

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1995-06-13**
SEC Accession No. **0000950134-95-001386**

([HTML Version](#) on secdatabase.com)

SUBJECT COMPANY

PHARMACY MANAGEMENT SERVICES INC

CIK: **861049** | IRS No.: **591482767** | State of Incorporation: **FL** | Fiscal Year End: **0731**
Type: **SC 13D** | Act: **34** | File No.: **005-41500** | Film No.: **95546847**
SIC: **7389** Business services, nec

Mailing Address
3611 QUEEN PALM DR
TAMPA FL 33619

Business Address
3611 QUEEN PALM DR
TAMPA FL 33619
8136267788

FILED BY

BEVERLY ENTERPRISES INC /DE/

CIK: **812305** | IRS No.: **954100309** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13D**
SIC: **8051** Skilled nursing care facilities

Business Address
1200 S WALDRON RD
STE 155
FORT SMITH AR 72903
5014526712

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

PHARMACY MANAGEMENT SERVICES, INC.

(Name of Issuer)

Common Stock, \$.01 Par Value

(Title of Class of Securities)

71713K1043

(CUSIP Number)

John W. MacKenzie
Vice President, Deputy General Counsel
and Assistant Secretary
5111 Rogers Avenue, Suite 40-A
Fort Smith, Arkansas 72919-1000
(501) 452-6712

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 23, 1995

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box / /.

Check the following box if a fee is being paid with the statement /X/.

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SCHEDULE 13D

CUSIP NO. 71713K1043

PAGE 2 OF 6 PAGES

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

BEVERLY ENTERPRISES, INC.
95-4100309

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) / /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS

BK, 00 (General Corporate Funds of Reporting Person)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) / /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE, U.S.A.

7 SOLE VOTING POWER

NUMBER OF

4,534,319*

SHARES

8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY

0

EACH

9

SOLE DISPOSITIVE POWER

REPORTING

100

PERSON

10

SHARED DISPOSITIVE POWER

WITH

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,534,319*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

/ /

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

49.7 PERCENT OF THE COMMON STOCK

14 TYPE OF REPORTING PERSON

HC, CO

* Beverly disclaims beneficial ownership to all but 100 of these shares. See Item 5(b).

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PMSU CUSIP 71713K1043

Item 1. Security and Issuer
Common Stock, \$.01 par value

Pharmacy Management Services, Inc. ("PMSI")
3611 Ocean Palm Drive
Tampa, Florida 33619

Item 2. Identity and Background

a. Beverly Enterprises, Inc. ("Beverly"), a Delaware corporation.

Appendix A contains the information called for by Items 2-6 of

Schedule 13D for the following persons: the executive officers and directors of Beverly.

- b. 5111 Rogers Avenue, Suite 40-A
Fort Smith, Arkansas 72919-1000
- c. Beverly is the largest provider of long-term healthcare in the United States. At March 31, 1995 Beverly operated 727 nursing facilities with 78,061 licensed beds. The facilities are located in 33 states and the District of Columbia. At March 31, 1995, Beverly also operated 40 retirement and congregate living projects containing 2,518 living units, 65 pharmacies and pharmacy-related outlets, eight transitional hospitals containing 367 beds and four home health care entities.
- d. During the last five years, Beverly has not been convicted in any criminal proceeding.
- e. During the past five years, Beverly has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Considerations.

Beverly and its wholly owned subsidiary Beverly Acquisition Corporation ("Acquisition") a Delaware corporation, have entered into an Agreement and Plan of Merger dated December 26, 1994, as amended (the "Merger Agreement") with PMSI whereby Beverly would acquire PMSI through a Merger (the "Merger") between PMSI and Beverly, with Beverly being the surviving corporation and the shareholders of PMSI, who will receive shares of common stock, of Beverly \$.01 par value of Beverly (the "Beverly Common Stock"), in the Merger in exchange for their shares of common stock, \$.01 par value of PMSI (the "PMSI Common Stock"), becoming shareholders of Beverly.

