

Zip Code

Email for Contract signature *

PharmacyPayments@cardinalhealth.com

Pharmacy Phone Number

Pharmacy Contact Name *

natalie.girardi

Pharmacy Contact Email *

PharmacyPayments@cardinalhealth.com

Pharmacy Business Consultant *

heather.tocrone

Distribution Center # Cardinal Account # *

Please contact your sales representative or solution owner to add valid accounts for selection.

PHARMACY OPERATION INFORMATION

NCPDP

NPI

Number of Credit Card Transactions Per Month *

Pharmacy Type*

Retail

Number of Pharmacy Locations*

1-9

Pharmacy Management System *

Best Computer Systems/BestRx

PRODUCT ADD ONS

Pharmacy Payments Connect: Additional product offering powered by HealNow. Automatic notifications tied to RX status in every step of your workflow including delivery. This comes with 1-way or 2-way texting capabilities. The fee is \$65 per month.

Yes, Please add the Connect product add on to my enrollment.

Pharmacy Payments Invoices: Additional product offering powered by HealNow. Bridge the gap between LTC facilities, clinics and other healthcare providers by offering online payments via invoices. The fee is \$99 per month.

Yes, Please add the Invoice product add on to my enrollment.

EXHIBIT P

LEADER VITAMIN CLUB

Vitamin Club

Help increase loyalty and attract new patients while highlighting your commitment to improved patient health

Give your pharmacy a wellness advantage with the right vitamin club and product.

LEADER™ Children's Multivitamin

- The perfect high-quality, low-cost product for your Vitamin Club for Kids
- Great tasting chewable vitamins in fun animal shapes
- 30 count bottle — One vitamin per day provides nutritional needs for children ages 4+. A 1/2 tablet per day is recommended for children ages 2-3



LEADER™ Children's Multivitamin (30 ct.)
 CIN 5230354 / UPC 096295128642

LEADER™ Multivitamin Adults 50+

- A great cost-effective product solution for your Vitamin Club for Adults 50+
- Multivitamin and multimineral designed to help support the nutritional needs of adults 50+
- Supplement is comparable to Centrum® Silver®



LEADER™ Multivitamin Adults 50+ (30 ct.)
 CIN 5223706 / UPC 096295128383

How to get started:

- 1 Determine the Vitamin Club that works for your pharmacy needs:**
 - Vitamin Club for Kids
 - Vitamin Club for Adults 50+
 - Or both!
- 2 Complete online enrollment**
- 3 Order vitamins from Cardinal Health***
- 4 Launch your program!**
- 5 Market the Vitamin Club in your community to encourage program enrollment**

*By ordering a marketing kit, customers will receive LEADER™ vitamins at \$0.80 per bottle. No minimum order required.

LEADER™ Vitamin Club marketing kit

This kit offers a wide array of pre-printed and electronic materials to help you launch your Vitamin Club program, while also helping to build customer loyalty for the LEADER™ brand in your store.

LEADER™ marketing kits cannot be customized. Printing costs included. Additional printed materials available for purchase by visiting the **Pharmacy Solutions enrollment site**.

LEADER™ marketing kit cost:
\$100 (plus cost of product)

LEADER™ Vitamin Club for Kids marketing kit includes:

- Poster (1 printed copy)
- Enrollment pads (2 pads with 100 sheets per pad)
- Punch cards (200 printed copies)
- Window cling (1 printed copy)
- Table tents (2 printed copies)
- Coloring sheets (200 printed copies)
- Bag stuffers (200 printed copies)
- Postcards (200 printed copies)
- Stickers (200 printed copies)
- Access to electronic marketing materials (see below for options)

Examples:



LEADER™ Vitamin Club for Adults 50+ marketing kit includes:

- Poster (1 printed copy)
- Enrollment pads (2 pads with 100 sheets per pad)
- Punch cards (200 printed copies)
- Window cling (1 printed copy)
- Table tents (2 printed copies)
- Bag stuffers (200 printed copies)
- Postcards (200 printed copies)
- Access to electronic marketing materials (see below for options)

Examples:



Electronic materials: (available upon request)

In-store audio ad (MP3) Press release (Word document) School outreach letter (Word document) Print ad (PDF) E-Alerts (PDF)

Please contact GMB-DUBVitaminProgram@cardinalhealth.com to receive these materials.

Now you can sign up online with the click of a button, directly from Order Express or Weblink.

Follow this quick step-by-step guide to get started.

There are two ways to access the Pharmacy Solutions Enrollment site:

Option
1

Follow the link to the page or type in the following address into your web browser: <http://pharmacyservices.cardinalhealth.com/ElectronicEnrollmentExternalWeb/Default.aspx>

If prompted, enter your login information for Order Express

Quick tips

Bookmark this address for future reference.

If already logged into Order Express the link will open directly to the homepage and you will not need to enter your login information.

Option
2

1. Log in to Order Express
2. Under the Quick Links section click the + symbol next to "More" to expand the menu
3. Click on **Pharmacy Solutions Enrollment** link, this will open a new page
4. Click the **Pharmacy Solutions** link under "Your Services"
5. Under Retail Advantage click on **Vitamin Club**

For questions on the electronic enrollment process, please connect with your Pharmacy Business Consultant.

Community Pharmacy Advantage

Realizing the power of independence in retail, wellness, and business.



Retail Advantage



Wellness Advantage



Business Advantage



cardinalhealth.com

Cardinal Health
Retail Independent
Dublin, Ohio 43017

EXHIBIT Q
REPORTING ENROLLMENT FORM



CardinalHealth

Advanced Reporting Sign Up

This form is for new Advanced Reporting users only.

Thank you for your interest in Advanced Reporting. This includes access to the Department Billing, Contact Opportunities, and Service Level reports. Please provide your information in the fields below. It will take 3-5 business days to get your reporting set up.

Please contact your Cardinal Health point of contact if you would like to stop Advanced Reporting access at any time. If you have any questions or experience delays, please reach out to Krista Van Dyke krista.vandyke@cardinalhealth.com.

[Sign in to Google](#) to save your progress. [Learn more](#)

* Indicates required question

This form is only for new Advanced Reporting users. Do not use this form if you are already an Advanced Reporting user.

I am confirming I am a new Advanced Reporting user without prior access.

User ID *

Your answer

First and Last Name *

Your answer

Role of User *

- Pharmacist
- Manager
- Pharmacy Tech

Email Address *

Your answer

Current Password

Your answer

Primary Phone Number *

Your answer

Distribution Center Number *

Choose

Account Name *

Your answer

Please provide a full list of DC and Account Numbers to be added to your reporting access.

* We cannot add account access without this list being provided. Please ensure all DCs and all account numbers are included.

Your answer

Submit

Clear form

Never submit passwords through Google Forms.

This content is neither created nor endorsed by Google. [Terms of Service](#) [Privacy Policy](#)
Does this form look suspicious? [Report](#)

Google Forms

EXHIBIT R

[RESERVED]

EXHIBIT S

[RESERVED]

EXHIBIT T

GENERAL RELEASE

GENERAL RELEASE

This General Release is made effective this ____ day of _____, 20__ (the "Effective Date"). In consideration of the agreement of [MEDICINE SHOPPE INTERNATIONAL, INC.] [MEDICAP PHARMACIES INCORPORATED] ("Franchisor") to allow _____ ("Franchisee") to _____ in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor ("Agreement"), Franchisee hereby remises, releases and forever discharges with prejudice Franchisor and its parent company(ies), subsidiaries, and affiliates and its officers, directors, and employees, and its successors and assigns (collectively referred to as the "Franchisor Parties"), from all debts, covenants, liabilities, actions and causes of action of every kind and nature, known and unknown (collectively referred to as "Liabilities") arising out of the Franchise Agreement and/or out of the franchise relationship between the parties. Without limiting the above, Franchisee expressly releases and forever discharges with prejudice the Franchisor Parties from any and all Liabilities arising out of or related to the claims made in _____.

If this Release is being executed in connection with a transfer of the Agreement, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee's interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality and indemnification contained in the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE STORE IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW. The general release above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

FRANCHISEE:

[By: _____
Its: _____]

Date: _____

[ADDITIONAL PROVISIONS FOR CALIFORNIA FRANCHISEES ONLY]

Waiver of Civil Code Section 1542. This Release is intended by Franchisee to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

In making this voluntary express waiver, Franchisee acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

Release Not Admission. Franchisee understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any claims made by or against Franchisor.

FRANCHISEE INITIALS:

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EXHIBIT V

STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of California:

The California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

3. Item 3 of the Disclosure Document is supplemented by the following paragraph:

Neither Medicap Pharmacies, nor any person described in Item 2 of the Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

4. Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement. We have complied with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.

5. Item 17 of the Disclosure Document is amended by the insertion of the following:

The California Franchise Relations Act (Business and Professions Code Section 20000 through 20044) provides franchisees with additional rights concerning termination, transfer and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination, transfer and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20044).

6. The Franchise Agreement requires application of the laws and forum of Ohio. These provisions may not be enforceable under California law.

7. California Civil Code Section 1671 has statutes which restrict or prohibit the imposition of liquidated damage provisions.

8. The highest interest rate allowed by law in California is 10% annually.

9. The Franchise Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.

10. PROSPECTIVE FRANCHISEES ARE ENCOURAGED TO CONSULT PRIVATE LEGAL COUNSEL TO DETERMINE THE APPLICABILITY OF CALIFORNIA AND FEDERAL LAWS (SUCH AS BUSINESS AND PROFESSIONS CODE SECTION 20040.5, CODE OF CIVIL PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

11. OUR WEBSITE (WWW.MEDICAP.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

12. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

13. In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice as a pharmacist in California. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California State Board of Pharmacy, of any other agency overseeing the practice in the industry in this state,

determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

14. Cal. Corp. Code § 31512.1 states:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

15. Item 5 of the Disclosure Document is amended by the insertion of the following:

Based upon the financial condition of our guarantor, Cardinal Health, the California Department of Financial Protection and Innovation has required a financial assurance. Therefore, all initial fees and payments owed to us by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and you are open for business.

16. Each provision of this Addendum shall be effective only to the extent that, with respect to each such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy[®] franchises offered and sold in the state of Hawaii:

The Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Medicap Pharmacies Incorporated's Disclosure Document is currently registered (or exempt from franchise registration) in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

2. The states in which Medicap Pharmacies Incorporated's Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

3. No state has refused, by order or otherwise, to register the Medicap Pharmacy[®] franchise.

4. No state has revoked or suspended the right to offer Medicap Pharmacy[®] franchises.

5. Medicap Pharmacies Incorporated has not withdrawn the proposed registration of the Medicap Pharmacies Incorporated's Disclosure Document in any state.

6. The state cover page of the Medicap Pharmacies Incorporated Disclosure Document is amended to include the following:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT,

TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

7. Item 17(M) of the FDD is amended by adding the following information:

In connection with a transfer, you must sign a release of any claims you may have against Medicap Pharmacies Incorporated. However, the release will not apply to any claim you may have under Hawaii law.

8. The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Medicap Pharmacies Incorporated Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Medicap Pharmacy[®] franchises offered and sold in the state of Illinois:

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Based upon the Franchisor's financial condition, the Illinois Attorney General has required a financial assurance. Therefore, we secured a surety bond in the amount of \$182,700 from Federal Insurance Company. A copy of the bond is on file at the Office of the Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62701.

Item 3 of the Franchise Disclosure Document contains extensive disclosures regarding litigation involving Medicap Pharmacies and its subsidiaries. Be sure to review Item 3 with your business advisor or attorney.

There is NO formal training program for this franchise opportunity.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

The following provisions shall amend the Medicap Pharmacies Incorporated Franchise Disclosure Document and apply to (a) any Medicap Pharmacy[®] franchise offered for sale from Maryland, (b) any offer to purchase a Medicap Pharmacy[®] franchise that is accepted in Maryland, (c) residents of Maryland, and (d) Medicap Pharmacy[®] franchises to be operated in Maryland:

1. Items 17(C) and 17(M) are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17(V) and (W) are modified by the insertion of the following:

Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(V) is revised to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE ACT

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. In Item 17 it is disclosed that litigation must be in Ohio and that Ohio law generally applies to our agreements. However, Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). Item 13 is revised to include the following language:

To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.

4. Item 17(C) and 17(M) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

5. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. We will comply with Minnesota Statute Section 80C.17 Subd. 5 with respect to limitation of claims.

7. NSF checks are governed by Minnesota Statute 604.113, which puts a limit of \$30 on service charges.

8. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of New York:

The New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT X OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added to the end of Item 3 of the Franchise Disclosure Document:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following paragraph is hereby added at the beginning of Item 4 in the Disclosure Document:

Neither Medicap Pharmacies Incorporated, nor any affiliate, predecessor, officer or general partner of Medicap Pharmacies Incorporated has, during the 10-year period immediately preceding the date of the offering circular, has been adjudged bankrupt or reorganized due to insolvency, or was a principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of Medicap Pharmacies Incorporated held such position in such company or partnership, nor has any such bankruptcy or reorganization proceeding been commenced.

4. The following is added to the end of the “Summary” sections of Item 17(C), titled “Requirements for you to renew or extend,” and Item 17(M), entitled “Conditions for our approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations

issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. Items 17(D), 17(J), 17(V), and 17(W) in the Disclosure Document are hereby deleted in their entirety and replaced by the following:

Provision	Section in Agreements	Summary
D. Termination by you	Section VI of Franchise Agreement; Section 2 of Legacy/Successor Franchise Addendum	You may terminate on any grounds available by law.
J. Assignment of Contract by us	Section VIII of Franchise Agreement	No restriction on our right to assign any agreement; provided, however, no assignment will be made by us, except to an assignee who in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.
V. Choice of forum	Section XII of Franchise Agreement	Litigation must be brought in the state or federal courts in Franklin County, Ohio, subject to state law. If arbitration is mandated, arbitration must be brought in Columbus, Ohio, subject to state law. However, the foregoing choice of forum should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.
W. Choice of law	Section XII of Franchise Agreement	Ohio law generally applies; however, this choice of law should not be considered a waiver of any right conferred upon either Medicap Pharmacies Incorporated or upon you by Article 33 of the General Business Law of the State of New York.

6. The following is added before the Receipt Pages:

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

7. Franchise Questionnaires and Acknowledgments – No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts – Any sale made must be in compliance with Section 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. Section 680 et seq.), which described the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law are met independently without reference to the Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Item 5 is amended to include the following:

Based upon the franchisor’s financial condition, the North Dakota Insurance Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$182,700 from Federal Insurance Company. A copy of the bond is on file at the North Dakota Insurance & Securities Department, 600 E. Boulevard Avenue, 5th Floor, Bismarck, ND 58505.

2. The “Costs and Attorneys’ Fees” section of Item 6 in the Disclosure Document is hereby deleted in its entirety and replaced by the following:

<u>TYPE OF FEE</u> <u>(Note 1)</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
COSTS AND ATTORNEYS’ FEES	Will vary under circumstances	Within 10 days after notice	If you must indemnify us.

3. The North Dakota Insurance Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to include certain provisions within a franchise agreement. In recognition of North Dakota Franchise Investment Law and the rulings of the North Dakota Insurance Commissioner, the Disclosure Document is amended as follows:

- a. Any references in Item 17(I) of the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.

- b. Any references in Item 17(U) of the Disclosure Document requiring that the parties must agree to a location for arbitration of disputes that is remote from the site of the franchisee’s business are deleted.

- c. Any references in Item 17(V) of the Disclosure Document requiring that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

d. Item 17(W) of the Disclosure Document shall be amended to provide that North Dakota law generally applies.

e. Any references in the Disclosure Document to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

f. Any references in the Disclosure Document to any requirement to consent to a waiver of trial by jury are deleted.

g. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy® franchises offered and sold in the state of Rhode Island:

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. The following sentence is added to Item 17:

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document, the following provisions shall supersede and apply to all Medicap Pharmacy[®] franchises offered and sold in the Commonwealth of Virginia:

The Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. The following statements are added to Item 17(H):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or in partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provisions under the Washington Franchise Investment Protection Act or any rule or order thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason

during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary set forth in the Medicap Pharmacies Incorporated Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all Medicap Pharmacy[®] franchises offered and sold in the state of Wisconsin:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law, Wis. Stat. Ch. 135.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without reference to this Addendum.

EXHIBIT W

CARDINAL HEALTH FINANCIAL STATEMENTS AND GUARANTEE

Management Reports

Evaluation of Disclosure Controls and Procedures

We evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of June 30, 2025. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2025 to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, controls deemed effective now may become inadequate in the future because of changes in conditions, or because compliance with policies or procedures has deteriorated or been circumvented.

Management assessed the effectiveness of our internal control over financial reporting as of June 30, 2025. In making this assessment, management used the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). Based on management's assessment and the COSO criteria, management has concluded that our internal control over financial reporting was effective as of June 30, 2025.

Our independent registered public accounting firm, Ernst & Young LLP, has issued a report on our internal control over financial reporting. Ernst & Young LLP's report appears following this "Management Reports" section and expresses an unqualified opinion on the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cardinal Health, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cardinal Health, Inc. and subsidiaries (the Company) as of June 30, 2025 and 2024, the related consolidated statements of earnings, comprehensive income, shareholders' deficit, and cash flows for each of the three years in the period ended June 30, 2025, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and August 12, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which they relate.

Valuation of Goodwill

Description of the Matter The Company performed quantitative assessments of goodwill for the Company's Navista & ION and Cardinal Health at-Home Solutions reporting units during fiscal year 2025, by comparing the fair values of each of these reporting units with their respective carrying amounts. As discussed in [Notes 1](#) and [5](#) to the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level, or when indicators of impairment exist. During fiscal 2025, there was no impairment recognized related to Navista & ION or Cardinal Health at-Home Solutions.

Auditing management's goodwill impairment test for Navista & ION and Cardinal Health at-Home Solutions was challenging because there is significant judgement required in determining the fair values of the reporting units. In particular, the fair value estimates were sensitive to significant judgmental assumptions including the revenue growth rate; gross margin; distribution, selling, general and administrative expenses, and company-specific risk premium, which are affected by expectations about future market or economic conditions.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's goodwill impairment review process. For example, we tested controls over management's review of significant judgmental assumptions, including the revenue growth rate; gross margin; distribution, selling, general and administrative expenses, and company-specific risk premium, among other assumptions.

