FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-03-26**
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FILER

PROVANTAGE HEALTH SERVICES INC
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SIC: **8093** Specialty outpatient facilities, nec

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As filed with the Securities and Exchange Commission on March 26, 1999

Registration No. 333-71743

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

ProVantage Health Services, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	8099	54-1508848
(tate or other jurisdiction S of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

13555 Bishops Court, Suite 201
Brookfield, Wisconsin 53005
(414) 784-4600
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Jeffrey A. Jones
President and Chief Executive Officer
ProVantage Health Services, Inc.
13555 Bishops Court, Suite 201
Brookfield, Wisconsin 53005
(414) 784-4600
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Randall J. Erickson	Donald J. Murray
Godfrey & Kahn, S.C.	Dewey Ballantine LLP
780 N. Water Street	1301 Avenue of the Americas
Milwaukee, Wisconsin 53202	New York, New York 10019
(414) 273-3500	(212) 259-8000

Approximate date of commencement of proposed sale to the public: As soon as is practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

<TABLE>
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Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(3)	Proposed maximum aggregate offering price(3)	Amount of registration fee(4)
<S>	<C>	<C>	<C>	<C>
Common Stock, $.01 par value.....	6,095,000	$18.00	$109,710,000	$30,500
Preferred Stock Purchase Rights.....	(2)	(2)	(2)	(2)

</TABLE>

(1) Includes shares subject to sale pursuant to the underwriters' over-allotment option.

(2) One Preferred Stock Purchase Right is attached to and issued with each share of Common Stock. The value of the Preferred Stock Purchase Right is reflected in the Common Stock.

(3) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933.

(4) A registration fee of $27,800 was paid with the initial filing of the Registrant's Registration Statement on Form S-1 on February 4, 1999. The difference between the revised registration fee and the fee already paid, $2,700, is being paid with this filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

+++
+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the   +
+Securities and Exchange Commission is effective. This prospectus is not an   +
+offer to sell these securities and it is not soliciting an offer to buy these +
+securities in any state where the offer or sale is not permitted.   +
+++

Subject to Completion

Preliminary Prospectus Dated March 25, 1999

Prospectus

5,300,000 Shares

[Logo of ProVantage--"ProVantage The Healthcare Knowledge Company"--Appears Here]

Common Stock

This is ProVantage Health Services, Inc.'s initial public offering of common stock.

We currently expect the public offering price to be between $16.00 and $18.00 per share. Currently, no public market exists for the common stock. We have applied to have the common stock included for listing on the New York Stock Exchange under the symbol "PHS."

Prior to this offering, ShopKo Stores, Inc., our parent company, owned all of the common stock. Following this offering, ShopKo will beneficially own 70.3% of the common stock and will continue to control ProVantage.

Investing in the common stock involves risks which are described in the "Risk Factors" section beginning on page 7.

<TABLE>
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	Per Share	Total
<S>	<C>	<C>
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds, before expenses, to ProVantage	$	$

</TABLE>

The underwriters may also purchase from ShopKo up to an additional 795,000 shares of common stock at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments. We will not receive any proceeds from the sale of the additional shares by ShopKo.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery in New York, New York on or about , 1999.

Merrill Lynch & Co.

Bear, Stearns & Co. Inc.

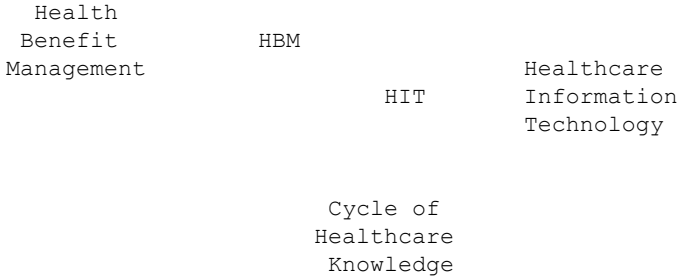
William Blair & Company

Lehman Brothers

The date of this prospectus is , 1999.

ProVantage Health Services

Our goal is to be the leading third-party supplier of products and services designed to optimize the quality and minimize the cost of healthcare services.



ATI

Advanced Therapeutic
Intervention

[LOGO OF PROVANTAGE]

ProVantage(R), RationalMed(R), Bravell Claims Management(R), ProVQuery(TM), PharMark(R), DOCFormulary(R) and ProVMed(R) are trademarks or servicemarks of ProVantage or ProVantage's subsidiaries. ShopKo(R) is a trademark and a servicemark of ShopKo Stores, Inc. All other trademarks, servicemarks and trade names referred to in this prospectus are the property of their respective owners.

Health Benefit Management

Patients — Health Plan Sponsors

Information — Quality Care — Reduced Costs — Fees

[LOGO OF PROVANTAGE]

Information — Reimbursement — Information — Market Share Rebates

Pharmacies — Pharmaceutical Manufacturers

[LOGO OF PROVANTAGE]

The integration of two interlocking rings symbolizes ProVantage's differentiation in the healthcare industry...one ring represents Health Benefit Management, the other represents Health Information Technology. The intersection illustrates our ability to integrate medical diagnosis and medical claims information with pharmaceutical data and then analyze it with our 7,800 rules. Our products are designed to optimize the quality and minimize the cost of healthcare services.

<TABLE>
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	Health Benefit Management	Clinical Services
INDUSTRY TRENDS	. Increased pharmaceutical utilization . Significant hospital costs induced by inappropriate drug therapies . Payors struggling to control costs	. Need for clinical programs to: - Combat rising healthcare costs - Improve patient treatments
PROVANTAGE PRODUCTS	. Prescription and Vision Benefit Management . National Pharmacy and Optical Retail Networks . Mail Order Pharmacy . Formulary Management	. Advanced Therapeutic Intervention . Drug Utilization Review . Disease Management Programs: - Clinically based - Quantitatively measured
PROVANTAGE MARKETS	. Self-insured Employers . Insurance Companies . HMOs	. Self-insured Employers . Insurance Companies . HMOs

	. Third-Party Administrators . State Governments and Agencies	. Third-Party Administrators . State and Federal Governments and Agencies

</TABLE>

Health Information Technology

Sales & Plan Design Data | Member & Provider Data | Pharmacy, Medical, & Laboratory Data

Data Warehouse

ProVantage Products

ProVMed ProVQuery
ProVCOR RationalMed

pager voice mail
e-mail internet
mail fax

Clients

<TABLE>
<CAPTION>

	Decision Support	Healthcare Outcomes Research
INDUSTRY TRENDS	. Need for integrated clinical information . Growing importance of accurately measured healthcare outcomes	. Need for integrated clinical information . Importance of patient confidentiality . Need to determine appropriate drug therapies
PROVANTAGE PRODUCTS	. Internet-accessible decision support based on our database: . One of the largest integrated healthcare information data warehouses of its kind . Healthcare outcomes measurement tools	. Healthcare outcomes assessment software providing access to healthcare database with medical and drug data for 13 million people
PROVANTAGE MARKETS	. Pharmaceutical Manufacturers . Self-insured Employers . Insurance Companies . HMOs	. Health Care Providers . State and Federal Governments and Agencies . Pharmaceutical Manufacturers

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

Unless otherwise indicated, information in this prospectus:

- assumes no exercise of the underwriters' option to purchase from ShopKo up to 795,000 additional shares of common stock to cover over-allotments, if any, and
- gives effect to a corporate reorganization of ProVantage which will be completed prior to completion of the offering. See "The Reorganization."

ProVantage has adopted a convention of referring to a fiscal year by the year in which the fiscal year begins. For example, the fiscal year which began on February 1, 1998 and ended on January 30, 1999 is referred to as "fiscal 1998." Unless the context requires otherwise, all references to "ProVantage," "we" or "our" refers to ProVantage Health Services, Inc. and its subsidiaries. ShopKo holds its ProVantage common stock indirectly through a wholly-owned subsidiary. All references to "ShopKo" in this prospectus include this wholly-owned subsidiary.

Our Company

We are a leading health benefit management company providing pharmacy benefit management and health information technology products and services to our customers. Our goal is to be the leading third-party supplier of products and services designed to optimize the quality and minimize the cost of healthcare services. As of January 1999, we provided services to over 3,500 customers, including pharmacy benefit management services covering approximately 4.5 million individuals and vision benefit management services covering approximately 500,000 individuals. In addition, our licensed products, which are designed to improve the quality of healthcare, are being used by our clients in programs covering over 13 million people. Our customers include healthcare payors, self-funded employers, third party health plan administrators, state and federal agencies and pharmaceutical manufacturers.

Pharmacy benefit management companies address the pressing need of health plan sponsors to manage costs and to better understand the effect of pharmaceutical utilization on their membership. Our traditional pharmacy benefit management products and services include plan design, administration of a network of over 50,000 retail pharmacies, electronic point-of-sale claims processing, mail pharmacy services, formulary administration/management,

physician profiling and clinical services. In addition, our products go beyond commonly available pharmacy benefit management offerings to include clinical services and information-based products which are used to track medical treatment and results. These services give our customers the ability to assess the safety and effectiveness of healthcare practices and to identify the most effective treatments, potentially lowering overall costs.

Our Industry

Prescription drug costs represent the fastest growing component of healthcare costs according to an industry publication. Pharmaceutical sales in the United States are expected to increase at a compound annual growth rate of 14.5% and to reach approximately $173 billion in the year 2002. The major factors contributing to this trend include:

- a substantial increase in the number of major new product launches due to a shorter FDA approval cycle,
- premium prices for new or branded products,
- increased expenditures for new drug development,
- an aging population, and
- increased demand driven by direct-to-consumer advertising.

Health benefit providers, such as insurance companies, HMOs and self-funded employers, are searching for ways to better understand and control their drug costs. Pharmacy benefit management companies help health benefit providers provide a cost effective drug benefit and better understand the impact of pharmaceutical use.

Our Strategy

Our goal is to be the leading third-party supplier of products and services designed to optimize the quality and minimize the cost of healthcare services. To accomplish this goal, we intend to:

- continue to grow our pharmacy benefit management operations and expand our client base by increasing the number of people to whom we provide services,
- leverage our information-based clinical expertise to develop and enhance products and services that help manage healthcare treatment and results, and
- selectively pursue acquisitions or alliances through which we can realize additional scale benefits in our pharmacy benefit management offerings or augment our advanced clinical and health information technology capabilities.

Our Address

Our principal executive offices are located at 13555 Bishops Court, Suite 201, Brookfield, Wisconsin 53005. Our telephone number is (414) 784-4600, and our web site is www.provantageinc.com.

The Offering

<TABLE>
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Common stock being offered.....	5,300,000 shares
Common stock outstanding after the offering.....	17,850,000 shares, excluding approximately 650,000 shares subject to options to be granted as of the closing of the offering under our stock incentive

	plan at an exercise price equal to the offering price.
Use of Proceeds.....	We will retain $20 million of the net proceeds of the offering. We intend to use these net proceeds for working capital, capital expenditures, and other general corporate purposes. The balance of the net proceeds of the offering will be paid to ShopKo as payment on a demand promissory note held by ShopKo in the principal amount of $115 million. This note will be issued prior to the offering as a dividend to return a portion of ShopKo's equity investment in ProVantage. Any balance remaining on the note will be contributed to ProVantage by ShopKo as a capital contribution. In this case that means that ShopKo will forgive the debt represented by the balance of the note without receiving any common stock or other consideration in return. We will not receive any proceeds from the exercise of the underwriters' over-allotment option.
Proposed New York Stock Exchange Symbol.....	PHS
Control by ShopKo.....	ProVantage is currently a wholly-owned subsidiary of ShopKo. After the offering, ShopKo will beneficially own approximately 70.3% of the common stock and will continue to control the business and affairs of ProVantage. If the underwriters' over-allotment option is exercised in full, ShopKo will beneficially own approximately 65.9% of the common stock.

</TABLE>

For all periods presented below, ProVantage was a wholly-owned subsidiary of ShopKo. See Note A of the Notes to Consolidated Financial Statements.

The pro forma basic net earnings per share of common stock are computed by dividing net earnings by 19,314,706 which represents the total number of shares of common stock outstanding after the reorganization of ProVantage's corporate structure, plus 6,764,706 shares of common stock which, when multiplied by an assumed offering price of $17.00 per share, would be sufficient to repay the demand promissory note to be issued to ShopKo prior to the offering.

The number of shares used in the computation of supplemental basic net earnings per share of common stock is the number of shares of common stock to be outstanding upon completion of the offering.

The pro forma balance sheet data gives pro forma effect to the corporate reorganization of ProVantage which will be completed prior to the completion of the offering. The pro forma balance sheet data also gives effect to a stock split effected through a stock dividend, converting the existing 10,100 shares of outstanding common stock into 12,550,000 shares of common stock. In addition, the pro forma balance sheet data includes the demand promissory note held by ShopKo in the principal amount of $115 million. See "Dividend Policy." The pro forma as adjusted balance sheet data gives effect to the sale of the shares of common stock and the application of the proceeds as described in "Use of Proceeds."

Summary Historical Consolidated Financial Data

(in thousands, except per share amounts)

<TABLE>

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	Fiscal Years (52 Weeks) Ended				
	Feb. 4, 1995	Feb. 3, 1996	Feb. 1, 1997	Jan. 31, 1998	Jan. 30, 1999
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Earnings Data:					
Net sales	$5,424	$87,155	$330,048	$500,891	$666,154
Costs and expenses:					
Cost of sales	4,666	78,250	306,760	463,069	618,308
Selling, general and administrative expenses	214	4,836	11,828	19,990	24,910
Depreciation and amortization expenses	69	1,170	2,233	4,779	6,776
	4,949	84,256	320,821	487,838	649,994
Income from operations	475	2,899	9,227	13,053	16,160
Interest income	--	207	353	364	543
Earnings before income taxes	475	3,106	9,580	13,417	16,703
Provision for income taxes	220	1,553	4,164	5,883	7,221
Net earnings	$ 255	$ 1,553	$ 5,416	$ 7,534	$ 9,482
Pro forma basic net earnings per share of common stock					$ 0.49
Pro forma average shares outstanding					19,315
Supplemental basic net earnings per share of common stock					$ 0.53
Number of shares used in supplemental computation					17,850
Supplemental Data:					
Pharmacy network claims processed	265	3,667	16,097	24,744	28,809
Mail pharmacy prescriptions filled	--	120	264	457	715

</TABLE>

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	January 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
<S> <C> <C> <C> <C>	<C>	<C>	<C>
Balance Sheet Data:			
Cash	$ 24,680	$ 24,680	$ 44,680
Working capital	34,009	(80,991)	54,009
Total assets	200,777	200,777	220,777
Total debt	968	115,968	968
Total liabilities	87,540	202,540	87,540
Stockholder's equity	113,237	(1,763)	133,237

</TABLE>

RISK FACTORS

You should carefully consider the following risk factors before deciding

to purchase shares of our common stock. We have separated the risks into three categories:

- business risks inherent in our operations and our industry,
- risks relating to ProVantage's relationship with ShopKo, and
- risks relating to the offering of common stock.

Business Risks

We compete with formidable companies and our industry is consolidating which could reduce our profitability

We compete in the health benefit management and health information technology businesses. These businesses are very competitive. This competitive environment subjects us to the risk of reduced profitability. Our competitors include companies which are or are owned by large, profitable and well-established companies with substantially greater purchasing power and financial, marketing and other resources than we have. For example, Merck-Medco Managed Care, LLC is owned by a large pharmaceutical manufacturer. PCS Health Systems, Inc. is owned by a national drug store chain. A large insurance company is a major investor in Express Scripts, Inc. We may also experience competition from other sources in the future, such as Internet-based drug stores. Furthermore, both businesses are subject to consolidation pressures, meaning that they are or may be dominated by a few large companies with significant resources. The health benefit management business is relatively consolidated, and additional consolidation is likely. Consolidation is leading to increased competition among a smaller number of large companies.

Over the last several years, the competitive pressures described above have caused health benefit management companies, including us, to reduce the prices charged to clients for core services. Additionally, competitive pressures have caused us and other health benefit management companies to share with their clients a greater portion of formulary revenues, which are payments received from pharmaceutical manufacturers in the form of discounts, rebates and other fees. A significant portion of our earnings are derived from these formulary revenues.

While our addition of higher-margin clinical services and information technology products has offset in large part the effects of price reductions and increased formulary revenue sharing, our gross margin--that is, the difference between revenues and the cost of services--could be materially and adversely affected by these competitive pressures. Our gross margins may also decline as we implement our business strategy of marketing to larger clients, which typically have greater bargaining power than our traditional clients, and may require us to sell our services for less than they are currently sold.

Loss of short-term contracts could adversely affect our business

Loss of contracts with a significant number of our clients or network pharmacies could adversely affect our financial condition. Consistent with industry practice, many of these contracts are terminable by either party on relatively short notice. Others are renewable annually on a year-to-year basis, unless the other party gives notice to us of its intention not to renew the contract.

We also have contracts, typically with terms of one or two years, with pharmaceutical manufacturers entitling us to certain discounts, rebates and other fees. These arrangements are often terminable by either party on relatively short notice. If several of these contracts are terminated or materially altered, our business could be materially adversely affected.

We are uncertain whether the market will accept our health information technology products

We have recently added and continue to develop health information technology products and services. However, to date these products and services, such as ProVQuery, ProVMed and ProVCor, have achieved only limited market acceptance. We have committed in the past, and intend to commit in the future, substantial financial and management resources to developing and marketing these products and services. We are relying on our health information technology products and services to play a significant role in our growth strategy. In particular, our strategy involves using our health information technology products and services to distinguish our pharmacy benefit management services from those of our competitors. Our products and services may fail to achieve market acceptance or to differentiate our overall product and service offering from our competitors' product and service offerings in a way that is important to our current and potential customers and for which they are willing to pay. The market may fail to accept our new products and services due to the customer's assessment of their cost relative to the benefit received. In addition, the health information technology business is experiencing rapid technological change, which could render our products or services obsolete. Our products and services may also fail to achieve market acceptance due to errors and defects, especially when first introduced or introduced as new versions. If so, our strategy to compete on the basis of these products would be adversely affected. If we decide to discontinue a product because it is not well received in the market or for other reasons, we may need to write-off any investment we may have in the product, which could adversely affect our financial results.

Continued growth may increase demands on our management and other resources which we may be unable to meet

Our business has grown rapidly in the last three fiscal years, with total revenues increasing from approximately $87.2 million in fiscal 1995 to approximately $666.2 million in fiscal 1998. We intend to pursue a strategy of aggressive growth. Recent growth has placed, and if such growth continues will increasingly place, a significant strain on our management and operations. Specifically, we will need to invest in new information systems and additional personnel to service a larger customer base. Also, our senior management team is significantly involved in our marketing efforts which leaves less time for necessary administrative duties. Accordingly, our future operating results will depend in part on the availability of necessary capital and the ability of our officers and other key employees to continue implementing and improving our operations, customer support and financial control systems and to effectively expand, train and manage our employee base. If we are unable to manage future expansion successfully or hire and retain the personnel needed to manage our business successfully, then our business, operating results and financial condition would be materially and adversely affected.

Our acquisition and alliance strategy carries inherent risk

We have completed several acquisitions and plan to acquire complementary products, technologies or businesses and to enter into strategic alliances. We have encountered problems in some of our acquisitions. At the time we acquired CareStream ScripCard in 1996, a significant number of its customers were not satisfied with their prior services. This resulted in customer attrition and required us to expend substantially more resources retaining customers than we had initially expected. Also, the short-term nature of the contracts in our industry means that when we acquire a company, there can be no assurance that we will retain those customers for any significant period of time. In addition, our experiences with prior acquisitions lead us to believe that the following factors are also material risks to our acquisition and alliance strategy:

- difficulties in identifying, financing and completing viable acquisitions or alliances,
- difficulties in integrating the acquired company, retaining the acquired company's customers and achieving the expected benefits,
- the diversion of our management's attention from current operations,

- lack of experience in new products or markets,
- the loss of key employees of the acquired company,
- the assumption of undisclosed liabilities,
- potential dilution of current stockholders, and
- the amortization or accelerated write-off of expenses related to goodwill and intangible assets which could reduce earnings.

These risks associated with acquisitions and alliances could have a material adverse effect on us.

We derive a significant portion of our revenues from a small group of customers with which we have short-term contracts

We rely on a small number of customers to produce a disproportionate amount of our revenues. The expiration or termination of our contracts with one or more significant customers would have a material adverse effect on our business and results of operations. Our ten largest customers accounted for approximately 42.8% of our revenues in fiscal 1996, 37.1% of our revenues in fiscal 1997 and approximately 35.2% of our revenues in fiscal 1998. In addition, one of those ten customers, American Medical Security, Inc., accounted for approximately 17.9% of our revenues in fiscal 1996, 11.7% of our revenues in fiscal 1997, and 11.4% of our revenues in fiscal 1998. Our contract with American Medical Security, Inc. terminates on July 1, 2000. We generally do not have long-term contracts with our customers. In most cases, our contracts automatically renew at the end of the initial term on a one-year basis, unless the customer gives notice to us of its intention not to renew the contract. In other cases, customers may terminate contracts with us at any time for any reason. Additionally, many participants in the healthcare industry, including our customers, are under severe financial pressures due to rising claims and costs. An adverse change in the financial condition of any of our significant customers, including an adverse change as a result of a change in governmental or private reimbursement programs, could have a material adverse effect on us.

Interpretation and enforcement of the government regulations applicable to our business is uncertain

The healthcare industry is subject to extensive laws and regulations. Compliance with such laws and regulations imposes significant operational requirements on us. The regulatory requirements we must comply with in conducting our business vary from state to state, and are not always clear as to meaning or consistently enforced. Although we believe that we substantially comply with all existing statutes and regulations material to the operation of our business, regulatory authorities may disagree and take enforcement or other actions against us. These actions may result in fines or other penalties, or suspend, restrict or preclude us from engaging in certain business practices in the relevant jurisdiction. In addition, we cannot predict the impact of future legislation and regulatory changes on our business or assure you that we will be able to obtain or maintain the regulatory approvals required to operate our business. For example, formulary fees, discounts and rebates are currently a topic of discussion and debate in federal and state legislatures. Changes in existing laws or regulations, changes in interpretations of laws or regulations, or adoption of new laws or regulations relating to these discounts, rebates and fees may have adverse effects on our ability to generate formulary revenues in the future.

Regulatory initiatives may restrict our ability to use confidential patient medical information

Most of our activities involve the receipt or use by us of confidential patient medical information which our customers provide to us. Our inability to use patient medical information could render our health information technology products and services, and our business growth strategy based on these products and services, obsolete. Federal and state legislation has been

proposed to restrict the use and disclosure of

confidential medical information. To our knowledge, no legislation has been enacted that adversely impacts our ability to provide our current services. Even if such legislation is not enacted, however, individual customers could prohibit us from including their patients' medical information in our various databases of medical data, or from using such information in providing services to our other customers.

Our quarterly operating results are likely to fluctuate significantly, which may cause volatility in the price of our common stock

Our operating results have in the past and are likely in the future to vary significantly from quarter to quarter. Fluctuations in our results make it harder to identify and understand trends in our business and may lead to volatility in our stock price. For example, in August 1996 we acquired CareStream ScripCard, which was a significant factor in causing our revenues to increase by 55% for the full fiscal quarter after the acquisition compared to the fiscal quarter in which the acquisition occurred. In addition, our experience over the last several years leads us to believe that the following factors are also material risks which could cause our quarterly operating results to fluctuate significantly:

- the expiration or termination of contracts with significant customers,
- the size and timing of new contracts and product orders, whether through acquisitions or otherwise,
- the number of covered lives in our customers' benefit plans,
- the timing of new service and product announcements,
- changes in our pricing policies or in our competitors' pricing policies,
- market acceptance of our services and new products, such as ProVMed, ProVCor and ProVQuery,
- the length of our sales cycles,
- the timing of revenue recognition from the sale of our services and products,
- the impairment or obsolescence of our products or other assets due to technological changes or other factors,
- changes in operating expenses,
- personnel changes, and
- conditions in the healthcare industry and the economy generally.

Our revenues are not predictable with any significant degree of certainty because of these factors and because the market for our services and products is rapidly evolving. Based upon the factors listed above, we believe that our quarterly revenues, expenses and operating results are likely to vary significantly in the future, that period-to-period comparisons of our operating results are not necessarily meaningful and that, in any event, such comparisons should not be relied upon as indications of our future performance. Furthermore, it is possible that in some future quarters, our operating results will fall below our expectations or the expectations of market analysts and investors. If we do not meet these expectations, the price of the common stock may decline significantly.

Sales may be delayed or lost due to long sales cycles for our products

The period of time required to sell our products and services to a new customer can be up to a year or more. Our long sales cycle adds to the unpredictability of our revenues, which could cause substantial volatility in the price of the common stock. Our sales cycle varies substantially from customer to customer because of a

number of factors over which we have little or no control. These factors include our customers' budgetary constraints, the timing of budget cycles, changes in our customers' budgetary or purchasing priorities, concerns about the introduction of new or updated services and products by us or our competitors and potential downturns in general economic conditions, which may be associated with reductions in demand for health management information systems.

Changes in financing and reimbursement practices in the healthcare industry may delay or prevent acceptance of our products

We have designed our services and products to compete within the current payment and reimbursement structure of the U.S. healthcare system. However, changing political, economic and regulatory influences may affect healthcare financing and reimbursement practices. If the current healthcare financing and reimbursement system changes significantly, then our products and services could be less competitive and we could be materially and adversely affected. Congress is currently considering proposals to reform the U.S. healthcare system, such as the proposal to overhaul Medicare. These proposals may increase governmental involvement in healthcare and pharmacy benefit management services and otherwise change the way our customers do business. Healthcare organizations may react to these proposals and the uncertainty surrounding such proposals by cutting back or delaying investments in the healthcare cost control tools and related technology which we provide. We cannot predict what effect, if any, these proposals might have on our business, operating results and financial condition. Other legislative or market-driven reforms that we cannot anticipate could affect our business, operating results and financial condition in unpredictable ways.

We may be subject to liability claims which may not be covered by our insurance policies

Various aspects of our business, including the dispensing of pharmaceutical products, performing drug utilization review and providing information to physicians about drug therapy, which we refer to as our therapeutic intervention services, entail a risk of litigation and liability relating to product and professional liability claims. A successful product or professional liability claim not covered by our insurance policies or in excess of our insurance coverage could have a material adverse effect upon our business, operating results and financial condition. We cannot assure you that we will be able to maintain appropriate types or levels of insurance in the future, that adequate replacement policies will be available on acceptable terms, or that insurance will cover all claims against us. Our software products are also internally complex and may contain errors or defects, especially when first introduced or when new versions are released. Errors in products or versions could result in liability claims, which could adversely affect our business, operating results and financial condition.

Losing key employees on whom we depend could adversely affect our business

Our future performance will depend, in part, upon the efforts and abilities of our key management, sales, marketing and technical personnel. We do not have employment agreements with any of our executive officers, and so they are not contractually obligated to continue to work for us. If we cannot attract, motivate and retain key personnel, our business could be materially and adversely affected.

We may lose existing and potential customers and our bargaining power due to consolidation

Over the past several years, the overall number of insurance companies, health maintenance organizations, managed care companies and other clients and potential clients of ours has decreased as a result of mergers, acquisitions and similar transactions. Our customers have been and may continue to be subject to these consolidation pressures. We may lose existing and potential customers due to consolidation in the healthcare industry. Consolidation could also create larger customers capable of exerting greater bargaining power than our traditional clients. As we implement our business strategy of marketing to these larger customers in response to this consolidation and other competitive pressures, the prices we are able to charge for

our products and services may decline. The loss of existing and potential customers and/or price declines due to consolidation could have a material adverse effect on us.

Our intellectual property may be inadequately protected or subject to claims that it infringes on another person's intellectual property

We have no patents or registered copyrights. We rely primarily on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, nondisclosure agreements and other methods to protect our intellectual property rights. These laws and contractual provisions may not provide effective protection of our rights. Another person may copy or otherwise obtain and use our technology without authorization or develop similar technology independently. If other people or companies copy our products without our permission or misuse our products, then our business, results of operations and financial condition could be materially adversely affected. Furthermore, another person may claim that our technology infringes on their rights. As the number of software products made by our competitors and offered to our target market increases, software developers like us may become increasingly subject to infringement claims. Any such claims, whether with or without merit, can be time consuming and expensive to defend. If another person successfully asserts infringement claims against us, then we may need to enter into royalty arrangements, which could reduce profitability, or become subject to litigation which could have a material adverse effect on us.

Year 2000 issues may adversely affect our business

Our state of readiness for Year 2000. Many currently installed computer systems and software products accept only two digit entries in the date code field. These date code fields will need to accept four digit entries to distinguish years after 1999 from years before 1999. As a result, computer systems that cannot accept four-digit entries in the date field as of January 1, 2000 may not function properly. We have designed our products to be capable of handling four digit dates, and therefore we believe that the direct impact of the Year 2000 problem on our products will not be significant. We have initiated a comprehensive project designed to eliminate or minimize any business disruption associated with potential Year 2000 date processing problems in our systems. We have completed the first three phases of this project. We are nearly complete with the fourth phase of systems renovation. We are actively engaged in the last phase of testing our systems, which we expect to complete in the third quarter of 1999. We have also initiated communications with our vendors and suppliers regarding their state of Year 2000 readiness. We plan to continue our assessment of our third party business partners' Year 2000 readiness.

Our costs to address Year 2000 issues. We estimate that we will incur expenses of $0.6 to $0.8 million in conjunction with our Year 2000 compliance project, of which $0.4 million has been spent through January 30, 1999.

Risks of our Year 2000 issues. We may be adversely affected by non-compliant systems used by other companies, including our clients, with which we do business. Year 2000 issues may significantly affect the purchasing patterns of customers and potential customers. Many companies are spending large amounts of money to correct their systems for Year 2000 compliance. These expenditures

may result in a smaller amount of money available to our customers and potential customers to purchase our products and services. These factors could result in a material adverse effect on our business, operating results and financial condition.

Our contingency plans for Year 2000 malfunctions. We believe that the most reasonably likely worst case scenario related to Year 2000 is that we will experience a number of minor systems malfunctions and errors in early Year 2000 that we did not detect during our renovation and testing process, and that some of our customers and vendors will not be Year 2000 compliant. We have begun planning preparations to handle these most reasonably likely worst case scenarios. We intend to complete our contingency plans during the second

quarter of fiscal 1999. However, despite our compliance program we may have overlooked or otherwise not remedied Year 2000 issues which may have a material adverse effect on us.

For additional information regarding Year 2000 Issues, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000."

Risks Relating to ProVantage's Relationship with ShopKo

ShopKo's control of ProVantage could adversely affect the price of the common stock

ShopKo beneficially owns all of the outstanding common stock. After the offering, ShopKo will own approximately 70.3% of the outstanding common stock. As a majority stockholder, ShopKo will be able to control the business and affairs of ProVantage, including:

- the election of the entire board of directors,
- any determinations with respect to mergers or other business combinations, and
- the payment of dividends with respect to the common stock.

For a more complete description of the aspects of ProVantage's business and affairs which ShopKo will be able to control through its stock ownership, see "Relationship With ShopKo." As a consequence of this ownership, the market price of the common stock could be adversely affected because it is unlikely to reflect any "takeover premium."

Most of the offering proceeds will be used to pay a demand promissory note to be issued to ShopKo

Prior to the offering, we will declare as a dividend to ShopKo a demand promissory note in the principal amount of $115.0 million. The purpose of the dividend is to return a portion of ShopKo's equity investment in ProVantage. We intend to use all but $20.0 million of the net proceeds of the offering to repay a portion of this note. Any balance remaining on this note will be contributed to ProVantage by ShopKo as a capital contribution.

Some of the terms of our intercompany agreements with ShopKo may not be as favorable as we could have negotiated with independent parties

We currently have a variety of contractual relationships with ShopKo and its affiliates. We cannot assure you that each of such agreements, or the transactions provided for therein, has been or will be effected on terms at least as favorable to us as could have been obtained from unaffiliated third parties. ShopKo's interests under these agreements are adverse to and diverge from our interests based on a variety of factors, including:

- fees and other payments,

- quality and quantity of services received, and

- rights in the event of nonperformance.

As a party to these contracts, ShopKo could use its control position to act in a manner adverse to the other stockholders of ProVantage. For a description of the intercompany agreements with ShopKo, see "Relationship With ShopKo--Intercompany Agreements." In addition, ShopKo may be unwilling or unable to amend these agreements to accommodate our future operating needs. When our intercompany agreements with ShopKo expire or are terminated, it may be more expensive for us to obtain substitute services from third parties. This increased expense could negatively affect our financial performance.

The terms of ShopKo's credit agreement may adversely affect our ability to raise capital and take other strategic actions.

Under ShopKo's existing credit agreement, we are considered a "subsidiary" of ShopKo. This means that ShopKo is obligated to cause us to comply with various covenants in the credit agreement, which may not always be in our best interests. These covenants include limitations and prohibitions on our ability to sell our common stock and the stock of our subsidiaries unless ShopKo meets financial tests, to pledge particular categories of assets, to incur debt to third parties beyond specified limits and to enter into agreements which restrict our ability to pay dividends. The restriction on the sale of stock provides that we cannot sell our common stock or the common stock or other equity interests of our subsidiaries unless at the time of such sale ShopKo can demonstrate that the minimum consolidated net worth test, the leverage ratio test, and the interest coverage ratio test can be met on a pro forma basis assuming the proposed sale had occurred one year earlier. This restriction will not limit this offering or the sale of stock pursuant to our stock incentive plan. However, in the future this restriction could limit our ability to sell our common stock or the common stock or other equity interests of our subsidiaries. The extent of such limit will depend on a number of factors, including the size of the proposed sale and ShopKo's financial results over the preceding year. Likewise, our ability to incur debt to third parties is limited under a formula contained in ShopKo's credit agreement. At January 30, 1999, we could have borrowed approximately $190.0 million from third parties under this formula. This formula is impacted by ShopKo's financial results and operating activities, including the amount of debt incurred by other ShopKo subsidiaries. Our credit agreement with ShopKo restricts us from borrowing funds from parties other than ShopKo without ShopKo's consent. These limitations could prevent us from borrowing additional funds. These covenants will apply after this offering is completed and may cause ShopKo to force us to act inconsistently with our best interests. ShopKo's credit agreement has been filed by ShopKo as an exhibit to ShopKo's Securities Exchange Act reports. "Principal and Selling Stockholder" explains how you can obtain these reports.

We may experience potential conflicts of interest with ShopKo which may not be resolved in our favor

Upon consummation of this offering and the election of two independent directors, who are not affiliated with ShopKo, we will have a board of directors consisting of seven members. Four of the members of our board of directors also serve on the ShopKo board of directors. As these individuals perform their duties to ShopKo and to us, conflicts of interest and conflicting demands on the amount of time these individuals will have available for our affairs may arise. Because ShopKo, a specialty discount retailer, and ProVantage have substantially different businesses, we do not expect these conflicts to arise over the allocation of corporate opportunities. Conflicts may arise over the allocation of capital, human and other resources. We have not adopted any policies regarding the allocation of corporate opportunities or other conflicts, aside from a policy to approve related party transactions and except as set forth in the intercompany agreements. We cannot assure you that any conflicts that may arise will be resolved in our favor. In addition, ShopKo will have the ability to change the size and composition of our board of directors and its committees.

Risks Relating to the Offering of Common Stock

We cannot assure you of our success as a stand-alone company; our historical financial information may have limited relevance in evaluating our business

To date, we have been operated as a subsidiary of ShopKo. After this offering, we will continue to be a majority-owned subsidiary of ShopKo, but will operate as a stand-alone company. ShopKo will have no obligation to provide assistance to us except as provided in our agreements with ShopKo. We cannot assure you that we will be viable as a stand-alone company or that this change will not have an adverse effect on us. Because the financial information included in this prospectus relates to periods during which we were wholly-owned by ShopKo, it is not necessarily indicative of our future results of operations, financial position and cash flows.