Concurrently with the execution of the Merger Agreement on December 26, 1994, the Cecil S. Harrell Revocable Trust, dated October 1, 1990 (the "CSH Trust"), which as of December 26, 1994 owned 3,774,169 shares of PMSI Common Stock, and the James N. Harrell Revocable Trust, dated June 15, 1990 (the "JNH Trust" and together with the CSH Trust, the "Shareholders"), which as of December 26, 1995 owned 760,050 shares of PMSI Common Stock, entered into an agreement with Beverly, who owns 100 shares of PMSI Common Stock

to vote their shares of PMSI Common Stock in favor of the Merger, the Merger Agreement, and the transactions contemplated thereby (the "Shareholders Agreement"). In addition, the Shareholders have agreed that they will not, without the prior written consent of Beverly (which consent must not be unreasonably withheld), sell or otherwise transfer their shares of PMSI Common Stock. The execution of the Shareholders' Agreement by the Shareholders was requested by Beverly as a condition precedent to the execution of the Merger Agreement. As of the date of the Shareholders' Agreement, each Shareholder has also delivered Irrevocable Proxies to Beverly, as described below.

The Shareholders' Agreement terminates on the later of: (i) consummation of the Merger; (ii) termination of the Merger Agreement; (iii) the 180th day after termination of the Merger Agreement by PMSI if (a) the Effective Time of the Merger has not occurred before July 31, 1995, (b) PMSI receives an Acquisition Proposal that the PMSI Board of Directors determines in good faith in the exercise of its fiduciary duties under applicable law has a per share value greater than the price per share offered by the Merger Agreement and the value being offered by Beverly is not increased within three (3) business days after the first announcement of the Acquisition Proposal, or (c) Smith Barney withdraws its opinion as of the execution date of the Merger Agreement or as of the date of this Prospectus/Consent Solicitation Statement to the effect that the consideration to be received by holders of PMSI Common Stock is fair from a financial point of view; or (iv) the 180th day after termination of the Merger Agreement by Beverly if (a) PMSI fails to perform in any material respect any obligation required by the Merger Agreement on or before the Effective Time of the Merger Agreement or (b) PMSI amends, modifies or withdraws in any material respect adverse to Beverly or Acquisition its approval or recommendation of the Merger Agreement or the Merger or recommends to the PMSI shareholders any Acquisition Proposal. Mr. Cecil S. Harrell, who is a co-trustee of the CSH Trust, is also the Chairman, Chief Executive Officer and a director of PMSI. Mr. Bertram T. Martin, Jr., who is a co-trustee of the CSH Trust, is also the President, Chief Operating Officer and a director of PMSI. Mr. James N. Harrell, who is the trustee of the JNH Trust, is the brother of Cecil S. Harrell.

Pursuant to the Shareholders' Agreement and concurrently with the execution thereof, each of the Shareholders executed and delivered a Power of Attorney and Irrevocable Proxy (the "Irrevocable Proxies") giving Beverly the power to vote all of the shares of PMSI Common Stock owned by the Shareholders: (i) in favor of the Merger, the Merger Agreement and the transactions contemplated thereby; (ii) in opposition to any Acquisition Proposal and (iii) in opposition to any proposal to amend PMSI's Articles of Incorporation. The Irrevocable Proxies do not confer upon Beverly any right or power to vote, consent, abstain, or withhold authority to vote the shares of PMSI Common Stock owned by the Shareholders as to any matter not enumerated above, including routine corporate actions and proceedings involving the election of directors, ratification of independent public accountants and the adoption, amendment or ratification of any benefit or compensation plan for officers, directors, or employees of PMSI or any of its subsidiaries. The Irrevocable Proxies are

coupled with an interest, are irrevocable, and have been granted in consideration for the Merger Agreement and the Shareholders' Agreement. The Irrevocable Proxies terminate on the date that the Shareholders' Agreement terminates as described above. As required by the Merger Agreement, Beverly will vote in favor of the Merger, the Merger Agreement and the transactions contemplated thereby all the shares of PMSI Common Stock that it has the right to vote with respect thereto (including the PMSI shares subject to the Irrevocable Proxies) and will execute and deliver to PMSI its written consent as soon as the Consent Solicitation begins.