To test the estimated fair values of Navista & ION and Cardinal Health at-Home Solutions, we performed audit procedures that included, among others, evaluating methodologies used; involving our valuation specialists to assist with our procedures related to the measurement of the fair values; and testing the underlying data used by the Company in its analysis for completeness and accuracy. We compared the significant assumptions used by management to current industry and economic trends, recent historical performance, and other relevant factors. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair values of the reporting units that would result from changes in the assumptions. We evaluated the assumptions within the model and tested the model's computational accuracy. In addition, we inspected the Company's reconciliation of the fair value of all reporting units to the market capitalization of the Company and assessed the result. We have also assessed the adequacy of the Company's disclosures included in [Notes 1](#) and [5](#) in relation to this matter.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Grandview Heights, Ohio

August 12, 2025

Financial Statements and Supplementary Data

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Consolidated Statements of Earnings

(in millions, except per common share amounts)

	2025	2024	2023
Revenue	\$ 222,578	\$ 226,827	\$ 204,979
Cost of products sold	214,410	219,413	198,105
Gross margin	8,168	7,414	6,874
Operating expenses:			
Distribution, selling, general, and administrative expenses	5,382	5,000	4,800
Restructuring and employee severance	88	175	95
Amortization and other acquisition-related costs	464	284	285
Acquisition-related cash and share-based compensation costs	126	—	—
Impairments and (gain)/loss on disposal of assets, net	18	634	1,246
Litigation (recoveries)/charges, net	(185)	78	(304)
Operating earnings	2,275	1,243	752
Other (income)/expense, net	(41)	(9)	5
Interest expense, net	215	51	84
Earnings before income taxes	2,101	1,201	663
Provision for income taxes	532	348	332
Net earnings	1,569	853	331
Less: Net earnings attributable to noncontrolling interests	(8)	(1)	(1)
Net earnings attributable to Cardinal Health, Inc.	\$ 1,561	\$ 852	\$ 330
Earnings per common share attributable to Cardinal Health, Inc.			
Basic	\$ 6.48	\$ 3.48	\$ 1.27
Diluted	6.45	3.45	1.26
Weighted-average number of common shares outstanding:			
Basic	241	245	261
Diluted	242	247	262

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Comprehensive Income

(in millions)	2025	2024	2023
Net earnings	\$ 1,569	\$ 853	\$ 331
Other comprehensive income/(loss):			
Foreign currency translation adjustments and other	(3)	(1)	(35)
Net unrealized income/(loss) on derivative instruments, net of tax	15	(15)	(2)
Total other comprehensive income/(loss), net of tax	12	(16)	(37)
Total comprehensive income	1,581	837	294
Less: comprehensive income attributable to noncontrolling interests	(8)	(1)	(1)
Total comprehensive income attributable to Cardinal Health, Inc.	\$ 1,573	\$ 836	\$ 293

The accompanying notes are an integral part of these consolidated statements.

Consolidated Balance Sheets

(in millions)	June 30	
	2025	2024
Assets		
Current assets:		
Cash and equivalents	\$ 3,874	\$ 5,133
Trade receivables, net	13,242	12,084
Inventories, net	16,831	14,957
Prepaid expenses and other	2,414	2,663
Assets held for sale	12	47
Total current assets	36,373	34,884
Property and equipment, net	2,858	2,529
Goodwill and other intangibles, net	12,177	6,450
Other assets	1,714	1,258
Total assets	\$ 53,122	\$ 45,121
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable	\$ 34,713	\$ 31,759
Current portion of long-term obligations and other short-term borrowings	550	434
Other accrued liabilities	3,634	3,447
Total current liabilities	38,897	35,640
Long-term obligations, less current portion	7,977	4,658
Deferred income taxes and other liabilities	8,882	8,035
Shareholders' deficit:		
Preferred shares, without par value:		
Authorized— 500 thousand shares, Issued— none	—	—
Common shares, without par value:		
Authorized— 755 million shares, Issued— 271 million shares 327 million shares at June 30, 2025 and 2024, respectively	2,956	2,917
Retained earnings/(accumulated deficit)	783	(286)
Common shares in treasury, at cost: 32 million shares and 83 million shares at June 30, 2025 and 2024, respectively	(6,365)	(5,677)
Accumulated other comprehensive loss	(155)	(167)
Total Cardinal Health, Inc. shareholders' deficit	(2,781)	(3,213)
Noncontrolling interests	147	1
Total shareholders' deficit	(2,634)	(3,212)
Total liabilities and shareholders' deficit	\$ 53,122	\$ 45,121

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Shareholders' Deficit

(in millions)	Common Shares		Retained Earnings/(Accumulated Deficit)	Treasury Shares		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Deficit
	Shares Issued	Amount		Shares	Amount			
Balance at June 30, 2022	327	\$ 2,813	\$ (456)	(54)	\$ (3,128)	\$ (114)	\$ 3	\$ (882)
Net earnings			330				1	331
Other comprehensive loss, net of tax						(37)		(37)
Purchase of noncontrolling interests							(3)	(3)
Employee stock plans activity, net of shares withheld for employee taxes	—	33		3	124			157
Share repurchase program activity		(100)		(25)	(1,907)			(2,007)
Dividends declared			(515)					(515)
Other			(1)					(1)
Balance at June 30, 2023	327	2,746	(642)	(76)	(4,911)	(151)	1	(2,957)
Net earnings			852				1	853
Other comprehensive loss, net of tax						(16)		(16)
Employee stock plans activity, net of shares withheld for employee taxes	—	71		2	93			164
Share repurchase program activity		100		(9)	(859)			(759)
Dividends declared			(496)					(496)
Other							(1)	(1)
Balance at June 30, 2024	327	2,917	(286)	(83)	(5,677)	(167)	1	(3,212)
Net earnings			1,561				8	1,569
Other comprehensive loss, net of tax						12		12
Acquisitions							151	151
Employee stock plans activity, net of shares withheld for employee taxes	—	38		1	70			108
Share repurchase program activity				(6)	(757)			(757)
Retirement of treasury stock	(56)	—		56	—			—
Dividends declared			(492)					(492)
Payments to noncontrolling interests							(12)	(12)
Other		1			(1)	—	(1)	(1)
Balance at June 30, 2025	271	\$ 2,956	\$ 783	(32)	\$ (6,365)	\$ (155)	\$ 147	\$ (2,634)

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Cash Flows

(in millions)	2025	2024	2023
Cash flows from operating activities:			
Net earnings	\$ 1,569	\$ 853	\$ 331
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	790	710	692
Impairments and loss on sale of other investments	3	2	7
Impairments and (gain)/loss on disposal of assets, net	18	634	1,246
Share-based compensation	244	121	96
Provision for/(benefit from) deferred income taxes	243	(104)	(40)
Provision for bad debts	53	36	55
Change in operating assets and liabilities, net of effects from acquisitions and divestitures:			
Increase in trade receivables	(833)	(996)	(950)
(Increase)/decrease in inventories	(1,816)	1,115	(412)
Increase in accounts payable	2,732	1,824	2,816
Other accrued liabilities and operating items, net	(606)	(433)	(997)
Net cash provided by operating activities	2,397	3,762	2,844
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired	(5,250)	(1,190)	(10)
Additions to property and equipment	(547)	(511)	(481)
Proceeds from net investment hedge terminations	2	34	29
Purchase of short-term time deposits	—	(550)	—
Proceeds from short-term investment in time deposit	200	350	—
Other investing items, net	2	18	8
Net cash used in investing activities	(5,593)	(1,849)	(454)
Cash flows from financing activities:			
Proceeds from long-term obligations, net of issuance costs	3,669	1,139	—
Purchases and payments of noncontrolling interests, net	(12)	—	(3)
Reduction of long-term obligations	(445)	(783)	(579)
Net tax proceeds/(withholding) from share-based compensation	(13)	46	56
Dividends on common shares	(494)	(499)	(525)
Purchase of treasury shares	(765)	(750)	(2,000)
Net cash provided by/(used in) financing activities	1,940	(847)	(3,051)
Effect of exchange rates changes on cash and equivalents	(3)	(9)	(8)
Net increase/(decrease) in cash and equivalents	(1,259)	1,057	(669)
Cash and equivalents at beginning of period	5,133	4,076	4,745
Cash and equivalents at end of period	\$ 3,874	\$ 5,133	\$ 4,076
Supplemental Information:			
Cash payments for interest	\$ 315	\$ 214	\$ 203
Net cash payments for income taxes	444	191	156

The accompanying notes are an integral part of these consolidated statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Cardinal Health, Inc. is a global healthcare services and products company providing customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories, and physician offices. We provide pharmaceuticals and medical products and cost-effective solutions that enhance the healthcare system and supply chain efficiency. References to "we," "our," "us," and similar pronouns in these consolidated financial statements are to Cardinal Health, Inc. and its majority-owned or controlled subsidiaries, unless the context otherwise requires.

Our fiscal year ends on June 30. References to fiscal 2025, 2024, and 2023 in these consolidated financial statements are to the fiscal years ended June 30, 2025, 2024, and 2023, respectively.

Basis of Presentation

Our consolidated financial statements include the accounts of all majority-owned or consolidated subsidiaries, and all significant intercompany transactions and amounts have been eliminated. The results of businesses acquired or disposed of are included in the consolidated financial statements from the date of the acquisition or up to the date of disposal, respectively. Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of financial statements in conformity with GAAP requires us to make estimates, judgments, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates, judgments, and assumptions are used in the accounting and disclosure related to, among other items, allowance for doubtful accounts, inventory valuation and reserves, goodwill and other intangible asset impairment, vendor reserves, loss contingencies (including product liability and self-insurance accruals), and income taxes. Actual amounts may differ from these estimated amounts.

Cash Equivalents

We consider liquid investments purchased with an initial effective maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Receivables and Allowance for Doubtful Accounts

Trade receivables are reported at their estimated collectible amounts and presented net of an allowance for doubtful accounts of \$213 million and \$233 million at June 30, 2025 and 2024, respectively. In addition to credit losses, the allowance also includes reserves related to customer disputes and late fees billed to customers, which are recognized within our consolidated statements of earnings as reductions of revenue. An account is considered past due on the first day after its due date. In

accordance with contract terms, we generally have the ability to charge customers service fees or higher prices if an account is considered past due. We regularly monitor past due accounts and establish appropriate reserves to cover potential losses, and consider historical experience, pricing discrepancies, the current economic environment, customer credit ratings or bankruptcies, and reasonable and supportable forecasts to develop our allowance for credit losses. We review these factors quarterly to determine if any adjustments are needed to the allowance. We write off any amounts deemed uncollectible against the established allowance for doubtful accounts.

We provide financing to various customers. Such financing arrangements range from 1 year to 5 years at interest rates that are generally subject to fluctuation. Interest income on these arrangements is recognized as it is earned. The financings may be collateralized, guaranteed by third parties or unsecured. Finance notes, net and related accrued interest were \$32 million (current portion \$7 million) and \$43 million (current portion \$14 million) at June 30, 2025 and 2024, respectively, and are included in other assets (current portion is included in prepaid expenses and other) in the consolidated balance sheets. Finance notes receivable allowance for doubtful accounts were \$2 million and \$3 million at June 30, 2025 and 2024, respectively. We estimate an allowance for these financing receivables based on historical collection rates and the creditworthiness of the customer. We write off any amounts deemed uncollectible against the established allowance for doubtful accounts.

Concentrations of Credit Risk

We maintain cash depository accounts with major banks, and we invest in high quality, short-term liquid instruments, and in marketable securities. Our short-term liquid instruments mature within three months and we have not historically incurred any related losses.

Our trade receivables and finance notes and related accrued interest are exposed to a concentration of credit risk with certain large customers and with customers in the retail and healthcare sectors. Credit risk can be affected by changes in reimbursement and other economic pressures impacting the healthcare industry. With respect to customers in the retail and healthcare sectors, such credit risk is limited due to supporting collateral and the diversity of the customer base, including its wide geographic dispersion. We perform regular credit evaluations of our customers' financial conditions and maintain reserves for losses through the established allowance for doubtful accounts. Historically, such losses have been within our expectations. Refer to the "Receivables and Allowance for Doubtful Accounts" section within this Note for additional information on the accounting treatment of reserves for allowance for doubtful accounts.

Major Customers

CVS Health Corporation ("CVS Health") is our only customer that individually accounted for at least 10 percent of revenue and/or gross trade receivables in fiscal 2025. In fiscal 2024, both CVS Health and OptumRx individually accounted for at least 10 percent of revenue and/or gross trade receivables. These customers were primarily serviced through our Pharmaceutical and Specialty Solutions ("Pharma") segment. Our pharmaceutical distribution contracts with OptumRx expired at the end of June 2024.

The following table summarizes historical percent of revenue and gross trade receivables from CVS Health and OptumRx:

	Percent of Revenue			Percent of Gross Trade Receivables at June 30	
	2025	2024	2023	2025	2024
CVS Health	30 %	24 %	25 %	26 %	22 %
OptumRx	—	17 %	16 %	—	6 %

We have entered into agreements with group purchasing organizations ("GPOs") which act as purchasing agents that negotiate vendor contracts on behalf of their members. Vizient, Inc. and Premier, Inc. are our two largest GPO member relationships in terms of revenue. Sales to members of these two GPOs collectively accounted for 27 percent, 16 percent, and 15 percent of revenue for fiscal 2025, 2024, and 2023, respectively. Our trade receivable balances are with individual members of the GPO, and therefore no significant concentration of credit risk exists with these types of arrangements.

Inventories

A portion of our inventories (52 percent and 50 percent at June 30, 2025 and 2024, respectively) are valued at the lower of cost, using the last-in, first-out ("LIFO") method, or market. These inventories are included within the core pharmaceutical distribution facilities of our Pharma segment ("distribution facilities") and are primarily merchandise inventories. The LIFO method presumes that the most recent inventory purchases are the first items sold, so LIFO helps us better match current costs and revenue. We believe that the average cost method of inventory valuation provides a reasonable approximation of the current cost of replacing inventory within the distribution facilities. As such, the LIFO reserve is the difference between (a) inventory at the lower of LIFO cost or market and (b) inventory at replacement cost determined using the average cost method of inventory valuation.

At June 30, 2025 and 2024, inventories valued at LIFO cost were significantly in excess of the average cost value, respectively. We do not record inventories in excess of replacement cost. As such, we did not write-up the value of our inventory from average cost to LIFO cost at June 30, 2025 or 2024.

Our remaining inventory, including inventory in our Global Medical Products and Distribution ("GMPD") segment and certain inventory in our Pharma segment, that is not valued at the lower of LIFO cost or market is stated at the lower of cost, using the first-in, first-out method, or net realizable value. Net realizable value is defined as the estimated selling prices and estimated sales demand in the

ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

We reserve for inventory obsolescence using estimates based on historical experience, historical and projected sales trends, specific categories of inventory, age and expiration dates of on-hand inventory, and manufacturer return policies. Inventories presented in the consolidated balance sheets are net of reserves for excess and obsolete inventory which were \$132 million and \$149 million at June 30, 2025 and 2024, respectively.

Cash Discounts

Manufacturer cash discounts are recorded as a component of inventory cost and recognized as a reduction of cost of products sold as inventory is sold.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Property and equipment held for sale are recorded at the lower of cost less accumulated depreciation before the decision to dispose of the asset was made or fair value less cost to sell. When certain events or changes in operating conditions occur, an impairment assessment may be performed on the recoverability of the carrying amounts.

We capitalize project costs relating to computer software developed or obtained for internal use when the activities related to the project reach the application stage. Costs that are associated with the preliminary stage activities, training, maintenance, and all other post-implementation stage activities are expensed as they are incurred.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, including finance lease assets which are depreciated over the terms of their respective leases. We generally use the following range of useful lives for our property and equipment categories: buildings and improvements—3 to 39 years; machinery and equipment—3 to 20 years; capitalized software held for internal use—3 to 7 years; and furniture and fixtures—3 to 7 years. We recorded depreciation and amortization of capitalized software of \$488 million, \$470 million, and \$441 million for fiscal 2025, 2024, and 2023, respectively.

The following table presents the components of property and equipment, net at June 30:

(in millions)	2025	2024
Land, building, and improvements	\$ 2,178	\$ 1,879
Machinery and equipment	2,685	2,367
Capitalized software held for internal use	1,940	1,744
Furniture and fixtures	136	128
Construction in progress	577	577
Total property and equipment, at cost	7,516	6,695
Accumulated depreciation and amortization	(4,658)	(4,166)
Property and equipment, net	\$ 2,858	\$ 2,529

Repairs and maintenance expenditures are expensed as incurred. Interest on long-term projects is capitalized using a rate that approximates the weighted-average interest rate on long-term

obligations, which was 5 percent at June 30, 2025. The amount of capitalized interest was immaterial for all periods presented.

Business Combinations

The assets acquired and liabilities assumed in a business combination, including identifiable intangible assets, are recorded at their estimated fair values as of the acquisition date. The excess of the purchase price over the estimated fair value of the identifiable net assets acquired is recorded as goodwill. We base the fair values of identifiable intangible assets on detailed valuations that require management to make significant judgments, estimates, and assumptions. Critical estimates and assumptions include: expected future cash flows for customer relationships, trade names, developed technology, and other identifiable intangible assets; discount rates that reflect the risk factors associated with future cash flows; and estimates of useful lives. When an acquisition involves contingent consideration, we recognize a liability equal to the fair value of the contingent consideration obligation at the acquisition date. The estimate of fair value of a contingent consideration obligation requires subjective assumptions to be made regarding future business results, discount rates, discount periods, and probabilities assigned to various potential business result scenarios. See [Note 2](#) for additional information regarding our acquisitions.

Goodwill and Other Intangible Assets

Purchased goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually or when indicators of impairment exist.

Purchased goodwill is tested for impairment at least annually. Qualitative factors are first assessed to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. There is an option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test. We have elected to bypass the qualitative assessment for our annual goodwill impairment test in the current year. The quantitative goodwill impairment test involves a comparison of the estimated fair value of the reporting unit to the respective carrying amount.

Goodwill impairment testing involves judgment, including the identification of reporting units, qualitative evaluation of events, and circumstances to determine if it is more likely than not that an impairment exists, and, if necessary, the estimation of the fair value of the applicable reporting unit. Following the acquisitions of Integrated Oncology Network ("ION"), GI Alliance ("GIA"), Advanced Diabetes Supply Group ("ADS"), and Urology America we have reassessed our reporting units for goodwill impairment testing.

As of June 30, 2025, our reporting units are: Pharma (excluding Navista & ION and GIA), Navista & ION, GIA, GMPD, Nuclear and Precision Health Solutions, OptiFreight® Logistics, at-Home Solutions, and ADS. We anticipate at-Home Solutions and ADS will be combined as a single reporting unit as the businesses are integrated in the future.