Shares of common stock eligible for future sale could adversely affect the market price of the common stock

Sales of substantial amounts of common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for the common stock. Upon completion of this offering, there will be 17,850,000 shares of common stock outstanding. The common stock sold in this offering will be freely tradable without restrictions by persons other than "affiliates" of ProVantage, as such term is defined in the Securities Act of 1933. In addition, ShopKo has the right to have its ProVantage common stock registered under the federal securities laws for sale to the public. Once it is registered, ShopKo may sell it. We cannot predict the effect, if any, that future sales of shares of common stock, or the availability of shares of common stock for future sales, will have on the market price of the shares of common stock.

If you purchase the common stock, then you will incur immediate and substantial dilution in the book value of your shares

The assumed initial public offering price of $17.00 per share is substantially higher than the net tangible book value of $(5.49) per share of the common stock at January 30, 1999, giving pro forma effect to the reorganization of ProVantage's corporate structure. Accordingly, purchasers in this offering will incur immediate and substantial net tangible book value dilution of $13.30 per share.

An active and continuous trading market for the common stock may not develop after the offering which may result in a decline in the price for the common stock or price volatility

Prior to this offering, there has been no public market for the common stock, and an active, continuous trading market for the common stock may not develop. This means that you may not be able to sell shares of common stock you acquire in this offering easily, if at all. Furthermore, the market price for the common stock could decline below the price you pay for it. ProVantage and the representatives of the underwriters will determine the initial public offering price based on the factors described under "Underwriting." Their determination may not necessarily equal the intrinsic value or the market value of the common stock. The trading prices of the common stock could be subject to wide fluctuations in response to quarter-to-quarter variations in our operating results, governmental or other regulatory action, general conditions in the healthcare industry, changes in earnings estimates or recommendations by research analysts and other events or factors, many of which are beyond our control. In addition, the stock market recently has experienced a high level of price and volume volatility, and market prices for the stock of many companies, particularly small and emerging growth companies like ProVantage, have experienced wide price fluctuations which have not necessarily been related to their operating performance. These broad market fluctuations could have a material adverse effect on the market price of the common stock.

Anti-takeover provisions in our organizational documents and agreements with

our executive officers could delay or prevent a change in control of ProVantage at a premium price

Certain provisions of ProVantage's restated certificate of incorporation and amended and restated bylaws, a stockholders rights plan, and change of control severance agreements which have been entered into with certain of ProVantage's executive officers could have an anti-takeover effect. These provisions include:

- la staggered board of directors,
- lsupermajority amendment provisions,
- lpreferred stock purchase rights which may deter offers for the common stock, and
- llarge severance payments.

This anti-takeover effect could delay, defer or prevent a change of control of ProVantage without further action by the stockholders, could discourage potential investors from bidding for the common stock at a

premium over the market price of the common stock and could adversely affect the market price of, and the voting and other rights of the holders of, the common stock. In addition, provisions of the Delaware General Corporation Law restrict the ability of stockholders to cause a merger or business combination or obtain control of ProVantage. These provisions may prevent a takeover of ProVantage at a premium price. See "Management--Change of Control Severance Agreements" and "Description of Capital Stock."

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements regarding the operations and business of ProVantage. Statements in this document that are not historical facts are "forward-looking statements." Such forward-looking statements include those relating to:

- lProVantage's future business prospects,
- lprojected or anticipated product development or introduction,
- lpossible acquisitions,
- lprojected revenues, working capital, liquidity, capital needs, interest costs and income, and
- lstatements regarding ProVantage's Year 2000 readiness.

The words "estimate," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this prospectus. Wherever they occur in this prospectus or in other statements attributable to ProVantage,

forward-looking statements are necessarily estimates reflecting our best judgment. However, these statements still involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Discussions in this prospectus under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" are particularly susceptible to risks and uncertainties. Such forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this prospectus and other factors set forth from time to time in ProVantage's reports and registration statements filed with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only

as of the date hereof. ProVantage disclaims any intent or obligation to update forward-looking statements. Moreover, ProVantage, through senior management, may from time to time make forward-looking statements about the matters described herein or other matters concerning ProVantage.

THE REORGANIZATION

In connection with this offering, ShopKo and ProVantage reorganized ProVantage's corporate structure. This reorganization consisted of reincorporating ProVantage in Delaware through a merger with an affiliated corporation, the transfer of certain assets and liabilities from affiliated corporations to ProVantage, the amendment and restatement of ProVantage's charter and bylaws, a 1,243 for 1 stock split effected through a stock dividend, and the declaration of a dividend to ShopKo in the form of a demand promissory note in the principal amount of $115.0 million in order to return to ShopKo a portion of ShopKo's investment in ProVantage. See "Dividend Policy." This reorganization was accounted for as a tax-free reorganization among commonly controlled entities. All of the assets and liabilities transferred in the reorganization retained their historical cost basis.

USE OF PROCEEDS

The net proceeds from the sale of shares of common stock offered hereby, assuming a public offering price of $17.00 per share, are estimated to be $83.0 million. These net proceeds will be applied as follows:

- we will retain the first $20.0 million of net proceeds from the offering and use these proceeds for working capital, capital expenditures and other general corporate purposes, including contingent payments for previous acquisitions, and
- the balance of the net proceeds will be paid to ShopKo as a repayment on the demand promissory note and any remaining balance on the note will be contributed to ProVantage by ShopKo as a capital contribution.

The demand promissory note will have a principal amount of $115.0 million, will bear interest at 5.0% per annum and will be due on demand. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We will not receive any proceeds from the exercise of the underwriters' over-allotment option.

DIVIDEND POLICY

We do not intend to pay cash dividends on the common stock in the foreseeable future, but rather intend to use future earnings principally to support operations and to finance expansion and possible acquisitions. The payment of cash dividends in the future will be at the discretion of our board of directors and will depend on a number of factors, including our financial condition, capital requirements, future business prospects, contractual restrictions and such other factors as our board of directors may deem relevant. See "Description of Capital Stock."

Prior to the offering, we will declare a dividend to ShopKo in the form of a demand promissory note in the principal amount of $115.0 million to return to ShopKo a portion of its equity investment in ProVantage. Holders of common stock will not receive any portion of the payment on the note held by ShopKo. See "Relationship With ShopKo."

CAPITALIZATION

The following table sets forth the cash and capitalization of ProVantage

at January 30, 1999 on an historical basis, on a pro forma basis giving effect to the reorganization of Pro Vantage's corporate structure which will be completed prior to the completion of the offering, and on a pro forma as adjusted basis to give effect to the sale of the shares of common stock offered by this prospectus, at an assumed initial public offering price of $17.00 per share, and the use of the estimated net proceeds as described in the "Use of Proceeds" section.

<TABLE>
<CAPTION>

	January 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share data)		
<S>	<C>	<C>	<C>
Cash	$ 24,680	$24,680	$ 44,680
Stockholders' equity:			
Preferred Stock, $.01 par value; 5,000,000 shares authorized and none issued or outstanding actual, pro forma and pro forma as adjusted	$ 0	$ 0	$ 0
Common Stock, $.01 par value; 50,000,000 shares authorized, 12,550,000 shares issued and outstanding, actual; 50,000,000 shares authorized, 12,550,000 shares issued and outstanding, pro forma; and 50,000,000 shares authorized, 17,850,000 shares issued and outstanding, pro forma as adjusted	126	126	179
Additional paid-in capital	88,997	88,997	171,987
Retained earnings	24,114	(90,886)	(38,929)
Total stockholders' equity	113,237	(1,763)	133,237
Total capitalization	$113,237	$(1,763)	$133,237

</TABLE>

DILUTION

Our pro forma net tangible book value at January 30, 1999 was $(68,890,000), or $(5.49) per share of common stock. Pro forma net tangible book value per share is determined by dividing our net tangible book value--that is, total tangible assets less total liabilities--by the number of shares of common stock outstanding, after giving effect to the reorganization of ProVantage's corporate structure which is to be completed prior to the completion of the offering. Without taking into account any changes in our pro forma net tangible book value after January 30, 1999, other than to give effect to the sale of the shares of common stock offered hereby, assuming an initial public offering price of $17.00 per share, and the receipt of the net proceeds therefrom, our adjusted pro forma net tangible book value at January 30, 1999 would have been $66,110,000, or $3.70 per share of common stock. This represents an immediate dilution in pro forma net tangible book value of $13.30 per share to new investors purchasing shares in this offering and an immediate increase in pro forma net tangible book value of $9.19 per share to ShopKo. The following table illustrates this per share dilution.

<TABLE>

<S>	<C>	<C>
Assumed initial public offering price per share		$ 17.00
Pro forma net tangible book value per share at January 30, 1999	$(5.49)	

Increase per share attributable to new investors (1).....	9.19
Pro forma net tangible book value after the offering.....	3.70
Dilution per share to new investors (2).....	$ 13.30

</TABLE>

(1) After deduction of underwriting discounts and estimated offering expenses to be paid by us.

(2) Determined by subtracting the adjusted pro forma net tangible book value per share after the offering from the amount of cash paid by a new investor for one share of common stock.

The following table summarizes on a pro forma basis as of January 30, 1999 the differences in the total cash consideration paid and the average price per share paid by ShopKo, our sole stockholder prior to this offering, with respect to the 12,550,000 shares of common stock issued by us to ShopKo and by the new investors, assuming an initial public offering price of $17.00 per share, with respect to the 5,300,000 shares of common stock to be issued by us in this offering:

<TABLE>
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	Shares of Common Stock Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
<S>	<C>	<C>	<C>	<C>	<C>
ShopKo.....	12,550,000	70.3%	$ 89,123,000	49.7%	$ 7.10
New investors....	5,300,000	29.7	90,100,000	50.3	17.00
Total.....	17,850,000	100.0%	$ 179,223,000	100.0%	

</TABLE>

The foregoing tables do not give effect to the issuance of an aggregate of approximately 650,000 shares of common stock subject to options to be granted under our stock incentive plan at an exercise price equal to the offering price. See "Management--Compensation of Directors" and "Executive Compensation--Stock Incentive Plan."

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(in thousands, except per share amounts)

The following table sets forth certain of our historical consolidated financial data as of and for each of the five years in the period ended January 30, 1999. The historical consolidated financial data for the four years in the period ended January 30, 1999 and as of January 30, 1999, January 31, 1998 and February 1, 1997 were derived from our financial statements which have been audited by Deloitte & Touche LLP, independent auditors. The remaining financial data presented below were derived from our accounting records and have not been audited. Nevertheless, in the opinion of management, this unaudited data include all adjusting entries, consisting only of normal recurring adjustments, necessary to present fairly the information set forth therein. The historical consolidated financial data presented herein are not necessarily indicative of the results of operations for any future period. The financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus.

<TABLE>
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	Year (52 Weeks) Ended				
	Feb. 4, 1995(1)	Feb. 3, 1996	Feb. 1, 1997(2)	Jan. 31, 1998	Jan. 30, 1999
Statement of Earnings Data:					
Net sales	$ 5,424	$87,155	$330,048	$500,891	$666,154
Costs and expenses:					
Cost of sales	4,666	78,250	306,760	463,069	618,308
Selling, general and administrative expenses	214	4,836	11,828	19,990	24,910
Depreciation and amortization expenses	69	1,170	2,233	4,779	6,776
	4,949	84,256	320,821	487,838	649,994
Income from operations	475	2,899	9,227	13,053	16,160
Interest income	--	207	353	364	543
Earnings before income taxes	475	3,106	9,580	13,417	16,703
Provision for income taxes	220	1,553	4,164	5,883	7,221
Net earnings	$ 255	$ 1,553	$ 5,416	$ 7,534	$ 9,482
Basic net earnings per share	$ 0.02	$ 0.12	$ 0.43	$ 0.60	$ 0.76
Average number of shares outstanding	12,550	12,550	12,550	12,550	12,550
Pro forma basic net earnings per share of common stock(3)					$ 0.49
Pro forma average number of shares outstanding(3)					19,315

	Feb. 4, 1995	Feb. 3, 1996	Feb. 1, 1997	Jan. 31, 1998	Jan. 30, 1999
Balance Sheet Data:					
Cash	$ 2,092	$ 5,001	$ 5,946	$ 12,533	$ 24,680
Working capital	1,628	7,634	4,253	15,480	34,009
Total assets	25,823	33,181	118,993	155,037	200,777
Total debt	--	--	--	1,880	968
Total liabilities	7,770	9,057	56,310	63,757	87,540
Stockholder's equity	18,053	24,124	62,683	91,280	113,237

(1) On January 3, 1995, Pro Vantage completed the acquisition of Bravell, Inc., a pharmacy benefit management company. The results of Bravell's operations since the date of acquisition have been included in ProVantage's consolidated statements of earnings.

(2) On August 2, 1996, ProVantage completed the acquisition of CareStream ScripCard from Avatex Corporation. CareStream ScripCard is a pharmacy benefit management company and its operations have been integrated into ProVantage. The results of CareStream ScripCard's operations since the date of acquisition have been included in ProVantage's consolidated statement of earnings.

(3) The pro forma basic net earnings per share of common stock are computed by dividing net earnings by 19,315, which represents the total number of shares of common stock outstanding after the reorganization of ProVantage's corporate structure, plus 6,765 shares of common stock which, when multiplied by an assumed offering price $17.00 per share would be sufficient to repay the demand promissory note to be issued to ShopKo prior

to the offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with ProVantage's historical consolidated financial statements and notes and the unaudited consolidated financial statements and notes included elsewhere herein.

Overview

ProVantage is a leading health benefit management company providing pharmacy benefit management and health information technology products and services to our customers. ProVantage conducts its business principally throughout the United States. Prior to this offering, ProVantage was wholly-owned by ShopKo. After this offering, ShopKo will own 70.3% of ProVantage's outstanding common stock, continue to provide to ProVantage a variety of services and control ProVantage's board of directors, business and affairs.

The financial statements and data included in this prospectus, and this Management's Discussion and Analysis of Financial Condition and Results of Operations, covers periods when ProVantage operated as a wholly-owned subsidiary of ShopKo. For the periods presented, certain general, administrative and other expenses reflected in the consolidated financial statements include allocations of certain corporate expenses from ShopKo which took into consideration estimates of personnel time spent to provide services or other appropriate bases. These allocations include services and expenses for general management, information systems management, treasury, tax, financial reporting, benefits administration, insurance, legal, communications and other miscellaneous services. Management believes the foregoing allocations were made on a reasonable basis. Although these allocations do not necessarily represent the costs which would have been incurred by ProVantage on a stand-alone basis, management believes that any variance in costs would not be material to ProVantage's consolidated financial results. After the offering is completed, the charges for the services provided by ShopKo to ProVantage will be governed by the intercompany agreements described under "Relationship With ShopKo."

ProVantage derives its revenues from the sale of health benefit management services, pharmacy mail services, vision benefit management services and health information technology and clinical support services. ProVantage's net sales include:

- administrative and dispensing fees plus the cost of pharmaceuticals dispensed by pharmacies participating in the network maintained by ProVantage or by ProVantage's mail service pharmacy to members of health benefit plans sponsored by ProVantage's clients,

- amounts billed to pharmaceutical manufacturers and third party formulary administrators for formulary fees,

- administrative fees plus the cost of sales of eyeglasses and contact lenses relating to vision benefit management services, and

- license and service fees for health information technology and clinical support services.

Cost of sales includes the amounts paid to network pharmacies and optical centers for pharmaceutical and vision claims, the cost of prescriptions sold through the mail service pharmacy and the amounts paid to plan sponsors for shared formulary fees.

As a result of the competitive environment, ProVantage is continuously subject to margin pressures when measured as a percent of net sales. In recent years, competing pharmacy benefit management providers owned by large companies, including pharmaceutical manufacturers, began pricing their products

and services more aggressively. This aggressive pricing resulted in reduced margins for ProVantage's traditional prescription

benefit management services. Management expects this competitive environment to prevail for the foreseeable future. In recent years, we have been able to offset in large part these reduced margins by selling higher margin advanced clinical services and health information technology products. In order to maintain our margins as a percentage of sales, we will need to continue to increase sales of these higher margin services and products.

In recent years, ProVantage has invested heavily to build its clinical and health information technology capabilities. These investments include technology, professional staff, and marketing and service personnel. Management expects to continue to invest to build these capabilities.

During the periods presented, ProVantage completed acquisitions of several companies which contributed to ProVantage's growth. Of the health plan members as of January 30, 1999, approximately 25% were acquired through acquisitions. Acquisitions make period to period comparisons of the ProVantage's financial statements less meaningful. Please see "--Acquisitions."

Results of Operations

The following table sets forth certain items from ProVantage's consolidated statement of earnings as percentages of consolidated net revenue:

<TABLE>
<CAPTION>

	Year (52 weeks) Ended		
	Feb. 1, 1997	Jan. 31, 1998	Jan. 30, 1999
<S>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%
Costs and expenses			
Cost of sales	92.9	92.4	92.8
Selling, general and administrative expenses	3.6	4.0	3.8
Depreciation and amortization expenses	0.7	1.0	1.0
	97.2	97.4	97.6
Income from operations	2.8	2.6	2.4
Interest income	0.1	0.1	0.1
Earnings before income taxes	2.9	2.7	2.5
Provision for income taxes	1.3	1.2	1.1
Net earnings	1.6%	1.5%	1.4%

</TABLE>

Fiscal 1998 Compared to Fiscal 1997

Net sales for fiscal 1998 increased $165.3 million, or 33.0%, to $666.2 million. This increase is attributable to internally generated growth in claims processing, mail pharmacy and formulary fees. Sales from pharmacy claims processing increased $122.5 million, or 27.8%. This increase reflects a 16.4% increase in the number of claims processed and a 9.8% increase in the average revenue per claim processed. Sales from ProVantage's mail pharmacy increased $29.8 million, or 79.1%, reflecting a 56.5% increase in the number of prescriptions dispensed and a 14.5% increase in the average revenue per prescription dispensed. Formulary fees increased $8.1 million, or 55.0%, to $22.9 million. This increase is attributable to increased claims subject to formulary fees and increased participation of pharmaceutical manufacturers in ProVantage's formulary program. Revenues attributable to vision benefit

management services were immaterial in both periods.

Gross profit, calculated as net sales less cost of sales, for fiscal 1998 increased $10.0 million, or 26.5%, compared to fiscal 1997. This increase is partially attributable to the sales growth in formulary fees, resulting in a $4.2 million increase in gross profit over the prior year, sales growth in mail pharmacy, resulting in a $2.8 million increase in gross profit over the prior year, and sales growth in claims processing, resulting in

a $1.7 million increase in gross profit over the prior year. As a percentage of net sales, ProVantage's gross margins were 7.2% for fiscal 1998 and 7.6% for fiscal 1997. This decline was due to increasing prescription costs and the addition of larger clients with lower average transaction fees, offset in part by the addition of higher margin clinical services and information technology products.

Selling, general and administrative expenses for fiscal 1998 increased $4.9 million, or 24.6%, to $24.9 million. This increase relates to additional investments in information technology of $3.0 million, in clinical programs of $0.5 million and in infrastructure support of $1.4 million related to continued growth. As a percentage of net sales, selling, general and administrative expenses were 3.8% in fiscal 1998 compared to 4.0% in fiscal 1997.

Depreciation and amortization expenses for fiscal 1998 increased $2.0 million, or 41.8%, to $6.8 million. This increase is attributable to increased depreciation and goodwill amortization related to ProVantage's business acquisitions. As a percentage of net sales, depreciation and amortization expenses were 1.0% for both fiscal 1998 and fiscal 1997.

The change in interest income during the periods was immaterial.

The effective tax rate for fiscal 1998 was 43.2% compared to 43.8% in fiscal 1997.

Fiscal 1997 Compared to Fiscal 1996

Net sales for fiscal 1997 increased $170.8 million, or 51.8%, to $500.9 million. This increase is primarily attributable to growth in claims processing and mail pharmacy. Sales from pharmacy claims processing increased $151.4 million, or 52.3%. This increase reflects a 53.7% increase in the number of claims processed. Sales from ProVantage's mail pharmacy increased $16.4 million, or 77.1%, reflecting a 73.1% increase in the number of prescriptions dispensed and a 2.3% increase in the average revenue per prescription dispensed. Formulary fees decreased $1.9 million, or 11.3%, to $14.8 million. This decrease is primarily attributable to the expiration of a contract with a third party formulary administrator. This contract, which included a favorable formulary revenue guarantee for fiscal 1996, was not renewed for fiscal 1997 because the terms proposed by the third party administrator for fiscal 1997 were less favorable than the terms ProVantage negotiated directly with pharmaceutical manufacturers. Revenues attributable to vision benefit management services were immaterial in both periods.

Gross profit for fiscal 1997 increased $14.5 million, or 62.4%, compared to fiscal 1996. This increase is primarily attributable to the sales growth in claims processing resulting in a $7.1 million increase in gross profit over the prior year, and improved gross margin rates in ProVantage's formulary business resulting in a $3.2 million increase in gross profit over the prior year and sales growth in mail pharmacy, resulting in a $2.2 million increase in gross profit over the prior year. As a percentage of net sales, ProVantage's gross margins were 7.6% for fiscal 1997 and 7.1% for fiscal 1996.

Selling, general and administrative expenses for fiscal 1997 increased $8.2 million, or 69.0%, to $20.0 million. The increase is primarily attributable to increased operating costs subsequent to the acquisition of PharMark of $2.0 million and additional investments in infrastructure support related to continued growth, including information technology, of $6.2 million.

As a percentage of net sales, selling, general and administrative expenses were 4.0% in fiscal 1997 compared to 3.6% in fiscal 1996.

Depreciation and amortization expenses for fiscal 1997 increased $2.5 million, or 114.0%, to $4.8 million. This increase is primarily attributable to goodwill amortization related to ProVantage's business acquisitions. As a percentage of sales, depreciation and amortization expenses were 1.0% in fiscal 1997 and 0.7% in fiscal 1996.

The change in interest income during these periods was immaterial.

The effective tax rate for fiscal 1997 was 43.8% compared to 43.5% in fiscal 1996.

Liquidity and Capital Resources

Prior to the offering, ProVantage's cash needs in excess of cash flow provided by operations have been met principally by additional capital contributions by ShopKo and any excess cash has been distributed to ShopKo. Cash provided from operating activities was $9.5 million in fiscal 1998, $12.0 million in fiscal 1997 and $3.4 million in fiscal 1996. ShopKo's capital contributions were $12.5 million in fiscal 1998, $21.1 million in fiscal 1997 and $33.1 million in fiscal 1996.

ProVantage's principal uses of cash are for capital expenditures and acquisitions. ProVantage spent $8.9 million on capital expenditures in fiscal 1998, $4.2 million on capital expenditures in fiscal 1997 and $2.1 million in fiscal 1996. Capital expenditures relate primarily to continuing investments in systems technology.

ProVantage's total capital expenditures are expected to approximate $15.0 to $20.0 million for the fiscal year ending January 29, 2000. The expected increase in capital expenditures is primarily due to replacement of ProVantage's retail network processing system and continued enhancements and development in its suite of health information technology products. The foregoing capital expenditure plans are based on current facts and circumstances known to management and assumptions believed by management to be reasonable. Such plans may be reviewed and revised from time to time in light of changing conditions. Any such revisions could be material.

In addition, ProVantage has contingent payment obligations of up to $5.0 million with respect to the CareStream Scrip Card acquisition and up to $8.0 million with respect to the PharMark acquisition. Payments, if any, made under these arrangements would be recorded as additional purchase price. For a more detailed description, see "--Acquisitions."

ProVantage has entered into a credit agreement with ShopKo which provides that ProVantage may borrow up to $25.0 million from ShopKo on a revolving basis. The credit agreement is unsecured, has a term that expires on January 31, 2001, provides that borrowings will bear interest at various market rates at the time of borrowing and has an annual commitment fee of 1/5 of one percent of the total commitment amount. ProVantage may terminate the credit agreement at any time without penalty and may replace it with financing from banks or other financial institutions. ShopKo may terminate the credit agreement at any time after it no longer owns a majority of ProVantage's voting stock. This agreement may negatively affect the future operating results of ProVantage by increasing interest expense. Prior to the offering, any additional cash needs in excess of cash flows provided by operations have been met by capital contributions by ShopKo. After the offering, any additional cash needs will be met through borrowings under our credit agreement with ShopKo.

Under ShopKo's existing credit agreement, ProVantage is considered a "subsidiary" of ShopKo which means that ShopKo is obligated to cause ProVantage to comply with certain covenants in the credit agreement. These covenants include prohibitions on ProVantage selling its common stock and the stock of

its subsidiaries unless ShopKo meets financial tests, prohibitions on the pledging of particular categories of assets, limitations on ProVantage's ability to incur debt to third parties beyond specified limits, and a prohibition on ProVantage entering into agreements which restrict ProVantage's ability to pay dividends. These covenants will continue to apply after this offering is completed. ProVantage does not expect these covenants to impose any material impediment on ProVantage's existing operations. There can be no assurance, however, that circumstances will not arise wherein such covenants could limit ProVantage's ability to enter into certain transactions.

ProVantage believes that its cash needs, other than for significant acquisitions, will be met through fiscal 1999 through the proceeds from this offering, cash generated from operations and borrowings from ShopKo or third-party sources.

In addition to the credit agreement, ProVantage and ShopKo have entered into or will enter into a number of other agreements to define and formalize our ongoing relationship and the conduct of our businesses. These agreements include a tax sharing agreement, an administrative services agreement, an I. T. support agreement, a lease agreement, an indemnification and hold-harmless agreement, and a registration rights agreement. In comparison to prior years, these agreements will not have a material effect on future operating results because they formalize arrangements on substantially the same financial basis as presented in the historical financial statements included in this prospectus. See "Relationship with ShopKo--Intercompany Agreements" for a description of the agreements described above. When our intercompany agreements with ShopKo expire or are terminated, it may be more expensive for us to obtain substitute services from third parties. This increased expense could negatively effect our financial performance.

Acquisitions

On January 3, 1995, ProVantage completed the acquisition of Bravell, Inc., a pharmacy benefit management firm that provides custom prescription benefit plan design, program administration and claims benefit processing services to insurance companies, third party administrators and self-funded medical plan sponsors. The transaction was accounted for as a purchase, whereby ProVantage acquired 97% of the outstanding common stock of Bravell for approximately $17.3 million. ProVantage was also required to make additional payments which were contingent upon future results of Bravell's operations. In fiscal 1996, $0.7 million was paid based on the results of fiscal 1995. On April 10, 1997, ProVantage made a payment of approximately $8.9 million to the founders of Bravell to:

- acquire the remaining 3% of the common stock of Bravell which ProVantage did not acquire in January 1995,
- extinguish all remaining contingent payment obligations to the founders, and
- terminate the founders' employment agreements.

On August 2, 1996, ProVantage completed the acquisition of CareStream ScripCard from Avatex Corporation, formerly known as FoxMeyer Health Corporation. CareStream ScripCard is a prescription benefit management company and its operations have been integrated with ProVantage. The initial purchase price was $30.5 million in cash, plus a supplemental cash payment. If Avatex exercises its right to the supplemental cash payment within the prescribed time frame after the close of the offering, the supplemental cash payment will be an amount equal to 1.5% of ProVantage's market value subject to a minimum of $2.5 million and a maximum of $5.0 million. The right of Avatex to the supplemental cash payment expires on August 2, 2001. Such supplemental payment will be capitalized as additional purchase price and amortized over a period of 15 to 18 years. We expect that a substantial portion of the supplemental payment will be capitalized as additional purchase price upon completion of the offering.

On August 20, 1997, ProVantage acquired PharMark, a software and database development company providing information driven strategies for optimizing medical and pharmaceutical outcomes, based in Arlington, Virginia, from M. Lee Morse and Aida A. LeRoy. Mr. Morse and Dr. LeRoy were employed by ProVantage from August 20, 1997 to January 31, 1999 pursuant to employment agreements entered into in conjunction with the acquisition. The purchase price for PharMark was approximately $15.2 million, of which $14.2 million has been paid in cash and a total of $1.0 million is due in 1999. The sellers of PharMark may also be entitled to contingent payments of up to $8.0 million in the aggregate based on the fair market value of ProVantage's outstanding common stock. The contingent payments, if any, will be due on the first to occur of August 20, 2002 or certain liquidity events related to ProVantage. The offering will not be a liquidity event.

The contingent payments may be made, at ProVantage's election, in either cash, ShopKo common stock, ProVantage common stock or any combination thereof; provided, however, that any stock used for such payments must be traded on a national securities exchange or the Nasdaq National Market. If the contingent payments are made in ShopKo or ProVantage common stock, the sellers have the right to require the issuer of the stock to register the stock for sale under the Securities Act. The sellers also have the right to have the shares of common stock they receive as contingent payment included in registration statements filed under the Securities Act by the issuer. The contingent payments, if any, will be capitalized as additional purchase price and amortized over a period of 15 to 19 years. We expect that a portion of the contingent payments will be capitalized as additional purchase price upon completion of the offering. The employment agreements entered into in conjunction with the acquisition of PharMark were mutually terminated as of January 31, 1999. Payments of approximately $1.1 million were paid to Mr. Morse and Dr. LeRoy at the time of termination.

ProVantage expects to continue its internal growth and may also consider the acquisition of health services businesses. Such plans may be reviewed and revised from time to time in light of changing conditions. Depending upon the size and structure of any such acquisition, ProVantage may require additional capital resources. ProVantage believes that adequate sources of capital will be available.

Year 2000

State of Readiness. In order to address Year 2000 compliance, ProVantage has initiated a comprehensive project designed to eliminate or minimize any business disruption associated with potential date processing problems in its information technology systems, as well as its non-information technology systems. The project consists of five phases: company awareness, assessment, strategy and work plan development, renovation and testing. ProVantage has completed the first three phases for both information technology and non-information technology systems, is nearly complete with the fourth phase (i.e., renovation), and is actively engaged in the fifth stage of testing.

With respect to information technology systems, approximately 80% of ProVantage's critical business systems are currently compliant, approximately 5% of them will be retired and approximately 15% are in the process of being renovated. With respect to non-information technology systems, the assessment phase indicated a need for only minor renovation work. For both information technology and non-information technology systems, the renovation phase currently underway is expected to be completed in the second quarter of fiscal 1999. The testing phase for both information technology and non-information technology systems is planned to be completed in the third quarter of fiscal 1999.

As part of its Year 2000 project, ProVantage has initiated communications with all of its vendors and service suppliers to assess their state of Year 2000 readiness. A significant percentage of its important vendors have responded in writing to ProVantage's Year 2000 readiness inquiries. ProVantage plans to continue assessment of its third party business partners, including

face-to-face meetings with management and/or onsite visits as deemed appropriate. Despite ProVantage's diligence, there can be no guarantee that the systems of other companies which ProVantage relies upon to conduct its day-to-day business will be compliant.

Costs. ProVantage estimates that it will incur internal and external expenses of $0.6 to $0.8 million in conjunction with the Year 2000 compliance project of which $0.4 million have been incurred as of January 30, 1999. The remaining costs will be incurred in fiscal 1999.

Risks. With respect to the risks associated with its information technology and non-information technology systems, ProVantage believes that the most reasonably likely worst case scenario is that ProVantage will experience a number of minor systems malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. ProVantage also believes that these problems will not be overwhelming and will not have a material effect on ProVantage's operations or financial

results. However, despite our compliance program we may have overlooked or otherwise not remedied Year 2000 issues which may have a material adverse effect on us.

With respect to the risks associated with third parties, ProVantage believes that the most reasonably likely worst case scenario is that some of ProVantage's vendors will not be compliant. Management also believes that the number of such vendors will have been minimized by ProVantage's program of identifying non-compliant vendors and replacing or jointly developing alternative supply or delivery solutions prior to the Year 2000.

ProVantage also designs, licenses and sells software products to third parties. While ProVantage has taken steps to ensure the readiness of this software and believes it to be compliant, ProVantage cannot be certain that the software will operate error free, or that ProVantage will not be subject to litigation, whether the software operates error free or not. However, ProVantage believes that based on its efforts to ensure compliance, and the terms and conditions of its software licensing contracts, it is not reasonably likely that ProVantage will be subject to such litigation.

ProVantage has limited the scope of its risk assessment to those factors which it can reasonably be expected to have an influence upon. For example, ProVantage has made the assumption that our customers, government agencies, utility companies and national telecommunications providers will continue to operate. Their failure to remedy their Year 2000 problems could have a material adverse effect on ProVantage's results of operations and ability to operate, but ProVantage has little, if any, ability to influence such an outcome.

Contingency Plans. ProVantage has recently begun planning preparations to handle the most reasonably likely worst case scenarios described above. ProVantage intends to complete the contingency plans for these scenarios during the second quarter of fiscal 1999.

Year 2000 Readiness Statements. To allow its customers and suppliers an opportunity to assess ProVantage's state of readiness for the Year 2000, ProVantage maintains a Year 2000 web page at www.provantageinc.com. Statements made or contained in this prospectus or on our web page or any past statements made or contained in this prospectus or on our web page are deemed Year 2000 Readiness Statements and are subject to the Year 2000 Information and Readiness Disclosure Act (P.L. 105-271), to the fullest extent permitted by law.

Recent Pronouncements

In 1997, Statement of Financial Accounting Standards, SFAS, No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," were issued. Both statements have been adopted by ProVantage. SFAS No. 130 "Reporting Comprehensive Income" requires non-cash changes in stockholders' equity be combined with net income

and reported in a new financial statement category entitled "comprehensive income." Currently, ProVantage's only component of comprehensive income is net income. SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" requires ProVantage to report certain information if specific requirements are met about services, geographic areas of operation and major types of customers. ProVantage provides integrated health benefit management services to its customers, and these services account for substantially all of ProVantage's net sales. As a result, ProVantage's operations will be reported in one segment.

In 1998, SFAS No. 132, "Employers' Disclosures about Pensions and other Post-retirement Benefits," and SFAS No. 133, "Accounting for Derivative Investments and Hedging Activities," were issued. SFAS No. 132 was adopted by ProVantage and will have no impact on ProVantage's annual financial statements. SFAS 133 must be adopted by June 15, 1999. ProVantage is currently evaluating the impact of this statement, but it is not anticipated to have a significant impact on ProVantage's annual financial statements.

Inflation

Inflation has not had a significant effect on the results of operations of ProVantage or its internal and external sources of liquidity.

Market Risk

ProVantage has not historically been subject to material market risk, such as interest rate risk or foreign currency exchange risk. In the future, the rate of interest paid by ProVantage under its credit agreement with Shopko will generally be subject to changes in interest rates.

BUSINESS

Overview

We are a leading health benefit management company providing pharmacy benefit management and health information technology products and services to our customers. Our goal is to be the leading third-party supplier of products and services designed to optimize the quality and minimize the cost of healthcare services. As of January 1999, we provided services to over 3,500 customers, including pharmacy benefit management services covering approximately 4.5 million individuals and vision benefit management services covering approximately 500,000 individuals. In addition, our licensed products, which are designed to improve the quality of healthcare, are being used by our clients in programs covering over 13 million people. We have experienced significant growth since fiscal 1995, increasing revenues from $87.2 million to $666.2 million in fiscal 1998, representing a compound annual growth rate of approximately 97%. Approximately 75% of our growth in the number of people who use our pharmacy benefit management services during this period has been generated internally rather than through acquisitions.

Pharmaceuticals are the fastest growing component of healthcare expenditures and are generally recognized as being the most difficult for payors to control. According to IMS Health, U.S. pharmaceutical expenditures are expected to grow by a compound annual growth rate of 14.5% through 2002. We believe this market should provide us with opportunities for substantial growth.

We believe that we are differentiated from most of our competitors by:

- our ability to integrate medical claim, diagnosis and pharmaceutical data and to analyze this data with our 7,800 rules that are used to identify improper, ineffective or dangerous drug use,

- our ability to provide useful data which our clients can use to reduce drug-related hospitalization and other medical costs,

- our expertise and experience acquired in developing an integrated database of pharmaceutical and medical claims data on over 13 million people, which we believe is one of the largest databases of its kind, and

- our ability to offer more comprehensive solutions to our customers to optimize the quality and minimize the cost of healthcare services.