On all matters other than the Merger Agreement, the Merger, an Acquisition Proposal, or a proposal to amend the Articles of Incorporation of PMSI, the Shareholders, have retained the right to vote their shares of PMSI Common Stock in their discretion.

Items 4 and 7 are incorporated by reference.

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Item 4. Purpose of Transaction

Beverly entered into the Shareholders Agreement to promote the consummation of the Merger, which will result in the acquisition by Beverly of all the PMSI common stock. The Merger Agreement provides that, subject to certain terms and conditions, PMSI shall be merged with and into Beverly which shall be the surviving corporation, and that, in consideration for the Merger, each of the outstanding shares of PMSI common stock shall be converted into the right to receive shares of Beverly Common Stock equal to the quotient of \$16.50 divided by the mean arithmetic average of the daily closing sales price per share of Beverly Common Stock during the ten trading days ending on the second trading day immediately prior to the effective time of the Merger, as reported on the New York Stock Exchange, subject to certain ceiling and floor adjustments as further set forth in the Merger Agreement.

After the Merger, no shares of PMSI Common Stock shall remain outstanding and, as a result, the PMSI Common Stock will no longer be traded on NASDAQ or registered with the Securities and Exchange Commission under Section 12 of the Securities Exchange Act of 1934.

Item 5. Interest in Securities of Issuer

- a. 4,534,319 shares of PMSI Common Stock (49.7%, based upon a total of 9,129,507 shares of PMSI Common Stock outstanding as of May 1, 1995).
- b. 4,534,319 shares of PMSI Common Stock, as limited by the terms of the Shareholders' Agreement, with respect to which Beverly,

in connection with a vote on the Merger Agreement, other matters relating to the Merger, or in opposition to any Acquisition Proposal or any proposal to amend PMSI's Articles of Incorporation has the sole power to vote or direct the vote of such shares. The response to Item 3 is incorporated by reference. With respect to all other matters not pertaining to the Merger, the Merger Agreement, an Acquisition Proposal or a proposal to amend PMSI's Articles of Incorporation, Beverly does not have the power to vote or direct the vote of such shares. Of this total, Beverly has sole dispositive power as to 100 shares of PMSI Common Stock and has no shared dispositive power as to the PMSI Common Stock. As a result, Beverly hereby disclaims any beneficial ownership with respect to such shares until such time as those limited rights of Beverly derived from the Shareholders' Agreement and the Irrevocable Proxies, and limited in scope accordance with the Merger, the Merger Agreement and any transactions contemplated thereby are exercisable by Beverly.

- c. None.
- d. None.
- e. Not applicable.

Item 6. Contracts, Arrangements, understandings or Relationships with Respect to Securities of the Issuer

The responses to Items 3 and 4 are incorporated by reference.

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Item 7. Material to be Filed as Exhibits

- (a) Agreement and Plan of Merger between and among Beverly Enterprises, Inc., Beverly Acquisition Corporation and Pharmacy Management Services, Inc. dated as of December 26, 1995, as amended by Amendment No. 1 to Agreement and Plan of Merger dated as of May 19, 1995 (Incorporated by reference to Exhibit 2.1 to Amendment No. 2 to the Beverly Enterprises, Inc. Registration Statement on Form S-4 (No. 33-57663) dated May 19, 1995).
- (b) Shareholders' Agreement dated December 26, 1994, by and among Beverly Enterprises, Inc., Beverly Acquisition Corporation, the Cecil S. Harrell Revocable Trust dated October 1, 1990, and the James N. Harrell Revocable Trust dated June 15, 1990.
- (c) Power of Attorney and Irrevocable Proxy of Cecil S. Harrell

Revocable Trust, dated October 1, 1990.