Fair value can be determined using market, income, or cost-based approaches. Our determination of estimated fair value of the reporting units is based on a combination of the income-based and market-based approaches. Under the income-based approach, we use a discounted cash flow model in which cash flows anticipated over several future periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate risk-adjusted rate of return. We use our internal forecasts to estimate future cash flows, which we believe are consistent with those of a market participant, and include an estimate of long-term growth rates based on our most recent views of the long-term outlook for each reporting unit. Actual results may differ materially from those used in our forecasts. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective reporting units and in our internally-developed forecasts. During fiscal 2025, discount rates used in our reporting unit valuations ranged from 9.5 to 11 percent. Under the market-based guideline public company method, we determine fair value by comparing our reporting units to similar businesses or guideline companies whose securities are actively traded in public markets. We also use the guideline transaction method to determine fair value based on pricing multiples derived from the sale of companies that are similar to our reporting units. To further confirm fair value, we compare the aggregate fair value of our reporting units to our total market capitalization. Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including forecasted operating results. The use of alternate estimates and assumptions or changes in the industry or peer groups could materially affect the determination of fair value for each reporting unit and potentially result in goodwill impairment.

We performed annual impairment testing in fiscal 2025, 2024, and 2023 for our reporting units, which included Navista & ION in fiscal 2025. Due to the recent timing of their acquisitions, GIA and ADS were not included in our annual impairment testing in fiscal 2025 as no indicators of impairment were present.

During fiscal 2024 and 2023, we recognized goodwill impairment charges related to GMPD of \$675 million and \$1.2 billion, respectively, which were included in impairments and (gain)/loss on disposal of assets, net in our consolidated statements of earnings. GMPD had no goodwill balance remaining as of March 31, 2024.

We concluded that there were no impairments of goodwill for the remaining reporting units, excluding GMPD, in fiscal 2025, 2024, and 2023 as the estimated fair value of each reporting unit exceeded its carrying amount.

The impairment test for indefinite-lived intangibles other than goodwill involves first assessing qualitative factors to determine if it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If so, then a quantitative test is performed to compare the estimated fair value of the indefinite-lived intangible asset to the respective asset's carrying amount. Our qualitative evaluation requires the use of estimates and significant judgments and considers the weight of

evidence and significance of all identified events and circumstances and most relevant drivers of fair value, both positive and negative, in determining whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount.

Intangible assets with finite lives, primarily customer relationships; trademarks, trade names, and patents; and developed technology, are amortized using a combination of straight-line and accelerated methods based on the expected cash flows from the assets over their estimated useful lives. We review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires a comparison of the carrying amount to the sum of the future forecasted undiscounted cash flows expected to be generated by the asset group. Actual results may differ materially from those used in our forecasts.

Assets Held for Sale

We classify assets and liabilities (the “disposal group”) as held for sale when management commits to a plan to sell the disposal group in its present condition and at a price that is reasonable in relation to its current fair value. We also consider whether an active program to locate a buyer has been initiated and if it is probable that the sale will occur within one year without significant changes to the plan to sell. Upon classification of the disposal group as held for sale, we test the assets for impairment and cease related depreciation and amortization.

In June 2024, we signed an agreement to sell the West Campus Dublin, Ohio office space. At that time, we met the criteria for the related assets to be classified as held for sale. During fiscal 2025, the purchase agreement was terminated and the related assets were reclassified as assets held for use. We evaluated and recognized an impairment during fiscal 2025.

Investments

Investments in non-marketable equity securities are accounted for under the fair value, equity, or net asset value method of accounting and are included in other assets in the consolidated balance sheets. For equity securities without a readily determinable fair value, we use the fair value measurement alternative and measure the securities at cost less impairment, if any, including adjustments for observable price changes in orderly transactions for an identical or similar investment of the same issuer. For investments in which we can exercise significant influence but do not control, we use the equity method of accounting. Our share of the earnings and losses are recorded in other (income)/expense, net in the consolidated statements of earnings. We monitor our investments for impairment by considering factors such as the operating performance of the investment and current economic and market conditions.

Leases

Our leases are primarily for corporate and physician offices, distribution facilities, vehicles, and equipment. We determine if an arrangement is a lease at its inception by evaluating whether the arrangement conveys the right to use an identified asset and whether we obtain substantially all of the economic benefits from and have the ability to direct the use of the asset. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants.

Operating lease right-of-use assets and corresponding operating lease liabilities are recognized in our consolidated balance sheets at lease commencement date based on the present value of lease payments over the lease term. Operating lease expense for operating lease assets is recognized on a straight-line basis over the lease term. As most of our leases do not provide an implicit rate, we use our collateralized incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. We use the implicit rate if it is readily determinable.

Our lease agreements contain lease components and non-lease components. For all asset classes, we have elected to account for both of these components as a single lease component. We also, from time to time, sublease portions of our real estate property, resulting in sublease income. Sublease income and the related assets and cash flows are not material to the consolidated financial statements at or for the fiscal years ended June 30, 2025, 2024, and 2023.

We apply a practical expedient for short-term leases whereby we do not recognize a lease liability and right-of-use asset for leases with a term of less than 12 months. Short-term lease expense recognized in fiscal 2025, 2024, and 2023 was immaterial.

Our leases have remaining lease terms from less than 1 year up to approximately 17 years. Our lease terms may include options to extend or terminate the lease when it is reasonably certain and there is a significant economic incentive to exercise that option.

See [Note 6](#) for additional information regarding leases.

Vendor Reserves

In the ordinary course of business, our vendors may dispute deductions taken against payments otherwise due to them or assert other disputes. These disputes are researched and resolved based upon the findings of the research performed. At any given time, there are outstanding items in various stages of research and resolution. In determining appropriate reserves for areas of exposure with our vendors, we assess historical experience and current outstanding claims. We have established various levels of reserves based on the type of claim and status of review. Though the claim types are relatively consistent, we periodically update our reserve estimates to reflect actual historical experience. The ultimate outcome of certain claims may be different than our original estimate and may require an adjustment. Adjustments to vendor reserves are included in cost of products sold. In addition, the reserve balance will fluctuate due to variations of outstanding claims from period-to-period, timing of settlements and specific

vendor issues. Vendor reserves were \$96 million and \$112 million at June 30, 2025 and 2024 respectively, excluding third-party returns. See "Third-Party Returns" section within this Note for a description of third-party returns.

Distribution Services Agreement and Other Vendor Fees

Our Pharma segment recognizes fees received from distribution services agreements and other fees received from vendors related to the purchase or distribution of the vendors' inventory when those fees have been earned and we are entitled to payment. Since the benefit provided to a vendor is related to the purchase and distribution of the vendor's inventory, we recognize the fees as a reduction in the carrying value of the inventory that generated the fees, and as such, a reduction of cost of products sold in our consolidated statements of earnings when the inventory is sold.

Loss Contingencies and Self-Insurance

Loss Contingencies

We accrue for contingencies related to disputes, litigation, and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

In connection with the opioid litigation as described further in [Note 8](#), we recorded pre-tax charges of \$5.6 billion during fiscal 2021, which were retained at Corporate. In February 2022, we and two other national distributors announced that each company had determined that a sufficient number of political subdivisions had agreed to participate in the previously disclosed National Opioid Settlement Agreement (the "NOSA") to settle the vast majority of the opioid lawsuits filed by states and local governmental entities. This NOSA became effective on April 2, 2022.

During fiscal 2024, we reached agreements to settle claims brought by classes of third-party payors and acute care hospitals, and the City of Baltimore.

We develop and periodically update reserve estimates for all litigation matters, including the Cordis OptEase and TrapEase inferior vena cava ("IVC") claims received to date and expected to be received in the future and related costs. To project future IVC claim costs, we use a methodology based largely on recent experience, including claim filing rates, blended average payout influenced by claim severity, historical sales data, implant and injury to report lag patterns, and estimated defense costs. At June 30, 2025, we have a total of \$56 million accrued for losses and legal defense costs, related to the IVC filter product liability lawsuits in our consolidated balance sheets, which includes the \$49 million in the qualified settlement fund.

The amount of ultimate loss may differ materially from these estimates. We recognize these estimated loss contingencies, income from favorable resolution of litigation, and certain defense costs in litigation (recoveries)/charges, net in our consolidated statements of earnings. See [Note 8](#) for additional information regarding loss contingencies and product liability lawsuits.

Self-Insurance

We self-insure for employee healthcare, general liability, certain product liability matters, auto liability, property, and workers'

compensation. Self-insurance accruals include an estimate for expected settlements or pending claims, defense costs, administrative fees, claim adjustment costs, and an estimate for claims incurred but not reported.

Because these matters are inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies and other liabilities is highly subjective and requires judgments about future events. We regularly review contingencies and our self-insurance accruals to determine whether our accruals and related disclosures are adequate. Any adjustments for changes in reserves are recorded in the period in which the change in estimate occurs.

Guarantees

In the ordinary course of business, we agree to indemnify certain other parties under acquisition and disposition agreements, customer agreements, intellectual property licensing agreements, and other agreements. Such indemnification obligations vary in scope and, when defined, in duration. In many cases, a maximum obligation is not explicitly stated, and therefore the overall maximum amount of the liability under such indemnification obligations cannot be reasonably estimated. Where appropriate, such indemnification obligations are recorded as a liability. Historically, we have not, individually or in the aggregate, made payments under these indemnification obligations in any material amounts. In certain circumstances, we believe that existing insurance arrangements, subject to the general deduction and exclusion provisions, would cover portions of the liability that may arise from these indemnification obligations. In addition, we believe that the likelihood of a material liability being triggered under these indemnification obligations is not probable.

From time to time we enter into agreements that obligate us to make fixed payments upon the occurrence of certain events. Such obligations primarily relate to obligations arising under acquisition transactions, where we have agreed to make payments based upon the achievement of certain financial performance measures by the acquired business. Generally, the obligation is capped at an explicit amount. There were no material obligations at June 30, 2025.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates in the respective jurisdictions in which we operate. We assess the realizability of deferred tax assets on a quarterly basis and provide a valuation allowance for deferred tax assets when it is more likely than not that at least a portion of the deferred tax assets will not be realized. The realizability of deferred tax assets depends on our ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction and also considers all available positive and negative evidence.

Deferred taxes for non-U.S. liabilities are not provided on the unremitted earnings of subsidiaries outside of the United States when it is expected that these earnings are indefinitely reinvested.

We operate in a complex multinational tax environment and are subject to tax treaty arrangements and transfer pricing guidelines for intercompany transactions that are subject to interpretation. Uncertainty in a tax position may arise as tax laws are subject to interpretation.

Tax benefits from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination of the technical merits of the position, including resolutions of any related appeals or litigation processes. The amount recognized is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. For tax benefits that do not qualify for recognition, we recognize a liability for unrecognized tax benefits.

See [Note 9](#) for additional information regarding income taxes.

Other Accrued Liabilities

Other accrued liabilities represent various current obligations, including certain accrued operating expenses, accrued rebates, and taxes payable.

Variable Interest Entities

We evaluate our ownership, contractual, and other interests in entities to determine if they are a variable interest entity ("VIE"), if we have a variable interest in those entities, and the nature and extent of those interests. These evaluations may involve management judgment and the use of estimates and assumptions based on available historical information, among other factors. Based on our evaluations, if we determine we are the primary beneficiary of such VIEs, we consolidate such entities into our financial statements.

Consolidated Variable Interest Entities

We consolidate a VIE when we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE and, as a result, are considered the primary beneficiary of the VIE.

In relation to the acquisition of GIA, we concluded that GIA is the primary beneficiary and it consolidates the VIEs. The GIA VIEs do not have a material impact on our consolidated statements of earnings or consolidated statements of cash flows. Total assets and liabilities included in the consolidated balance sheets for the GIA VIEs were \$601 million and \$187 million, respectively, as of June 30, 2025.

Noncontrolling Interests

Noncontrolling interests represent the portion of net earnings, comprehensive income, and net assets that is not attributable to Cardinal Health, Inc. Noncontrolling interests as of June 30, 2025 primarily represents third-party equity interests in ION. See [Note 2](#), for additional information on the acquisition of ION.

Share-Based Compensation Cardinal Health, Inc. Plan

Share-based compensation provided to employees is recognized in the consolidated statements of earnings based on the grant date fair value of the awards. The fair value of restricted share units

("RSUs") is determined by the grant date market price of our common shares. The fair value of performance share units ("PSUs"), which include a market-based condition, is determined using a Monte Carlo valuation model. The key assumptions for the Monte Carlo valuation model are as follows:

Award Year	Risk-Free Interest Rate ⁽²⁾	Expected Volatility ⁽³⁾
2023	3.12%	32.41 %
2023 Modified ⁽¹⁾	5.13%	26.58 %
2024	4.66%	23.99 %
2025	3.89%	24.54 %

(1) There was a modification of prior year awards in fiscal 2024 that required a new Monte Carlo Simulation valuation model.

(2) Based on the U.S. Treasury yields over a term comparable to the remaining performance period.

(3) Based on historical volatility and implied volatility indications.

The compensation expense associated with nonvested PSUs is dependent on our periodic assessment of the probability of the performance goals being achieved. Based on the extent to which the performance goals are achieved and the Company's total shareholder return ("TSR") relative to the S&P 500 Health Care Index, vested shares may range from zero to 240 percent of the target award amount. Compensation expense is recognized regardless of the extent to which the market-based condition, the Company's relative TSR, is satisfied.

The compensation expense recognized for share-based awards is net of estimated forfeitures and is recognized ratably over the service period of the awards. All income tax effects of share-based awards are recognized in the consolidated statements of earnings as awards vest or are settled. We classify share-based compensation expense in distribution, selling, general, and administrative ("SG&A") expenses to correspond with the same line item as the majority of the cash compensation paid to employees. If awards are modified in connection with a restructuring activity, the incremental share-based compensation expense is classified in restructuring and employee severance. See [Note 15](#) for additional information regarding share-based compensation.

GIA Share-Based Compensation

GIA, a majority-owned subsidiary of Cardinal Health, maintains standalone share-based compensation plans. In connection with the acquisition of physician practices, GIA issues common units in GIA (collectively the "GIA Units") to certain physicians and management. The GIA Units contain forfeiture provisions ranging from 36 to 60 months. These forfeiture provisions provide that the unit holders forfeit all or a portion of the GIA Units should they leave GIA, except in certain limited situations, effectively requiring the unit holders to stay employed with the physician practice managed by GIA in order to retain all of the granted GIA Units during the forfeiture period.

These GIA Units are classified as liabilities under Accounting Standards Codification ("ASC") 718. The fair value of the vested GIA Units with no future service requirement are recorded as an assumed liability at the acquisition date. The fair value of GIA Units

with a future service requirement are recognized on a straight-line basis over the requisite service period.

The fair value of the GIA Units is remeasured at each reporting period using a discounted cash flow method. The compensation costs recognized each period reflects the change in the fair value of the liability for the portion of the awards for which the requisite service has been rendered.

See [Note 15](#) for additional information regarding share-based compensation.

Dividends

We paid cash dividends per common share of \$2.02, \$2.00, and \$1.98 in fiscal 2025, 2024, and 2023, respectively.

Revenue Recognition

We recognize revenue in an amount that reflects the consideration to which we expect to be entitled in exchange for the transfer of goods or services to customers.

Revenue in our Pharma, GMPD, Nuclear and Precision Health Solutions, and at-Home Solutions operating segments is primarily related to the distribution of pharmaceutical and medical products, which include both manufactured and sourced products, and we recognize at a point in time when title transfers to customers and we have no further obligation to provide services related to such merchandise. OptiFreight® Logistics revenue is related to shipping, freight management, and logistics management services. Service revenues are recognized over the period that services are provided to the customer, reduced by contractual adjustments to third-party payors, discounts and implicit price concessions to customers. Revenues derived from services from all segments are immaterial for all periods presented.

We are generally the principal in a transaction, therefore our revenue is primarily recorded on a gross basis. When we are a principal in a transaction, we have determined that we control the ability to direct the use of the product or service prior to transfer to a customer, are primarily responsible for fulfilling the promise to provide the product or service to our customer, have discretion in establishing prices, and ultimately control the transfer of the product or services provided to the customer.

Sales Returns and Allowances

Revenue is recorded net of sales returns and allowances. Revenues are measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, discounts, rebates, and other variable consideration. Sales returns are recorded based on estimates using historical data. Our customer return policies generally require that the product be physically returned, subject to restocking fees. We only allow customers to return products for credit in a condition suitable to be added back to inventory and resold at full value ("merchantable product") or returned to vendors for credit. Product returns are generally consistent throughout the year and typically are not specific to any particular product or customer.

We accrue for estimated sales returns and allowances at the time of sale based upon historical customer return trends, margin rates, and processing costs. Our accrual for sales returns is reflected as

a reduction of revenue and cost of products sold for the sales price and cost, respectively. At June 30, 2025 and 2024, the accrual for estimated sales returns and allowances was \$447 million and \$441 million, respectively, which is reflected in trade receivables, net and inventories, net in the consolidated balance sheets. Sales returns and allowances were \$2.2 billion, for fiscal 2025, 2024, and 2023, and the net impact on net earnings in the consolidated statements of earnings was immaterial in fiscal 2025, 2024, and 2023.

Third-Party Returns

We generally do not accept non-merchantable pharmaceutical product returns from our customers, so many of our customers return non-merchantable pharmaceutical products to the manufacturer through third parties. Since our customers generally do not have a direct relationship with manufacturers, our vendors pass the value of such returns to us (usually in the form of an accounts payable deduction). We, in turn, pass the value received to our customer. In certain instances, we pass the estimated value of the return to our customer prior to our receipt of the value from the vendor. Although we believe we have satisfactory protections, from time to time, we become subject to claims from customers or vendors that our administration of this overall process is deficient in some respect or our contractual terms with vendors are in conflict with our contractual terms with our customers. We maintain reserves for some of these situations based on their nature and our historical experience with their resolution.

Shipping and Handling

Shipping and handling costs are primarily included in SG&A expenses in our consolidated statements of earnings and include all delivery expenses as well as all costs to prepare the product for shipment to the end customer. Shipping and handling costs were \$909 million, \$866 million, and \$835 million, for fiscal 2025, 2024, and 2023, respectively.

Restructuring and Employee Severance

Restructuring activities are programs that are not part of the ongoing operations of our underlying business, such as divestitures, closing and consolidating facilities, changing the way we manufacture or distribute our products, moving manufacturing of a product to another location, changes in production or business process outsourcing or insourcing, employee severance (including rationalizing headcount or other significant changes in personnel), and realigning operations (including realignment of the management structure in response to changing market conditions). Also included within restructuring and employee severance are employee severance costs that are not incurred in connection with a restructuring activity. See [Note 4](#) for additional information regarding our restructuring activities.