We believe that only a small number of our competitors are capable of offering clients the combination of products, expertise and experience that we can.

Pharmacy benefit management companies address the pressing need of health plan sponsors to manage costs and to better understand the effect of pharmaceutical utilization on their membership. Our traditional pharmacy benefit management products and services include plan design, administration of a network of over 50,000 retail pharmacies, electronic point-of-sale claims processing, mail pharmacy services, formulary administration/management, physician profiling and clinical services. In addition, our products go beyond commonly available pharmacy benefit management offerings to include clinical services and information-based products which are used to track medical treatment and a patient's response to that treatment. These services give our customers the ability to assess the safety and effectiveness of healthcare practices and to identify the most effective treatments, potentially lowering overall costs.

Our customers include healthcare payors, self-funded employers, third party health plan administrators, state and federal agencies and pharmaceutical manufacturers. We believe that our customers are increasingly seeking health management vendors that can help them reduce medical costs by identifying opportunities to improve outcomes. While pharmacy benefit management companies are in a unique position to fulfill this need, we believe that few of them are able to organize and analyze payor specific data regarding pharmaceutical

use and medical encounters. We believe that our ability to integrate patient pharmacy and medical data allows our clients and us to assess overall healthcare results.

One of our principal information-based services, which was launched in mid-1998, is our Advanced Therapeutic Intervention program. This program is designed to:

- review a client's pharmaceutical utilization and medical diagnosis, claims and prescription data on an integrated basis,

- indentify prescribing patterns that exceed recommended periods of use, unnecessary drug duplication and over- and under-utilization,

- identify specific patients who have been prescribed drugs that significantly increase the risk of hospitalization or other adverse medical events due to underlying medical conditions and multiple diseases, and

- intervene with the treating physicians to identify significant drug therapy related risks.

We believe this program provides a measurable return on investment to our clients. The core of our Advanced Therapeutic Intervention program is RationalMed, our clinical outcomes assessment software that analyzes our clients' medical and pharmaceutical data to identify problematic prescribing patterns. Under the direction of our physicians, our staff clinicians review the risk assessments generated by RationalMed, and intervene with the treating

physicians. We believe the specific information provided by our Advanced Therapeutic Intervention program can be used to reduce medical costs and allow us to increase sales to larger and more sophisticated customers.

In addition to our pharmacy benefit management products and services, we have developed and continue to develop Internet-accessible health information technology products designed to assist in management of healthcare results. Certain of these products access our integrated database of pharmaceutical and medical claims data on over 13 million people, which we believe is one of the largest databases of its kind. We intend to broaden our product offering and cross-sell more advanced health information technology products to our more sophisticated clients. We believe that we have a competitive advantage over stand-alone healthcare information system companies because of our pharmacy benefit management relationships with payors, self-funded employers and third party health plan administrators.

Background

We are a wholly-owned subsidiary of ShopKo Stores, Inc., a leading specialty discount retailer with pharmacies and optical centers in most of its retail stores. Capitalizing on its expertise in pharmacy operations, in 1993 ShopKo launched ProVantage as a mail service pharmacy. We have grown primarily through internal growth but have also expanded through acquisitions and strategic alliances. In 1995, we acquired Bravell, Inc., a full-service pharmacy claims adjudication company. In 1996, we acquired CareStream ScripCard and also began to offer vision benefit management services. In 1997, we expanded significantly our clinical expertise and added to our databases with the acquisition of PharMark.

Industry Overview

The Healthcare Financing Administration projects that healthcare expenditures will rise from $1.15 trillion in 1998 to $2.13 trillion by 2007, a compound annual growth rate of 7.1%. The managed care industry in the United States has experienced rapid growth in response to historical increases in healthcare costs. Payors have sought to minimize certain of these expenses by capturing economies of scale, controlling utilization and developing risk sharing strategies. Prescription drug costs represent the fastest growing component of healthcare costs according to an industry publication. Pharmaceutical sales in the United States are expected to increase at a compound annual growth rate of 14.5% and to reach approximately $173 billion in the year 2002. The major factors contributing to this trend include:

- a substantial increase in the number of major new product launches due to a shorter FDA approval cycle,

- premium prices for new or branded products,
- increased expenditures for new drug development,
- an aging population, and
- increased demand driven by direct-to-consumer advertising.

In response to increasing demand for pharmaceuticals, health benefit providers, such as payors and employers, have been searching for ways to better understand and control drug costs. Pharmacy benefit management companies help health benefit providers provide a cost effective drug benefit and better understand the impact of pharmaceutical use on total healthcare expenditures.

In their most basic role as cost savers, pharmacy benefit management companies provide access to a network of retail pharmacies which have contractually agreed to provide pharmaceuticals at discounted rates. Pharmaceutical claims are electronically processed by the pharmacy benefit management companies from the point of sale, providing operating efficiencies. Pharmacy benefit management companies also secure volume discounts, rebates and

other formulary revenues from pharmaceutical manufacturers, lowering their clients' pharmaceutical costs. Pharmacy benefit management companies also seek to influence behavior patterns by encouraging the substitution of generic products for more costly branded alternatives and by developing and managing formularies. Formularies are lists of approved drugs available to health plan participants.

These cost reduction strategies have become widely used in the healthcare industry in recent years, however, and payors are now seeking a more sophisticated approach to managing pharmaceutical expenditures which incorporates a focus on the quality and efficiency of care as opposed to solely on cost cutting. Rather than viewing pharmaceutical expenditures as discrete cost items, payors are beginning to seek an understanding of the effect that pharmaceutical treatment has on overall healthcare costs and patient care.

We believe that prospective customers are increasingly selecting pharmacy benefit management companies based on their ability to identify both favorable and harmful prescribing patterns and to selectively intervene with physicians and patients to provide information resulting in improved healthcare outcomes and significantly lower costs. Pharmacy benefit management companies with the ability to access and derive meaningful conclusions from medical, pharmaceutical and diagnostic information will have a competitive advantage. While both payors and providers are intently focused on disease management, many do not have the scale, expertise and/or resources to internally develop the data warehouse, decision support tools and clinical therapeutic capabilities necessary to effectively manage overall healthcare results. Therefore, we believe that there is a substantial opportunity for organizations capable of providing information technology based solutions to this market.

Strategy

Overview

Our goal is to be the leading third-party supplier of products and services designed to optimize the quality and minimize the cost of healthcare services. To accomplish this goal, we intend to:

- continue to grow our pharmacy benefit management business and expand our client base by increasing the number of people to whom we provide services,

- leverage our information-based clinical expertise to develop and enhance products and services that help manage healthcare treatment and results, and

- selectively pursue acquisitions and alliances through which we can realize additional scale benefits in our pharmacy benefit management offerings or augment our advanced clinical and health information technology capabilities.

Grow Pharmacy Benefit Management Business. We intend to aggressively grow our pharmacy benefit management business by increasing the number of people to whom we provide pharmacy benefit management services and continuing to expand the breadth of our product offerings. We have built a leading franchise in the small group market based on our ability to provide individually tailored products to fit the unique needs of our clients. We believe that we are able to provide these customers with a level of flexibility in benefit design not offered by our competitors. Additionally, we have focused intensively on service, quality and responsiveness and we believe that our clients value this difference.

While the small group market remains a major focus for us, we believe that the mid-sized market offers a substantial growth opportunity. As part of our efforts to penetrate this market, we are building a comprehensive marketing program targeting larger clients. We believe that we are well positioned to serve these larger and generally more sophisticated customers which are often

looking for partners who can provide them with healthcare treatment and results information that enables them to reduce costs. Our sales efforts to this market are designed to demonstrate that our advanced clinical products and services go beyond those offered by our competitors by enabling our clients to:

- meaningfully reduce overall healthcare costs, not just pharmacy costs,
- quantify cost savings, and
- improve healthcare treatment and results.

These products and services include our Advanced Therapeutic Intervention programs, therapeutic and disease management programs, and a variety of information-based consultative services including physician profiling and formulary design. The basis for many of our advanced, clinical products and services is our database of integrated pharmaceutical and medical claims data on over 13 million people. Since 1997, our marketing efforts to more sophisticated clients, both small and mid-sized, have resulted in the addition of new clients representing a commitment of approximately 900,000 people to whom we will provide pharmacy benefit management services, including Wausau Insurance, Security Health Plan and American National Insurance.

In addition to attracting a larger client base, we intend to leverage our relationships and clinical expertise in managing pharmaceutical benefits to market a broader array of products. These products can be sold alone or in bundled form, based on our client's needs. We plan to use our more sophisticated clinical services to gain access to new customers which might not be looking to make a change in their provider of traditional pharmacy benefit management services. Once we have established a relationship with a client and demonstrated our capabilities, we believe that we have the opportunity to cross-sell additional offerings to the customer. Furthermore, we believe that sales of our more advanced, clinically focused products can help mitigate margin pressure currently being experienced in traditional pharmacy benefit management services.

Develop Healthcare Management Products. We have leveraged our information-based clinical expertise in managing pharmaceutical benefits to develop health information technology products which focus on the broader goal of analyzing various factors which influence total health outcomes. These products provide analytical tools which we believe are valuable to payors, pharmaceutical manufacturers and physicians. These products benefit from algorithms developed through analyzing millions of patient-years of health claims in our database. Our algorithms are sets of rules we use to predict the probability of various results. We believe that this gives us a strong platform on which to build a reputation as a company with sophisticated health information technology products capable of identifying clinical practices that reduce costs and improve the quality of healthcare.

Pursue Acquisitions and Alliances. We intend to selectively pursue acquisitions or alliances with companies that either provide us with the opportunity to realize additional scale benefits in our pharmacy benefit management business or augment our advanced clinical and health information technology capabilities. During the past five years, we have acquired four companies, each of which has added either critical mass to

our pharmacy benefit management business or a new core competency which we can offer to our clients. For example, in 1997 we acquired PharMark, which had sophisticated software tools and a large database. PharMark's database has served as the springboard for marketing a number of health information technology-based products to payors and pharmaceutical manufacturers.

In addition to acquisitions, we are seeking corporate alliances to expand our health information technology capabilities. For example, in a joint venture with our largest pharmacy benefit management client, American Medical Security, Inc., we have acquired a minority interest in ThinkMed, LLC, a developer of

medical decision support software. ThinkMed's software identifies and categorizes high risk patients for case management. We are currently exploring methods of integrating ThinkMed software into our current product offerings. These types of alliances allow us to gain access to new technology and data without committing the level of financial and management resources associated with a major acquisition.

Products and Services

We provide prescription and vision benefit management services and healthcare information-based products and clinical services. We believe that our pharmacy benefit management services, in combination with our information-based products and services, result in a highly differentiated product offering with the potential to assess the effectiveness of healthcare services, identify ways of improving healthcare results, and lower pharmaceutical and, more importantly, overall medical costs.

Healthcare Benefit Management Services

We provide high quality, cost efficient pharmacy benefit management services to health plan sponsors. As of January 1999, we provided pharmacy benefit management services to approximately 4.5 million people and vision benefit management services to approximately 500,000 people through more than 3,500 customers. Our core client base has historically been small to mid-size employers, insurance companies, third party administrators, health maintenance organizations, HMOs, and self-funded healthcare plan sponsors. We increasingly are marketing our pharmacy benefit management services to larger organizations based on our advanced clinical and information-based products and services.

Pharmacy Benefit Management Services. Our pharmacy benefit management services include national retail pharmacy network administration, claims adjudication services, mail pharmacy service, formulary development and management and benefit plan design consultation. We manage a network of over 50,000 retail pharmacies to provide prescription drugs to health plan members. We contract with these pharmacies to fill prescriptions at predetermined, negotiated rates, which are significantly more favorable than typical retail prices, in exchange for designating them as network pharmacies. Health plan members can fill prescriptions at a network pharmacy in all 50 states, Puerto Rico and the Virgin Islands. We use on-line point-of-sale electronic claims processing with pharmacies for swift adjudication of pharmacy claims. When a member presents his or her identification card at any one of our network pharmacies, the pharmacist sends encrypted information electronically to us for processing. Before the prescription is filled, we provide to the pharmacist all pertinent member, health plan and payment information necessary to fill the prescription. The information we provide to the pharmacist includes:

- an analysis of whether the member is eligible for benefits,
- the prescription benefits the member's health plan has selected,
- the member's co-payment obligation,
- the amount the pharmacy can expect to receive as reimbursement for its services, and
- a medication profile with information to warn the pharmacist of possible interactions, including drug-drug, drug-food, drug-age, and drug-pregnancy interactions.

We are compensated for pharmacy benefit management services through processing fees, clinical service fees, formulary administration fees and reimbursement of the cost of the pharmaceuticals dispensed. In addition, various ancillary and information management fees may be charged.

Our mail service pharmacy offers health plans and their members a cost effective way to receive maintenance prescription drugs to treat chronic

illnesses. Members mail their prescriptions, which typically provide for up to a three month supply, to our mail service pharmacy, where we process and mail their prescriptions, typically within two business days of receipt. Our mail service pharmacy helps control prescription costs for health plan sponsors by buying drugs at volume discounts and dispensing generic drug products when appropriate. Our mail service pharmacy helps control overall healthcare costs with compliance programs such as calling the members when they neglect to refill important prescriptions. As of February 1999, our mail service pharmacy in Green Bay, Wisconsin, dispensed and mailed approximately 75,000 prescriptions per month. Currently customers representing approximately 50% of the number of people to whom we provide pharmacy benefit management services contract with us for access to pharmaceuticals through both our retail pharmacy network and our mail service pharmacy. In addition to our profits from the sale of the pharmaceuticals themselves, we are compensated for providing our mail service pharmacy program by charging our clients a fee per prescription order.

Our Advanced Therapeutic Intervention program is one of the key differentiating features of our pharmacy benefit management services. We began providing this service in mid-1998. According to industry sources, a significant amount of in-patient medical costs are induced by inappropriate prescription drug therapy. Most pharmacy benefit management companies use traditional drug utilization review programs to reduce drug-induced adverse effects caused by drug-on-drug conflicts, duplication of prescriptions and similar problems. However, these programs are of limited effectiveness because they are administered without reference to a patient's specific medical profile and consequently must assume the lowest drug tolerance for each patient. We believe that as a result, pharmacists typically receive numerous drug utilization review warnings per day, many of which are not applicable to any given patient and are often ignored.

Our Advanced Therapeutic Intervention program analyzes the prescription drug and medical encounter data of each of our participating clients. Using our RationalMed software, this data is analyzed to identify specific patients who have been prescribed drugs that significantly increase the patient's risk of hospitalization due to the underlying medical condition and multiple diseases. A clinical pharmacist reviews the results and determines those patients for whom intervention is appropriate. Our clinical staff, under the direction of our physicians, intervenes by issuing alerts for these patients to the treating physicians. These alerts inform the treating physicians of the medical condition, prescribing pattern or other factors that create the increased hospitalization risk. We are compensated for Advanced Therapeutic Intervention program services through fixed fees, per member per month fees, a percentage-of-savings sharing program or some combination of these arrangements. Three clients, representing approximately 690,000 people, have been enrolled in our Advanced Therapeutic Intervention program since August 1998.

Our pharmacy benefit management services also include plan design consultation intended to reduce drug costs while promoting clinically appropriate drug use. The most common plan design features we offer are co-pay options, incentives for substituting generic for branded drugs, limitations of the number of days per prescription and requirements that maintenance drugs be filled by the mail service pharmacy. We assign an account executive to work closely with each customer to determine the appropriate plan design features based on the customer's specific benefit requirements.

We also offer and manage formularies for clients. Our formulary is a list of drugs which are reviewed for safety and efficacy using our DOC Formulary analytical tool. Formularies reduce costs through generic substitution, therapeutic substitution and other techniques. Formulary compliance can be encouraged by plan design features, including financial incentives and prescriber education programs.

Working with clients and the pharmaceutical industry, we have been able to conduct many disease management initiatives that support patient education and self-management of specific diseases. Through these efforts, we are able to implement treatment protocols that result in improved overall health and fewer

incidents of unnecessary treatments.

Vision Benefit Management Services. We provide benefit management services to client plan sponsors offering vision benefits. As of January 1999, our vision benefit management business covered approximately 500,000 people through a national network of approximately 4,500 retail optical chains and private ophthalmologists, optometrists and opticians. Unlike the pharmacy benefit management business, the vision benefit management business offers self-insured as well as fully insured products. The self-insured products we offer are similar to our pharmacy benefit management product and service offering. The insured products are sold by licensed independent and employee sales agents and are underwritten by a licensed insurance company, a subsidiary of American International Group. Our arrangement with AIG requires us to market the insurer's vision products and to perform various administrative services, such as maintenance of eligibility records, network maintenance, and claims processing. AIG underwrites all insured contracts and provides other insurance-related services such as actuarial review. In consideration for our services, we receive administrative fees and have the potential for profit sharing based on improved operating results. In consideration of AIG's insurance services AIG receives the entire premium amount collected, from which it pays claims and all other expenses.

Healthcare Information Technology Products and Services

Our healthcare information technology allows us to add value to our pharmacy benefit management services. We have gained a core competency in developing, maintaining, and analyzing large repositories of integrated pharmaceutical and health claims information. This was demonstrated by our development of a database containing integrated claims data on over 5 million patients in the United Kingdom. We developed and maintained this database, which contained millions of patient-years of data, as a consultant for a major pharmaceutical manufacturer.

We have acquired or developed a number of healthcare information products and services over the last several years. These products include RationalMed, ProVQuery, ProVMed, and ProVCOR. The following table sets forth certain information with respect to our principal healthcare information technology products as of January 1999:

<TABLE>
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Product	Target Market	Product Rollout	Number of Clients	Number of People Covered by Product
<S>	<C>	<C>	<C>	<C>
RationalMed	Pharmacy Benefit Management Providers, Health Insurers and State and Federal Agencies	1993	14(1)	13 million
ProVQuery	Pharmacy Benefit Management Providers and Pharmacy Benefit Management Clients	1998	6	770,000(2)
ProVMed	Health Insurers and Payors	Early 1999	1(3)	600,000(3)
ProVCOR	Pharmaceutical Manufacturers	1999	--	--

</TABLE>

(1) RationalMed users, excluding ProVantage.

(2) In addition to customers which have contracted for ProVQuery, ProVantage uses the product to support all of its pharmacy benefit management clients.

(3) The beta site customer.

RationalMed. RationalMed is our clinical outcomes assessment software that integrates the clients' medical claim, diagnosis, and pharmaceutical data to identify problematic prescribing patterns and quantify the

resulting increased risk of patient hospitalization or other adverse medical events. RationalMed uses therapeutic criteria for disease categories and over 7,800 rules that are based on medical research to analyze the integrated medical data for drug-drug, drug-disease, over- and under-utilization, duplication and duration conflicts. The physician can therefore determine whether treating the condition is worth this added risk. In addition, by comparing historical data on the percentage of patients who were hospitalized the previous year to the percentage in the intervention year, RationalMed is able to quantify both the reduction in drug and medical costs and in drug-therapy related hospitalizations, thereby validating the return on the product. RationalMed won the Smithsonian Award for Information Technology in Medicine in 1995.

Our target market for RationalMed is pharmacy benefit management providers, health insurers and state and federal agencies. RationalMed was first marketed in 1993 on a license basis and is currently used in ten states for their Medicaid programs and for other customers, representing approximately 13 million covered people.

ProVQuery. ProVQuery is an Internet-accessible pharmaceutical decision support software system. The system provides clients with desk-top access to their prescription claims detail for profiling, national comparisons, drug category breakdown and demographic analyses. This information is provided in user-friendly pre-designed graphs and reports. Customers' data is loaded into our centralized data warehouse. The central warehouse currently contains prescription claims detail on virtually all of the 4.5 million people to whom we provide pharmacy benefit management services.

With access to our national data, clients can compare their experience to peer data to better determine where plan changes are necessary and are most likely to have the greatest impact. The information is provided through user-friendly, Windows-based systems. For patient confidentiality reasons, all identifiers of patients are removed prior to loading the data into the ProVQuery system. Our target market for ProVQuery is pharmacy benefit management providers and our pharmacy benefit management clients, and this product is often packaged with our traditional pharmacy benefit management services and Advanced Therapeutic Intervention program in client proposals. We currently provide ProVQuery to five clients representing approximately 770,000 people. In addition, in January 1999 Systems Xcellence USA, Inc. purchased three ProVQuery licenses for resale to end users. We offer ProVQuery on the basis of an upfront license fee with annual service fee or on a per-claim basis.

ProVMed. ProVMed is an administrative, financial and clinical decision support tool that provides direct and easy access to company-wide data traditionally contained in the customer's separate databases. Our IBM SP2 technology and Oracle databases give quick and easy access to all pertinent information. It offers organized workbenches and hundreds of standard queries. As with ProVQuery, a client provides us with its data, which is loaded into our centralized data warehouse. The client then has access to its own data as well as other data for comparison purposes.

ProVMed gives clients the ability to access their medical and pharmaceutical data as well as to view that data relative to national norms. For example, ProVMed will enable users to quickly access databases to identify physicians and healthcare providers performing outside the norm, or patients that are candidates for case management with a view to managing and lowering costs. This information can be used to support plan benefit design changes, restrict or encourage protocol usage, perform provider profiling, enhance provider contracting and adjust product pricing decisions throughout an organization.

ProVMed was developed as a joint venture with American Medical Security, Inc., one of our principal pharmacy benefit management clients. We own 80% of this joint venture. American Medical Security, Inc. is currently our only subscriber to ProVMed. We believe the principal market for this product will be large insurance companies, and we intend to offer the product on the basis of an up-front license fee and an annual service fee.

ProVCOR. ProVCOR is a healthcare decision support product currently under development. ProVCOR is designed to help study the effects of pharmaceutical and clinical interventions on healthcare treatment and results in specific disease areas. It is also being designed to offer disease-specific "datamarts," which can be accessed by the customer to create or support disease management programs. It is intended to be an analytical tool to support drug purchasing and dispensing, disease treatment protocol design and cost assessment, and intervention outcomes analysis. We intend to market ProVCOR principally to pharmaceutical manufacturers. We expect to commence marketing of ProVCOR in 1999, offering it on the basis of an up-front license fee with an annual service fee.

Acquisitions

Beyond internal growth, we intend to selectively pursue the acquisition of companies that either increase the size of our pharmacy benefit management business or augment our advanced clinical and health information technology capabilities. We have extensive experience in identifying acquisition candidates, completing acquisitions and integrating acquired companies into our business. Since 1994, we have acquired and integrated four companies.

<TABLE>
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Company	Date	Strategic Purpose
<S>	<C>	<C>
Bravell, Inc.	January 1995	To acquire a retail pharmacy network and claims processing capability
Vision Program and Related Assets of the United Wisconsin Insurance Company	April 1996	To offer vision benefit management services
CareStream ScripCard	July 1996	To grow core pharmacy benefit management business
PharMark	August 1997	To acquire healthcare information products and obtain millions of patient-years of health claims data

</TABLE>

Sales and Marketing

We market our pharmacy benefit management services on the basis of our high quality customer service, our advanced clinical capabilities, including our Advanced Therapeutic Intervention program, and our healthcare information products. We have a nationwide sales force of 12 regional sales managers and one director.

Sales of our healthcare information products tend to require marketing support by our senior executives and approval at senior levels in a client's organization and tend to have a long sales cycle. Our sales strategy in these circumstances is to differentiate ourselves with these products and then to cross-sell our traditional pharmacy benefit management and other services to health information technology customers.

We have sales offices in:

- Charlotte, North Carolina
- Atlanta, Georgia
- Dallas, Texas
- Omaha, Nebraska
- Salt Lake City, Utah
- Chicago, Illinois
- Scottsdale, Arizona
- Arlington, Virginia

- Green Bay, Wisconsin
- Milwaukee, Wisconsin

We also use a national network of independent agents and brokers who market our products. For certain healthcare information products, we may in the future use strategic partners or other distribution channels for product marketing.

Clients

We currently provide health benefit management services for over 3,500 health benefit plan customers, covering over 5.0 million plan members. Our health benefit management client base is comprised of health maintenance organizations, third party administrators, insurance companies, self-funded healthcare plan sponsors and government agencies. Our ten largest customers accounted for approximately 42.8% of our revenues in fiscal 1996, approximately 37.1% of our revenues in fiscal 1997 and approximately 35.2% of our revenues in fiscal 1998. In addition, one of those ten customers, American Medical Security, Inc., accounted for approximately 17.9% of our revenues in fiscal 1996, 11.7% of our revenues in fiscal 1997, and 11.4% of our revenues in fiscal 1998. Our health information technology clients include federal and state agencies, third party health plan administrators, health maintenance organizations, insurance companies and pharmaceutical manufacturers. Ten states currently use our health information technology for the operation of their state Medicaid programs.

Competition

We face direct competition in both the pharmacy benefit management and vision benefit management businesses. The pharmacy benefit management industry is relatively consolidated and dominated by large companies with significant resources. Many of the large pharmacy benefit management companies are owned by large companies, including pharmaceutical manufacturers, which can provide them with significant purchasing power and other advantages which we do not have. Competitors in this industry include other pharmacy benefit management companies, drug retailers, physician practice management companies, and insurance companies/HMOs. In addition to many smaller companies, our six primary competitors for pharmacy benefit management customers are:

- PCS Health Systems, Inc., a subsidiary of Rite-Aid Corp.
- Merck-Medco Managed Care, LLC, a subsidiary of Merck & Co., Inc.
- Express Scripts, Inc.
- Caremark International, Inc., a subsidiary of MedPartners, Inc.
- Advance Paradigm, Inc.
- Diversified Pharmaceutical Services, Inc., a subsidiary of SmithKline Beecham, which has announced that it will be acquired by Express Scripts, Inc.

We may also experience competition from other sources in the future, such as Internet-based drug stores. Pharmacy benefit management companies compete primarily on the basis of price, service, reporting capabilities and clinical services. The primary competitor for vision benefit management services is Vision Service Plan, which is the largest vision benefit management provider in the nation. Vision benefit management companies compete principally on the basis of size and scope of network, service and price. In most cases, the competitors listed above are large, profitable and well-established companies with substantially greater financial and marketing resources than us.

Our competitive strengths include the ability to help customers lower hospitalization and other medical costs, our reputation for client service, our database of integrated medical and pharmaceutical data, the use of cutting-edge technology, and clinical capabilities that leverage our database and technology

strengths. We believe that pharmacy benefit management companies which are unaffiliated with pharmaceutical manufacturers will be in a competitively advantaged position; due to our independence, we are able to use our products and an independent pharmacy and therapeutics committee to ensure that decisions are primarily based on drug efficacy rather than on economics alone.

Suppliers

We have a large number of suppliers for goods and services. However, only a few are significant in terms of sustaining our daily business. McKesson HBOC, Inc. is our current wholesaler of pharmaceuticals for our mail service pharmacy. International Business Machines Corporation, Oracle Corporation and MicroStrategy Incorporated provide key computer systems that we use to manage our internal databases and decision support tools. Commencing in 2000, we plan to use the claims processing programs of Systems Xcellence USA, Inc. to process pharmacy claims in the retail network.

Government Regulation

Our business is subject to extensive federal and state laws and regulations including:

Regulation of Pharmacy and Vision Benefit Management Services

Various forms of legislation and government regulations affect or could affect providers of pharmacy and vision benefit management services. Among the most prominent forms of such regulation are the following:

Open Network Legislation. Numerous states have adopted "any willing provider" legislation, which requires pharmacy network sponsors to admit for network participation any retail pharmacy willing to meet a healthcare plan's price and other terms. We have not been materially affected by these statutes because we administer a network of almost 50,000 retail pharmacies and will admit any qualified, licensed pharmacy that agrees to comply with the terms of our plans.

Anti-Remuneration Legislation. "Anti-kickback" statutes at the federal and state level prohibit an entity from paying or receiving any compensation to induce the referral of healthcare plan beneficiaries or the purchase of items or services for which payment may be made under such healthcare plans. Additionally, most states have consumer protection laws that have been the basis for investigations and multi-state settlements relating to financial incentives provided by pharmaceutical manufacturers to retail pharmacies in connection with pharmaceutical switching programs. At the federal level, such regulations pertain to beneficiaries of Medicare, Medicaid or other federally-funded healthcare programs. State regulations typically pertain to beneficiaries of any healthcare plan. Under the federal regulations, certain payments made by vendors to group purchasing organizations are protected from characterization as improper or illegal if they are properly disclosed. To our knowledge, these anti-kickback laws have not been applied to prohibit pharmacy benefit management companies from receiving amounts from pharmaceutical manufacturers in connection with pharmaceutical purchasing and formulary management programs, to therapeutic substitution programs conducted by independent pharmacy benefit management companies, or to the contractual relationships such as those we have with certain of our customers.

Some states have enacted legislation that prohibits the plan sponsor from implementing certain restrictive design features, and many states have introduced legislation to regulate various aspects of managed care plans, including provisions relating to the pharmacy benefit. For example, "freedom of choice" legislation in some states provides that members of the plan may not be required to use network providers, but must instead be provided with benefits even if they choose to use non-network providers. Other states have enacted legislation purporting to prohibit the health plan from offering members financial incentives for use of mail order pharmacies. Legislation has been introduced in some states to prohibit or restrict therapeutic substitution, or to require coverage of all FDA approved drugs. Other states mandate coverage of

certain benefits or conditions. Such legislation does not generally apply to us, but it may apply to certain of our customers, such as HMOs and health insurers. If such legislation were to become widespread and broad in scope, it could have the effect of limiting the economic benefits achievable through pharmacy benefit management and consequently make our services less attractive.

Consumer Protection Legislation. Most states have consumer protection laws that have been the basis for investigations and multi-state settlements relating to financial incentives provided by drug manufacturers to retail pharmacies in connection with drug switching programs. In addition, pursuant to a settlement agreement entered into with seventeen states on October 25, 1995, Merck-Medco Managed Care, LLC, the pharmacy benefit management subsidiary of pharmaceutical manufacturer Merck & Co., agreed to have pharmacists affiliated with Merck-Medco Managed Care, LLC mail service pharmacies disclose to physicians and patients the financial relationships between Merck & Co., Merck-Medco Managed Care, LLC, and the mail service pharmacy when such pharmacists contact physicians seeking to change a prescription from one drug to another. We believe that its contractual relationships with drug manufacturers and retail pharmacies do not include the features that were viewed by enforcement authorities as problematic in these settlement agreements. However, no assurance can be given that we will not be subject to scrutiny or challenge under one or more of these laws.

Legislation Affecting Drug Prices. Some states have adopted "most favored nation" legislation providing that a pharmacy participating in the state Medicaid program must give the state the best price that the pharmacy makes available to any third party plan. Such legislation may adversely affect our ability to negotiate discounts in the future from network pharmacies. Other states have enacted "unitary pricing" legislation, which mandates that all wholesale purchasers of drugs within the state be given access to the same discounts and incentives.

Professional Licensure Regulations. All states regulate the practice of medicine and the practice of nursing. We do not believe that our clinical counseling or disease management activities constitute either the practice of medicine or the practice of nursing. However, there can be no assurance that a regulatory agency in one or more states may not assert a contrary position, and there is no controlling legal precedent for services of this kind.

Comprehensive Pharmacy Benefit Management Legislation. Although no state or the federal government has passed legislation regulating pharmacy benefit management activities in a comprehensive manner, such legislation has been introduced on several occasions. Such legislation, if enacted in any state in which we have a significant concentration of business or if enacted by the federal government, could adversely impact our operations.

Regulation of Mail Service Pharmacy

Licensure. Our mail service pharmacy is duly licensed and in good standing, in accordance with the laws and regulations of the State of Wisconsin.

Other Regulation. Many of the states into which we deliver pharmaceuticals have laws and regulations that require out-of-state mail service pharmacies to register with the board of pharmacy or similar regulatory body in the state. These states generally permit the mail service pharmacy to follow the laws of the state within which the mail service pharmacy is located. We have registered in every state in which, to our knowledge, such registration is required. In addition, various pharmacy associations and boards of pharmacy have promoted enactment of laws and regulations directed at restricting or prohibiting the operation of out-of-state mail service pharmacies by, among other things, requiring compliance with all laws of certain states into which the mail service pharmacy dispenses medications whether or not those laws conflict with the laws of the state in which the pharmacy is located. To the extent such laws or regulations are found to be applicable to us, we would be required to comply with them. Other statutes and regulations impact our mail

service operations. Federal statutes and regulations govern the labeling, packaging, advertising and adulteration of prescription drugs and the dispensing of controlled substances. The Federal Trade Commission requires mail order sellers of goods generally to engage in truthful advertising, to stock a reasonable supply of the product to be sold, to fill mail orders within thirty days, and to provide customers with refunds when appropriate. The United States Postal Service has statutory authority to restrict the transmission of drugs and medicines through the mail to a degree that could have an adverse effect on our mail service operations. The United States Postal Service has exercised such statutory authority only with respect to controlled substances. Alternative means of delivery are available to us.

Other Governmental Regulation

Licensure/Registration Requirements. Many states have licensure or registration laws governing certain types of ancillary healthcare organizations, including preferred provider organizations, third party administrators and utilization review organizations. These laws differ significantly from state to state, and the application of such laws to the activities of pharmacy benefit managers is often unclear. We have registered under such laws in those states in which we have concluded such registration is required.

Privacy and Confidentiality Legislation. Most of our activities involve the receipt or use by us of confidential, medical information concerning individual members, including the transfer of the confidential information to the member's health benefit plan. In addition, we use aggregated data--that is, data from which information which identifies specific patients is removed--for research and analysis purposes. Legislation has been proposed at the federal level and in several states to restrict the use and disclosure of confidential medical information. To date, no such legislation has been enacted that adversely impacts our ability to provide our services, but there can be no assurance that federal or state governments will not enact legislation, impose restrictions or adopt interpretations of existing laws that could have a material adverse effect on our operations.

Applicability of Insurance Laws. The prescription pharmaceutical plans currently offered or administered by us are provided on a fee-for-service basis, and are therefore not generally subject to state insurance laws. The insured vision benefit plans administered by us are underwritten by an unaffiliated licensed insurer.

Employee Retirement Income Security Act Preemption. Many of the state laws described above may be preempted in whole or in part by ERISA, which provides for comprehensive federal regulation of employee benefit plans. However, the scope of ERISA preemption is uncertain and is subject to conflicting court rulings, and in any event we provide services to certain customers, such as governmental entities, that are not subject to the preemption provisions of ERISA. Other state laws may be invalid in whole or in part as an unconstitutional attempt by a state to regulate interstate commerce, but the outcome of challenges to these laws on this basis is uncertain. Accordingly, compliance with state laws and regulations is a significant operational requirement for us.

Future Legislative Initiatives. Legislative and regulatory initiatives pertaining to such healthcare related issues as reimbursement policies, payment practices, therapeutic substitution programs, and other healthcare cost containment issues are frequently introduced at both the state and federal level. We are unable to predict accurately whether or when legislation may be enacted or regulations may be adopted relating to our health services operations or what the effect of such legislation or regulations may be.

Substantial Compliance. We believe that we are in substantial compliance with, or are in the process of complying with, all existing statutes and regulations material to the operation of our health services business. To date, no state or federal agency has taken enforcement action against us for any material non-compliance, and to our knowledge, no such enforcement against us

is presently contemplated.

Facilities

We operate a number of leased locations:

Use	Location	Sq. Ft. of Building Space
Pharmacy Benefit Management/Vision Benefit Management/Claims Processing/ Administrative Office	Brookfield, Wisconsin	14,100
Pharmacy Benefit Management/Vision Benefit Management/Claims Processing/ Administrative Office Annex	Elm Grove, Wisconsin	15,700
Regional Office	Salt Lake City, Utah	1,250
Regional Office	Dallas, Texas	500
Mail Service	Green Bay, Wisconsin	10,000
ProVMed Offices	Green Bay, Wisconsin	7,200
PharMark Offices	Arlington, Virginia	15,500

In addition, construction is underway on a new 60,000 square foot corporate headquarters for us in Pewaukee, Wisconsin to replace the Elm Grove and Brookfield facilities. This facility will be owned by ShopKo and leased to us. This new building is expected to be available for occupancy in the Summer of 1999.