- (d) Power of Attorney and Irrevocable Proxy of James N. Harrell Recoverable Trust, dated June 15, 1990.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

June 13, 1995

/s/ JOHN W. MACKENZIE

Date

Signature

Vice President, Deputy
General Counsel and
Assistant Secretary

Name/Title

APPENDIX A

Set forth below are the name and positions held of each executive officer and director of Beverly. Unless otherwise noted, the principal occupation or employment of each person listed below is his or her position with Beverly. The address of each person is as set forth below.

All persons listed below are U.S. citizens. During the last five years, to the best knowledge of Beverly, none of the persons listed below has been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations with respect to such laws. None of the persons listed below has any information to report in response to Items 3-6 of Schedule 13D.

Name & Address

Position

David R. Banks
5111 Rogers Avenue, Suite 40-A
Fort Smith, AR 72919-0155

Chairman of the Board,
President, Chief Executive
Officer and Director

Boyd W. Hendrickson 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Executive Vice President and President of Beverly Health and Rehabilitation Services, Inc.
T. Jerald Moore 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Executive Vice President and President of Beverly Managed Care, Inc.
Robert W. Pommerville 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Executive Vice President, General Counsel and Secretary
Bobby W. Stephens 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Executive Vice President- Development
Robert D. Woltil 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Executive Vice President, Finance and Chief Financial Officer and President of Pharmacy Corporation of America
Eugene B. Clarke 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Senior Vice President- Quality Assurance
Robert C. Crosby 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Senior Vice President and President of American Transitional Hospitals, Inc.
Schuyler Hollingsworth, Jr. 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Senior Vice President and Treasurer
Mark D. Wortley 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Senior Vice President and President of Spectra
Scott M. Tabakin 5111 Rogers Avenue, Suite 40-A Fort Smith, AR 72919-0155	Senior Vice President, Controller and Chief Accounting Officer
Beryl F. Anthony, Jr. Winston & Strawn 1400 "L" Street, NW Washington, DC 20005-3502	Director
James R. Greene 134 Buttonwood Drive Fair Haven, NJ 07704	Director

Edith H. Holiday Director
3239 38th Street, NW
Washington, DC 20016

Jon E.M. Jacoby Director
Stephens, Inc.
111 Center Street
P.O. Box 3507
Little Rock, AR 72203

Louis W. Menk Director
34 Easy Street, Suite 26
P.O. Box 1353
Carefree, AZ 85377

Risa J. Lavizzo-Mourey, M.D. Director
711 Paper Mill Road
Erdenhelm, PA 19038

Marilyn R. Seymann Director
M One, Inc.
2813 E. Camelback Road, Suite 480
Phoenix, AZ 85016

Will K. Weinstein Director
Genesis Merchant Group Securities
909 Montgomery St., Suite 600
San Fransisco, CA 94133

EXHIBIT INDEX

<TABLE>
<CAPTION>
EXHIBIT

NO.	DESCRIPTION
-----	-------------

<S>	<C>
99(a)	Agreement and Plan of Merger between and among Beverly Enterprises, Inc., Beverly Acquisition Corporation and Pharmacy Management Services, Inc. dated as of December 26, 1995, as amended by Amendment No. 1 to Agreement and Plan of Merger dated as of May 19, 1995 (Incorporated by reference to Exhibit 2.1 to Amendment No. 2 to the Beverly Enterprises, Inc. Registration Statement on Form S-4 (No. 33-57663) dated May 19, 1995).
99(b)	Shareholders' Agreement dated December 26, 1994, by and among Beverly Enterprises, Inc., Beverly Acquisition Corporation, the Cecil S. Harrell Revocable Trust dated October 1, 1990,

and the James N. Harrell Revocable Trust dated June 15, 1990.