Amortization and Other Acquisition-Related Costs

We classify certain costs incurred in connection with acquisitions as amortization and other acquisition-related costs in our consolidated statements of earnings. These costs consist of amortization of acquisition-related intangible assets, amortization as a result of basis differences in equity method investments,

transaction costs, integration costs, and changes in the fair value of contingent consideration obligations. Transaction costs are incurred during the initial evaluation of a potential acquisition and primarily relate to costs to analyze, negotiate, and consummate the transaction as well as due diligence activities. Integration costs relate to activities required to combine the operations of an acquired enterprise into our operations and, in the case of the significant acquisitions with international operations, to stand-up the systems and processes needed to support an expanded geographic footprint. We record changes in the fair value of contingent consideration obligations relating to acquisitions as income or expense in amortization and other acquisition-related costs. See [Note 5](#) for additional information regarding amortization of acquisition-related intangible assets.

Translation of Foreign Currencies

Financial statements of our subsidiaries outside the United States are generally measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign subsidiaries into U.S. dollars are accumulated in shareholders' equity through accumulated and other comprehensive loss ("AOCI") utilizing period-end exchange rates. Revenues and expenses of these foreign subsidiaries are translated using average exchange rates during the year.

The foreign currency translation gains/(losses) included in AOCI at June 30, 2025 and 2024 are presented in [Note 12](#). Foreign currency transaction gains and losses for the period are included in the consolidated statements of earnings in the respective financial statement line item.

Interest Rate, Currency, and Commodity Risk

All derivative instruments are recognized at fair value on the consolidated balance sheets and all changes in fair value are recognized in net earnings or shareholders' equity through AOCI, net of tax.

For contracts that qualify for hedge accounting treatment, the hedge contracts must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. Hedge effectiveness is assessed periodically. Any contract not designated as a hedge, or so designated but ineffective, is adjusted to fair value and recognized immediately in net earnings. If a fair value or cash flow hedge ceases to qualify for hedge accounting treatment, the contract continues to be carried on the balance sheet at fair value until settled and future adjustments to the contract's fair value are recognized immediately in net earnings. If a forecasted transaction is probable not to occur, amounts previously deferred in AOCI are recognized immediately in net earnings. Interest payments received from the cross-currency swap are excluded from the net investment hedge effectiveness assessment and are recorded in interest expense, net in the consolidated statements of earnings.

See [Note 11](#) for additional information regarding our derivative instruments, including the accounting treatment for instruments designated as fair value, cash flow, net investment, and economic hedges.

Fair Value Measurements

Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date. It focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are:

Level 1 - Observable prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

See [Note 10](#) for additional information regarding fair value measurements.

Recently Adopted Financial Accounting Standards.

Segment Reporting

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances reportable segment disclosure requirements, primarily through disclosures of significant segment expenses. The Company adopted the new guidance in our fiscal 2025 Form 10-K. The new standard did not have an impact on the company's consolidated financial statements but required additional disclosures. See [Note 14](#) for additional information.

Recently Issued Financial Accounting Standards and Disclosure Rules Not Yet Adopted

We assess the adoption impacts of recently issued accounting standards by the FASB on our consolidated financial statements as well as material updates to previous assessments, if any, from our fiscal 2024 Form 10-K.

Income Tax Disclosure

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for us in our fiscal 2026 Form 10-K and should be applied on a prospective basis, with retrospective application permitted. We are currently evaluating the impact of adoption of this guidance on our disclosures.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), which requires

disaggregated disclosures of certain categories of expenses which are included in any relevant income statement expense caption on an annual and interim basis. Additionally, the guidance requires the disclosure of total selling expenses and, in annual reporting periods, an entity's definition of selling expenses. This guidance will be effective for us in our fiscal 2028 Form 10-K and should be applied on a prospective basis, with retrospective application permitted. We are currently evaluating the impact of adoption of this guidance on our disclosures.

2. Acquisitions

Advanced Diabetes Supply Group ("ADS")

On April 1, 2025, we completed the acquisition of ADS, one of the country's leading diabetic medical supplies providers to patients in the home, for a purchase price of approximately \$1.1 billion in cash, subject to certain adjustments. ADS serves approximately 500,000 patients annually by providing diabetes therapies from leading manufacturers. ADS is part of our at-Home Solutions operating segment and we report ADS results in Other.

We financed the acquisition of ADS with a combination of cash on hand and cash proceeds from new debt financing as described in [Note 6](#).

Transaction and integration costs associated with the ADS acquisition were \$31 million during fiscal 2025.

GI Alliance ("GIA")

On January 30, 2025, we completed the acquisition of a 73 percent ownership interest in GIA, a gastroenterology management services organization, for a purchase price of approximately \$2.8 billion in cash, subject to certain adjustments. Beginning on the third anniversary of the closing, we have the ability to exercise a call right to purchase up to 100 percent of the remaining outstanding interests. GIA's management services organization platform includes over 900 physicians across 345 practice locations in 20 states and has the ability to further expand both geographically and in other key therapeutic areas.

We have accounted for the acquisition of the ownership interest in GIA as a business combination in accordance with ASC 805. We consolidate the results of GIA in our consolidated financial statements and report those consolidated results within our Pharma segment.

Additionally, on May 30, 2025, we, through GIA, completed the acquisition of Urology America, a urology management services organization, for a purchase price of \$360 million in cash and GIA equity, subject to certain adjustments.

Transaction and integration costs associated with the GIA acquisitions were \$75 million during fiscal 2025.

Integrated Oncology Network ("ION")

On December 2, 2024, we completed the acquisition of ION, a physician-led independent community oncology network, for a purchase price of \$1.1 billion in cash, subject to certain adjustments. ION is a management services organization that supports more than 50 practice sites in 10 states representing more than 100 providers. ION supports a continuum of care across

its member sites including medical oncology, radiation oncology, urology diagnostic testing, and other ancillary services. As part of the transaction, ION practices were integrated into Navista, our managed services organization intended to enhance efficiency for providers and patients, enable additional capabilities, and increase practice profitability of independent community oncologists. We report ION results within our Pharma segment. The portion of ION net earnings attributable to noncontrolling interest holders is reported as a reduction to net earnings in the consolidated statements of earnings. The acquisition was funded with available cash on hand.

Transaction and integration costs associated with the ION acquisition were \$30 million during fiscal 2025.

Specialty Networks

On March 18, 2024, we completed the acquisition of Specialty Networks for a purchase price of \$1.2 billion in cash. Specialty Networks creates clinical and economic value for providers and partners across multiple specialty group purchasing organizations ("GPOs"): UroGPO, Gastrologix and GastroGPO, and United Rheumatology. Specialty Networks results are reflected within our Pharma segment.

Transaction and integration costs associated with the Specialty Network acquisition were \$7 million and \$16 million during fiscal 2025 and 2024, respectively.

The acquisitions have positively impacted respective segment revenue and segment profit while increasing amortization and other acquisition-related costs and acquisition-related cash and share-based compensation costs during fiscal 2025.

Fair Value of Assets Acquired and Liabilities

Assumed

The allocation of the purchase price for the acquisition of Urology America, ADS, GIA, and ION are not yet finalized and are subject to adjustment as we complete the valuation analysis of these acquisitions. The purchase prices are also subject to adjustment based on working capital requirements as set forth in the acquisition agreement.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date for Urology America, ADS, GIA, ION, and Specialty Networks:

(in millions)	Urology America	ADS	GIA	ION	Specialty Networks
Identifiable intangible assets:					
Customer intangibles (1)	\$ —	\$ 472	\$ —	\$ 226	\$ 480
Trade names (2)	33	28	200	73	15
Developed technology and Other (3)	—	—	—	—	20
Non-competition agreements (4)	—	—	23	—	5
Total identifiable intangible assets acquired	33	500	223	299	520
Identifiable net assets/(liabilities):					
Cash and equivalents	4	14	53	8	23
Trade receivables, net	24	97	191	59	17
Inventories	3	78	21	4	—
Prepaid expenses and other	3	8	14	5	2
Property and equipment, net	28	1	75	39	—
Other assets	41	376	312	52	—
Accounts payable	(20)	(104)	(89)	(10)	—
Current portion of long-term obligations and other short-term borrowings	—	—	(1)	(3)	—
Other accrued liabilities	(11)	(493)	(173)	(39)	(13)
Long-term obligations, less current portion	(6)	—	(15)	(14)	—
Deferred income taxes and other liabilities	(46)	(12)	(947)	(90)	(120)
Total identifiable net assets/(liabilities) acquired	53	465	(336)	310	429
Noncontrolling interest	—	—	—	(151)	—
Goodwill	307	578	3,124	910	784
Total net assets acquired	\$ 360	\$ 1,043	\$ 2,788	\$ 1,069	\$ 1,213

- (1) The weighted-average useful life of customer intangibles ranges from 10 years to 20 years.
(2) The weighted-average useful life of trade names ranges from 2 years to 10 years.
(3) The weighted-average useful life of developed technology and other is 8 years.
(4) The weighted-average useful life of non-competition agreements is 4 years.

The valuation of identifiable intangible assets utilizes significant unobservable inputs and thus represents a Level 3 nonrecurring fair value measurement. The discount rates used to arrive at the present values of the identifiable intangible assets for Urology America, ADS, GIA, ION, and Specialty Networks ranged from 7 to 20 percent, and reflect their internal rates of return and uncertainty in the cash flow projections, which is reflective of market participant assumptions.

The estimated fair value of ION customer intangibles (customer contracts) were determined using an income-based approach, which includes market participant expectations of the cash flows that an asset could generate over its remaining useful life, discounted back to present value using an appropriate rate of return.

The estimated fair value of ADS customer intangibles (payor contracts) were determined using a multi-period excess earnings method, which estimates an intangible asset's value based on the present value of the incremental after-tax cash flows (or "excess earnings") attributable only to the intangible asset.

The fair value of the Urology America, ADS, GIA, and ION trademark intangible assets were determined utilizing the relief from royalty method, an income-based approach. Under this method, a royalty rate based on observed market royalties is applied to projected revenue supporting the trademarks and discounted to present value using an appropriate discount rate.

The fair value of the non-compete intangibles acquired from GIA were determined by applying the differential cash flow method which compares the present value of cash flows with and without the non-compete agreements in place.

The vested GIA Units were recognized at their acquisition date fair values of \$739 million in deferred income taxes and other liabilities in the consolidated balance sheet. The valuation of the GIA Units utilizes significant unobservable inputs and thus represents a recurring Level 3 fair value measurement. The fair value of the GIA Units was determined using a discount rate of 9.5% and an estimated weighted average service period of two years.

The noncontrolling interest for ION was recognized at the acquisition-date fair value of \$151 million.

The allocation of the fair value of assets acquired and liabilities assumed for the Specialty Networks acquisition was finalized during fiscal 2025, resulting in goodwill of \$784 million. There were no significant adjustments to the allocation of the fair value of assets acquired and liabilities assumed for the Specialty Networks acquisition from those disclosed in our fiscal 2024 Form 10-K.

3. Divestitures

Outcomes

On June 5, 2023, we signed a definitive agreement to contribute the Outcomes™ business to TDS, a portfolio company of BlackRock Long Term Private Capital and GTCR, in exchange for a 16 percent equity interest in the combined entity. The transaction closed on July 10, 2023 and we recognized a pre-tax gain of \$53 million during the three months ended September 30, 2023, which was included in impairments and (gain)/loss on disposal of assets, net in our consolidated statements of earnings. This gain includes our initial recognition of an equity method investment in the combined entity for \$147 million, which was recorded in other assets in our consolidated balance sheets.

We determined that the divestiture of the Outcomes™ business does not meet the criteria to be classified as discontinued

operations. The Outcomes™ business operated and its results were reported within our Pharma segment before the divestiture.

4. Restructuring and Employee Severance

The following table summarizes restructuring and employee severance costs:

(in millions)	2025	2024	2023
Employee-related costs	\$ 61	\$ 95	\$ 39
Facility exit and other costs	27	80	56
Total restructuring and employee severance	\$ 88	\$ 175	\$ 95

Employee-related costs primarily consist of termination benefits provided to employees who have been involuntarily terminated, duplicate payroll costs, and retention bonuses incurred during transition periods. Facility exit and other costs primarily consist of project consulting fees, accelerated depreciation, professional project management and other service fees to support divestitures, costs associated with vacant facilities, and certain other divestiture-related costs.

Restructuring and employee severance costs in fiscal 2025, 2024, and 2023 include costs related to certain initiatives to rationalize our manufacturing operations and the implementation of certain enterprise-wide cost-savings measures. The increase in restructuring and employee severance in fiscal 2024 was primarily due to estimated severance costs related to these cost-savings measures and costs related to certain projects resulting from the reviews of our strategy, portfolio, capital-allocation framework, and operations. During fiscal 2023, restructuring and employee severance included costs related to the divestiture of the Cordis business.

The following table summarizes activity related to liabilities associated with restructuring and employee severance:

(in millions)	Employee-Related Costs	Facility Exit and Other Costs	Total
Balance at June 30, 2023	\$ 44	\$ 2	\$ 46
Additions	74	13	87
Payments and other adjustments	(26)	(10)	(36)
Balance at June 30, 2024	92	5	97
Additions	40	—	40
Payments and other adjustments	(53)	(5)	(58)
Balance at June 30, 2025	\$ 79	\$ —	\$ 79

5. Goodwill and Other Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amount of goodwill for the two reportable segments and the remaining operating segments, included in Other and in total:

(in millions)	Pharmaceutical and Specialty Solutions	Global Medical Products and Distribution (1)	Other (2) (3)	Total
Balance at June 30, 2023	\$ 2,762	\$ 681	\$ 1,170	\$ 4,613
Goodwill acquired, net of purchase price adjustments	793	(3)	—	790
Foreign currency translation adjustments and other	—	(3)	—	(3)
Goodwill Impairment	—	(675)	—	(675)
Balance at June 30, 2024	\$ 3,555	\$ —	\$ 1,170	\$ 4,725
Goodwill acquired, net of purchase price adjustments	4,389	—	578	4,967
Foreign currency translation adjustments and other	(1)	—	—	(1)
Balance at June 30, 2025	\$ 7,943	\$ —	\$ 1,748	\$ 9,691

- (1) At June 30, 2025 and 2024, the GMPD segment accumulated goodwill impairment loss was \$5.4 billion.
- (2) At June 30, 2025 and 2024, the Nuclear and Precision Health Solutions accumulated goodwill impairment loss was \$829 million.
- (3) Comprised of the remaining operating segments, Nuclear and Precision Health Solutions, at-Home Solutions, and OptiFreight® Logistics.

The increase in the Pharma segment goodwill is primarily due to the GIA and ION acquisitions that occurred during fiscal 2025. The increase in the Other segment goodwill is due to the ADS acquisition that occurred during fiscal 2025. Goodwill recognized in connection with these acquisitions primarily represent the expected benefits from the expected growth from new customers, the assembled workforce of the acquired entities, and synergies of integrating these businesses. Substantially all of the goodwill recorded is expected to be nondeductible for income tax purposes.

During fiscal 2025, we did not identify any indicators of impairment within our reporting units.

We performed interim quantitative goodwill impairment testing for GMPD at September 30, 2023 and March 31, 2024, which resulted in pre-tax goodwill impairment charges of \$585 million and \$90 million, respectively. GMPD goodwill was fully impaired during the third quarter of fiscal 2024. During fiscal 2023, GMPD had cumulative pre-tax impairment charges of \$1.2 billion. These goodwill impairment charges are recorded in impairments and

(gain)/loss on disposal of assets, net in our consolidated statements of earnings.

In connection with the divestiture of the Outcomes business, during fiscal 2023, we allocated and reclassified \$24 million of goodwill from the Pharma operating segment to the Outcomes disposal group based on the estimated relative fair values of the business to be disposed of and the portion of the reporting unit that was retained.

Other Intangible Assets

The following tables summarize other intangible assets by class at June 30:

(in millions)	2025			Weighted-Average Remaining Amortization Period (Years)
	Gross Intangible	Accumulated Amortization	Net Intangible	
Indefinite-life intangibles:				
Trademarks and patents	\$ 13	\$ —	\$ 13	N/A
Total indefinite-life intangibles	13	—	13	N/A
Definite-life intangibles:				
Customer intangibles	3,876	2,639	1,237	11
Trademarks, trade names, and patents	1,340	459	881	8
Developed technology and other	1,030	726	304	6
Non-Competition Agreements	72	21	51	4
Total definite-life intangibles	6,318	3,845	2,473	10
Total other intangible assets	\$ 6,331	\$ 3,845	\$ 2,486	N/A

(in millions)	2024		
	Gross Intangible	Accumulated Amortization	Net Intangible
Indefinite-life intangibles:			
Trademarks and patents	\$ 12	\$ —	\$ 12
Total indefinite-life intangibles	12	—	12
Definite-life intangibles:			
Customer intangibles	3,628	2,431	1,197
Trademarks, trade names, and patents	561	408	153
Developed technology and other	1,047	684	363
Total definite-life intangibles	5,236	3,523	1,713
Total other intangible assets	\$ 5,248	\$ 3,523	\$ 1,725

The increase in definite-life intangibles is primarily due to the ADS, GIA, and ION acquisitions. Total amortization of intangible assets was \$303 million, \$264 million, and \$281 million for fiscal 2025, 2024, and 2023, respectively. The estimated annual amortization for intangible assets for fiscal 2026 through 2030 is as follows: \$360 million, \$364 million, \$330 million, \$307 million, and \$284 million.

6. Leases

The following table summarizes the components of lease cost:

(in millions)	2025	2024	2023
Operating lease cost	\$ 157	\$ 120	\$ 112
Finance lease cost	51	39	31
Variable lease cost	43	31	21
Total lease cost	\$ 251	\$ 190	\$ 164

Variable lease cost primarily includes payments for property taxes, maintenance, and insurance.

The following table summarizes supplemental balance sheet and other information related to leases at June 30:

(in millions)	2025 ¹	2024
Operating Leases		
Operating lease right-of-use assets	\$ 758	\$ 475
Current portion of operating lease liabilities	164	117
Long-term operating lease liabilities	654	400
Total operating lease liabilities	818	517
Finance Leases		
Finance lease right-of-use assets	192	102
Current portion of finance lease liabilities	44	33
Long-term finance lease liabilities	157	75
Total finance lease liabilities	\$ 201	\$ 108

Weighted-average remaining lease term (years)	2025	2024
Operating leases	5.9 years	5.5 years
Finance leases	6.3 years	4.1 years

Weighted-average discount rate	2025	2024
Operating leases	3.9 %	4.1 %
Finance leases	4.6 %	4.4 %

¹ Increases in the right-of-use asset and liability balances are primarily due to acquisitions.

Operating leases are included in other assets, other accrued liabilities, and deferred income taxes and other liabilities in our consolidated balance sheets. Finance leases are included in property and equipment, net, current portion of long-term obligations and other short-term borrowings, and long-term obligations, less current portion in our consolidated balance sheets.