Legal Proceedings

We are involved in various legal proceedings incidental to the conduct of its business. While there can be no assurance, we do not expect that any such proceedings will have a material adverse effect on us.

Employees

As of January 30, 1999, we employed 391 people, 27 of whom are licensed pharmacists and two of whom are physicians. In the opinion of management, we have good relations with our employees.

Other

ShopKo provides us with certain administrative assistance in accounting, finance, human resources, facilities management, and information services. Costs for these services are allocated to us proportionately. We believe that over time we will become less reliant on ShopKo to provide these services. See "Relationship With ShopKo" and "Certain Transactions."

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information with respect to our director and executive officers as of January 30, 1999 and those individuals who will be appointed to our board of directors prior to or concurrently with completion of the offering. In addition, after the completion of the offering, we will add two independent directors, who are unaffiliated with ShopKo, to our board of directors.

<TABLE>
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Name	Age	Position
<S>	<C>	<C>
Dale P. Kramer, RPh.....	59	Chairman of the Board
Jeffrey A. Jones.....	52	President and Chief Executive Officer and a Director
George M. Barlow.....	52	Senior Vice President, Healthcare Information Technology
Joseph A. Coffini, RPh...	51	Senior Vice President, Business Development and Marketing
Peter F. Hoffman, M.D., PhD.....	54	Senior Vice President and Chief Medical Officer
Glen C. Laschober.....	48	Executive Vice President, HBM
Jeffrey C. Girard.....	51	Director
William J. Podany.....	52	Director
Gregory H. Wolf.....	42	Director

</TABLE>

Mr. Kramer is currently our sole director. We will expand our board of directors concurrently with the completion of the offering, adding Messrs. Jones, Girard, Podany and Wolf.

Our directors are elected at the annual stockholders' meeting and serve until their successors are duly elected and qualified or until their earlier resignation or removal. The terms of directors will be staggered, with Mr. Jones serving a term expiring in 2000, Messrs. Girard and Wolf serving terms expiring in 2001, and Messrs. Kramer and Podany serving terms expiring in 2002. Executive officers are appointed by and serve at the discretion of the board of directors.

Dale P. Kramer, RPh, has served as our director and Chairman of the Board since January 1998; a director and Chairman of the Board of our various affiliates and predecessors in interest since 1993; a director of ShopKo since August 1991; Chairman of the Board of ShopKo since July 1997; and President and Chief Executive Officer of ShopKo from February 1991 to March 1999. From April 1983 to February 1991, he served as ShopKo's Executive Vice President, and from February 1986 to February 1991, he served as its Executive Vice President and Chief Operating Officer. Mr. Kramer has been employed by ShopKo in various other positions since 1971.

Jeffrey A. Jones has served as our Executive Vice President and Chief Operating Officer since November 1997. He will be named as our President and Chief Executive Officer and will join our board of directors prior to or upon completion of the offering. Mr. Jones was Senior Vice President and Chief Financial Officer of ShopKo from November 1993 until August 1998. Mr. Jones had 11 years of executive and chief financial officer experience and 11 years of experience with Arthur Andersen & Co. Mr. Jones is a director of Pharmacy Care Management Association and Boys and Girls Club of Green Bay.

George M. Barlow has served as our Senior Vice President, Healthcare Information Technology since January 1999. He served as the Vice President, General Manager of ProVMed from December 1997 to January

1999. From 1995 to 1997, Mr. Barlow was Senior Director of Corporate Marketing with HealthVision, Inc. He was the President of Distributed Micro Systems, Inc. from 1980 to 1995.

Joseph A. Coffini, RPh, has served as our Senior Vice President, Business Development and Marketing since January 1999. He served as our Vice President, Managed Care Services from November 1994 to January 1999. From February 1993 to November 1994, he held the position of Director of Managed Care. Prior to joining us, Mr. Coffini had 26 years of experience in the pharmaceutical healthcare industry with Geriatric and Medical Companies, Inc., last serving as Pharmacy Division President from 1990 to 1993, and Thrift Drug Company, Inc., last serving as National Sales Manager of Third Party Programs from 1986 to

1990.

Peter F. Hoffman, M.D., PhD, has served as our Senior Vice President and the Chief Medical Officer since January 1999. He served as the Vice President and the Chief Medical Officer of PharMark from January 1998 to January 1999. From June 1996 to January 1998, Dr. Hoffman was the Chief Medical Officer of Wang Healthcare Information Systems, an electronic medical records company. From 1966 until his retirement in 1996, Dr. Hoffman served as a Medical Corps Officer in the United States Air Force. He commanded a wide range of medical treatment facilities, served as the Command Surgeon of three commands and was the Director of Programs and Resources in the Office of the Surgeon General of the Air Force. He retired as a Brigadier General.

Glen C. Laschober has served as our Executive Vice President of our health benefit management operations since he joined us in March 1997. From 1989 to 1997, Mr. Laschober was with Caremark International, Inc., where his most recent position was Vice President and General Manger of Caremark's prescription service division. Mr. Laschober also served in senior management positions at the NutraSweet and GD Searle divisions of Monsanto Company.

Jeffrey C. Girard has served as a director of ShopKo since June 1991. Mr. Girard is the President of Girard & Co. of Minneapolis, Minnesota, a private consulting company, and an Adjunct Professor at the Carlson School of Management, University of Minnesota. He served as the Executive Vice President and Chief Financial Officer of Supervalu, Inc. from October 1992 to July 1997 and, prior thereto, held the positions of Executive Vice President, Chief Financial Officer and Treasurer of Supermarkets General Holdings Corporation and Senior Vice President and Chief Financial Officer of Supervalu, Inc.

William J. Podany has served as a director of ShopKo since July 1997 and as President and Chief Operating Officer of ShopKo's retail stores division from November 1997 to March 1999, and as President and Chief Executive Officer of ShopKo since March 1999. From November 1994 to November 1997, he held the position of Chief Operating Officer/Executive Vice President of ShopKo's retail stores division. From 1992 to 1994, Mr. Podany was Executive Vice President--Merchandise of Carter Hawley Hale, a federation of four department store chains. He has held senior merchandising executive officer positions with Allied Stores, May Department Stores and Carter Hawley Hale since 1978.

Gregory H. Wolf has been a director of ShopKo since November 1998. He has been an officer of Humana, Inc. since October 1995, having first served as Senior Vice President of Sales and Marketing; as Chief Operating Officer from July 1996 to September 1996; President from September 1996 through November 1997; and President, Chief Executive Officer and Director since December 1997. Humana, Inc. provides managed healthcare products and services through the operation of health maintenance organizations and preferred provider organizations. Prior to joining Humana, Mr. Wolf had been employed by EMPHESYS Financial Group, Inc. and its affiliates since 1998 where he most recently served as President. In October 1995, EMPHESYS was acquired by Humana. Mr. Wolf is also a director of National City Bank of Kentucky, Boys and Girls Club of Green Bay, Greater Louisville, Inc. and the Louisville Downtown Development Corporation.

Committees of the Board of Directors

After the offering, the board of directors will establish three standing committees: an audit committee, a compensation committee and an executive committee.

The functions of the audit committee will include making recommendations to the board of directors as to the selection of the firm of independent public accountants to examine the financial statements and our books and accounts for each fiscal year, the proposed engagement arrangements for the independent public accountants and the advisability of having the independent public accountants make specified studies and reports regarding auditing matters, accounting procedures, tax or other matters. The audit committee will

also review the results of the audit for each fiscal year. The audit committee will also be responsible for reviewing all related party transactions and for monitoring corporate policies and procedures with respect to our ethics and compliance program. Each member of the audit committee will be an "independent director" within the meaning of the rules of the New York Stock Exchange.

The functions of the compensation committee will include considering and recommending to the board of directors our overall compensation programs, reviewing and approving the compensation payable to our senior management personnel and reviewing and monitoring our executive development efforts to assure development of a pool of management and executive personnel adequate for our operations. The committee will also review significant changes in employee benefit plans and stock related plans and serve as the "committee" under our stock incentive plan. A majority of the members of the compensation committee will be "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986.

The functions of the executive committee will include such functions as may be delegated by the board of directors from time to time. The members of the executive committee will be Messrs. Podany, Kramer and Jones. Mr. Podany will chair the executive committee.

The board of directors may, from time to time, establish certain other committees to facilitate its work.

With respect to material transactions between ShopKo and us after the offering is completed, our board of directors has established a policy that all such transactions will be submitted for review, approval and authorization to our directors who are not affiliated with ShopKo.

Compensation of Directors

Each director who is not one of our employees will receive an annual retainer fee of $10,000, a fee of $1,000 for each board meeting in which the director participates and a fee of $1,000 for each committee meeting in which the director participates, if the committee meeting is not held on the same day as a board meeting. We will also reimburse all directors for travel and related expenses incurred in connection with board and committee meetings.

Directors are eligible to receive stock options under our stock incentive plan. See "Executive Compensation--Stock Incentive Plan."

Executive Compensation

Summary Compensation Table

The following table summarizes compensation paid by us for services rendered in all capacities to us during our fiscal year ended January 30, 1999, to our chief executive officer and our four other most highly compensated executive officers.

<TABLE>
<CAPTION>

	Annual Compensation		Long Term Compensation Awards	
Name and Principal Position	Salary ($)	Bonus ($)(1)	Securities Underlying Options/SARs (#)(2)	All Other Compensation ($)
<S>	<C>	<C>	<C>	<C>
Jeffrey A. Jones..... President and Chief Executive Officer	340,000	255,000	0	232,030(3)
Glen C. Laschober..... Executive Vice	192,115	67,240	0	5,284(4)

President, HBM					
Peter F. Hoffman.....	163,000	40,750	3,000	38,750(5)	
Senior Vice President, Chief Medical Officer					
Joseph A. Coffini.....	152,696	30,539	0	73,686(6)	
Senior Vice President, Business Development and Marketing					
George M. Barlow.....	150,000	30,000	2,000	6,275(7)	
Senior Vice President, Healthcare Information Technology					

(1) Represents bonuses earned with respect to the indicated fiscal year pursuant to the ShopKo's executive incentive plan, although all or a portion of the bonus may have been paid during the subsequent fiscal year.

(2) All securities referenced are options to purchase shares of ShopKo's common stock.

(3) "All Other Compensation" for Mr. Jones includes the following: ProVantage-paid portion of individual life insurance policy: $1,802; 401(k) ProVantage match: $5,819; ShopKo profit sharing plan contributions: $30,392; relocation expenses and associated tax adjustments: $33,303; and retention bonus: $160,714.

(4) "All Other Compensation" for Mr. Laschober includes the following: ProVantage-paid portion of individual life insurance policy: $524; and 401(k) ProVantage match: $4,760.

(5) "All Other Compensation" for Dr. Hoffman consists of a signing bonus he received at the time he joined ProVantage.

(6) "All Other Compensation" for Mr. Coffini includes the following: ProVantage-paid portion of individual life insurance policy: $1,802; 401(k) ProVantage match: $4,709; ShopKo profit sharing plan contributions: $13,604; and retention bonus: $53,571.

(7) "All Other Compensation" for Mr. Barlow includes the following: ProVantage-paid portion of individual life insurance policy: $707; and relocation expenses and associated tax adjustments: $5,568.

Option Grants Table

The following table sets forth information about ShopKo stock option grants during the fiscal year ended January 30, 1999 to our chief executive officer and our four other most highly compensated executive officers.

<TABLE>
<CAPTION>

	Individual Grants(1)				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term	
Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to ShopKo Employees in Fiscal Year	Exercise or Base Price ($/Share)	Expiration Date	5% ($)	10% ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Jeffrey A. Jones.....	0	--	--	--	--	--

Glen C. Laschober.....	0	--	--	--	--	--
Peter F. Hoffman.....	3,000	*	28.1875	3-11-08	70,590	162,488
Joseph A. Coffini.....	0	--	--	--	--	--
George M. Barlow.....	2,000	*	28.1875	3-11-08	47,060	108,325

</TABLE>

OPTION/SAR GRANTS IN LAST FISCAL YEAR

---

* Less than 1%

(1) Forty percent (40%) of these stock options vest and become exercisable on the second anniversary of the date of grant, with an additional twenty percent (20%) of the options vesting and becoming exercisable on each successive anniversary of the date of grant. All stock options vest immediately upon a "change of control" of ShopKo, as defined in ShopKo's stock option plans.

Option Exercise and Fiscal Year End Value Table

The following table sets forth information with respect to our chief executive officer and our four other most highly compensated executive officers concerning stock options to purchase ShopKo common stock that were exercised during the last fiscal year and the number and value of options outstanding on January 30, 1999.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION/SAR VALUES

<TABLE>
<CAPTION>

			Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End ($)	
Name	Shares Acquired on Exercise (#)	Value Realized ($)	Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Jeffrey A. Jones.....	0	0	23,000	86,000	491,750	802,250
Glen C. Laschober.....	0	0	0	35,000	0	452,038
Peter F. Hoffman.....	0	0	0	3,000	0	10,688
Joseph A. Coffini.....	5,300	73,119	200	11,200	4,174	108,875
George M. Barlow.....	0	0	0	2,000	0	7,125

</TABLE>

Indemnification of Directors and Officers

Our amended and restated bylaws provide for the indemnification, or reimbursement for losses and expenses incurred in litigation relating to corporate affairs, of our directors and officers to the full extent permitted by the Delaware General Corporation Law. We have entered into agreements to indemnify, or reimburse, our directors and certain officers, in addition to the indemnification provided for in the amended and restated bylaws. These agreements will, among other things, indemnify our directors and certain of our officers to the full extent permitted by Delaware law for any claims, liabilities, damages, judgments, penalties, fines, settlements, disbursements or expenses, including attorneys' fees, incurred by such person in any action or proceeding, including any action by or in our right, on account of services as one of our directors or officers. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and officers.

Change of Control Severance Agreements

ShopKo has entered into change of control severance agreements with certain of our officers, including Messrs. Jones, Laschober, Hoffman, Barlow

and Coffini. The ShopKo severance agreements provide that, if, within two years after a "change of control," as defined in the agreement, ShopKo terminates the individual's employment other than for "cause," as defined in the agreement, or disability, or the individual terminates the individual's employment for "good reason," as defined in the agreement, then the individual will be entitled to a lump-sum cash payment equal to a multiple of one and one half or two times the individual's annual base salary, plus a multiple of one, one and one half or two times the individual's average annual bonus for the three fiscal years immediately preceding the date of termination. The multiple referred to in this paragraph is two for Mr. Jones and one and one half for Messrs. Laschober, Hoffman, Barlow and Coffini. Each individual would also receive his salary through the date of termination and all other amounts owed to the individual at the date of termination under ShopKo's and our benefit plans. In addition, under such circumstances, the individual will be entitled to continued health and dental coverage for the individual and the individual's family for a one or two year period after the date of termination. The ShopKo severance agreements provide that if certain amounts to be paid thereunder constitute "parachute payments," as defined in Section 280(G) of the Internal Revenue Code, the severance benefits owed to the individual may be decreased, but only if the result is to give the individual a larger after-tax benefit than if the payments are not reduced. The individual is permitted to elect the payments to be reduced. Pursuant to the terms of the ProVantage severance agreements described below, the ShopKo severance agreements will terminate upon completion of the offering.

We have entered into change of control severance agreements with certain of our officers, including Messrs. Jones, Laschober, Hoffman, Barlow and Coffini. The ProVantage severance agreements provide that, if, within two years after a "change of control," as defined below, we terminate the individual's employment other than for "cause," as defined below, or disability, or the individual terminates the individual's employment for "good reason," as defined below, then the individual will be entitled to a lump-sum cash payment equal to a multiple of one, one and one-half or two times the individual's annual base salary, plus a multiple of one, one and one-half or two times the lesser of (A) the individual's average annual bonus for the three fiscal years immediately preceding the date of termination or (B) the average of the individual's annual bonus "norm" for the three fiscal years immediately preceding the date of termination. The multiple referred to in this paragraph is two for Mr. Jones and one and one-half for Messrs. Laschober, Hoffman, Barlow and Coffini. Each individual would also receive his salary through the date of termination and all other amounts owed to the individual at the date of termination under our benefit plans. In addition, under such circumstances, the individual will be entitled to continued health and dental coverage for the individual and the individual's family for a one, one and one-half or two year period after the date of termination. The ProVantage severance agreements provide that if certain amounts to be paid thereunder constitute "parachute payments," as defined in Section 280(G) of the Internal Revenue Code, the severance benefits owed to the individual may be decreased, but only if the result is to give the individual a larger after-tax benefit than if the payments are not reduced. The individual is permitted to elect the payments to be reduced.

A "change of control" is defined in the ProVantage severance agreements as occurring if:

- the incumbent directors or their permitted successors cease to constitute at least a majority of our board of directors,
- our stockholders approve certain mergers, consolidations, liquidations, dissolutions or reorganizations of ProVantage, or
- our stockholders approve a complete liquidation or dissolution of ProVantage.

For purposes of the ProVantage severance agreements, "cause" means:

- personal dishonesty by the individual intended to result in his or

her substantial personal enrichment at our expense,

- repeated, willful violations by the individual of his or her obligation to devote reasonable time and efforts to carry out his or her responsibilities to us, or

- the conviction of the individual of a felony.

"Good reason" as used in the ProVantage severance agreements means any materially adverse reduction of the individual's authority, responsibilities or compensation, excluding for this purpose specified actions by us not taken in bad faith and which are promptly remedied by us upon receipt of notice, or any required relocation of the individual to a place of business more than 50 miles from where the individual works at the time of the change of control.

Other Compensation

We provide certain personal benefits and other noncash compensation to our executive officers. For the fiscal year ended January 30, 1999, the incremental cost of providing such compensation did not exceed the minimum amounts required to be disclosed under current SEC rules for each person named in the Summary Compensation Table.

Compensation Committee Interlocks and Insider Participation

The compensation committee is expected to consist of Mr. Kramer, Chairman, Girard and Wolf. All of these individuals are members of ShopKo's board of directors. Mr. Kramer is chairman of that board and is ShopKo's former president and chief executive officer. We are a party to various agreements with ShopKo described below in "Relationship With ShopKo." Additionally, ShopKo was our sole stockholder prior to this offering, and upon completion of the offering, will own a substantial majority of our common stock. See "Principal Stockholder" and "Description of Capital Stock."

Stock Incentive Plan

Prior to the offering, our board of directors plans to approve our stock incentive plan. The purpose of the stock incentive plan is to provide a means to attract and retain high quality individuals, to motivate key personnel to achieve our long-term goals, to provide incentive compensation opportunities to our key personnel that are competitive with those of similar companies and to further align the interests of key personnel who participate in the stock incentive plan with those of our stockholders through compensation that is based on the value of our common stock.

The board of directors plans to delegate administration of the stock incentive plan to the compensation committee. Under the stock incentive plan, the compensation committee may grant:

- incentive stock options within the meaning of Section 422 of the Internal Revenue Code,

- non-qualified stock options, and

- shares of stock or the right to receive shares of stock in the future

Options and stock awards are collectively referred to as "awards." Awards may be made to our directors and certain of our key personnel and the directors and the key personnel of our "related companies". Our "related companies" include any corporation, joint venture, limited liability company or other business entity in which we have a significant direct or indirect equity interest or which has a significant direct or indirect equity interest in ProVantage. The compensation committee will have final authority, subject to the express provisions of the stock incentive plan, to determine to whom awards shall be granted; to determine the types of awards and the numbers of shares

covered by the awards; to determine the terms, conditions, performance criteria, restrictions and other provisions of each award, and to cancel or suspend awards; to determine the terms and provisions of any agreements made pursuant to the stock incentive plan; and to make all other determinations that may be necessary or advisable for the administration of the stock incentive plan. In making such award determinations, the stock option committee may take into account the nature of the services rendered by the respective personnel, their present and potential contribution to our success and such other factors as the compensation committee deems relevant. The board of directors has the non-exclusive power to exercise the authority of the compensation committee with respect to awards to our non-employee directors and our "related companies". The stock incentive plan provides for accelerated vesting of awards upon the occurrence of certain "change of control" transactions as described in the stock incentive plan.

Incentive stock options may be granted under the stock incentive plan to full or part-time employees, including officers and directors who are also employees, of ours or our "related companies". In addition,

non-qualified stock options and stock awards may be granted to employees and non-employee directors of ProVantage or our related companies."

Subject to the compensation committee's authority to adjust the number and kind of shares subject to each outstanding award and the exercise price in the event of certain corporate transactions involving us, the aggregate number of shares of common stock which may be issued under the stock incentive plan is 1,750,000 shares. Award limits established under the stock incentive plan are as follows: the maximum number of shares of common stock which may be issued pursuant to incentive stock options is 500,000; the maximum number of shares of common stock covered by options granted to any one individual is 500,000 in any one calendar year; and the maximum value of stock awards granted to any one person is $5,000,000.

The period during which incentive stock options may be granted under the stock incentive plan will expire on the tenth anniversary of the date the stock incentive plan is adopted, and the term of each option granted under the stock incentive plan will expire not more than ten years from the date of grant. Each option granted will specify an exercise price or prices; provided, however, that no option may be granted with a per share exercise price less than the fair market value per share of common stock on the date of grant. The fair market value per share on a particular date is the last reported sale price per share of common stock on that date on the New York Stock Exchange. At the discretion of the compensation committee, options may be exercised in full at any time, from time to time or in installments, or upon the occurrence of specified events. An option may be exercised as to any or all of the shares covered by the option by delivering written notice of exercise to our corporate secretary, accompanied by full payment of the exercise price for such shares. Payment of the exercise price must be made in cash, by tendering previously owned shares of common stock or by authorizing a third party to sell shares of the common stock acquired upon exercise of an option and remitting the purchase price to us.

The stock incentive plan may be terminated or amended by our board of directors. The board of directors may not, without approval of our stockholders, increase the number of shares of common stock which may be delivered pursuant to Awards granted under the stock incentive plan, except for increases resulting from certain corporate transactions involving us. ProVantage intends to grant options over approximately 650,000 shares of common stock under the stock incentive plan effective as of the closing date of the offering. The exercise price of these options will be the public offering price in the offering.

RELATIONSHIP WITH SHOPKO

Intercompany Agreements

We have entered into a number of agreements with ShopKo for the purpose

of defining our ongoing relationship and the conduct of our respective businesses. These agreements were developed in connection with this offering while we were a wholly-owned subsidiary of ShopKo, and, therefore, such agreements were not the result of arm's-length negotiations--that is, negotiations between independent and unrelated parties each acting in its own self-interest. As a result, there can be no assurance that each of these agreements, or the transactions provided for in these agreements, has been or will be effected on terms at least as favorable to us as could have been obtained from parties other than ShopKo.

These agreements may be modified and additional agreements, arrangements and transactions may be entered into between us after completion of this offering. Any such future modifications, agreements, arrangements and transactions will be determined through negotiation between us. With respect to material transactions between us after the offering is completed, our board of directors has established a policy that all such transactions will be submitted for review, approval and authorization to our directors who are not affiliated with ShopKo.

The following is a summary of the material features of certain agreements, arrangements and transactions between us. The summaries of each of the following agreements are qualified in their entirety by reference to the full text of such agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part.

Credit Agreement. As a wholly-owned subsidiary of ShopKo, we participated in ShopKo's funding and cash management system. Prior to this offering, our cash needs in excess of cash flow provided by operations have been met principally by additional capital contributions by ShopKo, and excess cash has been distributed to ShopKo. In connection with this offering, we have entered into a credit agreement with ShopKo to provide us with a revolving line of credit commencing on the closing date of this offering and expiring on January 31, 2001. Pursuant to the credit agreement, ShopKo has agreed, subject to certain conditions, to make advances to us on a revolving basis in an aggregate amount not to exceed $25.0 million. Borrowings under the credit agreement will bear interest at various market rates at the time of borrowing. The credit agreement provides for an annual commitment fee of 1/5 of one percent of the total commitment amount. The credit agreement is unsecured, and we may terminate the credit agreement at any time without penalty. We may at any time replace the credit agreement with borrowings from banks or other financial institutions or in the private or public markets. The credit agreement restricts us from borrowing funds from parties other than ShopKo without ShopKo's consent, and prohibits us from selling our common stock unless ShopKo meets certain financial tests, pledging certain of our assets and entering into agreements which restrict our ability to pay dividends. Our interest expense in the future will depend on the amount, timing and maturity of borrowings, market rates and negotiations with lenders. The interest rate and other terms provided by third-party lenders may not be as favorable to us as those provided by ShopKo under the credit agreement.

Indemnification and Hold Harmless Agreement. We have entered into an indemnification and hold harmless agreement with ShopKo with respect to the allocation of responsibility for certain liabilities. In general, the indemnification agreement provides that we and ShopKo will each indemnify the other party and that party's directors, officers, employees and agents against certain liabilities arising from or based upon the operation of their own respective businesses prior to and following the offering, including, but not limited to, liabilities arising under securities, environmental and contract law.

Tax Sharing Agreement. We have entered into a tax sharing agreement with ShopKo which provides that ShopKo will prepare all returns and, generally, have liability for all income taxes attributable to all tax periods ending on or before the offering. We have entered into an administrative services agreement, described

below, pursuant to which ShopKo will continue to prepare tax returns for us after the offering, however, we have liability for all taxes for tax periods beginning after the offering. For tax periods which begin before the offering but end after the offering, ShopKo has liability for income taxes attributable to income allocable to the period ending with the offering and we have liability for the remainder. ShopKo will determine the method for allocating income in the tax year in which the offering occurs. By law, we are liable for the entire federal income tax of ShopKo and other companies included in the consolidated return for all periods in which we are included in the consolidated group. In the tax sharing agreement, however, ShopKo agrees to indemnify us against this liability except to the extent it relates to us and our subsidiaries, if any, after the offering. If our employees exercise ShopKo stock options or otherwise receive compensation from ShopKo nonqualified plans after the offering, the tax sharing agreement provides that we will reimburse ShopKo for the tax benefit, if any, that we receive from deducting compensation attributable thereto and the employer's share of any employment taxes arising in connection with such compensation which is paid by ShopKo.

Administrative Services Agreement. We have entered into an administrative services agreement with ShopKo pursuant to which ShopKo will make available and provide certain administrative, support and consultation services to us, including employee benefits, payroll processing, insurance, tax compliance, treasury, and accounts payable processing. The administrative services agreement has an initial term which expires January 31, 2001, subject to automatic renewal for successive one-year terms. At any time during the term of the administrative services agreement, either party may terminate existing categories of services upon 120 days' prior written notice. ShopKo is obligated to provide us transition assistance, at our request and expense, upon the termination of any service provided pursuant to the agreement. We anticipate that we will pay ShopKo a total of $0.4 million in the first twelve months following this offering for such services.

I.T. support agreement. Certain components of our computer systems are located in ShopKo's corporate headquarters. We have entered into an I.T. support agreement with ShopKo pursuant to which ShopKo has agreed to provide us with:

- access to ShopKo's computer facilities,
- certain support services to be performed by ShopKo's systems personnel, and
- the shared use of ancillary computer hardware and operating software.

The I.T. support agreement has a term which expires on January 31, 2001. At any time during the term of the I.T. support agreement, either party may terminate existing categories of services upon 120 days' prior written notice. In addition, ShopKo has agreed to provide transition assistance to us if any services are terminated as a result of expiration or termination of the agreement or otherwise. We anticipate that we will pay ShopKo between $0.7 million and $1.3 million in the first twelve months after the offering under this agreement. The I.T. support agreement also contains confidentiality provisions relating to our patient data and proprietary software.

Lease Agreement. Upon ShopKo's completion of construction of our new corporate headquarters, we expect to enter into a long term triple net lease with ShopKo, whereby we will lease the building from ShopKo upon terms and conditions to be determined. While the lease agreement has not been finalized, we expect that the lease will have a term of 15 years with four options to renew for 5 years each, will have annual rental payments of $200,000, and will provide that we will have the option to purchase the facility at fair market value or increase the rental payments to fair market rates at the time when ShopKo ceases to beneficially own at least 51% of the outstanding common stock.

Registration Rights Agreement. We have entered into a registration rights agreement with ProVantage Holdings, Inc., a wholly-owned subsidiary of ShopKo, pursuant to which we have granted demand and "piggyback" registration rights to ProVantage Holdings and its affiliates, including ShopKo, with respect to shares of common stock owned by ProVantage Holdings and its affiliates,

including ShopKo, following the offering. Pursuant to the registration rights agreement, ProVantage Holdings has the right to require us to file

up to three registration statements under the Securities Act (which may be increased by an unlimited number of registration statements if effected on Form S-3) covering ProVantage Holdings' shares. ProVantage Holdings also has the right, if we file a registration statement, to require us to include its shares in such registration statement. Our obligations under the registration rights agreement are subject to certain limitations relating to the minimum amount of common stock to be included in a registration statement, the timing of the exercise of registration rights and other similar matters. We have agreed to pay all costs and expenses relating to the exercise of ProVantage Holdings' registration rights, except for underwriting commissions and filing fees relating to the shares sold by ProVantage Holdings, any special or extraordinary auditing expenses, ProVantage Holdings' legal expenses and, in the case of demand registration rights, printing fees. We and ProVantage Holdings will each indemnify the other party for certain liabilities, including liabilities under the Securities Act, in connection with any registration under the registration rights agreement. The registration rights agreement will terminate when ProVantage Holdings or its affiliates owns less than 5% of our outstanding common stock. ShopKo has agreed with the underwriters, however, not sell or otherwise dispose of any common stock or our related securities for a period of 180 days after the closing of this offering without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. See "Shares Eligible for Future Sale."

Control by ShopKo

After the offering is completed, ShopKo will own approximately 70.3% of the common stock. As a majority stockholder, ShopKo will be able to control our business and affairs, including:

- the election of our entire board of directors,
- any determinations with respect to mergers or other business combinations,
- the amendment of our restated certificate of incorporation or amended and restated bylaws,
- the acquisition or disposition of material assets,
- the incurrence of indebtedness,
- the issuance of additional common stock or other equity securities,
- the payment of dividends with respect to the common stock,
- the power to determine all matters submitted to a vote of stockholders,
- the power to delay, defer or prevent a change in control, and
- the ability to take other actions that might be favorable to ShopKo but not to our stockholders generally.

CERTAIN TRANSACTIONS

We have in the past entered into intercompany transactions and arrangements with ShopKo and its affiliates incidental to our businesses. General administrative and other expenses have in the past been allocated to us from ShopKo for the types of services described in the administrative services agreement and the information technology services agreement. The allocation for the last three fiscal years is as follows:

<TABLE>
<CAPTION>

	Fiscal Year		
	1996	1997	1998
	(in millions)		
<S>	<C>	<C>	<C>
Selling, general and administrative expenses.....	$0.4	$1.1	$1.2

</TABLE>

In addition to the allocations described above, we have entered into various transactions with ShopKo in the ordinary course of our businesses. The payments for these activities for the last three fiscal years are as follows:

<TABLE>
<CAPTION>

	Fiscal Year		
	1996	1997	1998
	(in millions)		
<S>	<C>	<C>	<C>
Our payment to ShopKo for prescription costs.....	$21.0	$25.8	$35.7
Our payment to ShopKo for shared formulary fees.....	0.2	0.1	0.0
Our purchase of pharmaceutical inventory from ShopKo....	1.0	0.8	0.3
ShopKo payment to us for claims processing.....	1.6	1.6	2.1

</TABLE>

For a further description of recent transactions between ShopKo and us, please see Note H of the Notes to the Consolidated Financial Statements included elsewhere in this prospectus.

We receive a benefit in the form of lower prices when purchasing various goods and services when such purchases are made through or in conjunction with ShopKo. Such benefits may not be available in all cases in the future.

We will continue to engage in various transactions with ShopKo on a contractual and non-contractual basis after the offering is completed. See "Relationship With ShopKo."

In connection with the PharMark acquisition, we entered into five-year employment agreements with each of M. Lee Morse and Aida A. LeRoy. These agreements were extinguished as of January 31, 1999, at which time they entered into agreements to provide certain consulting services to us. At that time, we entered into several new agreements with Mr. Morse and Dr. LeRoy:

- a mutual settlement agreement and release of specified claims, whereby the parties mutually agreed to release all claims associated with the employment agreements;
- a trademark license agreement, whereby Mr. Morse and Dr. LeRoy license the trademark "Mikalix" from us;
- a sublease, whereby Mr. Morse and Dr. LeRoy sublease certain office space from us; and
- non-disclosure, non-interference and non-competition agreements containing certain confidentiality, non-interference and non-competition provisions which are effective for a term of two years.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Acquisitions."

PRINCIPAL AND SELLING STOCKHOLDER

Prior to this offering, our only stockholder was ShopKo, whose address is 700 Pilgrim Way, Green Bay, Wisconsin 54304. ShopKo is subject to the requirements of the Securities Exchange Act of 1934 and as a result files reports, proxy statements and other information with the SEC on a periodic basis. You can read and make copies of these materials at the offices of the SEC, or by means of the SEC's website, in each case at the addresses listed under the caption "Where You Can Find More Information."

As of the date of this prospectus, ShopKo owns beneficially and of record 12,550,000 shares of common stock, representing all of the shares of common stock outstanding prior to this offering. Upon the sale by us of the 5,300,000 shares of common stock offered hereby, ShopKo will own beneficially and of record 70.3% of the outstanding common stock. ShopKo will own 65.9% of the common stock if the underwriters' over-allotment option is exercised in full.

The following table sets forth as of January 30, 1999 the number of shares of ShopKo common stock owned by our director, by our chief executive officer, our four other most highly compensated executive officers, by each individual who will be appointed as a member of our board of directors prior to or concurrently with the offering and by our director, individuals who will be appointed as our directors and executive officers as a group. Except as otherwise noted, the persons named in the below table have sole voting and investment power with respect to all shares shown as beneficially owned by them. The column entitled "Amount and Nature of Beneficial Ownership" includes shares which may be acquired within 60 days pursuant to stock options as follows: Mr. Kramer, 180,000 shares; Mr. Podany, 15,000 shares; Mr. Jones, 23,000 shares; Mr. Coffini, 200 shares; and all directors and executive officers as a group, 218,200 shares.

<TABLE>
<CAPTION>

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent
<S>	<C>	<C>
Dale P. Kramer (1)(2)	270,000	1.0%
Jeffrey C. Girard (3)	1,000	*
Gregory H. Wolf	--	*
William J. Podany (2)(4)	40,000	*
Jeffrey A. Jones (2)	23,000	*
Glen C. Laschober	--	*
Peter F. Hoffman	0	*
Joseph A. Coffini (2)	275	*
George M. Barlow	0	*
All directors and executive officers as a group (9 persons)	334,275	1.3%

</TABLE>

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* Less than 1%

(1) Includes 50,000 shares of restricted stock granted pursuant to ShopKo's restricted stock plan.

(2) The number of shares shown with respect to Messrs. Kramer, Podany and Jones does not reflect funds from their respective deferred compensation plan accounts and profit sharing/401(k) plan accounts invested in ShopKo common stock through the ShopKo stock fund. As of January 30, 1999, such executive officers' approximate ShopKo stock fund account balances were as follows: Mr. Kramer, $332,624; Mr. Podany, $45,081; Mr. Jones, $203,213; and Mr. Coffini, $54,960.

(3) Mr. Girard is a former executive officer of Supervalu. Prior to July 2, 1997, Supervalu and a wholly-owned subsidiary of Supervalu, Supermarket Operators of America, Inc., beneficially owned 14,731,667 shares of ShopKo's common stock.

(4) Includes 25,000 shares of restricted stock granted pursuant to ShopKo's restricted stock plan.

DESCRIPTION OF CAPITAL STOCK

Prior to the completion of this offering, we will file a restated certificate of incorporation and adopt amended and restated bylaws. The following description gives effect to the adoption and filing of these documents.