99(c) Power of Attorney and Irrevocable Proxy of Cecil S. Harrell Revocable Trust, dated October 1, 1990.

99(d) Power of Attorney and Irrevocable Proxy of James N. Harrell Recoverable Trust, dated June 15, 1990.

</TABLE>

SHAREHOLDERS' AGREEMENT

This SHAREHOLDERS' AGREEMENT (this "Agreement") dated December 26, 1994, is executed by BEVERLY ENTERPRISES, INC. ("Parent"), a Delaware corporation, which is the holder of 100 shares of the common stock, \$.01 par value, of Pharmacy Management Services, Inc. (the "Company"); CECIL S. HARRELL, individually; JAMES N. HARRELL, individually and as trustee of the James N. Harrell Revocable Trust, u/a/d June 15, 1990, as amended and restated; and CECIL S. HARRELL and BERTRAM T. MARTIN, JR., as co-trustees of the Cecil S. Harrell Revocable Trust, u/a/d October 1, 1990, as amended and restated (collectively, the "Shareholders").

WHEREAS the Shareholders own the respective number of shares of the Company's common stock, \$.01 par value, set forth adjacent to their signatures to this Agreement (together, the "Shareholders' Shares");

WHEREAS, this Agreement is entered into concurrently with the Agreement and Plan of Merger dated December 26, 1994 (the "Merger Agreement"), among Parent, the Company, and Beverly Acquisition Corporation ("Purchaser"), a Delaware corporation;

WHEREAS, under the Merger Agreement, the Company will be merged with and into Purchaser, with Purchaser being the surviving corporation and a wholly-owned direct or indirect subsidiary of Beverly, and with the shareholders of the Company receiving shares of the common stock, \$.10 par value, of Beverly (the "Merger"); and

WHEREAS, capitalized terms not otherwise defined herein have the same meaning as in the Merger Agreement.

NOW, THEREFORE, in order to fulfill the delivery of this Agreement by the Shareholders to Beverly, and in consideration of the offer to the Shareholders by Beverly for the Beverly common stock in accordance with the Merger Agreement, and the sum of Ten Dollars (\$10.00) and other good and valuable consideration to each of the Shareholders, the receipt and adequacy of which are hereby acknowledged by each of the Shareholders, the parties agree as follows:

1. VOTING. Upon the Company's solicitation of its shareholders to approve the Merger Agreement, the Merger, and the transactions contemplated thereby, the Shareholders shall vote the Shareholders' Shares in favor of the Merger Agreement and the Merger and the transactions contemplated thereby ("Favorable Vote"). The Shareholders further agree not to revoke any Favorable Vote regarding the Merger Agreement, the Merger, or the transactions contemplated thereby during the period that the Company solicits approval for such actions from its Shareholders. The Shareholders further agree not to vote in favor of any Acquisition Proposal or take any other action in their capacity as Shareholders which would be contrary to consummation of the Merger Agreement, the Merger, and the transactions contemplated thereby or which would facilitate any Acquisition Proposal.

2. SALES AND TRANSFERS. Without the prior written consent of Beverly (which consent shall not be unreasonably withheld), the Shareholders hereby acknowledge and agree that they will not sell or otherwise transfer the

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Shareholders' Shares. The Shareholders further agree that, to facilitate compliance with this Agreement, a legend will be affixed to the Shareholders' Shares reflecting that the Shareholders' Shares are subject to this Agreement.

3. TERMINATION. This Agreement shall terminate on the later of: (1) the consummation of the Merger Agreement; (ii) termination of the Merger Agreement; (iii) the 180th day after termination of the Merger Agreement by the Company pursuant to Section 7.3(b)(ii), 7.3(d), or 7.3(e)(ii) of the Merger Agreement; or (iv) the 180th day after termination of the Merger Agreement by Parent pursuant to Section 7.3(g) or 7.3(h) of the Merger Agreement.