The following table summarizes supplemental cash flow information related to leases:

(in millions)	2025	2024	2023
Cash paid for lease liabilities:			
Operating cash flows paid for operating leases	\$ 167	\$ 124	\$ 119
Financing cash flows paid for finance leases	53	36	31
Non-cash right-of-use assets obtained in exchange for lease obligations:			
New operating leases	130	143	75
New finance leases	107	55	42

Future lease payments under non-cancellable leases as of June 30, 2025 were as follows:

(in millions)	Operating Leases	Finance Leases	Total
2026	\$ 197	\$ 52	\$ 249
2027	174	45	219
2028	146	35	181
2029	111	25	136
2030	97	19	116
Thereafter	199	57	256
Total future lease payments	924	233	1,157
Less: imputed interest	106	32	138
Total lease liabilities	\$ 818	\$ 201	\$ 1,019

7. Long-Term Obligations and Other Short-Term Borrowings

The following table summarizes long-term obligations and other short-term borrowings at June 30:

(in millions), (1)	2025	2024
3.5% Notes due 2024	—	401
3.75% Notes due 2025	501	507
4.7% Notes due 2026	498	—
3.41% Notes due 2027	1,206	1,191
5.125% Notes due 2029	645	644
5.0% Notes due 2029	745	—
5.45% Notes due 2034	501	491
5.35% Notes due 2034	989	—
4.6% Notes due 2043	323	308
4.5% Notes due 2044	338	330
4.9% Notes due 2045	438	423
4.368% Notes due 2047	566	563
5.75% Notes due 2054	641	—
7.0% Debentures due 2026	124	124
Floating Rate Term Loan due 2028	799	—
Other Obligations	213	110
Total	8,527	5,092
Less: current portion of long-term obligations and other short-term borrowings	550	434
Long-term obligations, less current portion	\$ 7,977	\$ 4,658

(1) Maturities are presented on a calendar year basis.

Maturities of existing long-term obligations and other short-term borrowings for fiscal 2026 through 2030 and thereafter are as follows: \$553 million, \$1.9 billion, \$834 million, \$670 million, \$764 million, and \$3.9 billion.

Long-Term Debt

All the notes represent unsecured obligations of Cardinal Health, Inc. and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The 7.0% Debentures represent unsecured obligations of Allegiance Corporation (a wholly-owned subsidiary), which Cardinal Health, Inc. has guaranteed. None of these obligations are subject to a sinking fund and the Allegiance obligations are not redeemable prior to maturity. Interest is paid pursuant to the terms of the obligations. These notes are effectively subordinated to the liabilities of our subsidiaries, including trade payables of \$34.7 billion and \$31.8 billion at June 30, 2025 and 2024, respectively.

During fiscal 2025, we issued additional debt, with the aggregate principal amount of \$2.9 billion, to fund a portion of the consideration payable in connection with the GIA and ADS acquisitions and for general purposes. The notes issued are \$500 million aggregate principal amount of 4.7% Notes that mature on November 15, 2026, \$750 million aggregate principal amount of 5.0% Notes that mature on November 15, 2029, \$1.0 billion aggregate principal amount of 5.35% Notes that mature on

November 15, 2034, and \$650 million aggregate principal amount of 5.75% Notes that mature on November 15, 2054. The proceeds of the notes issued, net of discounts, premiums, and debt issuance costs, were \$2.9 billion.

During fiscal 2025, we repaid the full principal of \$400 million of the 3.5% Notes due 2024 at maturity with proceeds from the debt issuance in fiscal 2024, \$200 million of which were invested in short-term time deposits and classified as prepaid expenses and other in our consolidated balance sheets at June 30, 2024. All short-term time deposits related to the debt issuance in fiscal 2024 have matured.

During fiscal 2024, we issued additional debt with the aggregate principal amount of \$1.15 billion to fund the repayment of all of the aggregate principal amount outstanding of our 3.5% Notes due 2024 and 3.079% Notes due 2024, at their respective maturities, and for general corporate purposes. During fiscal 2024, we repaid the full principal of \$750 million of the 3.079% Notes due 2024 at maturity. The notes issued are \$650 million aggregate principal amount of 5.125% Notes that mature on February 15, 2029 and \$500 million aggregate principal amount of 5.45% Notes that mature on February 15, 2034. The proceeds of the notes issued, net of discounts, premiums, and debt issuance costs were \$1.14 billion.

If we undergo a change of control, as defined in the notes, and if the notes receive specified ratings below investment grade by each of Standard & Poor's Ratings Services, Moody's Investors Services and Fitch Ratings, any holder of the notes, excluding the debentures, can require with respect to the notes owned by such holder, or we can offer, to repurchase the notes at 101% of the principal amount plus accrued and unpaid interest.

Other Financing Arrangements

In addition to cash and equivalents and operating cash flow, other sources of liquidity include a \$3.0 billion commercial paper program backed by a \$2.0 billion revolving credit facility that expires in February 2028 and a \$1.0 billion 364-Day revolving credit facility that expires in October 2025. We also have a \$1.0 billion committed receivables sales facility.

On December 5, 2024, we entered into a term loan credit agreement that, among other things, provides commitments for a term loan facility in an aggregate amount of up to \$1.0 billion. On April 1, 2025, we closed on our acquisition of ADS and borrowed \$800 million under this term loan facility. The loan provided under this term loan credit agreement will mature in April 2028 and allows for prepayment, which may be accelerated pursuant to certain conditions specified in the credit agreement. Interest rates on borrowings will be based on prevailing interest rates, benchmarked based on Term SOFR and subject to our credit ratings.

In November 2024, we also obtained a commitment letter from a financial institution for a \$2.9 billion unsecured bridge term loan facility that could have been used to complete the acquisition of GIA. We incurred fees related to the facility, which are included in interest expense, net. The unsecured bridge term loan facility was never entered into and we terminated the commitment letter on November 22, 2024.

In February 2023, we extended our \$2.0 billion revolving credit facility through February 25, 2028. In September 2022, we renewed our committed receivables sales facility program through Cardinal Health Funding, LLC ("CHF") through September 30, 2025. In September 2023, Cardinal Health 23 Funding, LLC ("CH-23 Funding") was added as a seller under our committed receivables sales facility. Each of CHF and CH-23 Funding was organized for the sole purpose of buying receivables and selling undivided interests in those receivables to third-party purchasers. Although consolidated with Cardinal Health, Inc. in accordance with GAAP, each of CHF and CH-23 Funding is a separate legal entity from Cardinal Health, Inc. and from our respective subsidiary that sells receivables to CHF or CH-23 Funding, as applicable. Each of CHF and CH-23 Funding is designed to be a special purpose, bankruptcy-remote entity whose assets are available solely to satisfy the claims of its respective creditors.

Our revolving credit and committed receivables sales facilities require us to maintain a consolidated net leverage ratio of no more than 3.75-to-1. As of June 30, 2025, we were in compliance with this financial covenant.

At June 30, 2025 and 2024, we had no amounts outstanding under the revolving credit facility; however, availability was reduced by outstanding letters of credit of \$1 million at both June 30, 2025 and 2024.

During fiscal 2025, we had a daily maximum amount outstanding under our commercial paper and committed receivables programs of \$633 million.

We had no amounts outstanding as of June 30, 2025 under the committed receivables sales facility program; however, availability was reduced by outstanding standby letters of credit of \$31 million at both June 30, 2025 and 2024.

We had no amounts outstanding under the commercial paper program as of June 30, 2025 and 2024.

The \$213 million and \$110 million balance of other obligations at June 30, 2025 and 2024, respectively, consisted of finance leases and short-term borrowings.

8. Commitments, Contingent Liabilities, and Litigation

Commitments

Generic Sourcing Venture with CVS Health

In July 2014, we established Red Oak Sourcing, LLC ("Red Oak Sourcing"), a U.S.-based generic pharmaceutical sourcing venture with CVS Health for an initial term of 10 years. Red Oak Sourcing negotiates generic pharmaceutical supply contracts on behalf of its participants. In August 2021, we amended our agreement to extend the term through June 2029. We are required to make quarterly payments to CVS Health for the term of the arrangement.

Contingencies

New York Opioid Stewardship Act

In 2018, the State of New York adopted the Opioid Stewardship Act (the "OSA"), which created an aggregate \$100 million annual assessment on all manufacturers and distributors that was assessed based on each manufacturer or distributor's share of the total morphine milligram equivalents sold or distributed in New York, the applicability of which was ultimately limited to two years (2017 and 2018).

Since fiscal 2021, we have made certain payments to New York State for our portion of the assessment. However, we, and other distributors, challenged the OSA as unconstitutional. In May 2024, the New York Appellate Division held that the 2017 assessment was unconstitutionally retroactive, directing a refund of assessments paid for calendar year 2017, but upheld the 2018 assessment. In fiscal 2025, both parties agreed to a settlement which will result in a refund of the portion we paid for calendar year 2017. The refund will be recognized upon receipt of the settlement.

Legal Proceedings

We become involved from time to time in disputes, litigation, and regulatory matters.

From time to time, we determine that products we distribute, source, manufacture, or market do not meet our specifications, regulatory requirements, or published standards. When we or a regulatory agency identify a potential quality or regulatory issue, we investigate and take appropriate corrective action. Such actions have led to product recalls, costs to repair or replace affected products, temporary interruptions in product sales, restrictions on importation, product liability claims and lawsuits, and can lead to action by regulators. Even absent an identified regulatory or quality issue or product recall, we can become subject to product liability claims and lawsuits.

From time to time, we become aware through employees, internal audits, or other parties of possible compliance matters, such as complaints or concerns relating to accounting, internal accounting controls, financial reporting, auditing, or other ethical matters or relating to compliance with laws such as healthcare fraud and abuse, anti-corruption, or anti-bribery laws. When we become aware of such possible compliance matters, we investigate internally and take appropriate corrective action. In addition, from time to time, we receive subpoenas or requests for information

from various federal or state agencies relating to our business or to the business of a customer, supplier, or other industry participants. Internal investigations, subpoenas, or requests for information could directly or indirectly lead to the assertion of claims or the commencement of legal proceedings against us or result in sanctions.

We have been named from time to time in qui tam actions initiated by private third parties. In such actions, the private parties purport to act on behalf of federal or state governments, allege that false claims have been submitted for payment by the government and may receive an award if their claims are successful. After a private party has filed a qui tam action, the government must investigate the private party's claim and determine whether to intervene in and take control over the litigation. These actions may remain under seal while the government makes this determination. If the government declines to intervene, the private party may nonetheless attempt to continue to pursue the litigation on his or her own purporting to act on behalf of the government.

We accrue for contingencies related to disputes, litigation, and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because these matters are inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review contingencies to determine whether our accruals and related disclosures are adequate. The amount of ultimate loss may differ from these estimates.

We recognize income from the favorable outcome of litigation when we receive the associated cash or assets.

We recognize estimated loss contingencies for certain litigation and regulatory matters and income from favorable resolution of litigation in litigation (recoveries)/charges, net in our consolidated statements of earnings; however, losses and recoveries of lost profits from disputes that occur in the ordinary course of business are included within segment profit.

Because loss contingencies are inherently unpredictable and unfavorable developments or resolutions can occur, the assessment is highly subjective and requires judgments about future events. We regularly review litigation matters to determine whether an accrual is appropriate or, where applicable, whether our accrual is adequate. The amount of ultimate loss may differ materially from amounts accrued, whether as a result of settlement discussions, a judicial decision or verdict, or otherwise. Unless otherwise disclosed, we are not able to estimate a range of reasonably possible losses, or additional losses for these matters.

Opioid Lawsuits and Investigations

As of June 30, 2025, we have \$4.9 billion accrued for the opioid-related matters described below, of which \$628 million is included in other accrued liabilities and the remainder is included in deferred income taxes and other liabilities in our consolidated balance sheets. During fiscal 2025, we made payments totaling \$798 million, which included our fourth annual payment under the agreement to settle the vast majority of the opioid lawsuits filed by states and local governmental entities and payments related to the

settlement agreements with the City of Baltimore and classes of third-party payors and acute care hospitals.

During fiscal 2025, there were no material expenses recognized for these matters. During fiscal 2024, we recognized expense of \$340 million in connection with opioid-related matters, including agreements to settle claims brought by classes of third-party payors and acute care hospitals, and settlements with the City of Baltimore and the State of Alabama. This expense was partially offset by a benefit of \$105 million related to prepayments at a prenegotiated discount of certain future payments totaling \$344 million.

States & Political Subdivisions

In April 2022, we along with two other national distributors (collectively, the "Distributors"), without admitting liability or wrongdoing, became parties to the NOSA to settle the vast majority lawsuits and claims brought by states and political subdivisions related to the distribution of opioid pain medications. In addition to the Distributors, parties to the NOSA include 48 states, the District of Columbia, and 5 U.S. territories. The NOSA also resulted in the resolution of the opioid-related claims of over 99 percent of political subdivisions in settling states (together with settling states and territories, the "Settling Governmental Entities").

Through July 2025, we have paid the Settling Governmental Entities approximately \$2.2 billion and we expect to pay Settling Governmental Entities additional amounts up to \$4.1 billion through 2038. As required under the NOSA, a monitor is overseeing compliance with the Injunctive Relief provisions of the NOSA until 2027 and the distributors have engaged a third-party vendor to act as a clearinghouse for data aggregation and reporting, which distributors will fund until 2032.

During fiscal 2024, we recognized a \$22 million charge in litigation (recoveries)/charge, net in the consolidated statements of earnings related to agreements with the Alabama Attorney General to pay approximately \$123 million to the State of Alabama over a period of ten years and with the City of Baltimore to resolve their opioid-related claims for approximately \$153 million.

West Virginia subdivisions and Native American tribes were not a part of the NOSA. In July 2022, a judgment in favor of the Distributors was entered in bench trial before a federal judge in West Virginia in a case brought by Cabell County and City of Huntington Plaintiffs have appealed this decision to the Fourth Circuit Court of Appeals. In July 2022, we entered into separate agreements to settle the opioid-related claims of the majority of remaining West Virginia subdivisions and Native American Tribes for approximately \$124 million over eleven years and \$136 million over five years, respectively.

We have now resolved the opioid-related claims of all 50 states and the District of Columbia.

Private Plaintiffs

The NOSA does not address claims by private parties, which includes unions and other health and welfare funds, hospital systems and other healthcare providers, businesses, and individuals alleging personal injury. There were approximately 291

lawsuits brought by private plaintiffs pending as of August 8, 2025. Of these, approximately 11 are purported class actions. The causes of action asserted by these plaintiffs are similar to those asserted by public plaintiffs. We are vigorously defending ourselves in all these matters.

Following resolution discussions with certain private plaintiffs during the six months ended December 31, 2024, Distributors finalized agreements with classes of third-party payors and acute care hospitals. Our portion of these settlements totaled \$213 million. The settlement with the class of third-party payors was approved by the court in January 2025 and was finalized in August 2025. The settlement with the class of acute care hospitals was approved by the court in March 2025 and became final in April 2025.

Insurance Litigation

We are involved in ongoing legal proceedings with insurers related to their obligations to reimburse us for defense and indemnity costs in connection with the lawsuits described above. We received insurance recoveries related to these matters of \$25 million and \$34 million during fiscal 2025 and 2024, respectively. \$12 million of the recoveries from our insurers in fiscal 2025 were recorded in the Pharma segment. We have not recorded a receivable for any additional recoveries related to these insurance litigation matters as of June 30, 2025.

Department of Justice Civil Investigative Demand

In November 2023, we received a Civil Investigative Demand ("CID") from the Department of Justice focused on potential violations of the Anti-Kickback Statute and False Claims Act in connection with a 2022 transaction in which we purchased a minority ownership interest in a rheumatology managed services organization and a group purchasing organization. We are cooperating with this investigation.

Cordis IVC Filter Matters

We have been named as a defendant in product liability lawsuits involving claims by plaintiffs that allege personal injuries associated with the use of IVC filter products. These lawsuits sought a variety of remedies, including unspecified monetary damages. The divestiture of the Cordis business did not include product liability related to the IVC filters in the U.S. and Canada, which we retained.

In April 2023, we executed a settlement agreement that, if certain conditions are satisfied, will resolve approximately 4,375 claims for \$275 million. Between May and September 2023, we made settlement payments totaling \$275 million into a qualified settlement fund. During the three months ended December 31, 2024, the minimum required sign-on threshold was met, and beginning in January 2025, payments to qualified implantees were being made out of the qualified settlement fund. We expect continued payments out of the qualified settlement fund as additional plaintiffs meet the procedural requirements.

We have also entered into other agreements, which, in addition to the settlement discussed above, resolved the vast majority of IVC filter product liability claims. These settlements will not resolve all IVC filter product liability claims, and we intend to continue to vigorously defend ourselves in the remaining lawsuits.

We recognized income of \$103 million during fiscal 2023, primarily related to a reduction of the reserve for the estimated settlement and defense costs for these matters due to the execution of the settlements noted above. At June 30, 2025, we have a total of \$56 million accrued for losses and legal defense costs, related to the IVC filter product liability lawsuits in our consolidated balance sheets, which includes the \$49 million in the qualified settlement fund.

Other Civil Litigation

Generic Pharmaceutical Pricing Antitrust Litigation

In December 2019, pharmaceutical distributors including us were added as defendants in a civil class action lawsuit filed by indirect purchasers of generic drugs, such as hospitals and retail pharmacies. The indirect purchaser case is part of a multidistrict litigation consisting of multiple individual class action matters consolidated in the Eastern District of Pennsylvania. The indirect purchaser plaintiffs allege that pharmaceutical distributors encouraged manufacturers to increase prices, provided anti-competitive pricing information to manufacturers, and improperly engaged in customer allocation. In May 2020, the court granted our motion to dismiss. In July 2022, the indirect purchasers filed an amended complaint and, in August 2022, we filed a motion to dismiss the amended complaint. In February 2025, the court granted our motion to dismiss, with prejudice.

Antitrust Litigation Proceeds

We recognized income for net recoveries in class action antitrust lawsuits in which we were a class member or plaintiff of \$171 million, \$117 million, and \$130 million during fiscal 2025, 2024, and 2023, respectively.

9. Income Taxes

Earnings before Income Taxes and Provision for Income Taxes

The following table summarizes earnings before income taxes:

(in millions)	2025	2024	2023
U.S. operations	\$ 1,715	\$ 892	\$ 316
Non-U.S. operations	386	309	347
Earnings before income taxes	\$ 2,101	\$ 1,201	\$ 663

The following table summarizes the components of provision for/(benefit from) income taxes:

(in millions)	2025	2024	2023
Current:			
Federal	\$ 135	\$ 305	\$ 219
State and local	72	68	69
Non-U.S.	82	79	84
Total current	\$ 289	\$ 452	\$ 372
Deferred:			
Federal	\$ 205	\$ (89)	\$ (23)
State and local	39	12	11
Non-U.S.	(1)	(27)	(28)
Total deferred	\$ 243	\$ (104)	\$ (40)
Provision for income taxes	\$ 532	\$ 348	\$ 332

Tax Effects of Goodwill Impairment Charges

During fiscal 2024 and 2023, we recognized cumulative pre-tax goodwill impairment charges of \$675 million, \$1.2 billion, respectively, related to GMPD. The net tax benefits related to these charges were \$58 million and \$92 million during fiscal 2024 and 2023, respectively.