Authorized Capital Stock

Our authorized capital stock consists of 50,000,000 shares of common stock, par value $.01 per share, and 5,000,000 shares of preferred stock, par value $.01 per share. 12,550,000 shares of common stock and no shares of preferred stock are outstanding as of the date hereof. 5,300,000 shares of common stock are being offered in the offering and 1,750,000 shares have been reserved for issuance pursuant to certain employee and non-employee director benefit and option plans. See "Executive Compensation." All of such shares are validly issued, fully paid and non-assessable, and upon completion of the offering all of the outstanding shares of common stock will be validly issued, fully paid and non-assessable under the laws of the state of Delaware, the state in which we are incorporated. We are qualified as a foreign corporation in the state of Wisconsin, and Wisconsin courts have held the predecessor to Section 180.0622(2)(b) of the Wisconsin Business Corporation Law to be applicable to foreign corporations. Under Section 180.0622(2)(b), holders of common stock are liable up to the amount equal to the par value of the common stock owned by such holder for all debt owing to employees for services performed, but not exceeding six months' service in any one case. Some Wisconsin courts have interpreted "par value" to mean the full amount paid by the holders to purchase the common stock. The following summary description of our capital stock is qualified in its entirety by reference to our form of restated certificate of incorporation and our amended and restated bylaws, a copy of each of which is filed as an exhibit to the registration statement of which this prospectus is a part.

Common Stock

Voting Rights. The holders of common stock are entitled to one vote per share on all matters to be voted on by stockholders. The holders of common stock are not entitled to cumulative voting rights. Generally, all matters to be voted on by stockholders must be approved by a majority, or, in the case of election of directors, by a plurality, of the votes entitled to be cast by all shares of common stock present in person or represented by proxy, subject to any voting rights granted to holders of any preferred stock.

Dividends. Holders of common stock are entitled to receive dividends when, as and if declared by the board of directors out of funds legally available therefor, subject to any preferential rights of any outstanding preferred stock.

Other Rights. In the event of a voluntary or involuntary liquidation, dissolution or winding up of ProVantage, the holders of shares of common stock would be entitled to share ratably in all assets remaining after payment of liabilities subject to prior distribution rights and payment of any distributions owing to holders of shares of preferred stock then outstanding, if any. Holders of the shares of common stock have no preemptive rights, and the shares of common stock are not subject to further calls or assessment by us. There are no redemption provisions or provisions setting aside particular assets to enable us to retire the common stock, commonly referred to as sinking fund provisions, which are applicable to the shares of common stock.

Preferred Stock

The board of directors has the authority, without further action by the stockholders, to issue preferred stock in one or more series and to fix the

rights, designation, preferences, privileges, limitations and restrictions thereof, including dividend rights, conversion rights, terms and rights of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the common stock. The board of

directors, without stockholder approval, may issue shares of preferred stock with conversion, voting and other rights which could adversely affect the rights of the holders of shares of common stock.

Authorized but Unissued Shares

Delaware law does not require stockholder approval for any issuance of authorized shares. These additional shares may be used for a variety of corporate purposes, including future public or private offerings to raise additional capital or to facilitate corporate acquisitions. One of the effects of the existence of unissued and unreserved shares may be to enable the board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of ProVantage by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Delaware Law and Certain Charter and Bylaw Provisions; Anti-Takeover Measures

Upon the completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law, the DGCL. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another exception applies. For purposes of Section 203, a "business combination" is defined broadly to include a merger, asset sale or other transaction resulting in financial benefit to the interested stockholder, and subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within the three prior years, did own) 15% or more of the corporation's voting stock.

Our restated certificate of incorporation provides that our board of directors is divided into three classes serving staggered three-year terms. As a result, at least two stockholders' meetings will generally be required for stockholders to change a majority of the directors. The board of directors is authorized to create new directorships and to fill such positions so created. The board of directors (or its remaining members, even though less than a quorum) is also empowered to fill vacancies on the board of directors occurring for any reason. Any director appointed to fill a vacancy or to a newly created directorship will hold office until the next election for the class of directors to which the new director has been appointed. Directors may only be removed for cause by the affirmative vote of two-thirds of the outstanding common stock entitled to vote at a meeting called for this purpose. Our restated certificate of incorporation and amended and restated by-laws provide that stockholders may not act by written consent in place of an annual or special meeting. Our restated certificate of incorporation and amended and restated by-laws provide that special meetings of stockholders may only be called by the chairman of the board or the president, or by a majority of the board of directors.

The provisions in our restated certificate of incorporation relating to amendment of our bylaws, the structure of our board of directors and prohibiting action by written consent of our stockholders may only be amended by a vote of 75% of our outstanding common stock.

Our amended and restated bylaws provide that, for nominations to the board of directors or for other business to be properly brought by a stockholder before an annual meeting of stockholders, the stockholder must

first have given timely notice thereof in writing to our corporate secretary. To be timely, a stockholder's notice generally must be delivered not less than 120 days prior to the anniversary date of the annual meeting in the immediately preceding year. The notice by a stockholder must contain, among other things, certain information about the stockholder delivering the notice and, as applicable, background information about the nominee or a description of the proposed business to be brought before the meeting. Our amended and restated

bylaws may only be amended by a vote of 75% of our outstanding common stock or by majority vote of our board of directors.

Certain of the provisions of our amended and restated certificate of incorporation and amended and restated bylaws discussed above could make more difficult or discourage a proxy contest or other change in our management or the acquisition or attempted acquisition of control by a holder of a substantial block of our stock. It is possible that such provisions could make it more difficult to accomplish, or could deter, transactions which stockholders may otherwise consider to be in their best interests.

As permitted by the DGCL, the restated certificate of incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of their fiduciary duties as directors, except for liability:

- for any breach of their duty of loyalty to us or our stockholders,
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- for unlawful payments of dividends or unlawful stock repurchases or redemptions, as provided in Section 174 or successor provisions of the DGCL, or
- for any transaction from which the director derived an improper personal benefit.

The amended and restated bylaws provide that we shall indemnify our directors, officers and employees to the fullest extend permitted by the DGCL, except in some circumstances, with respect to suits initiated by the director, officer or employee, and advance expenses to such directors, officers or employees to defend any action for which rights of indemnification are provided. In addition, the amended and restated bylaws permit us to grant such rights to our agents. The amended and restated bylaws also provide that we may purchase insurance on behalf of any director, officer, employee or agent against certain expenses, liabilities and losses, whether or not we would have the power to indemnify such person against such expenses, liabilities or losses. We believe that these provisions will assist us in attracting and retaining qualified individuals to serve as directors, officers and employees.

Rights Plan

Prior to the closing of this offering, the board of directors will adopt a stockholders rights plan pursuant to which one right to purchase one one-thousandth of a share of our newly created Series B Junior Participating Preferred Stock, par value $0.01 per share, would be issued as a dividend for each outstanding share of common stock. Each right, when exercisable, would represent the right to purchase one one-thousandth of a share of Series B Junior Participating Preferred Stock at a specified price. The rights would become exercisable ten days after a person or group acquires 15% or more of the outstanding common stock (other than certain persons who own more than 15% of the outstanding common stock as a result of the purchase of common stock from ShopKo or its affiliates) or commences or announces a tender or exchange offer which would result in such ownership.

If, after the rights become exercisable, we were to be acquired through a merger or other business combination transaction or 50% or more of our assets

or earning power were sold, each right would permit the holder to purchase, for the exercise price, common stock of the acquiring company having a market value of twice the exercise price. In addition, if any person acquires 15% or more of the outstanding common stock, each right not owned by such person would permit the purchase, for the exercise price of $120.00, of common stock having a market value of twice the exercise price.

The rights would expire ten years after the adoption of the rights plan, unless earlier redeemed by us in accordance with the terms of the rights plan. The purchase price payable and the shares of Series B Junior

Participating Preferred Stock issuable upon exercise of the rights would be subject to adjustment from time to time as specified in the rights plan. In addition, the board of directors would retain the authority to redeem (at $0.01 per right) and replace the rights with new rights at any time, provided that no such redemption could occur after a person or group acquires 15% or more of the outstanding common stock.

Shares of Series B Junior Participating Preferred Stock, when issued upon exercise of the rights, will be nonredeemable and will rank junior to all series of any other class of preferred stock. Each share of Series B Junior Participating Preferred Stock will be entitled to a cumulative preferential quarterly dividend payment equal to the greater of $10 per share or 1,000 times the dividend declared per share of common stock. In the event of liquidation, the holders of shares of Series B Junior Participating Preferred Stock will be entitled to a preferential liquidation payment equal to the greater of $1,000 per share or 1,000 times the payment made per share of common stock. Each share of Series B Junior Participating Preferred Stock will entitle the holder to 1,000 votes, voting together with the common stock. Finally, in the event of any merger, consolidation or other transaction in which common stock is exchanged, each share of Series B Junior Participating Preferred Stock will be entitled to receive 1,000 times the amount received per share of common stock. The foregoing rights would be subject to antidilution adjustments. The number of shares constituting the series of Series B Junior Participating Preferred Stock will be 100,000.

Transfer Agent

The transfer agent for the common stock is Norwest Shareowner Services.

SHARES ELIGIBLE FOR FUTURE SALE

The 5,300,000 shares of common stock sold in this offering, 6,095,000 shares of common stock if the underwriters exercise their over-allotment option in full, will be freely tradable without restriction under the Securities Act, except for any such shares which may be acquired by our "affiliates," as that term is defined in Rule 144 promulgated under the Securities Act, which shares will remain subject to the resale limitations of Rule 144.

The 12,550,000 shares of common stock that will continue to be held by ShopKo after the offering will constitute "restricted securities" within the meaning of Rule 144, and will be eligible for sale in the open market after the offering, subject to certain contractual lockup provisions and to the applicable requirements of Rule 144, both of which are described below. We have entered into a registration rights agreement with ShopKo relating to ShopKo's rights to have us register under the Securities Act all or a portion of the common stock owned by it. See "Relationship With ShopKo." In addition, we have the option to satisfy certain contingent obligations to the sellers of the PharMark business with shares of common stock. If we issue shares of common stock to the PharMark sellers, they have the right to require us to register those shares for sale under the Securities Act. They also have the right to have those shares included in registration statements we file under the Securities Act. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Acquisitions" for a more complete description of the contingent payments due to the PharMark sellers.

Generally, Rule 144 provides that a person who has beneficially owned "restricted securities" for at least one year will be entitled to sell on the open market in broker's transactions within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares, or the average weekly trading volume on the open market during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to certain notice requirements and the availability of current public information about us. Shares properly sold in reliance upon Rule 144 to persons who are not "affiliates" are thereafter freely tradable without the restriction or registration under the Securities Act. Ninety days after completion of this

offering, ShopKo will be able to sell in the public market its shares of common stock, subject to the volume and manner of sale restrictions described above and subject to the lock-up provisions described below.

We and our executive officers and directors and Shopko have agreed, subject to certain exceptions, not to directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of our common stock or securities convertible into or exchangeable or exercisable for or repayable with our common stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing, or enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of our common stock whether any such swap or transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of the underwriters for a period of 180 days after the date of this prospectus.

Sales of substantial amounts of common stock in the open market, or the availability of such shares for sale, could adversely affect prevailing market prices.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bear, Stearns & Co. Inc., William Blair & Company, L.L.C. and Lehman Brothers Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in the purchase agreement among us, Shopko and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from us, the number of shares of common stock set forth opposite its name below.

<TABLE>
<CAPTION>

Underwriters	Number of Shares
<S>	<C>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Bear, Stearns & Co. Inc.	
William Blair & Company, L.L.C.	
Lehman Brothers Inc.	
Total	5,300,000

</TABLE>

In the purchase agreement, the several underwriters have agreed, subject

to the terms and conditions set forth therein, to purchase all of the shares of common stock being sold pursuant to such agreement if any of such shares are purchased. Under certain circumstances, the commitments of non-defaulting underwriters under the purchase agreement may be increased.

The representatives have advised us that the underwriters propose initially to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus, and to certain dealers at such price less a concession not in excess of $ per share of common stock. The underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of common stock on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

ShopKo has granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of 795,000 additional shares of common stock at the initial public offering price set forth on the cover page of this prospectus, less the underwriting discount. The underwriters may exercise this option solely to cover over-allotments, if any, made on the sale of the common stock offered hereby. To the extent that the underwriters exercise this option, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of common stock proportionate to such underwriter's initial amount reflected in the foregoing table.

The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment option.

<TABLE>
<CAPTION>

	Per Share	Without Option	With Option
<S>	<C>	<C>	<C>
Public offering price.....	$	$	$
Underwriting discount.....	$	$	$
Proceeds, before expense, to us.....	$	$	$
Proceeds to ShopKo.....	$	$	$

</TABLE>

The expenses of the offering, exclusive of the underwriting discount, are estimated at $750,000 and are payable entirely by us. These expenses will not reduce the $20.0 million of net proceeds of the offering which we will retain. See "Use of Proceeds."

The shares of common stock are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and certain other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

We and our officers and directors and ShopKo have agreed, subject to certain exceptions, not to directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of our common stock or securities convertible into or exchangeable or exercisable for or repayable with our common stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing, or enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of our common stock whether any such swap or transaction is to be settled by delivery of our common stock or other

securities, in cash or otherwise, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of the underwriters for a period of 180 days after the date of this prospectus. See "Shares Eligible for Future Sale."

Prior to the offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. The factors to be considered in determining the initial public offering price will be prevailing market conditions, the valuation multiples of publicly traded companies that the representatives believe to be comparable to us, certain of our financial information, our history and our prospects and the industry in which we compete, and an assessment of our management, its past and present operations, the prospects for, and timing of, our future revenues, the present state of our development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours. There can be no assurance that an active trading market will develop for our common stock or that our common stock will trade in the public market subsequent to the offering at or above the initial public offering price.

We have applied to have our common stock approved for listing on the New York Stock Exchange under the symbol "PHS." The underwriters have undertaken that the common stock will be sold to ensure that the distribution standards of the New York Stock Exchange relating to round lots, public shares and aggregate market value will be met.

We and ShopKo have agreed to indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect thereof.

Until the distribution of the common stock is completed, rules of the SEC may limit the ability of the underwriters and certain selling group members to bid for and purchase the common stock. As an exception to these rules, the representatives are permitted to engage in certain transactions that stabilize the price of the common stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares of common stock than are set forth on the cover page of this prospectus, the representatives may reduce that short position by purchasing common stock in the open market. The

representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The representatives may also impose a penalty bid on certain underwriters and selling group members. This means that if the representatives purchase shares of common stock in the open market to reduce the underwriters' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of the common stock to the extent that it discourages resales of the common stock.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in the transactions described above or that these transactions, if commenced, will not be discontinued without notice.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 265,000 of the shares offered hereby for sale to directors and employees of ProVantage, ShopKo and their affiliates. The number of shares of our common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not orally confirmed for purchase within one day of the pricing of the offering will be offered by the underwriters to the general public on the same terms as the other shares offered hereby.

Some of the underwriters or their affiliates have provided investment or commercial banking services to us and to ShopKo in the past and may do so in the future. They receive customary fees and commissions for these services.

LEGAL MATTERS

Certain legal matters relating to the legality of the issuance of the shares of common stock being offered hereby will be passed upon for us by Godfrey & Kahn, S.C., Milwaukee, Wisconsin. Certain legal matters will be passed upon for the underwriters by Dewey Ballantine LLP, New York, New York.

EXPERTS

The Consolidated Financial Statements of ProVantage Health Services, Inc. and subsidiaries as of January 30, 1999, January 31, 1998 and February 1, 1997 and for each of the four years in the period ended January 30, 1999 included in the registration statement of which this prospectus forms a part and the related financial statement schedule included elsewhere in the registration statement have been so included in reliance on the report of Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein and elsewhere in the registration statement, and have been so included in reliance upon the reports of such firm, given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered hereby. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits thereto. For further information with respect to us and the common stock, you should refer to the registration statement and the exhibits thereto. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference. You may inspect and copy the registration statement and its exhibits at the public reference facilities of the SEC located at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the regional offices of the SEC located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and Seven World Trade Center, Suite 1300, New York, New York 10048. You may obtain copies of these materials for a fee by writing to the SEC's Public Reference Section at 450 Fifth Street, N.W., Washington, D.C. 20549, and you can access this information electronically by means of the SEC's website on the Internet at http://www.sec.gov. You may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

As a result of the offering, we will be subject to the requirements of the Exchange Act, which means that we will file reports, proxy statements and other information with the SEC on a periodic basis. You can read and copy these reports, proxy statements and other information we file with the SEC at the offices of the SEC, and at the website listed above.

We intend to furnish its stockholders with annual reports containing audited financial statements examined by its independent accountants for each

fiscal year.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder

ProVantage Health Services, Inc.:

We have audited the consolidated balance sheets of ProVantage Health Services, Inc. and subsidiaries, formerly known as ProVantage, Inc. (an indirect, wholly-owned subsidiary of ShopKo Stores, Inc.), as of January 30, 1999 and January 31, 1998 and the related consolidated statements of earnings, stockholder's equity and cash flows for each of the three years in the period ended January 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of ProVantage Health Services, Inc. and subsidiaries as of January 30, 1999 and January 31, 1998, and the results of their operations and their cash flows for each of the three years in the period ended January 30, 1999 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Milwaukee, Wisconsin

March 12, 1999

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Fiscal Year (52 weeks) Ended		
	Feb. 1, 1997	Jan. 31, 1998	Jan. 30, 1999
<S>	<C>	<C>	<C>
Net sales	$330,048	$500,891	$666,154
Costs and expenses:			
Cost of sales	306,760	463,069	618,308
Selling, general and administrative expenses	11,828	19,990	24,910
Depreciation and amortization expenses	2,233	4,779	6,776
	320,821	487,838	649,994
Income from operations	9,227	13,053	16,160
Interest income	353	364	543
Earnings before income taxes	9,580	13,417	16,703
Provision for income taxes	4,164	5,883	7,221
Net earnings	$ 5,416	$ 7,534	$ 9,482
Basic net earnings per share of common stock	$ 0.43	$ 0.60	$ 0.76
Average number of shares of common stock outstanding	12,550	12,550	12,550
Pro forma basic net earnings per share of common stock			$ 0.49
Pro forma average number of shares of common stock outstanding			19,315

</TABLE>

See notes to consolidated financial statements.

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

<TABLE>
<CAPTION>

	January 31, 1998	January 30, 1999
Assets		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 12,533	$ 24,680
Receivables, less allowance for losses of $976 and $1,314, respectively	59,662	84,935
Pharmaceutical inventories	1,312	3,121
Other current assets	1,054	2,343

Total current assets	74,561	115,079
Goodwill--net	67,926	67,127
Other assets--net	3,119	3,295
Property and equipment--net	9,431	15,276
Total assets	$155,037	$200,777

<CAPTION>
Liabilities and Stockholder's Equity

<S>	<C>	<C>
Current liabilities:		
Short-term debt	$ 967	$ 968
Accounts payable trade	46,481	66,077
Accrued liabilities	11,633	14,025
Total current liabilities	59,081	81,070
Long-term obligations	913	--
Deferred income taxes	1,448	3,521
Minority interest	2,315	2,949
Stockholder's equity:		
Common Stock; $.01 par value, 50,000 shares authorized, 12,550 shares outstanding	126	126
Additional paid-in capital	76,522	88,997
Retained earnings	14,632	24,114
Total stockholder's equity	91,280	113,237
Total liabilities and stockholder's equity	$155,037	$200,777

</TABLE>

See notes to consolidated financial statements.

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

<TABLE>
<CAPTION>

	Fiscal Year (52 weeks) Ended		
	Feb. 1, 1997	Jan. 31, 1998	Jan. 30, 1999
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings	$ 5,416	$ 7,534	$ 9,482
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,233	4,779	6,776
Provision for losses on receivables	878	38	185
Deferred income taxes	63	305	1,715
Change in assets and liabilities excluding the effect of business acquisitions:			
Receivables	(42,031)	(6,314)	(24,824)
Pharmaceutical inventories	(746)	(62)	(1,809)
Other current assets	(162)	151	(932)
Other assets	(258)	(1,500)	(635)
Accounts payable	29,653	11,385	19,596
Accrued liabilities	8,344	(4,330)	(77)

Net cash provided by operating activities..	3,390	11,986	9,477
Cash flows used in investing activities:			
Payments for property and equipment.....	(2,057)	(4,198)	(8,863)
Business acquisitions, net of cash acquired....	(33,531)	(22,390)	--
Net cash used in investing activities.....	(35,588)	(26,588)	(8,863)
Cash flows from financing activities:			
Change in short-term debt.....	--	967	1
Capital contribution.....	33,143	21,063	12,475
Reduction in debt.....	--	(841)	(943)
Net cash provided by financing activities..	33,143	21,189	11,533
Net increase in cash and cash equivalents.....	945	6,587	12,147
Cash and cash equivalents at beginning of period.....	5,001	5,946	12,533
Cash and cash equivalents at end of period.....	$ 5,946	$ 12,533	$ 24,680
Supplemental cash flow information:			
Cash paid during the period for:			
Income taxes.....	$ 4,044	$ 5,585	$ 6,793
Accrued supplemental contingent payment.....	--	--	$ 2,500
During fiscal 1997 and 1996, the Company acquired companies. In conjunction with these acquisitions, the purchase price consisted of the following:			
Cash paid.....	$ 33,531	$ 22,390	$ --
Notes payable issued.....	--	1,833	--
Liabilities assumed.....	--	4,030	--
Total fair value of acquisitions.....	$ 33,531	$ 28,253	$ --

See notes to consolidated financial statements.

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

(In thousands)

	Common Stock		Additional Paid-In	Retained
	Shares	Amount	Capital	Earnings
Balances at February 3, 1996.....	12,550	126	$22,316	$ 1,682
Capital contribution.....			33,143	
Net earnings.....				5,416
Balances at February 1, 1997.....	12,550	126	55,459	7,098
Capital contribution.....			21,063	
Net earnings.....				7,534
Balances at January 31, 1998.....	12,550	126	76,522	14,632
Capital contribution.....			12,475	
Net earnings.....				9,482
Balances at January 30, 1999.....	12,550	$126	$88,997	$24,114

See notes to consolidated financial statements.

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

Organization and Basis of Presentation:

The consolidated financial statements include the accounts of ProVantage Health Services, Inc. and all its subsidiaries, formerly known as ProVantage, Inc. ("ProVantage" or the "Company"). ProVantage consolidates all subsidiaries in which it has a majority voting interest. All significant intercompany accounts and transactions have been eliminated. ProVantage is a Delaware corporation. ProVantage is a wholly-owned subsidiary of ProVantage Holdings, Inc., which in turn is wholly-owned by ShopKo Stores, Inc. ("ShopKo").

ProVantage, which conducts its business principally throughout the United States, provides health benefit management services, pharmacy mail services, vision benefit management services and health information technology and clinical support services.

For the periods presented, certain general, administrative and other expenses reflected in the consolidated financial statements include allocations of certain corporate expenses from ShopKo which took into consideration personnel, space, estimates of time spent to provide services or other appropriate bases. These allocations include services and expenses for general management, information systems management, treasury, tax, financial reporting, benefits administration, insurance, legal, communications and other miscellaneous services.

Management believes the foregoing allocations were made on a reasonable basis. Although these allocations do not necessarily represent the costs which would have been or may be incurred by ProVantage on a stand alone basis, management believes that any variance in costs would not be material.

Revenues and Costs of Revenues:

ProVantage's net sales are recorded when earned and include (i) administrative and dispensing fees plus the cost of pharmaceuticals dispensed by pharmacies participating in the network maintained by ProVantage or by ProVantage's mail service pharmacy to members of health benefit plans sponsored by ProVantage's clients; (ii) amounts billed to pharmaceutical manufacturers and third party formulary administrators for formulary fees, which are discounts, rebates and fees earned from pharmaceutical manufacturers; (iii) the sale of eyeglasses and contact lenses and related administrative fees relating to vision benefit management services; and (iv) license and service fees for health information technology and clinical support services. Cost of sales includes the amounts paid to network pharmacies and optical centers for medical claims, the cost of prescription medications sold through the mail service pharmacy and the amounts paid to plan sponsors for shared formulary fees.

Cash and Cash Equivalents:

ProVantage records all highly liquid investments with a maturity of three months or less as cash equivalents.

Receivables:

Receivables consist primarily of amounts collectible from (i) insurance companies, third party administrators and self-funded medical plan sponsors for pharmaceutical claims and claim processing fees, (ii) pharmaceutical

manufacturers and third party formulary administrators for formulary fees and (iii) customers for license and service fees for health information technology and clinical support services. Substantially all amounts are expected to be collected within one year.

Pharmaceutical Inventories:

Pharmaceutical inventories are stated at the lower of cost or market. Cost, which includes certain distribution and transportation costs, is determined through use of the first-in, first-out (FIFO) method.

Property and Equipment:

Property and equipment are carried at cost. The cost of equipment is depreciated over the estimated useful life of the assets using the straight-line method. Useful lives generally assigned are 3 to 10 years. Costs of leasehold improvements are amortized over the period of the lease or the estimated useful life of the asset, whichever is shorter, using the straight-line method.

Expenditures relating to the development of software to be marketed to clients, or to be used for internal purposes, are charged to expense until technological feasibility is established. Thereafter, the remaining software production costs up to the date of general release to customers or to the date placed into production are capitalized and included as property and equipment. During fiscal years 1996, 1997 and 1998, $1.4 million, $2.1 million and $4.6 million in software development costs were capitalized, respectively. Capitalized software development costs amounted to $3.8 million and $8.4 million at January 31, 1998 and January 30, 1999, respectively. Amortization of capitalized amounts commences on the date of general release to customers or the date placed into production using the straight-line method over estimated economic life of the product but not more than five years. Total amortization expense of capitalized software costs was $0.1 million, $1.0 million and $1.9 million in fiscal years 1996, 1997 and 1998, respectively.

The components of property and equipment are (in thousands):

<TABLE>
<CAPTION>

	January 31, 1998	January 30, 1999
<S>	<C>	<C>
Property and equipment at cost:		
Software	$8,058	$13,834
Equipment	3,670	6,441
Leasehold improvements	353	668
	12,081	20,943
Less accumulated depreciation and amortization	2,650	5,667
Net property and equipment	$9,431	$15,276

</TABLE>

Goodwill:

The excess of cost over fair value of the net assets of businesses acquired (goodwill) is amortized using the straight-line method over 18 to 22 years. Accumulated amortization for these costs was $5.7 million and $9.4 million at January 31, 1998 and January 30, 1999, respectively.

Impairment of Long Lived Assets:

ProVantage evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed as of January 30, 1999.

Net Earnings Per Common Share:

In 1997, SFAS No. 128, "Earnings Per Share" was issued. SFAS No. 128 replaces the previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Basic net earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding. Diluted net earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding increased by the number of dilutive potential common shares based on the treasury stock method.

Pro Forma Basic Net Earnings Per Share of Common Stock:

Pro forma basic net earnings per share of common stock are computed by dividing net earnings by 19,314,706, which represents the total number of shares of common stock which will be outstanding after completion of the reorganization of ProVantage's corporate structure, plus 6,764,706 shares of common stock which, when multiplied by an assumed offering price of $17.00 per share, would be sufficient to repay the demand promissory note to be issued to ShopKo prior to the offering.

Income Taxes:

ProVantage's results are included in ShopKo's consolidated U. S. federal income tax return. All income tax payments are made by ShopKo on behalf of its subsidiaries, a portion of which are allocated to ProVantage. The amounts reflected in the provision for income taxes are based on applicable federal statutory rates, adjusted for permanent differences between financial and taxable income. In effect, the income tax provision is computed on a separate return basis.

The financial statements reflect the application of SFAS No. 109, "Accounting for Income Taxes."

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting period. Actual results could differ from those estimates.

B. Acquisitions

On January 3, 1995, ProVantage completed the acquisition of Bravell, Inc. ("Bravell"), a pharmacy benefit management firm that provides custom prescription benefit plan design, program administration and claims benefit processing services to insurance companies, third party administrators and self-funded medical plan sponsors. The transaction was accounted for as a

purchase, whereby ProVantage acquired 97% of the outstanding common stock of Bravell for approximately $17.3 million. ProVantage was also required to make additional payments which were contingent upon future results of Bravell's operations. In fiscal 1996, $0.7 million was paid based on the results of fiscal 1995. On April 10, 1997, ProVantage made a payment of approximately $8.9 million to the founders of Bravell to (i) acquire the remaining 3% of the common stock of Bravell which ProVantage did not acquire in January 1995, (ii) extinguish all remaining contingent payment obligations to the founders and (iii) terminate the founders' employment agreements. This $8.9 million payment was capitalized as additional purchase price and amortized over 20 years.

On August 2, 1996, ProVantage completed the acquisition of CareStream ScripCard from Avatex Corporation, formerly known as FoxMeyer Health Corporation. CareStream ScripCard is a prescription benefit management company and its operations have been integrated with ProVantage. The initial purchase price was $30.5 million in cash, with the obligation to make an additional contingent cash payment equal to 1.5% of ProVantage's market value, subject to a minimum of $2.5 million and a maximum of $5.0 million. Based upon meeting the minimum requirement, ProVantage has accrued $2.5 million as of January 30, 1999. Avatex has a right to receive the additional contingent cash payment at its election without further condition at any time prior to August 2, 2001. The supplemental payment will be capitalized as additional purchase price and amortized over a period of 15 to 18 years.

On August 20, 1997, ProVantage acquired The Mikalix Group, Inc. and its subsidiaries, an international privately held group of companies based in Arlington, Virginia. Mikalix's primary subsidiary is PharMark Corporation, a software and database development company providing information driven strategies for optimizing medical and pharmaceutical outcomes. The purchase price for Mikalix was approximately $15.2 million, of which $14.2 million has been paid in cash and $1.0 million is due in 1999. The sellers of Mikalix may also be entitled to contingent payments of up to $8.0 million in the aggregate based on future increases in the market value of ProVantage's outstanding common stock (the "Contingent Payments"). The Contingent Payment amounts of up to $8.0 million are calculated based upon the market value of ProVantage's outstanding common stock ranging from $250.0 million to $500.0 million. The Contingent Payments, if any, will be due on the first to occur of August 20, 2002 or certain liquidity events related to ProVantage and will be capitalized as additional purchase price and amortized over a period of 15 to 19 years. The Contingent Payments may be made, at ProVantage's election, in either cash, ShopKo common stock or ProVantage common stock; provided, however, that any stock used for such payments must be traded in a public market.

The allocation of the purchase prices of ProVantage's acquisitions were based on fair values at the dates of acquisition. The excess of the purchase price over the fair value of the net assets acquired of approximately $76.5 million is being amortized on a straight-line basis over 18 to 22 years. The results of the acquired companies' operations since the dates of acquisition have been included in the consolidated statements of earnings of ProVantage.

C. Debt

ProVantage's short-term debt consists of two promissory notes due to the former owners of PharMark. The promissory notes, which are due August 20, 1999, bear interest at 6%.

D. Leases

ProVantage is obligated under operating leases, primarily for buildings and computer hardware. Minimum future obligations under operating leases in effect at January 30, 1999 are as follows (in thousands):
<TABLE>

<CAPTION>

Year	Lease Obligations
<S>	<C>
1999	$1,708
2000	1,322
2001	1,056
2002	418
Thereafter	251
Total minimum obligations	$4,755

</TABLE>

Total minimum rental expense related to all operating leases with terms greater than one year was $0.4 million, $0.9 million and $1.9 million in fiscal years 1996, 1997 and 1998, respectively.

E. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Components of ProVantage's net deferred tax liability are as follows (in thousands):

<TABLE>
<CAPTION>

	January 31, 1998	January 30, 1999
<S>	<C>	<C>
Deferred tax liabilities:		
Goodwill	$ 1,795	$ 1,948
Property and equipment	--	1,573
Inventory valuation	202	--
Total deferred tax liabilities	1,997	3,521
Deferred tax assets:		
Property and equipment	(345)	--
Reserves and allowances	(1,106)	(1,260)
Total deferred tax assets	(1,451)	(1,260)
Net deferred tax liabilities	$ 546	$ 2,261

</TABLE>

The amounts reflected in the provision for income taxes are based on applicable federal statutory rates, adjusted for permanent differences between financial and taxable income. The provision for federal and state income taxes includes the following (in thousands):

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Current:			
Federal	$3,294	$4,537	$4,428
State	807	1,041	1,078

Deferred	63	305	1,715
Total provision	$4,164	$5,883	$7,221

The effective tax rate varies from the statutory federal income tax rate for the following reasons:

	1996	1997	1998
Statutory income tax	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefits	5.0	5.0	5.1
Goodwill	3.5	3.6	2.9
Other	--	0.2	0.2
Effective income tax rate	43.5%	43.8%	43.2%

Provision is made for deferred income taxes and future income tax benefits applicable to temporary differences between financial and tax reporting. The sources of these differences and the effects of each are as follows (in thousands):

	1996	1997	1998
Depreciation and amortization	$ 569	$131	$2,072
Reserves and allowances	(494)	166	(118)
Other	(12)	8	(239)
	$ 63	$305	$1,715

F. Stockholder's Equity

ProVantage has 50,000,000 shares of $0.01 par value of common stock authorized with 12,550,000 shares issued and outstanding as of January 31, 1998 and 12,550,000 shares issued and outstanding as of January 30, 1999. The stockholder's equity section of the balance sheet is adjusted to show the retroactive effect of a stock split effected through a stock dividend. The stock split, which will be made immediately prior to the public sale of the shares, is required to convert the existing 10,100 shares of outstanding common stock into 12,550,000 shares of common stock.

G. Employee Benefits

Substantially all employees of ProVantage are covered by a defined contribution profit sharing plan sponsored by ShopKo. The plan provides for two types of Company contributions: an amount determined annually by the Board of Directors and an employer matching contribution equal to one-half of the first 6% of compensation contributed by participating employees. ProVantage contributions were $0.1 million, $0.1 million and $0.2 million for fiscal years 1996, 1997 and 1998, respectively.

H. Related Party Transactions

ProVantage provided claims processing services for ShopKo. ProVantage bills ShopKo for the cost of the prescription claim plus processing fees. These amounts were $1.6 million, $1.6 million and $2.1 million for fiscal years 1996, 1997 and 1998, respectively, and were included in ProVantage's sales. Receivables include amounts due from ShopKo of $0.1 million at both January 31, 1998 and January 30, 1999.

A portion of ProVantage's payments made to network pharmacies are made to pharmacies owned by ShopKo. The payments reflect the cost of the prescription claim less an on-line remittance fee. These amounts were $21.0 million, $25.8 million and $35.7 million for fiscal years 1996, 1997 and 1998, respectively, and were included in ProVantage's cost of sales. Accounts payable include amounts payable to ShopKo for claims of $1.3 million at January 31, 1998 and $1.7 million at January 30, 1999, respectively.

ProVantage receives formulary fees from pharmaceutical manufacturers. A portion of these fees are shared with and paid to the network pharmacies owned by ShopKo. These amounts were $0.2 million and $0.1 million for fiscal years 1996 and 1997, respectively, and were included in ProVantage's cost of sales.

Purchases of inventory from ShopKo were $1.0 million, $0.8 million and $0.3 million for fiscal years 1996, 1997 and 1998, respectively.

General, administrative and other expenses were allocated to ProVantage from ShopKo. These allocations took into consideration personnel, space, estimates of time spent to provide services or other appropriate bases and included amounts for general management, tax, financial reporting, benefits administration, insurance, legal, communications and other miscellaneous services. Amounts charged for these services reflect amounts historically incurred by ShopKo and were $0.4 million, $1.1 million and $1.2 million for fiscal years 1996, 1997 and 1998, respectively.

I. Major Customers

For fiscal 1996, one customer represented $59.1 million, or 17.9%, of net sales, for fiscal year 1997, this customer represented $58.6 million, or 11.7%, of net sales, and for fiscal year 1998, this customer represented $76.1 million, or 11.4%, of net sales.