4. IRREVOCABLE PROXY AND OTHER ACTIONS. In order to more fully assure to Beverly the benefits hereof during the term of this Agreement, each of the Shareholders agree to deliver to Beverly on the execution date of this Agreement a Power of Attorney and Irrevocable Proxy in substantially the form attached hereto as Exhibit "A" and take such further actions and deliver such further documents as Beverly shall reasonably request in order to assure to

Beverly the benefits of this Agreement.

5. SPECIFIC PERFORMANCE. The Shareholders acknowledge that performance of the Shareholders' obligations pursuant to this Agreement is of vital importance to Beverly and monetary damages would be an inadequate remedy for breach of the Shareholders' obligations hereunder, and, accordingly, the Shareholders agree that Beverly shall be entitled, without prejudice to or in replacement of, but in addition to, any other rights and remedies otherwise available to Beverly, to specific performance of the Shareholders' obligations hereunder.

6. THIRD PARTY RIGHTS. To the extent Beverly is unable for any reason to enforce its rights as a party to this Agreement, this Agreement is binding on the other parties hereto and shall inure to the benefit of Beverly as a third-party beneficiary of the Shareholders' Agreement. Beverly, as a third-party beneficiary of this Agreement, may enforce the provisions of this Agreement against the Shareholders to the extent as if the third-party beneficiary were a party to this Agreement. A party to this Agreement shall not assign any of its rights, interests, or obligations under this Agreement without the advance written consent of all the other parties to this Agreement, and any attempted assignment of delegation by a party without the advance written consent of the other parties will be invalid and ineffective against the nonconsenting parties.

7. GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the substantive laws of the State of Florida.

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IN WITNESS WHEREOF, Beverly and the Shareholders have caused this Agreement to be duly executed as of the day and year first above written.

<TABLE>
<S>

<C>
BEVERLY ENTERPRISES, INC.,
a Delaware corporation

By: /s/Robert B. Woltil

Name: Robert B. Woltil
Title: Executive Vice President
and Chief Financial Officer

Shares Owned: 3,774,169

CECIL S. HARRELL REVOCABLE TRUST, dated October 1, 1990, amended and restated May 1, 1991, as further amended and restated by that certain First Amendment dated November 20, 1992, as further amended by that certain Second Amendment dated February 4, 1993

By: /s/Cecil S. Harrell

Cecil S. Harrell, as Co-Trustee

By: /s/Betram T. Martin, Jr.

Bertram T. Martin, Jr.,
as Co-Trustee

Shares Owned: 760,050

JAMES N. HARRELL REVOCABLE TRUST, dated June 15, 1990, amended and restated February 3, 1992, as further amended by that certain First Amendment dated August 24, 1992