Effective Tax Rate

The following table presents a reconciliation of the provision based on the federal statutory income tax rate to our effective income tax rate:

	2025	2024	2023
Provision at Federal statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	4.0	3.1	6.5
Tax effect of foreign operations	0.2	(1.6)	(5.4)
Nondeductible/nontaxable items	0.7	(0.1)	(1.1)
Impact of Divestitures	—	—	(1.9)
Withholding Taxes	0.3	1.0	1.0
Change in Valuation Allowances	0.1	(1.1)	(5.1)
US Taxes on International Income (1)	(1.3)	(2.1)	0.6
Impact of Resolutions with IRS and other related matters	(0.1)	0.4	0.3
Opioid litigation	0.2	1.0	0.1
Goodwill Impairment	—	8.7	33.8
Specialty Alliance Share-based Compensation	1.4	—	—
Other	(1.2)	(1.4)	0.2
Effective income tax rate	25.3 %	28.9 %	50.0 %

(1) Includes the tax impact of the Foreign-Derived Intangible Income ("FDII") deduction offset by Global Intangible Low-Taxed Income ("GILTI") tax, and other foreign income that is taxable under the U.S. tax code.

The income tax rate was 25.3%, 28.9%, and 50.0% in fiscal 2025, 2024, and 2023, respectively. Included in the effective tax rate for fiscal 2025 were non-deductible share based compensation costs for The Specialty Alliance and non-deductible transaction costs. Included in the effective tax rate for fiscal 2024 and 2023 was

\$58 million and \$92 million of benefit, respectively, related to goodwill impairment charges related to our GMPD segment. Additionally, laws governing insurance coverage vary by state and some state courts have interpreted laws and insurance policies in ways that may impact our self-insurance loss, which could negatively impact our financial position.

Our effective tax rate has benefits from negotiated lower than statutory tax rates in select foreign jurisdictions which individually are not material to our effective tax rate but in aggregate had a favorable tax impact of approximately \$17 million during fiscal 2025.

As of June 30, 2025, foreign earnings of approximately \$1.0 billion are considered indefinitely reinvested for working capital and other offshore investment needs. The computation of tax required if those earnings are repatriated is not practicable. For amounts not considered indefinitely reinvested, we have recorded an immaterial amount of income tax expense in our consolidated financial statements in fiscal 2025.

Deferred Income Taxes

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities and operating loss and tax credit carryforwards for tax purposes.

The following table presents the components of the deferred income tax assets and liabilities at June 30:

(in millions)	2025	2024
Deferred income tax assets:		
Receivable basis difference	\$ 26	\$ 81
Accrued liabilities	651	749
Share-based compensation	23	28
Loss and tax credit carryforwards	386	512
Deferred tax assets related to uncertain tax positions	47	45
Other	97	76
Total deferred income tax assets	1,230	1,491
Valuation allowance for deferred income tax assets	(254)	(300)
Net deferred income tax assets	\$ 976	\$ 1,191
Deferred income tax liabilities:		
Inventory basis differences	\$ (1,103)	\$ (1,122)
Property-related	(358)	(350)
Goodwill and other intangibles	(834)	(710)
Self-Insurance	(981)	(981)
Total deferred income tax liabilities	\$ (3,276)	\$ (3,163)
Net deferred income tax liability	\$ (2,300)	\$ (1,972)

Deferred income tax assets and liabilities in the preceding table, after netting by taxing jurisdiction and for uncertain tax positions, are in the following captions in the consolidated balance sheets at June 30:

(in millions)	2025	2024
Noncurrent deferred income tax asset (1)	\$ 64	\$ 72
Noncurrent deferred income tax liability (2)	(2,364)	(2,044)
Net deferred income tax liability	\$ (2,300)	\$ (1,972)

(1) Included in other assets in the consolidated balance sheets.

(2) Included in deferred income taxes and other liabilities in the consolidated balance sheets.

At June 30, 2025 we had gross federal, state, and international loss and credit carryforwards of \$154 million, \$11.6 billion, and \$1.1 billion, respectively, the tax effect of which is an aggregate deferred tax asset of \$386 million. Substantially all of these carryforwards are available for at least three years. Approximately \$244 million of the valuation allowance at June 30, 2025 applies to certain federal, state, and international loss carryforwards that, in our opinion, are more likely than not to expire unutilized. However, to the extent that tax benefits related to these carryforwards are realized in the future, the reduction in the valuation allowance would reduce income tax expense.

Unrecognized Tax Benefits

We had \$879 million, \$981 million, and \$1.0 billion of unrecognized tax benefits at June 30, 2025, 2024, and 2023, respectively. The June 30, 2025, 2024, and 2023 balances include \$871 million, \$882 million, and \$878 million, respectively, of unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not affect our effective tax rate. We include the full amount of unrecognized tax benefits in deferred income taxes and other liabilities in the consolidated balance sheets. The following table presents a reconciliation of the beginning and ending amounts of unrecognized tax benefits:

(in millions)	2025	2024	2023
Balance at beginning of fiscal year	\$ 981	\$ 1,015	\$ 948
Additions for tax positions of the current year	8	30	25
Additions for tax positions of prior years	15	28	133
Reductions for tax positions of prior years	(101)	(87)	(16)
Settlements with tax authorities	(22)	(3)	(73)
Expiration of the statute of limitations	(2)	(2)	(2)
Balance at end of fiscal year	\$ 879	\$ 981	\$ 1,015

It is reasonably possible that there could be a change in the amount of unrecognized tax benefits within the next 12 months due to activities of the U.S. Internal Revenue Service ("IRS") or other taxing authorities, possible settlement of IRS and other audit issues, reassessment of existing unrecognized tax benefits, or the expiration of statutes of limitations. We expect any changes to the unrecognized benefits in the next 12 months will not be material.

We recognize accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. At June 30, 2025, 2024, and 2023, we had \$65 million, \$65 million, and \$65 million, respectively, accrued for the payment of interest and penalties. These balances are gross amounts before any tax benefits and are included in deferred income taxes and other liabilities in the consolidated balance sheets. As a result of our IRS audit settlements and carryback claim, an immaterial amount of interest was recorded in fiscal 2025, 2024, and 2023.

Other Tax Matters

We file income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and various foreign jurisdictions. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2015 through the current fiscal year.

Expiring or unusable loss and credit carryforwards and the required valuation allowances are adjusted quarterly based on available information. This information may support either an increase or a decrease in the required valuation allowance. After applying the valuation allowances, we do not anticipate any limitations on our use of any of the other net deferred income tax assets described above. We operate in a complex multinational tax environment and are subject to tax treaty arrangements and transfer pricing guidelines for intercompany transactions that are subject to interpretation. Uncertainty in a tax position may arise as tax laws are subject to interpretation.

10. Fair Value Measurements

The following tables present the fair values for assets and (liabilities) measured on a recurring basis at June 30:

(in millions)	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 1,672	\$ —	\$ —	\$ 1,672
Other investments (1)	108	—	—	108
Liabilities:				
Forward contracts (2)	—	(48)	—	(48)
Share-based awards (3)	—	—	(843)	(843)

(in millions)	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 1,442	\$ —	\$ —	\$ 1,442
Other investments (1)	108	—	—	108
Liabilities:				
Forward contracts (2)	—	(87)	—	(87)

(1) The other investments balance includes investments in mutual funds, which offset fluctuations in deferred compensation liabilities. These mutual funds invest in the equity securities of companies with both large and small market capitalization and high-quality fixed income debt securities. The fair value of these investments is determined using quoted market prices.

(2) The fair value of interest rate swaps, foreign currency contracts, and net investment hedges is determined based on the present value of expected future cash flows considering the risks involved, including non-performance

risk, and using discount rates appropriate for the respective maturities. Observable Level 2 inputs are used to determine the present value of expected future cash flows. The fair value of these derivative contracts, which are subject to master netting arrangements under certain circumstances, is presented on a gross basis in prepaid expenses and other, other assets, other accrued liabilities, and deferred income taxes and other liabilities within the consolidated balance sheets.

(3) The share-based awards are comprised of liability-classified awards, as defined under ASC 718, resulting from the acquisition of GIA. The fair value of the GIA Units is determined using the discounted cash flow method. These are presented in deferred income taxes and other liabilities within the consolidated balance sheets. See [Note 15](#) for additional information.

11. Financial Instruments

We utilize derivative financial instruments to manage exposure to certain risks related to our ongoing operations. The primary risks managed through the use of derivative instruments include interest rate risk, currency exchange risk, and commodity price risk. We do not use derivative instruments for trading or speculative purposes. While the majority of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk but are not designated as hedging instruments. These derivative instruments are adjusted to current fair value through earnings at the end of each period. We are exposed to counterparty credit risk on all of our derivative instruments. Accordingly, we have established and maintain strict counterparty credit guidelines and only enter into derivative instruments with major financial institutions that are rated investment grade or better. We do not have significant exposure to any one counterparty and we believe the risk of loss is remote. Additionally, we do not require collateral under these agreements.

Interest Rate Risk Management

We are exposed to the impact of interest rate changes. Our objective is to manage the impact of interest rate changes on cash flows and the market value of our borrowings. We utilize a mix of debt maturities on our fixed-rate debt to manage changes in interest rates. In addition, we enter into interest rate swaps to further manage our exposure to interest rate variations related to our borrowings and to lower our overall borrowing costs.

Currency Exchange Risk Management

We conduct business in several major international currencies and are subject to risks associated with changing foreign exchange rates. Our objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on business operations. Accordingly, we enter into various contracts that change in value as foreign exchange rates change to protect the value of existing foreign currency assets and liabilities, commitments, and anticipated foreign currency revenue and expenses.

Commodity Price Risk Management

We are exposed to changes in the price of certain commodities. Our objective is to reduce earnings and cash flow volatility associated with forecasted purchases of these commodities to allow management to focus its attention on business operations. Accordingly, we enter into derivative contracts when possible to

manage the price risk associated with certain forecasted purchases.

The following table summarizes the fair value of our assets and liabilities related to derivatives designated as hedging instruments and the respective line items in which they were recorded in the consolidated balance sheets at June 30:

(in millions)	2025	2024
Assets:		
Cross-currency swap (1)	\$ —	\$ 12
Foreign currency contracts (1)	6	1
Pay-floating interest rate swaps (1)	14	3
Total assets	\$ 20	\$ 16
Liabilities:		
Cross-currency swap (2)	\$ 24	\$ 1
Foreign currency contracts (2)	1	8
Pay-floating interest rate swaps (2)	43	94
Total liabilities	\$ 68	\$ 103

(1) Included in other assets in the consolidated balance sheets.

(2) Included in deferred income taxes and other liabilities in the consolidated balance sheets.

Fair Value Hedges

We enter into pay-floating interest rate swaps to hedge the changes in the fair value of fixed-rate debt resulting from fluctuations in interest rates. These contracts are designated and qualify as fair value hedges. Accordingly, the gain or loss recorded on the pay-floating interest rate swaps is directly offset by the change in fair value of the underlying debt. Both the derivative instrument and the underlying debt are adjusted to market value at the end of each period with any resulting gain or loss recorded in interest expense, net in the consolidated statements of earnings. During fiscal 2025, 2024, and 2023 there were no gains or losses recorded to interest expense as changes in the market value of our derivative instruments offset changes in the market value of the underlying debt.

During fiscal 2024 and 2023, we entered into pay-floating interest rate swaps with total notional amounts of \$500 million, and \$300 million, respectively. These swaps have been designated as fair value hedges of our fixed rate debt and are included in deferred income taxes and other liabilities in the consolidated balance sheets.

The following tables summarize the outstanding interest rate swaps designated as fair value hedges at June 30, 2025 and 2024:

(in millions)	Notional Amount	Maturity Date
Pay-floating interest rate swaps	\$ 1,600	Jun 2027 - Feb 2031

The following table summarizes the gain/(loss) recognized in earnings for interest rate swaps designated as fair value hedges:

(in millions)	2025	2024	2023
Pay-floating interest rate swaps (1)	\$ 51	\$ 2	\$ (50)
Fixed-rate debt (1)	(51)	(2)	50

(1) Included in interest expense, net in the consolidated statements of earnings.

Cash Flow Hedges

We enter into derivative instruments to hedge our exposure to changes in cash flows attributable to interest rate, foreign currency, and commodity price fluctuations associated with certain forecasted transactions. These derivative instruments are designated and qualify as cash flow hedges. Accordingly, the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive loss and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affects earnings.

Gains currently included within accumulated other comprehensive loss associated with our cash flow hedges to be reclassified into net earnings within the next 12 months are \$5 million.

We enter into foreign currency contracts to protect the value of anticipated foreign currency revenues and expenses. At June 30, 2025 and 2024, we held contracts to hedge probable, but not firmly committed, revenue and expenses. The principal currencies hedged are the Canadian dollar, Mexican peso, Chinese renminbi, Thai baht, and Philippine peso.

We enter into commodity contracts to manage the price risk associated with forecasted purchases of certain commodities used in our GMPD segment.

The following tables summarize the outstanding cash flow hedges at June 30:

(in millions)	2025	
	Notional Amount	Maturity Date
Foreign currency contracts	\$ 381	Jul 2025 - Jun 2026

(in millions)	2024	
	Notional Amount	Maturity Date
Foreign currency contracts	\$ 401	Jul 2024 - Jun 2025

The following table summarizes the pre-tax gain/(loss) included in OCI for derivative instruments designated as cash flow hedges:

(in millions)	2025	2024	2023
Foreign currency contracts	\$ 11	\$ (7)	\$ (2)

The following table summarizes the pre-tax gain/(loss) reclassified from AOCI into earnings for derivative instruments designated as cash flow hedges:

(in millions)	2025	2024	2023
Foreign currency contracts (1)	\$ 3	\$ 1	\$ 9
Foreign currency contracts (2)	(6)	4	2
Foreign currency contracts (3)	(1)	—	1
Forward interest rate swaps (4)	2	2	2

- (1) Included in revenue in the consolidated statements of earnings.
(2) Included in cost of products sold in the consolidated statements of earnings.
(3) Included in SG&A expenses in the consolidated statements of earnings.
(4) Included in interest expense, net in the consolidated statements of earnings.

Net Investment Hedges

We hedge the foreign currency risk associated with certain net investment positions in foreign subsidiaries. To accomplish this, we enter into cross-currency swaps that are designated as hedges of net investments.

In February 2025, we entered into €100 million (\$105 million) cross-currency swaps maturing in February 2027.

In February 2025, we terminated the €100 million (\$107 million) cross-currency swaps entered into in March 2023 and received net settlement in cash of \$2 million, recorded in proceeds from net investment hedge terminations in our consolidated statements of cash flows.

In June 2024, we terminated the ¥18 billion (\$120 million) cross-currency swaps with a maturity date of June 2027 entered into in September 2023, and received net settlements in cash of \$6 million, which was recorded in proceeds from net investment hedge terminations in our consolidated statements of cash flows.

In September 2023, we entered into ¥18 billion (\$120 million) cross-currency swaps maturing in September 2025 and ¥18 billion (\$120 million) cross-currency swaps maturing in June 2027.

In September 2023, we terminated the ¥38 billion (\$300 million) cross-currency swaps entered into in January 2023 and received net settlement in cash of \$28 million, recorded in proceeds from net investment hedge terminations in our consolidated statements of cash flows.

In January 2023, we entered into ¥19 billion (\$150 million) cross-currency swaps maturing in September 2025 and ¥19 billion (\$150 million) cross-currency swaps maturing in June 2027. In March 2023, we entered into €100 million (\$107 million) cross-currency swaps maturing in March 2025, €100 million (\$107 million) cross-currency swaps maturing in March 2026.

In January and March 2023, we terminated the ¥48 billion (\$400 million) cross-currency swaps entered into in March 2022 and the €200 million (\$233 million) cross-currency swap entered into in September 2018, respectively, and received net settlements in cash of \$10 million and \$19 million, respectively. These were recorded in proceeds from net investment hedge terminations in our consolidated statements of cash flows.

Cross-currency swaps designated as net investment hedges are marked-to-market using the current spot exchange rate as of the

end of the period, with gains and losses included in the foreign currency translation component of accumulated other comprehensive loss until the sale or substantial liquidation of the underlying net investments. To the extent the cross-currency swaps designated as net investment hedges are not highly effective, changes in carrying value attributable to the change in spot rates are recorded in earnings.

Pre-tax gains and losses from net investment hedges recorded in the foreign currency translation component of accumulated other comprehensive loss were a \$33 million loss and a \$26 million gain during fiscal 2025 and 2024, respectively. Gains recognized in interest expense, net in the consolidated statements of earnings for the portion of the net investment hedges excluded from the assessment of hedge effectiveness were \$9 million and \$14 million during fiscal 2025 and 2024, respectively.

Economic (Non-Designated) Hedges

We enter into foreign currency contracts to manage our foreign exchange exposure related to sales transactions, intercompany financing transactions, and other balance sheet items subject to revaluation that do not meet the requirements for hedge accounting treatment. Accordingly, these derivative instruments are adjusted to current market value at the end of each period through earnings. The gain or loss recorded on these instruments is substantially offset by the remeasurement adjustment on the foreign currency denominated asset or liability. The settlement of the derivative instrument and the remeasurement adjustment on the foreign currency denominated asset or liability are both recorded in other (income)/expense, net in the consolidated statements of earnings. The principal currencies managed through foreign currency contracts are the Canadian dollar, euro, Chinese renminbi, Mexican peso, and Brazilian real.

The following tables summarize the outstanding economic (non-designated) derivative instruments at June 30:

(in millions)	2025	
	Notional Amount	Maturity Date
Foreign currency contracts	\$ 194	Jul 2025

(in millions)	2024	
	Notional Amount	Maturity Date
Foreign currency contracts	\$ 178	Jul 2024

The following table summarizes the gain/(loss) recognized in earnings for economic (non-designated) derivative instruments:

(in millions)	2025	2024	2023
Foreign currency contracts	\$ (6)	\$ 1	\$ (7)

Fair Value of Financial Instruments

The carrying amounts of cash and equivalents, trade receivables, net, accounts payable, and other accrued liabilities at June 30, 2025 and 2024 approximate fair value due to their short-term maturities.