J. Subsequent Events (unaudited)

ProVantage has filed a registration statement with the Securities and Exchange Commission under which a portion of its shares of common stock will be sold. The average number of shares of common stock is adjusted to show the retroactive effect of a stock split through a stock dividend. The stock split, which will be made prior to the public sale of shares, is required to convert the existing 10,100 shares of outstanding common stock into 12,550,000 shares of common stock. After the offering, 17,850,000 shares of common stock will be outstanding, excluding the underwriters' over-allotment option. In addition, ProVantage will declare a dividend to ShopKo of $115.0 million in the form of a demand promissory note. The demand promissory note will be paid with the proceeds of the offering and to the extent that the proceeds of the offering are less than $115.0 million, the remainder of the demand promissory note will be contributed to ProVantage by ShopKo.

Also pursuant to this offering of common stock, ProVantage will enter into agreements which call for ShopKo to provide credit, administrative and information technology services to ProVantage. All of these agreements expire on January 31, 2001 and are subject to automatic one year renewal terms and

earlier termination under certain circumstances. In addition, ProVantage will lease its corporate headquarters building, currently under construction, from ShopKo at terms to be determined.

The credit agreement provides ProVantage with an unsecured, revolving line of credit of up to $25.0 million at market rates. ProVantage will pay an annual facility fee of 1/5 of one percent of the total commitment amount.

The administrative services agreement provides ProVantage with certain administrative, support and consultation services including employee benefits, payroll processing, insurance, tax compliance, treasury and accounts payable processing.

The information technology services agreement provides ProVantage with the use and the personnel to manage and maintain certain hardware, software and computer facilities.

PROVANTAGE HEALTH SERVICES, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED BALANCE SHEET

(Unaudited, in thousands)

The following balance sheet of ProVantage presents its unaudited pro forma balance sheet as of January 30, 1999. The unaudited pro forma balance sheet gives effect to the $115.0 million dividend declared to ShopKo as if such transactions had occurred on January 30, 1999. The pro forma balance sheet should be read in conjunction with the historical statements and related notes of ProVantage included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	January 30, 1999	Pro Forma Adjustments	Pro Forma
<S>	<C>	<C>	<C>
Assets			
Current assets:			
Cash and cash equivalents	$ 24,680		$ 24,680
Receivables, less allowance for losses of $1,314	84,935		84,935
Pharmaceutical inventories	3,121		3,121
Other current assets	2,343		2,343
Total current assets	115,079		115,079
Goodwill--net	67,127		67,127
Other assets--net	3,295		3,295
Property and equipment--net	15,276		15,276
Total assets	$200,777		$200,777
Liabilities and Stockholder's Equity			
Current liabilities:			
Demand promissory note payable to ShopKo		$115,000(1)	$115,000
Short-term debt	$ 968		968
Accounts payable trade	66,077		66,077
Accrued liabilities	14,025		14,025
Total current liabilities	81,070		196,070
Long-term obligations	--		--
Deferred income taxes	3,521		3,521
Minority interest	2,949		2,949
Stockholder's equity:			
Common Stock; $.01 par value 50,000 shares authorized 12,550 shares			

issued and outstanding, actual; 50,000 shares authorized, 12,550 shares issued and outstanding, pro forma	126		126
Additional paid-in capital	88,997		88,997
Retained earnings	24,114	(115,000)(1)	(90,886)
Total stockholder's equity	113,237		(1,763)
Total liabilities and stockholder's equity	$200,777		$200,777

</TABLE>

(1) To record a $115.0 million dividend to ShopKo Stores, Inc. in the form of a demand promissory note subsequent to January 30, 1999.

ProVantage's
Advanced Therapeutic Intervention Program

Medical Diagnosis Data | Pharmaceutical Claims Data | Medical Claims Data

Identify
Quantify
Prioritize

Physician and Patient Alert

Reduce Hospital & Drug Costs | Improve Quality of Healthcare | Platform for Research

Our Advanced Therapeutic Intervention Program analyzes our clients' medical diagnosis, claims and prescription data on an integrated basis, thereby providing the capability to: identify patients at risk for drug-induced illness, quantify medical risk using statistical measures, and prioritize patients at risk.

Our clinical staff, under the direction of our physicians, intervene by issuing alerts for these patients to the treating physicians. Alerts inform the treating physicians of the medical condition, prescribing pattern or other factors that create the increased hospitalization risk.

This program allows clients to measure their return on investment by quantifying healthcare cost savings. The program is designed to improve the quality of healthcare, and provides a platform for future research.

[LOGO OF PROVANTAGE]

Until , 1999 (25 days after the date of this prospectus), all dealers that buy, sell or trade the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters

and with respect to their unsold allotments or subscriptions.

5,300,000 Shares

ProVantage Health Services, Inc.

Common Stock

[COMPANY LOGO]

P R O S P E C T U S

Merrill Lynch & Co.

Bear, Stearns & Co. Inc.

William Blair & Company

Lehman Brothers

, 1999

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following is an itemized statement of the estimated amounts of all expenses payable by the Registrant in connection with the issuance and distribution of the Common Stock being registered hereunder, other than underwriting discounts and commissions:

<TABLE>

<S>	<C>
SEC registration fee	$ 30,500
New York Stock Exchange listing fee	129,500
NASD filing fee	11,500
Blue Sky fees and expenses (including fees of counsel)	7,500
Accounting fees and expenses	150,000
Legal fees and expenses	200,000
Printing and engraving expenses	200,000
Transfer Agent and Registrar fees	5,000
Miscellaneous	16,000
Total	$750,000

</TABLE>

All amounts except the SEC registration fee, New York Stock Exchange listing fee and NASD filing fee are estimated.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the "DGCL") permits a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint

venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

In the case of an action by or in the right of the corporation, Section 145 permits the corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation. No indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and

reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in the preceding two paragraphs, Section 145 requires that such person be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145 provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in Section 145.

The Registrant's Restated Certificate of Incorporation provides that an officer or director of the Registrant will not be personally liable to the Registrant or its stockholders for monetary damages for any breach of his fiduciary duty as an officer or director, except in certain cases where liability is mandated by the DGCL. The provision has no effect on any non-monetary remedies that may be available to the Registrant or its stockholders, nor does it relieve the Registrant or its officers or directors from compliance with federal or state securities laws.

The Registrant's Amended and Restated Bylaws generally provide that the Registrant shall indemnify, to the fullest extent permitted by the DGCL, each person who was or is made a party to or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding (each, a "Proceeding") by reason of the fact that such person is or was a director, officer or employee of the Registrant, or is or was serving at the request of the Registrant as a director, officer or employee of another entity, against all expenses, liabilities and losses reasonably incurred or suffered by such person in connection with such Proceeding.

An officer or director shall not be entitled to indemnification by the Registrant if (i) the officer or director did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of

the Registrant, or (ii) with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe his conduct was unlawful.

The Purchase Agreement filed herewith as Exhibit 1.1 provides for indemnification of the directors, certain officers and controlling persons of the Registrant by the Underwriters against certain civil liabilities, including liabilities under the Securities Act.

The Registrant has entered into agreements to indemnify its directors and certain officers, in addition to the indemnification provided for in the Amended and Restated Bylaws. These agreements will, among other things, indemnify the Registrant's directors and certain of its officers to the full extent permitted by Delaware law for any claims, liabilities, damages, judgments, penalties, fines, settlements, disbursements or expenses (including attorneys' fees) incurred by such person in any action or proceeding, including any action by or in the right of the Registrant, on account of services as a director or officer of the Registrant.

In addition, the Registrant has directors' and officers' liability insurance that insures against certain liabilities, including liabilities under the Securities Act, subject to applicable restrictions.

Item 15. Recent Sales of Unregistered Securities

The following information is furnished as to securities of the Registrant sold within the past three years that were not registered under the Securities Act:

On August 20, 1997, the Registrant acquired The Mikalix Group, Inc. as described under "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the prospectus contained in this Registration Statement which description is incorporated by reference herein. The securities which may be issued to the sellers of The Mikalix Group, Inc. were sold in reliance on Section 4(2) of the Securities Act of 1933, as amended. The securities were sold in a private offering to purchasers who represented that they were purchasing such securities with investment intent and not with a view to the distribution thereof.

Item 16. Exhibits and Financial Schedules

(a) Exhibits

The list of exhibits is incorporated by reference to the "Index to Exhibits" located after the signature page of this Registration Statement.

(b) Financial Statement Schedules

ProVantage Health Services, Inc. and Subsidiaries

Schedule VIII--Valuation and Qualifying Accounts

(In thousands)

<TABLE>
<CAPTION>

		Additions			
	Balance at beginning of year	Charged to bad debt expense	Charged to other accounts*	Deductions/ Writeoffs	Balance at end of year
<S>	<C>	<C>	<C>	<C>	<C>
Year (52 weeks) ended February 1, 1997:					
Allowance for losses on receivables.....	$ 40	$878	$800		$1,718

Year (52 weeks) ended January 31, 1998:					
Allowance for losses on receivables.....	$1,718	$ 38	$101	$881	$ 976
Year (52 weeks) ended January 30, 1999:					
Allowance for losses on receivables.....	$ 976	$185	$207	$ 54	$1,314

</TABLE>

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* Charges to other various income statement accounts, other than bad debts.

All other schedules are omitted because the required information is not present or is not present in amounts sufficient to require submission of a schedule or because the information required is included in the consolidated financial statements of the Registrant or the notes thereto or the schedules are not required or inapplicable under the related instructions.

Item 17. Undertakings

(a) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the

Registrant has caused this Amendment No. 1 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Milwaukee, State of Wisconsin, on March 25, 1999.

Provantage Health Services, Inc.

By: /s/ Jeffrey A. Jones*
_____
Jeffrey A. Jones,
Executive Vice President
and Chief Operating Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated below.

<TABLE>
<CAPTION>

Name	Title	Date
<S>	<C>	<C>
/s/ Dale P. Kramer* _____ Dale P. Kramer	Chairman of the Board	March 25, 1999
/s/ Jeffrey A. Jones* _____ Jeffrey A. Jones	Executive Vice President and Chief Operating Officer (Principal Executive Officer and Principal Financial Officer)	March 25, 1999
/s/ Peter J. Beste* _____ Peter J. Beste	Vice President and Controller (Principal Accounting Officer)	March 25, 1999

</TABLE>

/s/ Richard D. Schepp
---

*By Richard D. Schepp pursuant
to Powers of Attorney
previously filed.

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

Exhibit Number	Document Description	
<C>	<S>	<C>
1.1	Form of Purchase Agreement**	
3.1	Form of Restated Certificate of Incorporation of the Registrant	
3.2	Form of Amended and Restated Bylaws of the Registrant	
4.1	Form of Stock Certificate	
4.2	Form of Rights Agreement between the Registrant and Norwest Bank Minnesota, N.A. (including the Form of Certificate of Designation, Preferences and Rights of Senior B Junior Participating Preferred Stock and Form of Rights Certificate)	
4.3	Form of Demand Promissory Note issued by the Registrant to ProVantage Holdings, Inc.	
5.1	Opinion of Godfrey & Kahn, S.C.**	
10.1	Form of Administrative Services Agreement between the Registrant and ShopKo Stores, Inc.	
10.2	Form of I.T. Support Agreement between the Registrant and ShopKo Stores, Inc.	

10.3	Form of Credit Agreement between the Registrant and ShopKo Stores, Inc.
10.4	Form of Indemnification and Hold Harmless Agreement between the Registrant and ShopKo Stores, Inc.
10.5	Form of Registration Rights Agreement between the Registrant and ProVantage Holdings, Inc.
10.6	Form of Tax Matters Agreement between the Registrant and ShopKo Stores, Inc.
10.7	Form of Indemnification Agreement between the Registrant and the directors and certain officers of the Registrant
10.8	Form of Change of Control Severance Agreement between the Registrant and certain officers of the Registrant
10.9(a)	First Amended and Restated Prescription Benefit Management Agreement between ProVantage Prescription Benefit Management, Inc. and American Medical Security, Inc. dated as of March 14, 1996
10.9(b)	First Amendment to the First Amended and Restated Prescription Benefit Management Agreement between ProVantage Prescription Benefit Management, Inc. and American Medical Security, Inc.
10.10	Registrant's 1999 Stock Incentive Plan
10.11	Prescription Benefit Management Agreement between the Registrant and ShopKo Stores, Inc. dated as of January 27, 1999
10.12	System Agreement between Systems Xcellence USA, Inc. and the Registrant dated as of January 27, 1999
10.13	Vision Benefit Group Insurance Policy
21.1	Subsidiaries of the Registrant*
23.1	Consent and Report on Schedule of Deloitte & Touche LLP
23.2	Consent of Godfrey & Kahn, S.C. (contained in Exhibit 5.1).**

Exhibit Number	Document Description
24.1	Powers of Attorney*
27.1	Financial Data Schedule
99.1	Consent of Jeffrey C. Girard*
99.2	Consent of William J. Podany*
99.3	Consent of Gregory H. Wolf*
99.4	Consent of Jeffrey A. Jones

*Previously filed.

**To be filed.

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

PROVANTAGE HEALTH SERVICES, INC.

ProVantage Health Services, Inc., a Delaware corporation (the "Corporation"), the original certificate of incorporation of which was filed with the Secretary of State of the State of Delaware on June 26, 1989 (the "Certificate of Incorporation") under the name The Mikalix Group, Inc., hereby certifies that this Restated Certificate of Incorporation, restating, integrating and amending its Certificate of Incorporation, was duly adopted by its Board of Directors and its stockholder in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL").

FIRST: The name of the Corporation is: ProVantage Health Services, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, County of Newcastle. The name of its registered agent at such address is the Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

FOURTH: A. The total number of shares of stock that the Corporation shall have authority to issue is 55,000,000 of which (i) 50,000,000 shares shall be shares of Common Stock, $.01 par value per share (the "Common Stock"), and (ii) 5,000,000 shares shall be shares of Preferred Stock, $.01 par value per share (the "Preferred Stock").

B. The number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of the Common Stock of the Corporation, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL or any corresponding provision enacted subsequent to the

date hereof.

C. The following is a statement of the powers, preferences, and relative participating, optional or other special rights and qualifications, limitations and restrictions of the Common Stock:

1. Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Restated Certificate of Incorporation (the "Restated Certificate"), holders of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock

or property of the Corporation as may be declared thereon by the Board of Directors of the Corporation from time to time out of assets or funds of the Corporation legally available therefor.

2. (a) At every meeting of the stockholders of the Corporation, every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation in connection with the election of directors and all other matters submitted to a vote of the stockholders. The holders of Common Stock shall vote together as a single class, subject to any voting rights which may be granted to holders of Preferred Stock, on all matters submitted to a vote of the holders of Common Stock. No stockholder shall be entitled to exercise any right of cumulative voting.

(b) Subject to any rights of the holders of Preferred Stock, the provisions of this Restated Certificate shall not be modified, revised, altered or amended, repealed or rescinded in whole or in part, without the approval of a majority of the votes entitled to be cast by the holders of the Common Stock, voting together as a single class.

(c) Any corporate action which may be taken at any annual or special meeting of the stockholders, may be taken only at a duly called annual or special meeting of stockholders and may not be taken by written consent of the stockholders in lieu of such meeting. Notwithstanding anything contained in this Restated Certificate to the contrary, the affirmative vote of the holders of at least 75% of the total voting power of all classes of outstanding capital stock, voting together as a single class, shall be required to amend or repeal this paragraph (C)(2)(c) or adopt any provision inconsistent with this paragraph (C)(2)(c).

3. In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Common Stock. For the purposes of this paragraph (C)(3), the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the

corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

4. All rights to vote and all voting power (including, without limitation thereto, the right to elect directors) shall be vested exclusively in the holders of Common Stock, voting together as a single class, except as otherwise expressly provided in this Restated Certificate, in a Preferred Stock Designation or as otherwise expressly required by applicable law.

D. Subject to the limitations and in the manner provided by law, shares of the Preferred Stock may be issued from time to time in series, and the Board of Directors of the Corporation or a duly authorized committee of the Board of Directors of the Corporation, in accordance with the laws of the State of Delaware, is hereby authorized to determine or alter the powers (including voting powers), designations, preferences and relative, participating, optional or other rights, if any, and qualifications, limitations or restrictions of the Preferred Stock or any wholly unissued series of shares of Preferred Stock, and to increase (but not above the total number of authorized

shares of the class) or decrease (but not below the number of shares of any series of Preferred Stock then outstanding) the number of shares of any such series subsequent to the issue of shares of that series. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall upon the taking of any action required by applicable law resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

FIFTH: The books and records of the Corporation may be kept (subject to any mandatory requirement of law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or by the Bylaws of the Corporation.

SIXTH: Special meetings of stockholders of the Corporation, for any purpose or purposes, unless otherwise prescribed by statute or by this Restated Certificate, may be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board or the President or Secretary at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting.

SEVENTH: The Bylaws of the Corporation may be altered, amended or repealed at any meeting of the Board of Directors or of the stockholders (subject, in the case of meetings of the stockholders, to the provisions of Article II of the Bylaws), as the case may be. All such amendments must be approved by the affirmative vote of the holders of at least 75% of the total voting power of all

classes of outstanding capital stock, voting together as a single class (if effected by action of the stockholders), or by the affirmative vote of directors constituting not less than a majority of the entire Board of Directors (if effected by action of the Board of Directors). Notwithstanding anything contained in this Restated Certificate to the contrary, the affirmative vote of the holders of at least 75% of the total voting power of all classes of outstanding capital stock, voting together as a single class, shall be required to amend or repeal this ARTICLE SEVENTH or to adopt any provision inconsistent with this ARTICLE SEVENTH.

EIGHTH: The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of a number of directors as determined from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors then in office. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Class I directors shall be elected initially for a one-year term, Class II directors shall be elected initially for a two-year term, and Class III directors shall be elected initially for a three-year term. At each succeeding annual meeting of stockholders beginning in 2000, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and

shall qualify, subject, however, to his prior death, resignation or removal from office. Any vacancy on the Board of Directors, however caused, including, without limitation, any vacancy resulting from an increase in the number of directors, shall be filled by the vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director so elected to fill any vacancy on the Board of Directors, including a vacancy created by an increase in the number of directors, shall hold office for the remaining term of directors of the class to which he has been elected and until his successor shall be elected and shall qualify.

Notwithstanding anything contained in this Restated Certificate to the contrary, the affirmative vote of the holders of at least 75% of the total voting power of all classes of outstanding capital stock, voting together as a single class, shall be required to amend or repeal this ARTICLE EIGHTH or to adopt any provision inconsistent with this ARTICLE EIGHTH.

NINTH: No director of the Corporation shall be liable to the Corporation

or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

If the DGCL hereafter is amended to further eliminate or limit the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended DGCL. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

TENTH: The Corporation may purchase and maintain insurance, at its expense, to protect the Corporation and any director, officer or employee of the Corporation to the fullest extent authorized by the DGCL. The Corporation may also enter into agreements providing for the indemnification of any director, officer or employee of the Corporation.

IN WITNESS WHEREOF, ProVantage Health Services, Inc. has caused this Restated Certificate of Incorporation to be signed on this ____ day of _____, 1999 in its name.

PROVANTAGE HEALTH SERVICES, INC.

By:_____
Name: Jeffrey A. Jones
Title: Executive Vice President and Chief Operating Officer

EXHIBIT 3.2

AMENDED AND RESTATED

BYLAWS

OF

PROVANTAGE HEALTH SERVICES, INC.

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the corporation shall be in the City of Wilmington, County of Newcastle, State of Delaware.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Meetings of Stockholders

Section 1. Place of Meetings. All meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Annual Meeting. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the board of directors and stated in the notice of meeting, at which time the stockholders

shall elect by a majority vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 4. Stockholders List. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting either at a place within the city where the meeting is to be held, which place

shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the restated certificate of incorporation, may be called by the chairman of the board or the president and shall be called by the chairman of the board, the president or the secretary at the request in writing of a majority of the board of directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Notice of Special Meetings. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 7. Business Transacted at Special Meetings. Business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice.

Section 8. Quorum and Adjournment. Except as otherwise provided by statute or by the restated certificate of incorporation, the holders of a majority of the stock issued and outstanding and entitled to vote thereat,

present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business; provided, however, that where a separate vote by a class or classes or series is required, a majority of the outstanding shares of such class or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting to another time and place, without further notice other than announcement at the meeting of such time and place, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. Organization. At every meeting of the stockholders, the chairman of the board or, in his or her absence, the chief executive officer or the president, shall preside. In the absence of said officers, any other officer of the rank of vice president present shall call such meeting to order and preside. The presiding officer shall announce the date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting. The secretary or, in the secretary's absence, the appointee of the presiding officer of the meeting shall act as secretary of the meeting.

Section 10. Voting. Except as otherwise provided in the restated certificate of incorporation or required by the General Corporation Law of the State of Delaware (the "DGCL"), when a quorum is present or represented at any meeting, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders in all matters other than the election of directors; provided, however, that where a separate vote by class or classes or series is required, the affirmative vote of the majority of shares of such class or classes or series present in person or represented by proxy at the meeting shall be the act of such class or classes or series. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors.

Unless otherwise provided in the restated certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder. No proxy shall be voted on after three (3)

years from its date, unless the proxy provides for a longer period.

Section 11. Action by Written Consent. Except as otherwise provided in the restated certificate of incorporation, any corporate action required to be taken at any annual or special meeting of the stockholders, or any corporate action which may be taken at any annual or special meeting of the stockholders, may be taken only at a duly called annual or special meeting of stockholders and may not be taken by written consent of the stockholders in lieu of such meeting.

Section 12. Inspectors of Election. The board of directors by resolution shall, in advance of any meeting of stockholders, appoint, or shall authorize an officer of the corporation to appoint, one or more inspectors to act at such meeting and make a written report thereof. The board of directors, or an officer authorized by the board of directors, may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspectors shall have the duties prescribed by the DGCL.

Section 13. Advance Notice Shareholder-Proposed Business at Annual Meeting. At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (a) specified in the notice of meeting (or any amendment or supplement thereto) given in accordance with Section 3, (b) otherwise properly brought before the meeting by or at the direction of the board of directors, the chairman of the board, the chief executive officer, or the president, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other requirements under applicable law, the restated certificate of incorporation or the bylaws, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be received at the principal office of the corporation not less than 120 days prior to the anniversary date of the annual meeting of stockholders in the

immediately preceding year. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) the text of such proposal or a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of

stock of the corporation which are owned beneficially and of record by the stockholder, (iv) any interest of the stockholder in such business, (v) a representation that the person sending the notice is a stockholder of record entitled to vote at such meeting and will remain such through the record date for the meeting, and (vi) a representation that such stockholder intends to appear in person or by proxy at such meeting to move for the consideration of the business set forth in the notice. In addition, any such stockholder shall be required to provide such further information as may be requested by the corporation in order to comply with federal and state securities laws, and rules and regulations thereunder. The corporation may require evidence by any person giving notice under this Section 13 that such person is a bona fide beneficial owner of the corporation's stock.

Notwithstanding anything in the bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 13; provided, however, that nothing in this Section 13
shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The presiding officer at an annual meeting shall, if the facts warrant, determine and declare to the meeting that the business was not properly brought before the meeting in accordance with the provisions of this Section 13, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 14. Procedure for Nomination of Directors. Only persons nominated in accordance with all of the procedures set forth in the corporation's restated certificate of incorporation and bylaws shall be eligible for election as directors. Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors, by any nominating committee or persons appointed by the board, or by any stockholder of the corporation entitled to vote for election of directors at the meeting who complies with all of the notice procedures set forth in this Section 14.

Nominations other than those made by or at the direction of the board of directors or any nominating committee or person appointed by the board shall be made pursuant to timely notice in proper written form to the secretary of the corporation. To be timely, a stockholder's request to nominate a person for director, together with the written consent of such person to serve as director, must be received by the secretary of the corporation at the corporation's principal office (i) with respect to an election held at an annual meeting of stockholders, not less than 120 days prior to the anniversary date of the annual meeting of stockholders in the immediately preceding year, or (ii) with respect to an election held at a special meeting of stockholders for the election of directors, not less than the close of business on the eighth day following the date of the earlier of public announcement or notice of such meeting. To be in proper written form, such

stockholder's notice shall set forth in writing (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the corporation which are beneficially owned by such person, and (iv) such other information relating to such person as would be required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and any successor to such Regulation; and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder, (ii) the class and number of shares of stock of the corporation which are owned beneficially and of record by such stockholder, (iii) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, and (iv) a representation that the person sending the notice is a stockholder of record entitled to vote at such meeting and will remain such through the record date for the meeting. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation or the stockholder to nominate the proposed nominee. The presiding officer at the meeting shall, if the facts so warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures or other requirements prescribed by the corporation's restated certificate of incorporation and bylaws; and if he should so determine, such presiding officer shall so declare to the meeting and the defective nomination(s) shall be disregarded.

ARTICLE III

Directors

Section 1. Number. The number of directors which shall constitute the whole board shall be not less than one (1) and not more than fifteen (15), the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the entire board of directors then in office.

Section 2. Classification. The directors shall be divided into three classes, designated Class I, Class II, and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. If the number of directors is changed by resolution of the board of directors pursuant to Section 1 of this Article, any increase or decrease shall be apportioned among the classes so as

to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

Section 3. Term. The term of directors of each class shall be three years. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and shall qualify, subject, however, to his prior death, resignation or removal from office.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the restated certificate of incorporation applicable thereto. Directors so elected shall not be divided into classes unless expressly provided by the restated certificate of incorporation, and during the prescribed terms of office of such directors, the board of directors shall consist of such directors in addition to the number of directors determined as provided in Section 1 of this Article.

Section 4. Removal. Exclusive of directors, if any, elected by the holders of one or more classes of Preferred Stock, no director of the corporation may be removed from office except for Cause and by the affirmative vote of two-thirds of the outstanding shares of capital stock of the corporation entitled to vote at a meeting of stockholders duly called for such purpose. As used in this Section 4, the term "Cause" shall mean solely malfeasance arising from the performance of a director's duties which has a materially adverse effect on the business of the corporation.

Section 5. Vacancies. Exclusive of a vacancy in directors, if any, elected by the holders of one or more classes of preferred stock, any vacancy on the board of directors, however caused, including, without limitation, any vacancy resulting from an increase in the number of directors, shall be filled by the vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director so elected to fill any vacancy in the board of directors, including a vacancy created by an increase in the number of directors, shall hold office for the remaining term of directors of the class to which he has been elected and until his successor shall be elected and shall qualify. A vacancy that will occur at a specific later date may be filled before the vacancy occurs, but the new director will not take office until the vacancy occurs.

Section 6. Resignations. Any director of the corporation may resign at

any time by giving written notice to the chairman of the board, or to the president, or to the secretary of the corporation. The resignation of any director shall take effect at the date of receipt of such notice or at any later date specified therein; and unless otherwise specified therein the acceptance of such resignation by the board of directors shall not be necessary to make it effective.

Section 7. General Powers. The business and affairs of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not directed or required to be exercised or done by the stockholders pursuant to the DGCL or the restated certificate of incorporation.

Section 8. Compensation of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a retainer fee as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Chairman and/or members of special or standing committees may be allowed compensation as determined by the board for chairing and/or attending committee meetings.

ARTICLE IV

Meetings of the Board of Directors

Section 1. Place of Meetings. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 2. Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 3. Special Meetings. Special meetings of the board may be called by the chairman of the board, the chief executive officer or the president on at least 24 hours prior notice to each director, either personally or by mail, telegram, facsimile or other electronic transmission; special meetings shall be called by the chief executive officer, president or secretary in like manner and on like notice on the written request of any two directors.

Section 4. Quorum. At all meetings of the board, a majority of the total number of directors shall constitute a quorum for the transaction of business and the vote of the majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by the DGCL or by the restated certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting to another time and place, without further notice other than announcement at the meeting of such time and place, until a quorum shall be present.

Section 5. Action by Written Consent. Unless otherwise restricted by the restated certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting, if all members of the board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

Section 6. Electronic Participation. To the fullest extent permitted by law, members of the board of directors may participate in a meeting of the board of directors by means of video teleconference, conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 6 shall constitute presence in person at the meeting.

ARTICLE V

Committees

Section 1. Committees of Directors. The board of directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or

disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all

papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

Section 2. Other Committees. The board of directors may from time to time by resolution create such other committee or committees of directors, officers, employees, or other persons designated by it for the purpose, and with such functions, powers and responsibilities, as the board shall by resolution prescribe. None of the powers and authorities reserved to the board of directors by Section 1 of this Article V may be delegated to any such committee.

Section 3. Committee Procedures. Each committee created by the board of directors shall have such name as may be determined from time to time by the board of directors. The board of directors shall have power to change the members of any such committee at any time, to fill vacancies, and to dissolve any such committee at any time. Unless specifically provided to the contrary in or otherwise restricted by the restated certificate of incorporation, these bylaws or a resolution adopted by the board of directors, the procedures set forth in Article IV shall apply to each committee created by the board of directors in the same manner as that Article applies to the board of directors, as though references therein to directors were to members of the committee. Each such committee shall keep regular minutes of its meetings and report the same to the board of directors when so requested.

ARTICLE VI

Officers

Section 1. Number and Titles. The officers of the corporation shall be appointed by the board of directors and shall be such officers as the board of directors may determine and may be a chairman of the board, a chief executive officer, a president, a secretary and a treasurer. The board of directors may also appoint one or more vice presidents, one or more assistant secretaries and assistant treasurers, and such other officers as the board may by resolution create, or as may be appointed in accordance with Section 2 of this Article. Any one or more vice presidents may be designated executive vice president or senior vice president. One person may hold any number of offices, unless the restated certificate of incorporation or these bylaws otherwise provide.

Section 2. Appointment. The board of directors at its first meeting after each annual meeting of stockholders shall choose such officers as it may determine which may be a chairman of the board, a chief executive officer, a president, a secretary and a treasurer. The board of

directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 3. Compensation. The compensation of all officers and agents of the corporation shall be fixed by the board of directors or by a committee created or officers designated for that purpose.

Section 4. Term of Office. The officers of the corporation shall hold office until their successors are elected and qualify or until their earlier death, resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation occurring by reason of death, resignation, removal or otherwise shall be filled by the board of directors.

Section 5. Chairman of the Board. The chairman of the board shall preside at all annual and special meetings of stockholders and all regular and special meetings of the board of directors, shall advise and counsel with the chief executive officer and shall be responsible for the administration and management of the areas of the business and affairs of the corporation assigned to him or her from time to time by the board of directors.

Section 6. Chief Executive Officer. The chief executive officer shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall have general supervision and control of the business and affairs of the corporation and its officers. The chief executive officer shall have the authority, subject to such rules as may be prescribed by the board of directors, to appoint such agents and employees of the corporation as the chief executive officer deems necessary, prescribe their powers, duties and compensation, and delegate authority to them. Such agents and employees shall hold offices at the discretion of the chief executive officer. The chief executive officer shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business or which shall be authorized by the board of directors. Except as otherwise provided by the DGCL or the board of directors, the chief executive officer may authorize any other officer or agent of the corporation to sign, execute and acknowledge such documents in his or her place and stead. In general, the chief executive officer shall have all authority and perform all duties incident to the office of the chief executive offices and such other duties as may be prescribed by the board of directors from time to time.

Section 7. President. In the absence of the chief executive officer or in the event of his or her death, or inability or refusal to act, the president shall perform the duties of the chief executive officer, and when so acting shall have all the powers and duties of the chief executive officer. In addition, the president shall be responsible for the administration and management of the areas of the business and affairs of the corporation assigned to him from time to time by the board of directors or the chief executive officer.

Section 8. Vice Presidents. One or more of the vice presidents may be designated as senior executive vice president, executive vice president or senior vice president. In the absence of the president or in this event of his or her death, or inability or refusal to act, the vice presidents in the order designated at the time of their election, shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president. Any vice president may sign with the secretary or assistant secretary certificates for shares of the corporation. Any vice president shall perform such other duties as are incident to the office of vice president or as may be prescribed from time to time by the board of directors, the chief executive officer or the president.

Section 9. Secretary. The secretary shall: (i) keep the minutes of the meetings of the stockholders and board of directors in one or more books provided for that purpose, (ii) see that all notices are duly given in accordance with the provisions of the bylaws or as required by law, (iii) be custodian of the corporation's records and of the seal of the corporation, (iv) see that the seal of the corporation is affixed to all appropriate documents the execution of which on behalf of the corporation under its seal is duly authorized, (v) keep a register of the address of each stockholder which shall be furnished to the secretary by such stockholder, and (vi) perform all duties incident to the office of secretary and such other duties as may be prescribed from time to time by the board of directors, the chief executive officer or the president.

Section 10. Treasurer. The treasurer shall: (i) have charge and custody of and be responsible for all funds and securities of the corporation, (ii) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation, and (iii) in general perform all of the duties incident to the office of treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the board of directors, the chief executive officer or the president.

Section 11. Assistant Secretaries and Assistant Treasurers. An assistant secretary, if any, when authorized by the board of directors, may sign with the chief executive officer, the president or any vice president certificates for stock of the corporation, the issuance of which shall have been authorized by a resolution of the board of directors. An assistant treasurer, if any, shall, if required by the board of directors, give bonds for the faithful discharge of his or her duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the board of directors, the chief executive officer, the president, the secretary or the treasurer, respectively.

ARTICLE VII

Capital Stock

Section 1. Certificates. Every holder of stock in the corporation shall be entitled to have a certificate, signed by or in the name of the corporation by the chairman of the board of directors, or the chief executive officer, or president, or a vice president and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, representing the number of shares of stock owned by such holder in the corporation. Any or all of the signatures

on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate or certificates.

Section 3. Transfers of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, including evidence of approval of such transfer by the corporation as required by the restated certificate of incorporation, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4. Fixing Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any right in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than ten (10) days after the date upon which the

resolution fixing the record date to determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 5. Registered Stockholders. The corporation shall be entitled to

recognize the exclusive right of a person registered on its books as the owner of shares of stock to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 6. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the restated certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the restated certificate of incorporation.

Section 7. Reserves. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII

Indemnification

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of, or in some other representative capacity for, another corporation or a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, penalties, judgments, fines, amounts paid or to be paid in

settlement and excise taxes or penalties imposed

on fiduciaries with respect to (i) employee benefit plans, (ii) charitable organizations or (iii) similar matters) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of such person's heirs, executors and administrators; provided, however, that except as provided in Section 2 of this Article with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in this Section 1 shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the DGCL so requires, the payment of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 1 or otherwise.

Section 2. Right of Claimant to Bring Suit. If a claim under Section 1 of this Article is not paid in full by the corporation within ninety days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant has not met such

applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other rights which any person seeking indemnification or advancement of expenses may be entitled or hereafter acquire under any statute, provision of the restated certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation serving in any capacity on behalf of the corporation or at its request for any other entity to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment grants the corporation broader rights than said law permitted the corporation to provide prior to such amendment), whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 5. Retroactive Indemnification. The provisions of this Article shall cover claims, actions, suits and proceedings, civil or criminal, whether now pending or hereafter commenced, and shall be retroactive to cover acts or omissions or alleged acts or omissions which heretofore have taken place. If any part of this Article should be found to be invalid or ineffective in any proceeding, the validity and effect of the remaining provisions shall not be affected.

Section 6. Indemnification of Other Employees and Agents. The corporation may, to the extent authorized from time to time by the board of directors, grant rights to indemnification, and rights to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

ARTICLE IX

Notices

Section 1. Form of Notices. Whenever, under the provisions of the

statutes or of the restated certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his or her address as it appears in the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or by facsimile or other electronic transmission.

Section 2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the DGCL, the restated certificate of incorporation or these bylaws, a written waiver signed by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE X

Miscellaneous

Section 1. Annual Statements. The board of directors may present at any annual meeting, or at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the corporation shall end on such date as is determined by the board of directors.

Section 4. Seal. The corporate seal shall be in such form as may be approved from time to time by the board of directors, and said seal, or a facsimile thereof, may be imprinted or affixed by any process or in any manner

reproduced. Affixing the seal is not necessary to make the execution of any document effective or binding.

ARTICLE XI

Amendments

Section 1. Amendment by Corporation's Board of Directors or Stockholders.