By: /s/James N. Harrell

James N. Harrell, as Trustee

Shares Owned: -0-

/s/Cecil S. Harrell

CECIL S. HARRELL, Individually

Shares Owned: -0-

/s/James N. Harrell

</TABLE>

POWER OF ATTORNEY AND IRREVOCABLE PROXY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned shareholder (the "Shareholder"), by virtue of his signature to this Irrevocable Proxy appearing below, hereby constitutes and appoints Beverly Enterprises, Inc., a Delaware corporation ("Beverly"), acting through either its President and Chief Executive Officer or its Executive Vice President and Chief Financial Officer (or through any other officer of Beverly who is designated pursuant to a duly adopted resolution of Beverly's Board of Directors that has been delivered to the Shareholder), as attorney-in-fact and Irrevocable Proxy for the undersigned (such power being deemed to be an irrevocable power coupled with an interest), for him and in his name, place, and stead, and authorizes him to vote (by written consent or otherwise) all of the Shareholder's shares of common stock, par value \$.01 (the "Shares"), of Pharmacy Management Services, Inc., a Florida corporation ("PMSI"), (i) in favor of the Merger and the other transactions contemplated by the Agreement and Plan of Merger dated December 26, 1994 (the "Merger Agreement"), among PMSI, Beverly, and Beverly Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Beverly, or any transaction that is required to effectuate the Merger, (ii) in opposition to any "Acquisition Proposal" (as defined in the Merger Agreement) or any corporate action that is part of any plan or arrangement to approve or permit the accomplishment of any Acquisition Proposal, and (iii) in opposition to any proposal to amend PMSI's Articles of Incorporation. This Irrevocable Proxy does not confer on Beverly any right or power to vote, consent, dissent, abstain, or withhold authority to vote with respect to the Shares as to any matter not enumerated above, including routine corporate actions and proceedings involving the election and removal of directors (except pursuant to an Acquisition Proposal), the appointment and ratification of independent accountants, and the adoption, amendment, or ratification of any benefit or compensation plan for officers, directors, or employees of the Company or any of its subsidiaries. Beverly and the Shareholder acknowledge that it is impossible to foresee every proposal or corporate action that might constitute part of a plan or arrangement to approve or permit the accomplishment of an Acquisition Proposal. The Shareholder intends that Beverly will have the right and power to exercise this Irrevocable Proxy to vote affirmatively in favor of all corporate action of PMSI that is necessary to approve the Merger and the other transactions contemplated by the Merger Agreement and to vote against any corporate action that is part of any plan or arrangement to approve or permit the accomplishment of any Acquisition Proposal. This Irrevocable Proxy is being given in conjunction with the Merger Agreement and the Shareholders' Agreement dated as of December 26, 1994, between Beverly and the Shareholder, among others (the "Shareholders' Agreement").

This proxy and power of attorney is coupled with an interest, is irrevocable and is granted in consideration of the Merger Agreement and the Shareholders' Agreement. This Irrevocable Proxy shall revoke all other proxies

and powers of attorney granted by the undersigned at any time with respect to the Shares, and no subsequent proxy or power of attorney shall be given or written consent executed (and if given or executed, shall not be effective) by the undersigned with respect thereto. This Irrevocable Proxy shall terminate on the date that the Shareholders' Agreement terminates.

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In accordance herewith, this Irrevocable Proxy has been signed by the undersigned as of the date indicated.

CECIL S. HARRELL REVOCABLE TRUST, dated October 1, 1990, amended and restated May 1, 1991, as further amended and restated by that certain First Amendment dated November 20, 1992, as further amended by that certain Second Amendment dated February 4, 1993.

DATE: December 26, 1994

By: /s/ Cecil S. Harrell

Cecil S. Harrell, as Co-Trustee

By: /s/ Bertram T. Martin, Jr.

Bertram T. Martin, Jr.,
as Co-Trustee

ACKNOWLEDGMENT

STATE OF FLORIDA
COUNTY OF HILLSBOROUGH

The foregoing document was acknowledged before me this 26th day of December, 1994, by Cecil S. Harrell, as Co-Trustee of the CECIL S. HARRELL REVOCABLE TRUST, dated October 1, 1990, amended and restated May 1, 1991, as further amended and restated by that certain First Amendment dated November 20, 1992, as further amended by that certain Second Amendment dated February 4, 1993, who is personally known to me.

/s/ Robert C. Rasmussen

Notary Public

#CC 187129

Serial number

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ACKNOWLEDGMENT

STATE OF FLORIDA
COUNTY OF HILLSBOROUGH

The foregoing document was acknowledged before me this 26th day of December, 1994, by Bertram T. Martin, Jr., as Co-Trustee of the CECIL S. HARRELL REVOCABLE TRUST, dated October 1, 1990, amended and restated May 1, 1991, as further amended and restated by that certain First Amendment dated November 20, 1992, as further amended by that certain Second Amendment dated February 4, 1993, who is personally known to me.