The following table summarizes the estimated fair value of our long-term obligations and other short-term borrowings compared to the respective carrying amounts at June 30:

(in millions)	2025		2024	
Estimated fair value	\$	8,388	\$	4,891
Carrying amount		8,527		5,092

The fair value of our long-term obligations and other short-term borrowings is estimated based on either the quoted market prices for the same or similar issues or other inputs derived from available market information, which represents a Level 2 measurement.

The following table is a summary of the fair value gain/(loss) of our derivative instruments based upon the estimated amount that we would receive (or pay), considering counter-party credit risk, to terminate the contracts at June 30:

(in millions)	2025		2024	
	Notional Amount	Fair Value Gain/(Loss)	Notional Amount	Fair Value Gain/(Loss)
Pay-floating interest rate swaps	\$ 1,600	\$ (29)	\$ 1,600	\$ (91)
Foreign currency contracts	575	5	579	(7)
Cross-currency swap	332	(24)	334	11

12. Shareholders' Deficit

At June 30, 2025 and 2024, authorized capital shares consisted of the following: 750 million Class A common shares, without par value; 5 million Class B common shares, without par value; and 500 thousand non-voting preferred shares, without par value. The Class A common shares and Class B common shares are collectively referred to below as "common shares." Holders of common shares are entitled to share equally in any dividends declared by the Board of Directors and to participate equally in all distributions of assets upon liquidation. Generally, the holders of Class A common shares are entitled to one vote per share, and the holders of Class B common shares are entitled to one-fifth of one vote per share on proposals presented to shareholders for vote. Under certain circumstances, the holders of Class B common shares are entitled to vote as a separate class. Only Class A common shares were outstanding at June 30, 2025 and 2024.

We repurchased \$3.5 billion of our common shares, in the aggregate, through share repurchase programs during fiscal 2025, 2024, and 2023, as described below. We funded the repurchases with available cash. The common shares repurchased are held in treasury to be used for general corporate purposes.

During fiscal 2025, we repurchased 6.4 million common shares having an aggregate cost of \$757 million. We repurchased 3.4 million and 3.0 million common shares under multiple accelerated share repurchase ("ASR") programs with average prices paid per common share of \$110.10 and \$125.87, respectively. These repurchases began on August 21, 2024 and concluded on March 11, 2025.

During fiscal 2025, we paid \$15 million for excise taxes related to the completion of prior ASR programs and we retired 56 million of common stock shares without par value.

During fiscal 2024, we repurchased 9.0 million common shares having an aggregate cost of \$759 million. We repurchased 0.9 million, 5.7 million, and 2.4 million common shares under multiple ASR programs with average prices paid per common share of \$91.15, \$88.22, and \$103.67, respectively. These repurchases began on August 16, 2023 and concluded on December 13, 2023.

During fiscal 2023, we repurchased 24.6 million common shares having an aggregate cost of \$2.0 billion. We repurchased 13.6 million, 3.2 million, 3.2 million, and 4.6 million common shares under multiple ASR programs with average prices paid per common share of \$73.36, \$77.50, \$77.27, and \$87.18, respectively. These repurchases began on September 14, 2022 and concluded on August 16, 2023.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in the balance of accumulated other comprehensive loss by component and in total:

(in millions)	Foreign Currency Translation Adjustments and Other	Unrealized Gain/(Loss) on Derivatives, net of tax	Accumulated Other Comprehensive Loss
Balance at June 30, 2023	\$ (137)	\$ (14)	\$ (151)
Other comprehensive loss, before reclassifications	(1)	(7)	(8)
Amounts reclassified to earnings	—	(8)	(8)
Total other comprehensive loss attributable to Cardinal Health, Inc., net of tax expense of \$5 million	(1)	(15)	(16)
Balance at June 30, 2024	(138)	(29)	(167)
Other comprehensive income/(loss), before reclassifications	(3)	13	10
Amounts reclassified to earnings	—	2	2
Total other comprehensive income/(loss) attributable to Cardinal Health, Inc., net of tax benefit of \$6 million	(3)	15	12
Balance at June 30, 2025	\$ (141)	\$ (14)	\$ (155)

13. Earnings Per Share Attributable to Cardinal Health, Inc.

The following table reconcile the number of common shares used to compute basic and diluted earnings per share attributable to Cardinal Health, Inc. ("EPS"):

(in millions, except per share amounts)	2025	2024	2023
Net earnings	\$ 1,569	\$ 853	\$ 331
Net earnings attributable to noncontrolling interest	(8)	(1)	(1)
Net earnings attributable to Cardinal Health, Inc.	\$ 1,561	\$ 852	\$ 330
Weighted-average common shares—basic	241	245	261
Effect of dilutive securities:			
Employee stock options, restricted share units, and performance share units	1	2	1
Weighted-average common shares—diluted	242	247	262
Basic earnings per common share attributable to Cardinal Health, Inc.:	\$ 6.48	\$ 3.48	\$ 1.27
Diluted earnings per common share attributable to Cardinal Health, Inc.:	6.45	3.45	1.26

The potentially dilutive employee stock options, restricted share units, and performance share units that were anti-dilutive were immaterial, 1 million, and 2 million for fiscal 2025, 2024, and 2023, respectively.

14. Segment Information

We operate under two reportable segments: Pharma and GMPD. All remaining operating segments that are not significant enough to require separate reportable segment disclosures are included in Other, which is comprised of Nuclear and Precision Health Solutions, at-Home Solutions, and OptiFreight®. The factors for determining the reportable segments include the manner in which management evaluates performance for purposes of allocating resources and assessing performance combined with the nature of the individual business activities.

Our Pharma segment distributes branded and generic pharmaceutical, specialty pharmaceutical, and over-the-counter healthcare and consumer products in the United States. This segment also provides services to pharmaceutical manufacturers and healthcare providers for specialty pharmaceutical products; provides pharmacy management services to hospitals and operates a limited number of pharmacies, including pharmacies in community health centers; repackages generic pharmaceuticals and over the counter healthcare products; and includes our managed services organization platforms for physician offices.

Our GMPD segment manufactures, sources, and distributes Cardinal Health brand medical, surgical, and laboratory products, which are sold in the United States, Canada, Europe, Asia, and other markets. This segment also distributes a broad range of medical, surgical, and laboratory products known as national brand products to hospitals, ambulatory surgery centers, clinical laboratories, and other healthcare providers in the United States and Canada.

The remaining three non-reportable operating segments included in Other are Nuclear and Precision Health Solutions, at-Home Solutions, and OptiFreight® Logistics. These operating segments respectively operate nuclear pharmacies and radiopharmaceutical manufacturing facilities, distribute medical products to patients' homes in the United States, and provide supply chain services and solutions to our customers.

Revenue

The following table presents revenue for the two reportable segments and disaggregated revenue within the remaining operating segments, included in Other, and Corporate:

(in millions)	2025	2024	2023
Pharmaceutical and Specialty Solutions	\$ 204,644	\$ 210,019	\$ 188,814
Global Medical Products and Distribution	12,636	12,381	12,222
Nuclear and Precision Health Solutions	1,578	1,369	1,197
at-Home Solutions	3,480	2,869	2,584
OptiFreight® Logistics	324	274	240
Other	5,382	4,512	4,021
Total segment revenue	222,662	226,912	205,057
Corporate (1)	(84)	(85)	(78)
Total revenue	\$ 222,578	\$ 226,827	\$ 204,979

(1) Corporate revenue consists of the elimination of inter-segment revenue and other revenue not allocated to the segments.

The following table presents revenue by geographic area:

(in millions)	2025	2024	2023
United States	\$ 220,993	\$ 225,231	\$ 203,440
International	1,669	1,681	1,617
Total segment revenue	222,662	226,912	205,057
Corporate (1)	(84)	(85)	(78)
Total revenue	\$ 222,578	\$ 226,827	\$ 204,979

(1) Corporate revenue consists of the elimination of inter-segment revenue and other revenue not allocated to the segments.

Segment Profit

The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates segment performance based on segment profit, among other measures. Segment profit is segment revenue less segment cost of products sold, less segment distribution, selling, general, and administrative ("SG&A") expenses. Segment SG&A expenses include share-based compensation expense as well as allocated corporate technology and shared functions expenses, including corporate management, corporate finance, financial and customer care shared services, human resources, information technology, and legal and compliance, including certain litigation defense costs. Corporate expenses are allocated to the operating segments based on headcount, level of benefit provided and other ratable allocation methodologies. The results attributable to noncontrolling interests are recorded within segment profit.

We do not allocate the following items to our segments:

- last-in first-out, or ("LIFO"), inventory charges/(credits);
- state opioid assessment related to prior fiscal years;
- shareholder cooperation agreement costs;
- restructuring and employee severance;
- amortization and other acquisition-related costs;
- acquisition-related cash and share-based compensation costs;
- impairments and (gain)/loss on disposal of assets, net;
- litigation (recoveries)/charges, net;
- other (income)/expense, net;
- interest expense, net;
- loss on early extinguishment of debt; or
- provision for/(benefit from) income taxes

In addition, certain investment spending, certain portions of enterprise-wide incentive compensation, and other spending are not allocated to the segments. Investment spending generally includes the first-year spend for certain projects that require incremental investments in the form of additional operating expenses. Because approval for these projects is dependent on executive management, we retain these expenses at Corporate. Investment spending within Corporate was \$72 million, \$59 million, and \$35 million for fiscal 2025, 2024, and 2023, respectively.

The following tables present revenue, expenses, and segment profit for the two reportable segments and the remaining operating segments, included in Other, and Corporate:

2025				
(in millions)	Pharma	GMPD	Other	Total
Segment revenue	\$ 204,644	\$ 12,636	\$ 5,382	\$ 222,662
Cost of products sold	199,999	10,470	4,023	214,492
SG&A	2,387	2,031	843	5,261
Total segment expenses	202,386	12,501	4,866	219,753
Segment profit	\$ 2,258	\$ 135	\$ 516	\$ 2,909
Corporate (1)				(634)
Consolidated operating earnings				\$ 2,275

2024				
(in millions)	Pharma	GMPD	Other	Total
Segment revenue	\$ 210,019	\$ 12,381	\$ 4,512	\$ 226,912
Cost of products sold	205,864	10,264	3,367	219,495
SG&A	2,140	2,025	722	4,887
Total segment expenses	208,004	12,289	4,089	224,382
Segment profit	\$ 2,015	\$ 92	\$ 423	\$ 2,530
Corporate (1)				(1,287)
Consolidated operating earnings				\$ 1,243

2023				
(in millions)	Pharma	GMPD	Other	Total
Segment revenue	\$ 188,814	\$ 12,222	\$ 4,021	\$ 205,057
Cost of products sold	184,814	10,377	2,990	198,181
SG&A	2,119	1,992	635	4,746
Total segment expenses	186,933	12,369	3,625	202,927
Segment profit	\$ 1,881	\$ (147)	\$ 396	\$ 2,130
Corporate (1)				(1,378)
Consolidated operating earnings				\$ 752

(1) Corporate revenue and expenses consists of the elimination of inter-segment revenue and other revenue and expenses not allocated to the segments.

The following tables present depreciation and amortization and additions to property and equipment for the two reportable segments and the remaining operating segments, included in Other, and Corporate:

(in millions)	2025	2024	2023
Pharmaceutical and Specialty Solutions	\$ 185	\$ 184	\$ 194
Global Medical Products and Distribution	212	205	173
Other	88	79	71
Corporate	305	242	254
Total depreciation and amortization	\$ 790	\$ 710	\$ 692

(in millions)	2025	2024	2023
Pharmaceutical and Specialty Solutions	\$ 118	\$ 76	\$ 56
Global Medical Products and Distribution	133	136	191
Other	88	81	52
Corporate	208	218	182
Total additions to property and equipment	\$ 547	\$ 511	\$ 481

The following table presents total assets for the two reportable segments and the remaining operating segments, included in Other, and Corporate at June 30:

(in millions)	2025	2024
Pharmaceutical and Specialty Solutions	\$ 37,313	\$ 29,149
Global Medical Products and Distribution	6,889	7,047
Other	4,045	2,606
Corporate	4,875	6,319
Total assets	\$ 53,122	\$ 45,121

The following table presents property and equipment, net by geographic area:

(in millions)	2025	2024
United States	\$ 2,422	\$ 2,106
International	436	423
Property and equipment, net	\$ 2,858	\$ 2,529

15. Share-Based Compensation

We maintain Cardinal Health, Inc. stock incentive plans (collectively, the "Plans") for the benefit of certain of our officers, directors, and employees. Upon vesting these units convert to common shares without restrictions or future service requirements. At June 30, 2025, 15 million shares remain available for future grants under the Cardinal Health, Inc. 2021 Long-Term Incentive Plan ("2021 LTIP"). Under the 2021 LTIP's fungible share counting provisions, stock options are counted against the plan as one share for every share issued; awards other than stock options are counted against the plan as two and one-half shares for every share issued. This means that only 6 million shares could be issued under awards other than stock options while 15 million shares could be issued under stock options. Shares are issued out of treasury shares when stock options are exercised and when restricted share units and performance share units vest. Until the end of fiscal 2018, stock options were granted to our officers and certain employees. There were no stock options granted to employees during fiscal 2025, 2024, or 2023.

During fiscal 2024, we modified the equity incentive awards of four employees to amend provisions over involuntary termination. We recognized incremental share-based compensation expense of \$9 million.

The following table provides total share-based compensation expense by type of award:

(in millions)	2025	2024	2023
Restricted share unit expense	\$ 71	\$ 77	\$ 64
Performance share unit expense	50	44	32
Total share-based compensation expense	\$ 121	\$ 121	\$ 96

The total tax benefit related to share-based compensation was \$14 million, \$16 million, and \$12 million for fiscal 2025, 2024, and 2023, respectively. Share-based compensation expense is included in selling, general, and administrative expenses in the consolidated statements of earnings. Our consolidated statements of cash flows present our share-based compensation expense as a reconciling adjustment between net income and net cash provided by operating activities for all periods presented.

Restricted Share Units

Restricted share units granted under the Plans generally vest in equal annual installments over three years. Restricted share units accrue cash dividend equivalents that are payable upon vesting of the awards.

The following table summarizes all transactions related to restricted share units under the Plans:

(in millions, except per share amounts)	Restricted Share Units	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2023	2.2	\$ 57.37
Granted	0.9	91.06
Vested	(1.2)	60.47
Canceled and forfeited	(0.2)	74.40
Nonvested at June 30, 2024	1.7	70.98
Granted	0.7	108.72
Vested	(0.9)	72.07
Canceled and forfeited	(0.1)	94.67
Nonvested at June 30, 2025	1.4	\$ 86.30

The following table provides additional data related to restricted share unit activity:

(in millions)	2025	2024	2023
Total compensation cost, net of estimated forfeitures, related to nonvested restricted share and share unit awards not yet recognized, pre-tax	\$ 64	\$ 71	\$ 73
Weighted-average period in years over which restricted share and share unit cost is expected to be recognized (in years)	2	2	2
Total fair value of shares vested during the year	\$ 60	\$ 63	\$ 58

Performance Share Units

Performance share units generally vest over a three-year performance period based on achievement of specific performance goals. Based on the extent to which the performance goals are achieved and the Company's TSR relative to the S&P 500 Health Care Index, vested shares may range from zero to 240 percent of the target award amount. Performance share units accrue cash dividend equivalents that are payable upon vesting of the awards.

The following table summarizes all transactions related to performance share units under the Plans (based on target award amounts):

(in millions, except per share amounts)	Performance Share Units	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2023	1.2	\$ 82.17
Granted	0.5	94.66
Vested	(0.4)	62.26
Canceled and forfeited	—	—
Nonvested at June 30, 2024	1.3	97.03
Granted	0.5	113.88
Vested	(0.3)	108.79
Canceled and forfeited	—	—
Nonvested at June 30, 2025	1.5	\$ 99.45

The following table provides additional data related to performance share unit activity:

(in millions)	2025	2024	2023
Total compensation cost, net of estimated forfeitures, related to nonvested performance share units not yet recognized, pre-tax	\$ 47	\$ 46	\$ 38
Weighted-average period over which performance share unit cost is expected to be recognized (in years)	2	2	2
Total fair value of shares vested during the year	\$ 49	\$ 20	\$ 23

Employee Retirement Savings Plans

Substantially all of our domestic non-union employees are eligible to be enrolled in our company-sponsored contributory retirement savings plans, which include features under Section 401(k) of the Internal Revenue Code of 1986 and provide for matching and discretionary contributions by us. The total expense for our employee retirement savings plans was \$89 million, \$65 million, and \$66 million for fiscal 2025, 2024, and 2023, respectively.

GIA Share-Based Compensation

GIA, a majority-owned subsidiary of Cardinal Health, maintains standalone share-based compensation plans. Share-based compensation expense associated with these awards of \$123 million was recognized during fiscal 2025, of which \$120 million is included in acquisition-related cash and share-based compensation costs and \$3 million is included in selling, general, and administrative expenses in the consolidated statements of earnings. The liability and associated future expenses may vary based on the changes in the estimated fair value.

The following table summarizes the fair market value of the GIA Units as of June 30, 2025:

(in millions, except per share amounts)	GIA Share Units	Fair Value per Share
Nonvested at January 30, 2025	216	\$ 1.46
Granted	61	1.46
Vested	(56)	1.46
Canceled and forfeited	(1)	1.46
Nonvested at June 30, 2025	220	\$ 1.54
Vested at June 30, 2025	548	\$ 1.54

The total fair value of GIA Units vested during fiscal 2025 was \$82 million. During fiscal 2025, we recognized an increase in the fair value of the liability, resulting in expense of \$41 million, related to the vested GIA Units, which is recognized in acquisition-related cash and share-based compensation costs.

At June 30, 2025, the total pre-tax compensation cost related to nonvested GIA Units not yet recognized was \$339 million, which is expected to be recognized over a weighted-average period of approximately two years.

16. Subsequent Events

Solaris Health

On August 12, 2025, we announced that we, through GIA, have entered into a definitive agreement to acquire Solaris Health, a urology MSO, for a purchase price of approximately \$1.9 billion in cash, subject to certain adjustments. In connection with the closing of this transaction, we will issue common units in GIA to certain physicians and management which are estimated to have a grant date fair value of approximately \$500 million, a portion of which will be recognized as post-combination expense.

Solaris Health includes more than 750 providers across more than 250 practice locations in 14 states. Solaris Health will become part of The Specialty Alliance, our multi-specialty MSO platform, and their results will be reported within our Pharma segment. Following the closing of this transaction, we will own approximately 75% of The Specialty Alliance. This transaction is subject to the satisfaction of customary closing conditions, including receipt of required physician and regulatory approvals.

We intend to finance the announced transaction with a combination of cash on hand and cash proceeds from new debt financing.