These bylaws may be altered, amended or repealed at any meeting of the board of directors or of the stockholders (subject, in the case of meetings of stockholders, to the provisions of Article II), as the case may be. All such amendments must be approved by the affirmative vote of the holders of at least 75% of the total voting power of all classes of outstanding capital stock, voting together as a single class (if effected by action of the stockholders), or by the affirmative vote of directors constituting not less than a majority of the entire board of directors (if effected by action of the board of directors).

COMMON STOCK
PAR VALUE $.01

SHARES

NUMBER

PV

[PROVANTAGE LOGO APPEARS HERE]

THIS CERTIFICATE
IS TRANSFERABLE
IN NEW YORK,
NEW YORK OR MINNEAPOLIS,
MINNESOTA

CUSIP 743725 10 3
SEE REVERSE FOR CERTAIN DEFINITIONS

[ARTWORK APPEARS HERE]

ProVantage Health Services, Inc.
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This Certifies that

is the record holder of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

ProVantage Health Services, Inc. transferable only on the books of the Corporation by the holder hereof in person or duly authorized attorney upon the surrender of this certificate properly endorsed or assigned. This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated

[PROVANTAGE HEALTH SERVICES, INC. CORPORATE SEAL]

COUNTERSIGNED AND REGISTERED
NORWEST BANK MINNESOTA, N.A.
TRANSFER AGENT AND REGISTRAR

/s/ Jeffrey A. Jones
PRESIDENT

/s/ Patricia Nussle

SECRETARY

AUTHORIZED SIGNATURE

ProVantage Health Services, Inc.

ProVantage Health Services, Inc. will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. Any such request should be made to the Secretary of the Corporation, at the Corporation's principal executive offices.

This certificate also evidences and entitles the holder hereof to certain rights as set forth in a Rights Agreement between ProVantage Health Services, Inc. and Norwest Bank Minnesota, N.A., dated _____, 1999 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of ProVantage Health Services, Inc. Under certain circumstances, as set forth in the Rights Agreement, such rights shall be evidenced by separate certificates and shall no longer be evidenced by this certificate. ProVantage Health Services, Inc. shall mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, rights issued to any person who becomes an Acquiring Person or any Associate or Affiliate of any Acquiring Person (as such terms are defined in the Rights Agreement) (or nominee of any of them) may become null and void.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT--_____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors

Act_____
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

Shares
---

represented by the within Certificate, and do hereby irrevocably constitute and

appoint

Attorney to transfer the said shares on the books of the within-named

Corporation with full power of substitution in the premises.

Dated, _____

AFFIX MEDALLION SIGNATURE
GUARANTEE IMPRINT BELOW

X_____
(SIGNATURE)

X_____
(SIGNATURE)

_____

ABOVE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION SUCH AS A SECURITIES BROKER/DEALER, COMMERCIAL BANK & TRUST COMPANY, SAVINGS AND LOAN ASSOCIATION OR A CREDIT UNION PARTICIPATING IN A MEDALLION PROGRAM APPROVED BY THE SECURITIES TRANSFER ASSOCIATION, INC.

RIGHTS AGREEMENT

BY AND BETWEEN

PROVANTAGE HEALTH SERVICES, INC.

AND

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION

RIGHTS AGENT

DATED AS OF _____, 1999

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RIGHTS AGREEMENT

THIS RIGHTS AGREEMENT ("Agreement"), dated as of _____, 1999, is made between PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation (the "Company"), and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION (the "Rights Agent").

WHEREAS, the Board of Directors of the Company (the "Board") has authorized and declared a dividend of one preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding on the Record Date (as hereinafter defined), each Right representing the right to purchase one one-thousandth of a Preferred Share (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined);

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

SECTION 1. CERTAIN DEFINITIONS.

For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates and Associates (as such terms are hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the Common Shares of the Company then outstanding, but shall not include the Company, any Subsidiary (as such term is hereinafter defined) of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, any entity holding Common Shares for or pursuant to the terms of any such plan or any Excluded Person. Notwithstanding the foregoing, no Person shall become an "Acquiring

Person" as the result of an acquisition of Common Shares by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more of the Common Shares of the Company then outstanding; provided, however, that if a Person shall become the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an "Acquiring Person." Notwithstanding the foregoing, if the Board determines in good faith that a Person who would otherwise be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), has become such

inadvertently, and without any plan or intention to seek or affect control of the Company, and such Person divests as promptly as practicable (without exercising or retaining any power, including voting, with respect to such shares) a sufficient number of Common Shares so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), then such Person shall not be deemed to be an "Acquiring Person" for any purposes of this Agreement.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(c) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person's Affiliates or Associates has:

(A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or

(B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated

by the proviso to Section 1(c)(ii)(B)) or disposing of any securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(d) "Business Day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in Wisconsin are authorized or obligated by law or executive order to close.

(e) "Close of business" on any given date shall mean 5:00 P.M., Milwaukee, Wisconsin time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., Milwaukee, Wisconsin time, on the next succeeding Business Day.

(f) "Common Shares" when used with reference to the Company shall mean the shares of common stock, $.01 par value per share, of the Company. "Common Shares" when used with reference to any Person other than the Company, shall mean the capital stock (or equity interest) with the greatest voting power of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

(g) "Distribution Date" shall mean the earlier of (i) the tenth day after the Shares Acquisition Date (as such term is hereinafter defined), or (ii) the tenth business day (or such later date as may be determined by action of the Board prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any entity holding Common Shares for or pursuant to the terms of any such plan) of, or the first public announcement of the intention of any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any entity holding Common Shares for or pursuant to the terms of any such plan) to commence, a tender or exchange offer the consummation of which would result in any Person

becoming the Beneficial Owner of Common Shares aggregating 15% or more of the then outstanding Common Shares (including any such date which is after the date of this Agreement and prior to the issuance of the Rights).

(h) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement.

(i) "Excluded Person" shall mean (i) ShopKo Stores, Inc., a Wisconsin corporation ("ShopKo"), or any Affiliate or Associate of ShopKo, or (ii) any Person to whom beneficial ownership of Common Shares is transferred by an Excluded Person referred to in (i) above, provided that, prior to such transfer, the transferee is not an Acquiring Person and provided, further, that after such transfer the transferee is the Beneficial Owner of 15% or more of the Common Shares of the Company.

(j) "Final Expiration Date" shall mean _____ ____, 2009.

(k) "NASDAQ" shall mean the National Association of Securities Dealers, Inc. Automated Quotations System.

(l) "Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

(m) "Preferred Shares" shall mean shares of Series B Junior Participating Preferred Stock, $.01 par value per share, of the Company having the

rights and preferences set forth in the Form of Certificate of Designations attached to this Agreement as Exhibit A.

(n) The "Purchase Price" for each one one-thousandth of a Preferred Share purchasable pursuant to the exercise of a Right shall mean $120.00, subject to adjustment from time to time as provided in Sections 11 and 13 hereof.

(o) "Record Date" shall mean _____ ____, 1999.

(p) "Redemption Date" shall mean that date, if any, on which the Board shall redeem the Rights as provided in Section 23 hereof.

(q) "Redemption Price" shall mean $.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof.

(r) "Right Certificate" shall mean certificates evidencing ownership of Rights in substantially the form set out in Exhibit B hereto.

(s) "Shares Acquisition Date" shall mean the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such.

(t) "Subsidiary" of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

(u) "Trading Day" shall mean a day on which the principal national securities exchange on which a security is listed or admitted to trading is open for the transaction of business or, if the security is not listed or admitted to trading on any national securities exchange, a Business Day.

SECTION 2. APPOINTMENT OF RIGHTS AGENT.

The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall prior to the Distribution Date also be the holders of the Common Shares) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable.

SECTION 3. ISSUE OF RIGHT CERTIFICATES.

(a) Until the Distribution Date, (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for the Common Shares registered in the names of the holders of the Common Shares and not by separate certificates, and (y) the Rights will be transferable only in connection with the transfer of the underlying Common Shares (including a transfer to the Company).

(b) As promptly as practicable following the Record Date, the Company will send a copy of a Summary of Rights to Purchase Preferred Shares, in substantially the form attached hereto as Exhibit C ("Summary of Rights"), by first class mail, postage prepaid, to each record holder of the Common Shares as of the close of business on the Record Date, as the address of such holder shown on the records of the Company. With respect to certificates of the Common Shares outstanding as of the Record Date, until the Distribution Date or the earlier surrender for transfer thereof or the Redemption Date or Final Expiration Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates for the Common Shares together with a copy of the Summary of Rights, and the registered holders of the Common Shares shall also be the registered holders of the associated Rights. Until the earlier of the Distribution Date, the Redemption Date or the Final Expiration Date, the transfer of any of the certificates for the Common Shares

outstanding on the Record Date,

with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares represented by such certificates.

(c) Rights shall be issued in respect of all Common Shares which become outstanding (including, without limitation, reacquired Common Shares referred to in the last sentence of this paragraph (c)) after the Record Date, but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date. Certificates representing such Common Shares shall also be deemed to represent the related Rights. After the Record Date, but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date, certificates representing Common Shares shall have impressed on, printed on, written on, or otherwise affixed to them the following legend:

> "This certificate also evidences and entitles the holder hereof to certain rights as set forth in a Rights Agreement between ProVantage Health Services, Inc. and Norwest Bank Minnesota, National Association, dated as of _____ ____, 1999 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of ProVantage Health Services, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights shall be evidenced by separate certificates and shall no longer be evidenced by this certificate. ProVantage Health Services, Inc. shall mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, Rights issued to any Person who becomes an Acquiring Person or any Associate or Affiliate of an Acquiring Person (as such terms are defined in the Rights Agreement) (or nominee of any of them) may become null and void."

With respect to such certificates containing the foregoing legend, until the Distribution Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. In the event that the Company purchases or acquires any Common Shares after the Record Date, but prior to the Distribution Date, any Rights associated with such Common Shares shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares which are no longer outstanding.

(d) As soon as practicable after the Distribution Date, the Company shall prepare and execute, the Rights Agent shall countersign, and the Company shall send or cause to be sent (and the Rights Agent shall, if requested, send) by first-class, insured,

postage-prepaid mail, to each record holder of Common Shares as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights shall be evidenced solely by such Right Certificates.

SECTION 4. FORM OF RIGHT CERTIFICATES.

The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any

applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Section 22 hereof, the Right Certificates shall entitle the holders thereof to purchase such number of one one-thousandths of a Preferred Share as shall be set forth therein at the Purchase Price set forth therein, but the number of such one one-thousandths of a Preferred Share and the Purchase Price shall be subject to adjustment as provided herein.

SECTION 5. COUNTERSIGNATURE AND REGISTRATION.

The Right Certificates shall be executed on behalf of the Company by any of its Chairman of the Board, its President, or any Vice President, and attested by any of its by Secretary or any Assistant Secretary, either manually or by facsimile signature. The Right Certificates shall not be valid for any purpose unless countersigned by the Rights Agent. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who holds any such office at the actual date of the execution of such Right Certificate, although at the date of the execution of this Rights Agreement such person was not such an officer.

Following the Distribution Date, the Rights Agent shall keep or cause to be kept, at its shareholder services offices, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates, and the date of each of the Right Certificates.

SECTION 6. TRANSFER, SPLIT UP, COMBINATION AND EXCHANGE OF RIGHT CERTIFICATES; MUTILATED, DESTROYED, LOST OR STOLEN RIGHT CERTIFICATES.

Subject to the provisions of Section 14 hereof, at any time after the close of business on the Distribution Date and at or prior to the close of business on the earlier of the Redemption Date or the Final Expiration Date, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Right Certificate or other Right Certificates, entitling the registered holder to purchase a like number of one one-thousandths of a Preferred Share as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the principal office of the Rights Agent. Thereupon the Rights Agent shall countersign and deliver to the person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company shall make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

SECTION 7. EXERCISE OF RIGHTS; PURCHASE PRICE; EXPIRATION DATE OF RIGHTS.

(a) The registered holder of any Right Certificate may exercise the Rights

evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate (with the form of election to purchase on the reverse side thereof duly executed) to the Rights Agent at the principal office of the Rights Agent, together with payment of the Purchase Price for each one one-thousandth of a Preferred Share as to which the Rights are exercised, at or prior to the earliest of

(i) the close of business on the Final Expiration Date,
(ii) the Redemption Date, or

(iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The Purchase Price shall be payable in lawful money of the United States of America in accordance with Section 7(c).

(c) Upon receipt of a Right Certificate representing exercisable Rights (with the form of election to purchase duly executed), accompanied by payment (by certified check, cashier's check, or money order payable to the order of the Company) of the Purchase Price for the shares to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof, the Rights Agent shall thereupon promptly

(i) (A) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased, and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or

(B) requisition from the depositary agent depositary receipts representing such number of one one-thousandths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request; and

(ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof; and

(iii) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder; and

(iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

SECTION 8. CANCELLATION AND DESTRUCTION OF RIGHT CERTIFICATES.

All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so

cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

SECTION 9. AVAILABILITY OF PREFERRED SHARES.

The Company covenants and agrees that it shall cause to be reserved and kept available out of its authorized and unissued Preferred Shares, the number of Preferred Shares that shall be sufficient to permit the exercise in full of all outstanding Rights in accordance with Section 7 hereof.

The Company covenants and agrees that it shall take all such actions as may be necessary to ensure that all Preferred Shares delivered upon exercise of the Rights shall, at the time of delivery of the certificates for such Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

The Company covenants and agrees that it shall pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a person other than, or the issuance or delivery of certificates or depositary receipts for the Preferred Shares in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise, or to issue or to deliver any certificates or depositary receipts for Preferred Shares upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

SECTION 10. PREFERRED SHARES RECORD DATE.

Each person in whose name any certificate for Preferred Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such

surrender and payment is a date upon which the Preferred Shares transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Shares transfer books of the Company are open.

Prior to the issuance of Preferred Shares upon the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions, or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

SECTION 11. ADJUSTMENT OF PURCHASE PRICE, NUMBER OF SHARES OR NUMBER OF RIGHTS.

The Purchase Price, the number of Preferred Shares covered by each Right, and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement

(A) declare a dividend on the Preferred Shares payable in Preferred Shares,

(B) subdivide the outstanding Preferred Shares,

(C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares, or

(D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Shares transfer books of the Company were open, the holder would have owned upon such exercise and been entitled to

receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. If an event occurs which would require an adjustment under both Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) Subject to Section 24 of this Agreement, in the event any Person becomes an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Common Shares of the Company as shall equal the result obtained by multiplying

(A) the then current Purchase Price by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable and dividing that product by

(B) 50% of the then current per share market price of the Company's Common Shares (determined pursuant to Section 11(d) hereof) on the date of the occurrence of such event.

In the event that any Person shall become an Acquiring Person and the Rights shall then be outstanding, the Company shall not take any action which would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the occurrence of such event, any Rights that are or were acquired or beneficially owned by any Acquiring Person (or any Associate or Affiliate thereof, or nominee of any of them) shall be void and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement. No Right Certificate shall be issued pursuant to Section 3 hereof or otherwise that represents Rights beneficially owned by an Acquiring Person whose Rights would be void pursuant to the preceding sentence (or any Associate or Affiliate thereof, or nominee of any of them); no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence (or any Associate or Affiliate thereof or any nominee of any of them); and any Right Certificate

delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence (or any Associate or Affiliate thereof, or nominee of any of them) shall be canceled. In addition, any Right Certificate issued pursuant to Section 3 hereof that represents Rights beneficially owned by an Acquiring Person (or any Associate or Affiliate thereof, or nominee of any of them) and any Right Certificate issued at any time upon the transfer of any Rights to an Acquiring Person (or any Associate or Affiliate thereof, or nominee of any of them) and any Right Certificate issued pursuant to Sections 6, 7(d), 11, or 22 hereof upon transfer, exchange, replacement or adjustment of any other Right Certificate referred to in this sentence, shall contain the following legend:

> "The Rights represented by this Right Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are described in the Rights Agreement) or a nominee of one of them. This Right Certificate and the Rights represented hereby may become void in the circumstances specified in the Rights Agreement."

(iii) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing Section 11(a)(ii), the Company shall take all such actions as may be necessary to authorize additional Common Shares for issuance upon exercise of the Rights. In the event the Company, after good faith effort, shall be unable to take all such actions as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exercise of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares ("Equivalent Preferred Shares")) or securities convertible into Preferred Shares or Equivalent Preferred Shares at a price per share (or having a conversion price per share, if a security convertible into Preferred Shares or Equivalent Preferred Shares) less than the then current per share market price of the Preferred Shares on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect

immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of Preferred Shares and/or Equivalent Preferred Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or Equivalent Preferred Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon the exercise of one Right. In case such subscription price may be paid in a consideration part or all of

which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation.

Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such current per share market price of the Preferred Shares; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon the exercise of one Right.

Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the "current per share market price" of any security (a "Security" for the purpose of this Section 11(d)(i)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days immediately prior to such date; provided, however, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or any subdivision, combination or reclassification of such Security, and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be

(A) the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or,

(B) if the Security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal

consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or,

(C) if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use, or,

(D) if the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Shares are not publicly traded, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the current per share market price of the Common Shares as determined pursuant to Section 11(d)(i) (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the Record Date), multiplied by one thousand. If neither the Common Shares nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one ten-millionth of a Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the date of the expiration of the right to exercise any Rights.

(f) If, as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Shares contained in Sections 11(a) through (c), inclusive, and the provisions of Sections 7, 9, 10 and 13 hereof with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-thousandths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase

Price, that number of one one-thousandths of a Preferred Share (calculated to the nearest one ten-millionth of a Preferred Share) obtained by

(i) multiplying the number of one one-thousandths of a share covered by a Right immediately prior to this adjustment by the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and

(ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of one one-thousandths of a Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-thousandths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement.

If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-thousandths of a Preferred Share issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of one one-thousandths of a Preferred Share which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-thousandth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate actions which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Preferred Shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Shares and other capital stock or securities

of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Preferred Shares, issuance wholly for cash of any Preferred Shares at less than the current market price, issuance wholly for cash of Preferred Shares or securities which by their terms are convertible into or exchangeable for Preferred Shares, dividends on Preferred Shares payable in Preferred Shares, or issuance of rights, options or warrants referred to herein above in Section 11(b), hereafter made by the Company to holders of its Preferred Shares shall not be taxable to such shareholders.

(n) In the event that at any time after the Record Date and prior to the Distribution Date, the Company shall

(i) declare or pay any dividend on the Common Shares payable in Common Shares, or

(ii) effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares,

then in any such case,

(A) the number of one one-thousandths of a Preferred Share purchasable after such event upon proper exercise of each Right shall be determined by multiplying the number of one one-thousandths of a Preferred Share so purchasable immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately before such event and the denominator of which is the number of Common Shares outstanding immediately after such event, and

(B) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it.

The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected. If an event occurs which would require an adjustment under Section 11(a)(ii) and this Section 11(n), the adjustments provided for in this Section 11(n) shall be in addition and prior to any adjustment required pursuant to Section 11(a)(ii).

SECTION 12. CERTIFICATE OF ADJUSTED PURCHASE PRICE OR NUMBER OF SHARES.

Whenever an adjustment is made as provided in Section 11 or 13 hereof, the Company shall promptly

(a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment,

(b) file with the Rights Agent and with each transfer agent for the Common Shares or the Preferred Shares a copy of such certificate, and

(c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof.

The Rights Agent shall be fully protected in relying on the terms of any such certificate.

SECTION 13. CONSOLIDATION, MERGER OR SALE OR TRANSFER OF ASSETS OR EARNING POWER.

In the event, directly or indirectly, at any time after a Person has become an Acquiring Person,

(a) the Company shall consolidate with, or merge with and into, any other Person,

(b) any Person shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or

(c) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person other than the Company or one or more of its wholly owned Subsidiaries, then, and in each such case, proper provision shall be made so that

(i) each holder of a Right (except as otherwise provided herein) shall thereafter have the right to receive, upon the exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation) as shall equal the result obtained by multiplying the then current Purchase Price by the number of one-thousandths of a Preferred Share for which a Right is then exercisable and dividing that product by 50% of the then current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer;

(ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement;

(iii) the term "Company" shall thereafter be deemed to refer to such issuer; and

(iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the Common Shares thereafter deliverable upon the exercise of the Rights.

The Company shall not consummate any such consolidation, merger, sale or transfer unless prior thereto the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing.

The Company shall not enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreements or

arrangements which, as a result of the consummation of such transaction, would eliminate or substantially diminish the benefits intended to be afforded by the Rights.

The provisions of this Section 13 shall similarly apply to successive consolidations, mergers, sales, or other transfers.

SECTION 14. FRACTIONAL RIGHTS AND FRACTIONAL SHARES.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished

by a professional market maker making a market in the Rights selected by the Board. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board shall be used.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions which are integral multiples of one one-thousandth of a Preferred Share) upon exercise of the Rights or to distribute certificates which evidence fractional Preferred Shares (other than fractions which are integral multiples of one one-thousandth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one one-thousandth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; provided, that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Shares represented by such depositary receipts. In lieu of fractional Preferred Shares that are not integral multiples of one one-thousandth of a Preferred Share, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Preferred Share. For the purposes of this Section 14(b), the current market value of a Preferred Share shall be the closing price of a Preferred Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance thereof, expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

SECTION 15. RIGHTS OF ACTION.

All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares). Any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and shall be entitled to specific performance of the

obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to this Agreement.

SECTION 16. AGREEMENT OF RIGHT HOLDERS.

Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights shall be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer;

(c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificate or the Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

SECTION 17. RIGHT CERTIFICATE HOLDER NOT DEEMED A SHAREHOLDER.

No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any

meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

SECTION 18. CONCERNING THE RIGHTS AGENT.

The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder.

The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of such liability.

The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Right Certificate or certificate for the Preferred Shares or Common Shares or other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

SECTION 19. MERGER OR CONSOLIDATION OR CHANGE OF NAME OF RIGHTS AGENT.

Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust powers of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case, at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been

countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case, at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case, at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

SECTION 20. DUTIES OF RIGHTS AGENT.

The Rights Agent undertakes the duties and obligations imposed by this

Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever, in the performance of its duties under this Agreement, the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Sections 3, 11, 13, 23, or 24 hereof, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares shall, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it shall perform, execute, acknowledge and deliver (or cause to be performed, executed, acknowledged and delivered) all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary, Assistant Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions.

(h) The Rights Agent and any shareholder, director, officer or employee of

the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company, or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company, or otherwise act fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable

for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

SECTION 21. CHANGE OF RIGHTS AGENT.

The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail.

The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail.

If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of any state of the United States in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least $50 million.

After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent, without further act or deed. The predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

SECTION 22. ISSUANCE OF NEW RIGHT CERTIFICATES.

Notwithstanding any of the provisions of this Agreement or of the Rights Certificates to the contrary, the Company may, at its option, issue new Right

Certificates evidencing Rights in such form as may be approved by the Board to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

SECTION 23. REDEMPTION.

(a) The Board may, at its option, at any time prior to such time as any Person becomes an Acquiring Person, redeem all but not less than all of the then outstanding Rights at the Redemption Price; provided, however, that in connection with a transaction to be accounted for as a pooling of interests, the Board shall have the option to pay the Redemption Price in securities or other property with an equivalent value per Right. The redemption of the Rights by the Board may be made effective at such time on such basis and with such conditions as the Board in its sole discretion may establish.

(b) Immediately upon the action of the Board ordering the redemption of the Rights pursuant to Section 23(a), and without any further action and without any notice, the right to exercise the Rights shall terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board ordering the redemption of the Rights, the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23 or in Section 24 hereof, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

SECTION 24. EXCHANGE.

(a) The Board may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, or any entity holding Common Shares for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board ordering the exchange of any Rights pursuant to Section 24(a), and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the

manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange shall state the method by which the exchange of the Common Shares for Rights shall be effected and, in the event of any partial exchange, the number of Rights which shall be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such actions as may be necessary to authorize additional Common Shares for issuance upon exchange of the Rights. In the event the Company shall, after good faith effort, be unable to take all such actions as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exchange of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current

per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(d) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Common Share. For the purposes of this Section 24(d), the current market value of a whole Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

SECTION 25. NOTICE OF CERTAIN EVENTS.

(a) In case the Company shall propose

(i) to pay any dividend payable in stock of any class to the holders of its Preferred Shares or to make any other distribution to the holders of its Preferred Shares (other than a regular quarterly cash dividend),

(ii) to offer to the holders of its Preferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options,

(iii) to effect any reclassification of its Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares),

(iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person,

(v) to effect the liquidation, dissolution or winding up of the Company, or

(vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares),

then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by Section 25(a)(i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Preferred Shares, whichever shall be the earlier.

(b) In case an event set forth in Section 11(a)(ii) hereof shall occur, then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii) hereof.

SECTION 26. NOTICES.

Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

ProVantage Health Services, Inc.
13555 Bishops Court, Suite 208
Brookfield, Wisconsin 53005
Attention: Secretary

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows

Norwest Bank Minnesota, National Association
Stock Transfer Department
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075-0738

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

SECTION 27. SUPPLEMENTS AND AMENDMENTS.

The Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with respect to the Rights which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided, however, that from and after such

time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner which would adversely affect the interests of the holders of Rights.

SECTION 28. SUCCESSORS.

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 29. BENEFITS OF THIS AGREEMENT.

Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

SECTION 30. SEVERABILITY.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

SECTION 31. GOVERNING LAW.

This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws thereof applicable to contracts to be made and performed entirely within Delaware.

SECTION 32. COUNTERPARTS.

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 33. DESCRIPTIVE HEADINGS.

Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

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

PROVANTAGE HEALTH SERVICES, INC.	NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION
By: _____	By:_____
Name:	Name:
Title:	Title:

EXHIBIT A

FORM OF CERTIFICATE OF DESIGNATIONS OF SERIES B JUNIOR
PARTICIPATING PREFERRED STOCK
$.01 Par Value

of

PROVANTAGE HEALTH SERVICES, INC.

Pursuant to Section 151 of the General Corporation
Law of the State of Delaware

We, Jeffrey A. Jones, President and Chief Executive Officer, and _____, Secretary, of ProVantage Health Services, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on _____ ____, 1999, adopted the following resolution creating a series of One Hundred Thousand (100,000) shares of Preferred Stock designated as Series B Junior Participating Preferred Stock, $.01 Par Value:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as Series B Junior Participating Preferred Stock, $.01 Par Value (the "Series B Preferred Stock") and the number of shares constituting such series shall be 100,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.

2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Common Stock, par value $0.01 per share (the "Common Stock") of the Corporation and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) $10 or (ii) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation

of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series B Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $10 per share on the Series B Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend

Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of shares of Series B Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any Restated Certificate of Incorporation or such other similar document creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all makers submitted to a vote of shareholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate

action.

4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series B Preferred Stock are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except dividends paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up), to the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series B Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of stock ranking on a parity with the Series B Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Restated Certificate of Incorporation, or in any certificate of designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of shares of Series B Preferred Stock shall have received $1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the

holders of shares of Series B Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share

to holders of shares of Common Stock, or (b) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except distributions made ratably on the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under the proviso in clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. No Redemption. The shares of Series B Preferred Stock shall not be redeemable.

9. Rank. Unless otherwise provided in the Restated Certificate of Incorporation of the Corporation or a Certificate of Designation relating to a subsequent series of preferred stock of the Corporation, the Series B Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

10. Amendment. The Restated Certificate of Incorporation of the Corporation, as amended, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting together as a single series.

11. Fractional Shares. Series B Preferred Stock may be issued in fractions of a share (in one one-thousandths(1/1000) of a share and integral multiples thereof) which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Designation is executed on behalf of the Corporation by its President and attested by its Secretary this _____ day

of _____.

_____
Jeffrey A. Jones, President and
Chief Executive Officer

ATTEST:

_____
Secretary

EXHIBIT B

Form of Right Certificate - Front Side

Certificate No. R-_____ _____ Rights

NOT EXERCISABLE AFTER _____ ____, 2009, OR EARLIER REDEMPTION OR EXCHANGE. THE RIGHTS ARE SUBJECT TO REDEMPTION AT $.01 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES, RIGHTS BENEFICIALLY OWNED BY ACQUIRING PERSONS, ASSOCIATES OR AFFILIATES OF ACQUIRING PERSONS (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) (OR NOMINEE OF ANY OF THEM) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE WERE ISSUED TO A PERSON WHO WAS AN ACQUIRING PERSON OR AN AFFILIATE OR AN ASSOCIATE OF AN ACQUIRING PERSON (OR A NOMINEE OF ONE OF THEM). THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME VOID IN THE CIRCUMSTANCES SPECIFIED IN THE RIGHTS AGREEMENT.]/1/

Right Certificate

PROVANTAGE HEALTH SERVICES, INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of _____ ____, 1999 (the "Rights Agreement"), between ProVantage Health Services, Inc., a Delaware corporation (the "Company"), and Norwest Bank Minnesota, National Association (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., Milwaukee, Wisconsin time, on _____, 1999, at the principal office of the Rights Agent, or at the office of its successor as Rights Agent, one one-thousandth of a fully paid non-assessable share of Series B Junior Participating Preferred Stock, $.01 par value (the "Preferred Shares"), of the Company, at a purchase price of $_____ per one one-thousandth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed.

The number of Rights evidenced by this Right Certificate (and the number of one one-thousandths of a Preferred Share which may be purchased upon exercise hereof) and the Purchase Price set forth above are the number and Purchase Price as of _____, 1999, based on the Preferred Shares as constituted at such date. As provided in the Rights

_____
/1/ The portion of the legend in brackets shall be inserted only if applicable.

Agreement, the Purchase Price and the number of one one-thousandths of a Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and

conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and reference is hereby made to the Rights Agreement for a full description of the rights, limitations of rights, obligations, duties and immunities of the Rights Agent, the Company, and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned offices of the Rights Agent.

This Right Certificate, upon surrender at the principal office of the Rights Agent, may be exchanged for another Right Certificate of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (i) may be redeemed by the Company at a redemption price of $.01 per Right or (ii) may be exchanged in whole or in part for shares of the Company's Common Stock, par value $.01 per share, or Preferred Shares.

No fractional Preferred Shares shall be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-thousandth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof a cash payment shall be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it has been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company, dated as of _____ ____, _____.

ATTEST: PROVANTAGE HEALTH SERVICES, INC.

By:_____ By:_____
Secretary

Countersigned (for purposes of authentication):

By:_____
Authorized Signature

Form of Right Certificate - Reverse Side

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth below in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and such Assignment or Election to Purchase will not be honored.

FORM OF ASSIGNMENT

(To be executed by the registered holder to transfer the Right Certificate.)

FOR VALUE RECEIVED, _____, hereby sells, assigns and transfers unto

_____
(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Signature:_____ Dated:_____

Signature Guaranteed:

(Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.)

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature:_____

FORM OF ELECTION TO PURCHASE

(To be executed by registered holder to exercise Rights represented by the Right Certificate.)

To: PROVANTAGE HEALTH SERVICES, INC.

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares be issued in the name of:

_____

_____
(Please print name and address)

Social security or taxpayer identification number:_____

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

_____

_____
(Please print name and address)

Social security or taxpayer identification number:_____

Signature:_____ Dated:_____

Signature Guaranteed:

(Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.)

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature:_____

EXHIBIT C

Summary of Rights to Purchase Preferred Shares

On _____ ____, 1999, the Board of Directors (the "Board") of ProVantage Health Services, Inc. (the "Company") declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value $.01 per share (the "Common Shares") of the Company. The dividend was payable on _____ ____, 1999, to the shareholders of record on that date.

Each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series B Junior Participating Preferred Stock, $.01 par value (the "Preferred Shares") of the Company at a price of $_____ per one one-thousandth of a Preferred Share (the "Purchase Price").

A complete description of the Rights is set forth in the Amended and Restated Rights Agreement (the "Rights Agreement") between the Company and Norwest Bank Minnesota, National Association, the Rights Agent, and this Summary is qualified in its entirety by reference to the Rights Agreement. A copy of the Rights Agreement was filed with the Securities and Exchange Commission as an exhibit to a Registration Statement on Form 8-A, and copies are available from the Company free of charge on request.

The Rights Agreement provides that the Rights will not be exercisable until the Distribution Date, which will be the earlier of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the Company's outstanding Common Shares, or (ii) 10 business days (or such later date as is established by the Board before any person or group becomes an Acquiring Person) following the commencement of, or the announcement of an intention to make, a tender offer or exchange offer which, if consummated, would result in the beneficial ownership by a person or group of 15% or more of the Company's outstanding Common Shares. Ownership of the Company's Common Shares by ShopKo or any transferee of ShopKo's interest will not trigger the Rights.

Until the Distribution Date (or the earlier redemption or expiration of the Rights), the Rights will be transferred with, and only with, the Common Shares. For Common Shares outstanding as of _____ ____, 1999, the Rights will be evidenced by the certificates for such Common Shares. For Common Shares issued thereafter, the Rights will be evidenced by a notation on the certificate incorporating the Rights Agreement by reference. In either case, until the Distribution Date (or the earlier redemption or expiration of the Rights), the surrender for transfer of any certificate for Common Shares, even without the notation or an attached copy of this Summary, will constitute the transfer of the Rights associated with the Common Shares represented by the certificate. As soon as practicable after the Distribution Date, separate certificates

evidencing the Rights ("Right Certificates") will be mailed to holders

of record of the Common Shares as of the close of business on the Distribution Date, and thereafter such separate Right Certificates alone will evidence the Rights.

If any person or group of affiliated or associated persons becomes an Acquiring Person, each holder of a Right (other than the Acquiring Person, whose Rights will have become void) will be entitled, upon the exercise of the Right, to receive that number of Common Shares having a market value of two times the exercise price of the Right. In addition, if, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or if 50% or more of its consolidated assets or earning power are sold, each holder of a Right will be entitled to receive, upon the exercise of the Right at its then current exercise price, that number of shares of common stock of the acquiring company having a market value at the time of such event of two times the exercise price of the Right.

At any time before an Acquiring Person acquires beneficial ownership of 15% or more of the Company's outstanding Common Shares, the Board may redeem the Rights in whole, but not in part, at a price of $.01 per Right, on such terms as the Board may establish in its sole discretion. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the holders will be entitled only to receive the foregoing redemption price.

At any time after any person or group becomes an Acquiring Person, but before the Acquiring Person acquires 50% or more of the Company's outstanding Common Shares, the Board may exchange the Rights (other than those held by the Acquiring Person, which will have become void), in whole or part, at an exchange ratio of one Common Share or one one-thousandth of a Preferred Share (or of a share of a class or series of the Company's preferred stock having equivalent rights, preferences and privileges) per Right.

The number of outstanding Rights and the number of one one-thousandths of a Preferred Share issuable upon exercise of each Right are subject to adjustment if, prior to the Distribution Date, there is a stock split of the Common Shares; a stock dividend on the Common Shares payable in Common Shares; or a subdivision, consolidation or combination of the Common Shares.

The Purchase Price and the number of Preferred Shares or other securities or property issuable upon exercise of the Rights are also subject to adjustment to prevent dilution: in the event of a stock dividend or of a subdivision, combination or reclassification of the Preferred Shares; upon the grant to the Preferred Share holders of certain rights or warrants to subscribe for or purchase Preferred Shares at a price less than the then-current market price or securities convertible into Preferred Shares with a conversion price less than the then-current market price for the Preferred Shares; or upon the distribution to the Preferred Share holders of evidences of indebtedness or assets (excluding regular periodic cash dividends paid out of earnings or retained earnings or dividends payable in Preferred Shares) or of subscription rights or warrants other than those referred to above. With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price.

The holder of a Right, as such, will have no rights as a shareholder of the Company (including, without limitation, the right to vote or to receive dividends) until the Right is exercised. The terms of the Rights may be amended by the Board without the consent of the holders of the Rights, provided that no amendment adversely affects the interests of the holders.

If not exercised, redeemed or exchanged sooner, the Rights will expire on _____ ____, 2009, unless such expiration date is extended.