/s/ Robert C. Rasmussen

Notary Public

#CC 187129

Serial number

POWER OF ATTORNEY AND IRREVOCABLE PROXY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned shareholder (the "Shareholder"), by virtue of his signature to this Irrevocable Proxy appearing below, hereby constitutes and appoints Beverly Enterprises, Inc., a Delaware corporation ("Beverly"), acting through either its President and Chief Executive Officer or its Executive Vice President and Chief Financial Officer (or through any other officer of Beverly who is designated pursuant to a duly adopted resolution of Beverly's Board of Directors that has been delivered to the Shareholder), as attorney-in-fact and Irrevocable Proxy for the undersigned (such power being deemed to be an irrevocable power coupled with an interest), for him and in his name, place, and stead, and authorizes him to vote (by written consent or otherwise) all of the Shareholder's shares of common stock, par value \$.01 (the "Shares"), of Pharmacy Management Services, Inc., a Florida corporation ("PMSI"), (i) in favor of the Merger and the other transactions contemplated by the Agreement and Plan of Merger dated December 26, 1994 (the "Merger Agreement"), among PMSI, Beverly, and Beverly Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Beverly, or any transaction that is required to effectuate the Merger, (ii) in opposition to any "Acquisition Proposal" (as defined in the Merger Agreement) or any corporate action that is part of any plan or arrangement to approve or permit the accomplishment of any Acquisition Proposal, and (iii) in opposition to any proposal to amend PMSI's Articles of Incorporation. This Irrevocable Proxy does not confer on Beverly any right or power to vote, consent, dissent, abstain, or withhold authority to vote with respect to the Shares as to any matter not enumerated above, including routine corporate actions and proceedings involving the election and removal of directors (except pursuant to an Acquisition Proposal), the appointment and ratification of independent accountants, and the adoption, amendment, or ratification of any benefit or compensation plan for officers, directors, or employees of the Company or any of its subsidiaries. Beverly and the Shareholder acknowledge that it is impossible to foresee every proposal or corporate action that might constitute part of a plan or arrangement to approve or permit the accomplishment of an Acquisition Proposal. The Shareholder intends that Beverly will have the right and power to exercise this Irrevocable Proxy to vote affirmatively in favor of all corporate action of PMSI that is necessary to approve the Merger and the other transactions contemplated by the Merger Agreement and to vote against any corporate action that is part of any plan or arrangement to approve or permit the accomplishment of any Acquisition Proposal. This Irrevocable Proxy is being given in conjunction with the Merger Agreement and the Shareholders' Agreement dated as of December 26, 1994, between Beverly and the Shareholder, among others (the "Shareholders' Agreement").

This proxy and power of attorney is coupled with an interest, is irrevocable and is granted in consideration of the Merger Agreement and the Shareholders' Agreement. This Irrevocable Proxy shall revoke all other proxies

and powers of attorney granted by the undersigned at any time with respect to the Shares, and no subsequent proxy or power of attorney shall be given or written consent executed (and if given or executed, shall not be effective) by the undersigned with respect thereto. This Irrevocable Proxy shall terminate on the date that the Shareholders' Agreement terminates.

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In accordance herewith, this Irrevocable Proxy has been signed by the undersigned as of the date indicated.

JAMES N. HARRELL REVOCABLE TRUST, dated June 15, 1990, amended and restated February 3, 1992, as further amended by that certain First Amendment dated August 24, 1992

DATE: December 26, 1994

By: /s/ James N. Harrell

James N. Harrell, as
Trustee

ACKNOWLEDGMENT

STATE OF

COUNTY OF

The foregoing document was acknowledged before me this _____ day of December, 1994, by James N. Harrell, as Co-Trustee of the JAMES N. HARRELL REVOCABLE TRUST dated June 15, 1990, amended and restated February 3, 1992, as further amended and restated by that certain First Amendment dated August 24, 1992, who is personally known to me or has produced _____ as identification.

Notary Public

Serial Number