Cardinal Health, Inc. and Subsidiaries
Schedule II - Valuation and Qualifying Accounts

(in millions)	Balance at Beginning of Period	Charged to Costs and Expenses (1)	Charged to Other Accounts (2)	Deductions (3)	Balance at End of Period
Fiscal 2025					
Accounts receivable	\$ 233	\$ 88	\$ 1	\$ (109)	\$ 213
Finance notes receivable	3	3	—	(4)	2
Sales returns and allowances	441	2,155	—	(2,149)	447
	\$ 677	\$ 2,246	\$ 1	\$ (2,262)	\$ 662
Fiscal 2024					
Accounts receivable	\$ 240	\$ 108	\$ —	\$ (115)	\$ 233
Finance notes receivable	6	2	—	(5)	3
Sales returns and allowances	474	2,207	—	(2,240)	441
	\$ 720	\$ 2,317	\$ —	\$ (2,360)	\$ 677
Fiscal 2023					
Accounts receivable	\$ 207	\$ 165	\$ —	\$ (132)	\$ 240
Finance notes receivable	8	—	—	(2)	6
Sales returns and allowances	617	2,217	—	(2,360)	474
	\$ 832	\$ 2,382	\$ —	\$ (2,494)	\$ 720

(1) Fiscal 2025, 2024, and 2023 accounts receivable operating earnings impacts include \$38 million, \$74 million, and \$109 million, respectively, for reserves related to service charges and customer disputes, excluded from provision for bad debts on the consolidated statements of cash flows and classified as a reduction in revenue in the consolidated statements of earnings.

(2) Recoveries of amounts provided for or written off were \$1 million for fiscal 2025.

(3) Write-off of uncollectible accounts or actual sales returns.

The sum of the components may not equal the total due to rounding.

GUARANTEE OF PERFORMANCE

For value received, Cardinal Health, Inc., an Ohio corporation (the "Guarantor"), located at 7000 Cardinal Place, Dublin, Ohio 43017, absolutely and unconditionally guarantees to assume the duties and obligations of Medicap Pharmacies Incorporated, also located at 7000 Cardinal Place, Dublin, Ohio 43017 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Columbus, Ohio, on the 17th day of September, 2025.

CARDINAL HEALTH, INC.

By: [Signature]
Name: Scott Zimmerman
Title: Senior Vice President and Treasurer

STATE OF OHIO)
) ss.
COUNTY OF FRANKLIN)

On this 17th day of September, 2025, before me the undersigned officer, personally appeared Scott Zimmerman, known personally to me to be the Senior Vice President and Treasurer of the above named corporation, and that he, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Stephanie A. Chisling
Attorney at Law
NOTARY PUBLIC
STATE OF OHIO
Sec 147.03 O.R.C.

[Signature]
Notary Public

EXHIBIT X
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Agent:

Commissioner of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

Administrator:

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
Tel: 1-866-275-2677 (toll free)
Email: Ask.DFPI@dfpi.ca.gov

FLORIDA

Department of Agriculture and Consumer Services
Division of Consumer Services
407 South Calhoun
Tallahassee, Florida 32399-0800
Tel: 850-245-6000

HAWAII

Agent:

Commissioner of Securities
Dept. of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, HI 96813

Administrator:

Dept. of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, HI 96813
Tel: 808-586-2722

ILLINOIS

Attorney General of the State of Illinois
Franchise Division
500 South Second Street
Springfield, Illinois 62706
Tel: 217-782-4465

INDIANA

Agent:

Indiana Secretary of State
200 West Washington Street
Indianapolis, IN 46204

INDIANA

Administrator:

Securities Commissioner
Indiana Securities Division
302 West Washington Street, Room E 111
Indianapolis, Indiana 46204
Tel: 317-232-6681

MARYLAND

Agent:

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Administrator:

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202-2020
Tel: 410-576-6360

MICHIGAN

Michigan Department of Attorney General
Corporate Oversight Division
Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
Tel: 517-373-7117

MINNESOTA

Agent:

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

Administrator:

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
Tel: 651-539-1500

NEBRASKA

Department of Banking and Finance
Bureau of Securities/Financial Institutions
Division
1526 K Street, Suite 300
Lincoln, Nebraska 68508
Tel: 402-471-2171

NEW YORK

Agent:

New York Secretary of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
Tel: 518- 473-2492

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Tel: 212-416-8222

NORTH DAKOTA

Agent:

North Dakota Insurance Commissioner
600 East Boulevard Avenue
State Capitol – Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
Tel: 701-328-2910

Administrator:

North Dakota Insurance & Securities Department
600 East Boulevard Avenue
State Capitol – Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
Tel: 701-328-2910

OREGON

Dept. of Consumer and Business Services
350 Winter Street NE
Salem, OR 97301

RHODE ISLAND

Rhode Island Dept. of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
Tel: 401-222-3048

SOUTH DAKOTA

Department of Labor and Regulation
Director of Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
Tel: 605-773-3563

TEXAS

Secretary of State
Registrations Unit
1019 Brazos St.
Austin, Texas 78701
Tel: 512-475-0775

UTAH

Department of Commerce
Division of Consumer Protection
160 East 300 South
Salt Lake City, Utah 84114-6704
Tel: 801-530-6601

VIRGINIA

Service of Process:

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Administrator:

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Tel: 804-371-9051

WASHINGTON

Agent:

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Administrator:

Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200
Tel: 360-902-8760

WISCONSIN

Dept. of Financial Institutions
Division of Securities
Commissioner of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
Tel: 608-261-9555

EXHIBIT Y

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES AS OF JUNE 30, 2025

* Asterisk denotes closed door pharmacies. Closed door pharmacies are not counted as separate franchised units in Item 20.

** Double asterisk denotes Telepharmacies. Telepharmacies are counted as separate franchised units in Item 20.

EXHIBIT Y
LIST OF CURRENT FRANCHISEES AS OF JUNE 30, 2025

Store #	Franchisee	Owner Name	Address 1	Address 2	City	State	Zip	Phone
8244	KRK, Inc.	Karen Kight, R.Ph.	6941 Spanish Fort Blvd.	P.O. Box 7234	Spanish Fort	AL	36577-7234	(251) 625-1311
8433	J&J LY, INC.	May Chao Lee	4917 E KINGS CANYON RD	SUITE 102	FRESNO	CA	93727	(559) 255-8085
8385	Gene Windom, Inc.	Gene Windom, Pharm.D., R.Ph.	12302 Roper Blvd., Ste. 106-107		Clermont	FL	34711-8385	(352) 243-6340
8240	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	950 28th Avenue SW	Ste 1	Attoona	IA	50009	(515) 957-0001
8003	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	105 Lincoln Way		Ames	IA	50010	(515) 232-1653
8015	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	107 NE Delaware Ave.	Suite 6	Ankeny	IA	50021	(515) 964-8550
8051	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	317 N. Market Street		Audubon	IA	50025	(712) 563-2655
8207	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	403 Story Street		Boone	IA	50036	(515) 432-2311
8247	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	800 School Street		Carlisle	IA	50047	(515) 989-3261
8034	Jeff Longstaff Corporation	Alex Pettit	405 S. Sumner		Creston	IA	50801-3330	(641) 782-6558
8011	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	2527 Easton Boulevard		Des Moines	IA	50317	(515) 266-2694
8052	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	1300 E.14th		Des Moines	IA	50316	(515) 263-1782
8347	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	2804 Beaver Ave.		Des Moines	IA	50310	(515) 277-3702
8095	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	1602 Edgington Ave.	P.O. Box 551	Eldora	IA	50627	(641) 858-3567
8406	Margramon, PC	Masoodo Nikseresh, R.Ph.	1206 S. Locust Street		Glenwood	IA	51534-1889	(712) 527-1200
8318	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	250 SE Gateway Drive		Grimes	IA	50111	(515) 986-0101
8007	KJAA, Inc.	Kevin Stallman, R.Ph.	320 6th Ave.		Grinnell	IA	50112-1845	(641) 236-3663
8036	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	2105 N 3rd Ln		Indianola	IA	50125	(515) 961-5303
8405	* Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	404 E. Euclid		Indianola	IA	50125	(515) 962-9399
8012	Rural Rx LLC	Samantha Youngblood	400 N Elm St		Jefferson	IA	50129	(515) 386-2164
8043	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	318 N. Lincoln		Knoxville	IA	50138	(641) 828-7312
8350	C.C. Anderson, P.C.	Christy Anderson, R.Ph.	411 Annex Road		Madrid	IA	50156-1471	(515) 795-4252
8023	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	212 1st Street North		Newton	IA	50208	(515) 792-3528
8230	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	2301 Sunset Dr	STE A	Norwalk	IA	50211	(515) 285-2026
8211	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	615 East Main Street	P.O. Box 216	Panora	IA	50216	(641) 755-2312
8029	D and N Enterprises	David Wright, R.Ph.	601 1st Ave.		Perry	IA	50220-1804	(515) 465-3391
8424	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	303 SW 7th ST.		Stuart	IA	50250	(515) 523-1525
8019	Madsen, Inc.	Derek Townsend	108 2ND AVE W		TOLEDO	IA	52342	(641) 484-6198
8008	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	8170 DOUGLAS AVE		URBANDALE	IA	50322	(515) 276-3471
8256	Medicap Pharmacy - CD 8405	OneroRx Inc Joseph R Dunham II	10 S. Warrior Lane		Waukee	IA	50263	(515) 987-8111
8057	GRX Holdings, LLC	OneroRx Inc Joseph R Dunham II	904 N. John Wayne Drive		Winterset	IA	50273	(515) 462-2880
8438	** MPRX CALDWELL Corp.	Devin Trone, Pharm.D.	4618 BEACON LN	STE 100	CALDWELL	ID	83605-4879	(208) 204-5900
8440	** Watkins Pharmacy Inc.	Devin Trone, Pharm.D.	220 S MAIN ST		CASCADE	ID	83611-0797	(208) 382-4204
8427	** DJ Garden Valley Pharmacy, INC.	Devin Trone, Pharm.D.	284 Village Circle	Ste #100	Garden Valley	ID	83622	(208) 901-8006
8362	Trone Health Services Inc	Devin Trone, Pharm.D.	2790 W. Cherry Lane	Suite 100	Meridian	ID	83642-1137	(208) 288-1496
8391	** Trone Health Services Inc	Devin Trone, Pharm.D.	410 East Grove Avenue	P.O. Box 54	Parma	ID	83660	(208) 722-5269
8190	Bush Drugs, Inc.	David Bush, P.D.	1588 N. State Street		Greenfield	IN	46140-1060	(317) 462-7877
8429	Natalies Apothecary Inc	Natalie Schwartzel	987 South Creasy Lane		Lafayette	IN	47905	(765) 237-3060
8431	** KBB Services LLC	David Bush, P.D.	129 E. Main St		Morristown	IN	46161	(765) 818-1288
8151	Pharmacy Management, LLC	John Gallon, R.Ph.	1720 S. Santa Fe	P.O. Box 126	Chanute	KS	66720-3225	(620) 431-4270
8123	Todds Pharmacy, Inc.	Todd Johnson, R.Ph.	110 Highway 51 North		Batesville	MS	38606-2347	(662) 563-0266
8281	HGE Partners LLC	Kiera Emery	361 George W tiles pkwy		concord	NC	28027	(704) 789-9681
8286	Rx For Healthy Solutions, Inc.	Bobbie Barbrey, R.Ph.	6635 Falls of the Neuse Road		Raleigh	NC	27615	(919) 676-6161
8439	S.A. Warren, LLC	Jodee Richeson	1118 S BROADWAY		MINOT	ND	58701-5955	(701) 441-7345
8265	JAI Maharaj Rx Corp.	Ronak Patel	912 W BAY AVE	SUITE # 120	BARNEGAT	NJ	8005	(609) 698-2200
8197	BVM Pharmacy LLC	Kiran Patel	254 E. Jimmie Leeds Road	Unit 1	Galloway	NJ	8205	(609) 748-2449
8200	Kingnaps, Inc.	Kris Kingsbury, R.Ph.	2012 Lincoln Way West		Massillon	OH	44647-6140	(330) 832-2226
8125	Glenpool Pharmacy, Inc.	Bryan Green, D.Ph.	262 E. 141st St.	P.O. Box 887	Glenpool	OK	74033-3583	(918) 322-3667
8299	Clinical Care Pharmacy of Owasso, Inc.	Kathy Campbell, Pharm.D.	130 South Main Street		Owasso	OK	74055-3108	(918) 274-1737
8435	Nyssa Pharmacy LLC	Devin Trone, Pharm.D.	217 Main Street		Nyssa	OR	97913	(541) 372-2222
8178	Talent Pharmacy, Inc.	Rick Chester	205 N. Pacific Highway		Talent	OR	97540-9637	(541) 535-5843
8360	JCH Pharmacy Services LLC	Christin Hines	5924 Tilghman Street, Ste. A		Allentown	PA	18104	(610) 336-9033
8291	East Lake Pharmacy, Inc.	Richard Kosobucki, R.Ph.	1896 E. Lake Road		Erie	PA	16511-1072	(814) 456-4108
8079		Elaine Trapani	225 Grant Ave.		Millvale	PA	15209-2609	(412) 821-1524
8287	SOCO SCRIPTS, INC.	Steve Oatman, R.Ph.	2105 West Davis Street	Suite A	Conroe	TX	77304-2061	(936) 494-4002
8366	Payne Remedies, Inc.	Jathan Payne	2091 Pro Pointe Lane		Harrisonburg	VA	22801-8021	(540) 433-6337
8396	Anderson Apothecary, Ltd.	Mel Anderson, R.Ph.	1851 Virginia Ave.		Harrisonburg	VA	22802-7455	(540) 434-7455
8400	Banvera L.L.C.	Banyo Ndanga, R.Ph.	956 J Clyde Morris Blvd.		Newport News	VA	23601-1043	(757) 599-9643
8317	PASTM, Inc.	Pete Thomas, R.Ph.	4352 5th St. Road		Huntington	WV	25701-9558	(304) 523-5003
8426	Hoge Davis Drug Co.	Anthony Martino	102 East Bethlehem Blvd.		Wheeling	WV	26003	(304) 242-1500

* indicates Closed Door Pharmacy
** indicates Telepharmacy location

EXHIBIT Y

FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPEN
AS OF JUNE 30, 2025

None.

EXHIBIT Z

LIST OF FRANCHISEES WHOSE FRANCHISE WAS TRANSFERRED
07/01/2024 – 06/30/2025

None.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT Z

LIST OF FRANCHISEES WHOSE FRANCHISE WAS TERMINATED, CANCELLED OR NOT RENEWED OR WHO OTHERWISE VOLUNTARILY CEASED TO DO BUSINESS 07/01/2024 – 06/30/2025

* Asterisk denotes closed door pharmacies. Closed door pharmacies are not counted as separate franchised units in Item 20.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT Z

LIST OF FRANCHISEES WHOSE FRANCHISE WAS TERMINATED, CANCELLED OR NOT RENEWED OR WHO OTHERWISE VOLUNTARILY
CEASED TO DO BUSINESS
07/01/2024 – 06/30/2025

Store #	State	City	Franchisee Name	Current/Last Known Business Phone
8319	IL	Anna	Larry Brymer,	(618) 833-9858
8213	MN	Austin	Jon Engelhardt, R.Ph.	(507) 433-7123
8342	NE	Kearney	Jerry Jensen, Pharm.D.	(308) 234-8056
8383	PA	Olyphant	Eric Pusey, R.Ph., CDE	(570) 383-6700

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

FRANCHISEES WITH WHOM MPI HAS NOT COMMUNICATED WITHIN 10 WEEKS OF
THE DATE OF THIS DISCLOSURE DOCUMENT

None.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	September 18, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	September 19, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Medicap Pharmacies offers you a franchise, Medicap Pharmacies must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant (**or sooner if required by applicable state law**). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Medicap Pharmacies does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the appropriate state agency identified on Exhibit X. Medicap Pharmacies authorizes the respective parties identified on Exhibit X to receive service of process for us in their state.

Issuance Date: September 18, 2025.

The name, principal business address and telephone number of the franchise seller(s) for this franchise is/are Cornelius (Con) Lane, 2850 Elm Point Industrial Drive, St. Charles, Missouri 63301, telephone: (800) 407-8055; _____

I have received a disclosure document dated September 18, 2025. This disclosure document included the following exhibits:

EXHIBITS

- A. Franchise Agreement
 - A-1 Franchise Agreement
 - A-2 Guaranty
 - A-3 State Specific Addendum (if applicable)
 - A-4 Inventory Purchase Addendum
 - A-5 Co-Brand Addendum
- B. Medicine Shoppe InterNet® Enrollment Guide
- C. Business Associate Agreement
- D. Compliance and Marketshare Program Participation Agreement
- E. Reimbursement Consulting Services Agreement
- F. Reconciliation Service Agreement
- G. Cardinal Health Medical Benefit Billing and Reconciliation Service Agreement
- H. Point-of-Care Testing Program Enrollment Form
- I. Immunization Service Agreements
- J. Inventory Optimization Solution Agreement
- K. Front-End Product Management Enrollment Form
- L. Cardinal Health Pharmacy Marketing Advantage Enrollment Forms
- M. Leader End Cap Enrollment Form
- N. POS Smart Reports Enrollment Form
- O. Pharmacy Payments Enrollment Form
- P. Leader Vitamin Club
- Q. Reporting Enrollment Form
- R. [Reserved]
- S. [Reserved]

- T. General Release
- U. Table of Contents of Operations Manual
- V. State Specific Addenda to Disclosure Document
- W. Cardinal Health Financial Statements and Guarantee
- X. List of State Agencies and Agents for Service of Process
- Y. List of Current Franchisees
- Z. List of Franchisees Who Left the System, Franchisees Who Transferred Their Franchises, and Franchisees with Whom Medicap has not Communicated Within 10 Weeks of the Issuance Date of this Disclosure Document

Please return one signed copy of this Receipt to the attention of Administrative Assistant for Franchise Development, 2850 Elm Point Industrial Drive, St. Charles, Missouri 63301, facsimile (866) 626-6789.

Store #: _____
(if applicable)

Date Disclosure Document Received: _____

Date Receipt Signed: _____

Signature

Print Name

Signature

Print Name

Complete Address and Telephone Number:

(_____) _____

individually and/or as an officer or partner of

Print Company Name

a (_____ corporation)
(_____ partnership)
(_____ limited liability company)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Store #: _____
(if applicable)

Date Disclosure Document Received: _____

Date Receipt Signed: _____

Signature

Print Name

Signature

Print Name

Complete Address and Telephone Number:

() _____

individually and/or as an officer or partner of

Print Company Name

a (_____ corporation)
(_____ partnership)
(_____ limited liability company)