The Company's Articles of Incorporation set forth the terms of the Preferred Shares. If issued, the Preferred Shares will be entitled to a cumulative preferential quarterly dividend per share equal to the greater of $10 or 1,000 times the dividend declared on the Company's Common Shares. In the event of liquidation, the holders of the Preferred Shares will be entitled to

receive an amount equal to accrued and unpaid dividends, plus an amount per share equal to the greater of $1,000 or 1,000 times the payment made per share to holders of Common Shares. Each Preferred Share will be entitled to 1,000 votes, voting together with the holders of the Common Shares on all matters submitted to the vote of shareholders. In the event of any merger, consolidation or other transaction in which Common Shares are exchanged, the holder of each Preferred Share will be entitled to receive 1,000 times the amount and type of consideration paid per Common Share. The rights of the holders of Preferred Shares as to dividends and liquidations, their voting rights, and their rights in the event of mergers and consolidations, are protected by customary anti-dilution provisions.

Because of the nature of the Preferred Shares' dividend, liquidation and voting rights, the value of the one one-thousandth of a Preferred Share purchasable upon the exercise of each Right should approximate the value of one Common Share.

No fractional Preferred Shares will be issued (other than fractions which are integral multiples of one one-thousandth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts) and in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Shares on the last trading day prior to the date of exercise.

EXHIBIT 4.3

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND MAY NOT BE SOLD OR TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR EXEMPTION THEREFROM UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS.

$115,000,000

_____, 1999
Milwaukee, Wisconsin

DEMAND PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, ProVantage Health Services, Inc., a Delaware corporation, hereby promises to pay to the order of ProVantage Holdings, Inc., a Delaware corporation ("ProVantage Holdings"), the principal sum of One Hundred Fifteen Million Dollars ($115,000,000), together with interest from the date hereof on the unpaid principal balance of this Note at the rate of five percent (5.0%) per annum. All interest shall be computed on the basis of a 360-day year. The entire principal amount of this Note, together with accrued interest hereon, shall be due and payable on the demand of ProVantage Holdings.

The principal amount of this Note and accrued interest shall be due and payable within 24 hours after demand for payment from ProVantage Holdings. Such demand may be given either orally or in writing. All payments hereunder shall be payable in lawful money of the United States of America at the offices of ProVantage Holdings, 700 Pilgrim Way, Green Bay, Wisconsin 54307, or such other address as the holder hereof may from time to time designate in writing to the undersigned.

The principal indebtedness evidenced hereby may be prepaid in whole or in part at any time or from time to time, without penalty or premium.

If suit or action is instituted to collect this Note or any part thereof, the undersigned promises and agrees to pay attorneys' fees incurred by the holder hereof in the enforcement of this Note and obligation or any part thereof.

The undersigned, for itself and on behalf of all endorsers, guarantors, sureties, accommodation parties, successors, transferees, assigns and other persons liable or to become liable for all or any part of this indebtedness, waives diligence, presentment, and also notice of protest, of nonpayment, of dishonor and of maturity, lack of diligence or delays in collection or enforcement of this Note, the release of any security for the payment of this

Note, the taking of any security and any other indulgence or forbearance and also recourse to suretyship defenses generally. Further, the undersigned, for itself and on behalf of all the foregoing, hereby consents

to any and all renewals, extensions or modifications of the terms hereof, including time for payment, and further agrees that any such renewal, extension or modification of the terms hereof or any other indulgences shall not affect the liability of any said parties for the indebtedness evidenced by this Note. Any such renewals, extensions or modifications may be made without notice to any of said parties. The foregoing waiver and consent shall be deemed joint and several on the part of the undersigned and the persons on whose behalf the undersigned has given said waiver and consent.

This Note shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Every provision hereof is intended to be severable. If any clause, phrase, provision or portion of this Note or the application thereof is determined by a court of competent jurisdiction to be invalid or unenforceable under applicable law, the remaining clauses, phrases, provisions and portions of this Note shall not be affected or impaired thereby, but each such remaining clause, phrase, provision and portion shall be valid and be enforced to the fullest extent permitted by law.

PROVANTAGE HEALTH SERVICES, INC.

By:_____
Title:_____

Exhibit 10.1

ADMINISTRATIVE SERVICES AGREEMENT

THIS ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") dated as of _____, 1999, is entered into by SHOPKO STORES, INC., a Wisconsin corporation ("ShopKo") and PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation ("ProVantage").

RECITALS

WHEREAS, ProVantage provides health benefit management and health information technology products and services to the health care industry (the "ProVantage Business"); and

WHEREAS, this Agreement is entered into in conjunction with an initial public offering of ProVantage's common stock, $.01 par value per share (the "ProVantage IPO"); and

WHEREAS, after the ProVantage IPO, ProVantage will continue to need certain administrative services to be provided by ShopKo to ProVantage with respect to the operation of the ProVantage Business for a period of time from and after the Closing Date (as hereafter defined); and

WHEREAS, the parties desire to enter into an agreement to provide for such services.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties contained herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the indicated meanings:

"Base Fee" means the amount identified on Exhibit A attached hereto. The Base Fee shall be paid for the Services described hereunder, exclusive of any Service Upgrades.

"Closing Date" means the date the ProVantage IPO is closed.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder.

"Services" means those corporate, administrative and technical services to be provided by ShopKo to ProVantage as set forth in Exhibit A attached hereto, and as the same may be amended and revised from time to time in accordance with the terms hereof.

ARTICLE II
SERVICES

Section 2.1. Scope of Services. In consideration of the Base Fee, ShopKo shall continue to provide the various administrative support services currently provided by ShopKo, as listed on Exhibit A to this Agreement currently provided to ProVantage.

Section 2.2. Service Upgrades. The parties acknowledge that modifications, upgrades, and additions to the administrative services described herein may be necessary to adequately service the ProVantage Business (collectively, "Service Upgrades"). Charges for Service Upgrades are not included in the Base Fee. The parties agree to negotiate in good faith regarding any Service Upgrades. It is the intention of the parties that to the extent practicable, ShopKo will use reasonable efforts to provide ProVantage with any reasonable Service Upgrades requested by ProVantage, and that the parties will negotiate reasonable fees, reimbursement rates or other charges to adequately compensate ShopKo for the Service Upgrades.

Section 2.3. Limitations. Notwithstanding the foregoing, the nature and scope of the Services shall not be greater than that which ShopKo provided to ProVantage prior to the Closing Date and shall not be greater than, or interfere with, those services which ShopKo provides during the term of this Agreement to its own internal organization. Any upgrades and improvements of such services that ShopKo provides to its own internal organization will be made available to ProVantage at ShopKo's election. ProVantage agrees that its requests for Services shall be reasonable, as to both the nature and the timing of the Services to be provided.

Section 2.4. Location of Services. Except as expressly contemplated by the terms of this Agreement, the Services to be performed are contemplated to be performed by ShopKo from Green Bay, Wisconsin, or such other location as determined by ShopKo in its sole discretion.

Section 2.5. Staffing. In consultation with ProVantage, ShopKo shall determine both the staffing required and particular personnel assigned to perform the Services, including but not limited to clerical staff, technicians, professionals or otherwise.

Section 2.6. Access. ProVantage agrees to grant access to representatives of ShopKo to ProVantage's facilities and its employees, agents and consultants to provide the Services provided for under this Agreement, as necessary.

Section 2.7. Subsidiaries. The parties hereto agree that (i) the Services to be provided to ProVantage under this Agreement will, at ProVantage's request, be provided to subsidiaries of ProVantage and (ii) ShopKo may satisfy its obligation to provide or procure the Services hereunder by causing one or more of its subsidiaries to provide or procure such Services. With respect to Services provided to, or procured on behalf of, any subsidiary of ProVantage, (i) ProVantage agrees to pay on behalf of such subsidiary all amounts payable by or in respect of such Services and (ii) references in this Agreement to ProVantage shall be deemed to include such subsidiary.

Section 2.8. Subcontractors. ShopKo may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement. ShopKo shall require such subcontractors, as a condition to their engagement, to agree to be bound by the provisions substantially identical to those included in this Agreement. Subject to Section 5.5 hereof, ShopKo shall in all cases remain primarily responsible for all obligations undertaken by it in this Agreement with respect to the scope, quality and nature of the Services provided to

ProVantage.

Section 2.9. Reports; Books and Records. ShopKo shall maintain for and provide ProVantage with or shall cause to be maintained for and provided to ProVantage data or reports requested by ProVantage relating to (i) benefits paid to or on behalf of ProVantage employees under ShopKo employee benefit plans, including, but not limited to, financial statements, claims history and census information, (ii) information relating to the Services that is required to satisfy any reporting or disclosure requirement, and (iii) other information, including accounting reports, relating to the Services, as may be kept by ShopKo in the ordinary course of its business. ShopKo shall provide such reports, or cause such reports to be provided, to ProVantage within a reasonable period of time after it is requested.

Section 2.10. Delegation. ProVantage hereby delegates to ShopKo final, binding, and exclusive authority, responsibility, and discretion to interpret and construe the provisions of employee benefit plans in which ProVantage has elected to participate and which are administered by ShopKo under this Agreement (collectively, the "Employee Plans"). ShopKo may further delegate such authority to plan administrators to:

(i) provide administrative and other services;

(ii) reach factually supported conclusions consistent with the terms of the Employee Plans;

(iii) make a full and fair review of each claim, denial, and decision related to the provision of benefits provided or arranged for under the Employee Plans, pursuant to the requirements of ERISA, if within sixty (60) days after receipt of the notice of denial, a claimant requests in writing a review for reconsideration of such decisions. The administrator shall notify the claimant in writing of its decision on review. Such notice shall satisfy all ERISA requirements relating thereto; and

(iv) notify the claimant in writing of its decision on review.

ARTICLE III
FEES, BILLING AND PAYMENT

Section 3.1. Fees. ProVantage agrees that in consideration of the Services described in this Agreement, ProVantage shall pay ShopKo the Base Fee as amended and revised from time to time. The entire Base Fee shall be paid by ProVantage for each period, regardless of whether any particular services were performed by ShopKo during such period. ProVantage shall also pay ShopKo for all Service Upgrades in accordance with agreed upon rates and fees.

In addition, ProVantage shall reimburse ShopKo for all direct and identifiable costs and third-party disbursements incurred by ShopKo in performing the Services. In the event that any Services are terminated during a fiscal year, payments shall be made for such Services through the effective date of cancellation, said payments to be a pro rata portion of the charges for such Services. ProVantage shall also pay ShopKo for any reimbursable costs incurred with respect to such Services prior to cancellation of such Services, plus ProVantage shall compensate ShopKo for any long-term commitments or investments made by ShopKo in reliance upon this Agreement, provided ProVantage has approved any such costs, commitments or investments in advance. The parties acknowledge

that no such costs, commitments or investments exist as of the date of this Agreement.

Section 3.2. Billing. ProVantage shall pay the Base Fee for Services rendered within each month during the term of this Agreement. No invoices for the Base Fee shall be sent, and no backup documentation shall be required for the Services included in the Base Fee. The fees for Service Upgrades shall be invoiced monthly by the thirtieth (30th) calendar day of the calendar month next following the calendar month in which the Service Upgrades were performed. Such invoices shall specify the value of Service Upgrades determined in accordance with the agreed upon arrangements, and shall be accompanied by supporting detail for all Reimbursable Costs and Service Upgrades.

Section 3.3. Payment. Payment for all Services provided hereunder shall be as follows:

(a) For so long as ShopKo beneficially owns directly or indirectly at least 51% of the combined voting power of ProVantage, ShopKo may bill and charge ProVantage's intercompany account at the end of each four or five week accounting period for all fees and Reimbursable Costs hereunder.

(b) At such time as ShopKo no longer beneficially owns directly or indirectly at least 51% of the combined voting power of ProVantage, ProVantage shall pay for all amounts incurred during each four or five week accounting period within ten (10) days following the end of each such period. In the event a written statement is sent by ShopKo, payment shall be made within ten (10) days following receipt of such statement.

Section 3.4. Taxes. ProVantage will reimburse ShopKo for all sales, use or excise taxes levied on amounts payable by ProVantage to ShopKo pursuant to this Agreement, provided that ProVantage shall not be responsible for remittance of such taxes to applicable tax authorities. ProVantage shall not be responsible for any ad valorem, income, franchise, privilege, value added or occupational taxes of ShopKo. ShopKo shall cooperate with ProVantage's efforts to identify taxable and nontaxable portions of amounts payable pursuant to this Agreement (including segregation of such portions on invoices) and to obtain refunds of taxes paid, where appropriate. ProVantage may furnish ShopKo with certificates or other evidence supporting applicable exemptions from sales, use or excise taxation.

ARTICLE IV
TERM OF AGREEMENT

Section 4.1. Effective Date and Term. The initial term of this Agreement shall commence on the Closing Date and, except as otherwise provided below, continue until January 31, 2001. This Agreement will be renewed automatically thereafter for successive one-year terms unless either ProVantage or ShopKo elects not to renew this Agreement by giving the other party written notice of its intention not to renew the Agreement not less than ninety (90) days prior to the end of the then current term. Either party may terminate any specified Service under the prior notice provision in Section 4.3(c).

Section 4.2. Annual and Interim Reviews. On or about the first anniversary of the Closing Date and annually thereafter until termination, ShopKo and ProVantage agree that they will review the scope and pricing of the

Services being provided as of the applicable annual review date. Interim reviews may also be scheduled by either party upon providing 30 days advance written notice. Each such review and any resulting amendment of this Agreement will be undertaken in good faith and with as much advance notification, lead time and discussion as is reasonable under the circumstances, in the spirit of providing appropriate services to ProVantage at a fair cost and without undue burden to ShopKo. Accordingly, before any termination or significant alteration of the scope of Services is made, the parties shall take into account all elements of cost, inconvenience and other direct and indirect impact on both parties of terminating or altering the Services.

Section 4.3. Termination. This Agreement and the scope of the Services may be reduced, suspended, or terminated as follows:

(a) Either party hereto may terminate this Agreement immediately upon written notice to the other party (i) in the event of the other party's voluntary bankruptcy or insolvency, (ii) in the event that the other party shall make an assignment for the benefit of creditors, or (iii) in the event that a petition shall have been filed against the other party under a bankruptcy law, a corporate reorganization law or any other law for relief of debtors (or other law similar in purpose or effect).

(b) If either party hereto (the "Defaulting Party") shall fail adequately to perform in any material respect any of its material obligations under this Agreement, whether voluntarily or involuntarily or as a result of any law or regulation or otherwise, the other party hereto shall have the option to terminate this Agreement upon sixty (60) days' written notice (which shall be reduced to thirty (30) days' written notice in the event of a failure to make payment in accordance with the terms hereof) to the Defaulting Party specifying the respects in which the Defaulting Party has so failed to perform its obligations under this Agreement, unless during such period the Defaulting Party shall have substantially remedied the default therein specified.

(c) Either party may, at any time prior to the expiration of this Agreement or any extension thereof, terminate any of the Services upon one hundred twenty (120) days'

prior written notice from the party desiring such termination. For purposes of this Section 4.3(c), Services may only be terminated as to a category for which there is a specified charge on Exhibit A unless the other party agrees to a partial Services reduction and a corresponding reduction in the appropriate charge is agreed between the parties.

Section 4.4. Transition Assistance. Prior to and following the termination of this Agreement or the provisions of any of the Services, including any Service terminated pursuant to Section 4.3(c), ShopKo shall provide, at ProVantage's request and expense, transition services for a period of 180 days with respect to the terminated Services and assistance in engaging or training another person or persons to provide such Services or their equivalent. ShopKo shall provide ProVantage full access to all records and other information relating to the Services provided by ShopKo immediately preceding such termination.

ARTICLE V
MISCELLANEOUS

Section 5.1. Independent Contractor Status. ShopKo shall perform the Services hereunder as an independent contractor. Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the parties hereto, or, except to the extent provided in Section 2.11, constitute or be deemed to constitute any party as the agent or employee of the other party for any purpose whatsoever and neither party shall have authority or power to bind the other or to contract in the name of, or create a liability against, the other in any way or for any purpose. Each party shall be responsible for any injury or death to its own employees, including all workers' compensation claims or liabilities resulting therefrom, and each such party shall remain responsible for reporting its income and paying its own taxes.

Section 5.2. Confidentiality. The parties each agree that they will not divulge to any third party, or to any person within each respective corporation who does not have a need to know, any confidential matters relating to each other's business and the businesses of the other party's customers, vendors, employees or competitors which may become known by reason of performance of the Services described in this Agreement; provided, however, that the obligations of either party under this section shall not apply to information which has been in the public domain or becomes in the public domain without breach of this Agreement or which a party is legally obligated to disclose. The obligations of the parties hereto set forth in this section shall survive the expiration or termination of this Agreement for a period of one (1) year.

Section 5.3 Key Employees. During the term of this Agreement and for a period of two years thereafter:

(a) neither ProVantage nor any of its direct or indirect subsidiaries (whether now owned or hereafter acquired) shall solicit for hire any employees of ShopKo or any of ShopKo's direct or indirect subsidiaries (other than ProVantage and its subsidiaries), and

(b) neither ShopKo nor any of its direct or indirect subsidiaries (other than ProVantage and its subsidiaries) shall solicit for hire any employees of ProVantage or any of its direct or indirect subsidiaries.

This covenant may be waived only with the prior written consent of the other party.

Nothing in this Section 5.3 shall be deemed or construed to prevent solicitation, recruitment or hiring of any employee of the other party who first initiates contact with the soliciting, recruiting or hiring party, provided that neither party shall engage in any activity intended to encourage the other party's employees to initiate such contact. General advertisements shall not be deemed violative of this restriction.

Section 5.4. Force Majeure. Each party shall be excused for failure to perform any part of this Agreement due to events beyond its control, including but not limited to fire, storm, flood, earthquake, explosion, accident, riots and other civil disturbances, sabotage, strikes or other labor disturbances, injunctions, transportation embargoes or delays, failure of performance of third parties necessary for the parties' performance under this Agreement, or the laws or regulations of the federal, state or local government or breach or agency thereof; provided, however, no force majeure event shall excuse the obligation of the party claiming the benefit of a force majeure event from

paying the applicable fees for any services provided by the other party.

Section 5.5. Standard of Performance; Remedies; Consequential Damages. In performing its obligations under this Agreement, ShopKo represents that it will use the same standard of care and good faith as it uses in performing services for its own account. ShopKo agrees to exercise reasonable diligence to correct errors or deficiencies in the Services provided by it hereunder. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SHOPKO MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING OUT OF THIS AGREEMENT AND THE SERVICES TO BE PROVIDED HEREUNDER. The sole remedy of ProVantage for any claim relating to the performance or nonperformance of the Services shall be a refund by ShopKo to ProVantage of any charges or fees paid for the applicable Services. In addition, in no event shall either party be liable to the other for special, punitive, incidental or consequential damages arising out of this Agreement.

Section 5.6. Notice. Any notice, request, designation, direction, demand, election, acceptance or other communication shall be in writing and shall be effective and deemed to have been given when it is (i) mailed postage prepaid, by certified first class mail, return receipt requested, addressed to a party and received by such party; (ii) hand or courier delivered; or (iii) sent by telecopy with receipt confirmed, as follows:

If to ShopKo,

ShopKo Stores, Inc.
700 Pilgrim Way
Green Bay, WI 54307
Telecopy: (920) 429-4225
Attention: General Counsel

If to ProVantage,

ProVantage Health Services, Inc.
13555 Bishops Court, Suite 201
Brookfield, WI 53005
Telecopy: (414) 641-3770
Attention: Vice President, Legal Affairs

Any party may from time to time designate another address to which notice or other communication shall be addressed or delivered to such party and such new designation shall be effective on the later of (i) the date specified in the notice or (ii) receipt of such notice by the intended recipient.

Section 5.7. Assignability; Successor and Assigns. Neither party hereto shall assign this Agreement in whole or in part without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld. This Agreement shall inure to the benefit of and shall be binding upon the successor and permitted assigns of the parties hereto.

Section 5.8. No Third Party Beneficiaries. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto respectively, as their interests may appear, and shall not be deemed for the benefit of any other person or entity or group of persons or entities.

Section 5.9. Severability. If any term or condition of this Agreement

shall be held invalid in any respect, such invalidity shall not affect the validity of any other term or condition hereof.

Section 5.10. Applicable Law. This Agreement shall be construed under the laws of the State of Wisconsin and the rights and obligations of the parties shall be determined under the substantive law of Wisconsin, without giving effect to Wisconsin's conflict of law rules or principles.

Section 5.11. Amendment or Modification. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties, or in the case of a waiver, by the party waiving compliance. Any waiver by either party hereto of any condition, or of the breach of any provision or term in any one or more instances shall not be deemed to be nor construed as a

further or continuing waiver of any such condition, or of the breach of any other provision or term of this Agreement.

Section 5.12. Construction. Descriptive headings to sections and paragraphs are for convenience only and shall not control or affect the meaning or construction of any provisions in this Agreement.

Section 5.13. Counterparts. This Agreement may be executed in two counterparts, each of which shall constitute an original, and both of which, when taken together, shall constitute one and the same instrument.

Section 5.14. Look-Back. The parties acknowledge that the intent of this Agreement is to accurately capture the scope and nature of the administrative services provided to ProVantage by ShopKo as of the date hereof, so that such services may continue uninterrupted for the term of this Agreement. Both parties have made a good faith attempt to identify all of the administrative services provided to ProVantage by ShopKo as of the date hereof. If, however, it is later determined that the parties unintentionally omitted a description of services or charges therefor, both parties shall negotiate in good faith to amend this Agreement to include such services and charges, and charges and credits for such additional services shall be retroactive back to the commencement date of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first written above.

SHOPKO STORES, INC.

By: _____
William J. Podany
President and Chief Executive Officer

Attest:

_____
Richard D. Schepp, Sr. Vice President,
General Counsel/Secretary

PROVANTAGE HEALTH SERVICES, INC.

By: _____
Jeffrey A. Jones
Executive Vice President and Chief
Operating Officer

Attest:

_____
Richard D. Schepp, Secretary

Exhibit A

Services

<TABLE>
<CAPTION>

	Fiscal Year 1999 Base Fee	Fiscal Period Base Fee For Fiscal 1999
<S>	<C>	<C>
Chief Financial Officer		
Treasury Services	20,000	1,667
- Payroll processing		
- Insurance administration		
- Cash management		
Accounting Services	80,000	6,666
- Monthly general ledger processing and financial statement preparation		
- Accounts payable processing		
- Income, sales and use and property tax preparation		
- Appropriation and fixed asset processing		
- Assistance in financial and capital planning		
	100,000	8,333

General Corporate Services	100,000	8,333
Sr. Vice President Human Resources		
Personnel	50,000	4,167
Legal Affairs	25,000	2,033
	75,000	6,250
Overhead cost related to above (payroll taxes & benefits, insurance, 401(k), profit sharing, etc)	100,000	8,334
TOTAL	$375,000	$31,250

</TABLE>

Exhibit 10.2

I. T. SUPPORT AGREEMENT

THIS I. T. SUPPORT AGREEMENT ("Agreement") dated as of _____, 1999, is entered into by SHOPKO STORES, INC., a Wisconsin corporation ("ShopKo"), and PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation ("ProVantage").

RECITALS

WHEREAS, ShopKo, through its indirect, wholly-owned subsidiary ProVantage, provides health benefit management and health information technology products and services to the health care industry (the "ProVantage Business"); and

WHEREAS, this Agreement is entered into in conjunction with an initial public offering of ProVantage's Class A common stock, $.01 par value per share (the "ProVantage IPO"); and

WHEREAS, after the ProVantage IPO, ProVantage will continue to need certain information technology services, products and support to be provided by ShopKo to ProVantage with respect to the operation of the ProVantage Business for a period of time from and after the Closing Date (as hereafter defined); and

WHEREAS, the parties desire to enter into an agreement to provide for such services.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties contained herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the indicated meanings:

"Affiliate" means, with respect to a specified Person, any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified Person.

"Base Fee" means the amount identified on Exhibit A attached hereto. The Base Fee shall be paid for the Services described hereunder, exclusive of any Service Upgrades.

"Closing Date" means the date the ProVantage IPO is consummated.

"Data" means all data used in the ProVantage Business, whether owned by ProVantage or by a ProVantage customer, which is provided to ShopKo in connection with the Services.

"FTE" means the equivalent of a full time employee. For purposes of this Agreement, an FTE shall be equal to 154 work hours per month.

"Person" means any individual, partnership, joint venture, corporation, trust, unincorporated organization, limited liability company or other business entity.

"ProVantage Confidential Information" means Data and other confidential data provided by ProVantage or ProVantage's customers to ShopKo in accordance with this Agreement; and any information with respect to ProVantage's information systems operations, including without limitation all information with respect to the ProVantage Hardware and the ProVantage Software.

"ProVantage Hardware" means the computer equipment and telecommunications equipment owned or leased by ProVantage from time to time during the term of this Agreement and used by ShopKo to provide the Services to ProVantage.

"ProVantage Software" means the software owned or licensed by ProVantage from time to time during the term of this Agreement and used by ShopKo to provide the Services to ProVantage.

"Services" means those data processing and related information technology services to be conducted by ShopKo on behalf of ProVantage as set forth on Exhibit B attached hereto, and as the same may be amended and revised from time to time.

"ShopKo Confidential Information" means any and all information with respect to ShopKo's information systems operations, including without limitation all information with respect to the ShopKo Hardware and the ShopKo Software.

"ShopKo Hardware" means the computer equipment and telecommunications equipment owned or leased by ShopKo from time to time during the term of this Agreement and used to provide the Services to ProVantage. The current ShopKo Hardware is identified on Exhibit A attached hereto.

"ShopKo I.S. Employees" means the data base administrators, computer operators, operating systems technicians, help desk staff, end user support staff, LAN administrators, telecom analysts and other individuals who are employed or contracted by ShopKo and who are made available to provide the Services to ProVantage. The number of ShopKo I.S. Employees in the various areas who will provide Services hereunder for and in consideration of the Base Fee are identified on Exhibit A attached hereto.

"ShopKo Software" means the software owned or licensed by ShopKo from time to time during the term of this Agreement and used to provide the Services to ProVantage. The current ShopKo Software is identified on Exhibit A attached hereto.

"Transition Period" means the 180 day period following the date on which (i) this Agreement expires or is terminated, or (ii) any of the Services are terminated pursuant to Section 15.1(c) of this Agreement.

ARTICLE II
TERM

The initial term of this Agreement shall commence on the Closing Date and, except as otherwise provided below, continue until January 31, 2001. This Agreement shall be renewed automatically thereafter for successive one-year terms unless either ProVantage or ShopKo elects not to renew this Agreement by giving the other party written notice of its intention not to renew the Agreement not less than one hundred eighty (180) days prior to the end of the then current term. Either party may terminate any specified Service under the prior notice provision in Section 15.1(c).

ARTICLE III
SERVICES

Section 3.1. Provision of Services. In consideration of the Base Fee, ShopKo agrees to provide to ProVantage the Services during the term of this Agreement. The entire Base Fee shall be charged regardless of whether all of the Services have been utilized in any given period.

Section 3.2 Hardware and Software. In providing the Services to ProVantage, ShopKo shall utilize the ProVantage Hardware, ShopKo Hardware, ProVantage Software, and ShopKo Software to the same extent such hardware and the software have been utilized prior to the date of this Agreement; provided, however, that ShopKo may provide the Services with different or additional computer equipment and/or software.

Section 3.3 ShopKo I.S. Employees. ShopKo shall make the ShopKo I.S. Employees available to provide the Services to ProVantage to the same extent such employees were made available to ProVantage prior to the date of this Agreement provided, however, that ShopKo shall only be required to provide the number of FTEs of each of these ShopKo I.S. Employees as set forth on Exhibit A.

ShopKo and ProVantage acknowledge that the employees constituting the "ShopKo I.S. Employees" are likely to change from time to time, and that at certain times it is possible that staffing shortages may exist. ProVantage acknowledges that some of the ShopKo I.S. employees may be independent contractors or subcontractors.

Section 3.4. Access. ProVantage shall provide ShopKo and its employees and agents access to ProVantage's facilities as necessary to provide ProVantage with the Services. ShopKo shall provide ProVantage and its employees and agents access to ShopKo's facilities on a basis consistent with past practices.

Section 3.5. Modifications, Upgrades, etc. The parties acknowledge that modifications, upgrades, and additions to the ShopKo Hardware, the ProVantage Hardware, the ShopKo Software and the ProVantage Software and additional ShopKo I.S. Employees may be necessary to adequately service the ProVantage Business due to additional customers, new services, acquisitions, technological changes, competitive pressures or otherwise (collectively, "Service Upgrades"). Charges for Service Upgrades are not included in the Base Fee. The parties agree to negotiate in good faith regarding any Service Upgrades. It is the intention of the parties that to the extent practicable, ShopKo will use reasonable efforts to provide ProVantage with any reasonable Service Upgrades requested by ProVantage, and that the parties will negotiate reasonable fees, reimbursement rates or other charges to adequately compensate ShopKo for the Service Upgrades. The rates and fees listed on Exhibit A as components of the Base Fee were derived as incremental costs to ShopKo only, and many of these rates and fees do not reflect capitalization, or other amortization allocation of significant initial investments made by ShopKo. Accordingly, rates and fees for Service Upgrades could vary significantly from those set forth on Exhibit A.

Unless otherwise expressly agreed by ProVantage and ShopKo, ProVantage shall have sole financial responsibility for any modifications, upgrades or additions to the ProVantage Hardware and the ProVantage Software.

Section 3.6. Subsidiaries. The parties hereto agree that (i) the Services to be provided to ProVantage under this Agreement will, at ProVantage's request, be provided to subsidiaries of ProVantage and (ii) ShopKo may satisfy its obligation to provide or procure the Services hereunder by causing one or more of its subsidiaries to provide or procure such Services. With respect to Services provided to, or procured on behalf of, any subsidiary of ProVantage, (i) ProVantage agrees to pay on behalf of such subsidiary all amounts payable by or in respect of such Services and (ii) references in this Agreement to ProVantage shall be deemed to include such subsidiary.

ARTICLE IV
PERFORMANCE

Section 4.1. Standard of Performance; Remedies; Consequential Damages. In performing its obligations under this Agreement, ShopKo represents that it will use the same standard of care and good faith as it uses in performing services for its own account. ShopKo agrees to exercise reasonable diligence to correct errors or deficiencies in the Services provided by it hereunder. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SHOPKO MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING OUT OF THIS AGREEMENT AND THE SERVICES TO BE PROVIDED HEREUNDER. The sole remedy of ProVantage for any claim relating to the performance or nonperformance of the Services shall be a refund by ShopKo to ProVantage of any charges or fees paid for the applicable Services. In addition, in no event shall either party be

liable to the other for special, punitive, incidental or consequential damages arising out of this Agreement.

Section 4.2. Annual and Interim Reviews. On or about the first anniversary of the Closing Date and annually thereafter until termination, ShopKo and

ProVantage agree that they will review the scope and pricing of the Services being provided as of the applicable annual review date. Interim reviews may also be scheduled by either party upon providing 30 days advance written notice. Each such review and any resulting amendment of the Services and the fees therefor will be undertaken in good faith and with as much advance notification, lead time and discussion as is reasonable under the circumstances, in the spirit of providing appropriate services to ProVantage at a fair cost and without undue burden to ShopKo. Accordingly, before any termination or significant alteration of the scope of Services is made, the parties shall take into account all elements of cost, inconvenience and other direct and indirect impact on both parties of terminating or altering the Services. Consent to terminate or alter the scope of the Services will not be unreasonably withheld by either party.

ARTICLE V
SUBCONTRACTING

Section 5.1. Subcontractors. ShopKo may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement. ShopKo shall promptly notify ProVantage of its intent to enter into any subcontract. ShopKo is responsible for monitoring and managing the performance of all subcontractors. ShopKo shall require such subcontractors, as a condition to their engagement, to agree to be bound by the provisions substantially identical to those included in this Agreement. Subject to Section 4.1 hereof, ShopKo shall in all cases remain primarily responsible for all obligations undertaken by it in this Agreement with respect to the scope, quality and nature of the Services provided to ProVantage. If, as the result of ShopKo's subcontracting any Service, the performance of that Service falls below the level of ShopKo's previous actual, typical performance, then ShopKo shall work with the subcontractor to restore the performance of that Service to such previous actual, typical performance level. Even if an inadequacy in a subcontractor's performance does not amount to a breach of this Agreement or inadequate performance, if ProVantage is dissatisfied with the performance of any subcontractor, ProVantage shall promptly notify ShopKo and ShopKo and ProVantage shall discuss means to resolve ProVantage's dissatisfaction.

ARTICLE VI
FEES

Section 6.1. Payment. ProVantage agrees that in consideration of the Services described in this Agreement, ProVantage shall pay ShopKo the Base Fee as amended and revised from time to time by mutual agreement. ProVantage shall also pay ShopKo for all Service Upgrades in accordance with agreed upon rates and fees. In addition, ProVantage shall reimburse ShopKo for all direct and identifiable costs and third-party disbursements incurred by ShopKo in

performing the Services, provided ProVantage has approved any such costs and disbursements in advance. In the event that any Services are terminated during a fiscal year, payments shall be made for such Services through the effective date of cancellation, said payments to be a pro rata portion of the charges for such Services. ProVantage shall also pay ShopKo for any pre-approved costs or disbursements, plus costs associated with ShopKo Hardware or ShopKo Software purchases or other long-term commitments or investments made by ShopKo in reliance upon this Agreement, provided ProVantage has approved any such costs, commitments or investments in advance. The parties acknowledge that no such costs, commitments or investments exist as of the date of this Agreement.

Section 6.2. Payments For Third Party Software Upon Disaffiliation. If ProVantage and ShopKo cease to be Affiliates, ProVantage shall pay such license fees, and any applicable or related taxes, for the Software as are required by the third party to enable ShopKo to continue to provide the Services.

ARTICLE VII
INVOICES AND PAYMENT

Section 7.1. Billing and Payment. ProVantage shall pay the Base Fee for Services rendered within each month during the term of this Agreement within thirty (30) calendar days after the end of each such month. No invoices for the Base Fee shall be sent, and no backup documentation shall be required for the

Services included in the Base Fee.

The fees for Service Upgrades shall be invoiced monthly by the thirtieth (30th) calendar day of the calendar month next following the calendar month in which the Service Upgrades were performed. Such invoices shall specify the value of Service Upgrades determined in accordance with the agreed upon arrangements, and shall be accompanied by supporting detail, and shall be due and payable thirty (30) days from receipt thereof.

ARTICLE VIII
TRANSFER AND PROPERTY TAXES

Section 8.1. Allocation Of Responsibility For Certain Taxes. ProVantage will reimburse ShopKo for all sales, use or excise taxes levied on amounts payable by ProVantage to ShopKo pursuant to this Agreement, provided that ProVantage shall not be responsible for remittance of such taxes to applicable tax authorities. ProVantage shall not be responsible for any ad valorem, income, franchise, privilege, value added or occupational taxes of ShopKo. ShopKo shall cooperate with ProVantage's efforts to identify taxable and nontaxable portions of amounts payable pursuant to this Agreement (including segregation of such portions on invoices) and to obtain refunds of taxes paid, where appropriate. ProVantage may furnish ShopKo with certificates or other evidence supporting applicable exemptions from sales, use or excise taxation.

ARTICLE IX
OWNERSHIP OF DATA

Section 9.1. Ownership Of Data. The Data is the exclusive property of ProVantage or its customers. Any data about which there is an ambiguity as to ownership shall be treated as Data and subject to the provisions of this Agreement until its ownership is resolved. This Agreement does not purport to address the ownership of any data other than Data.

Section 9.2. Use of Data. ShopKo shall use the Data only in providing Services pursuant to this Agreement. Except as otherwise expressly agreed in writing, ShopKo shall not and shall not attempt to sell, license, provide, disclose, use, pledge, hypothecate, and/or in any other way transfer the Data. All such attempts shall be void and without legal effect. ShopKo may use the Data for such other purposes as ProVantage and ShopKo may agree in writing.

Section 9.3. Risk of Data Loss. When Data is in ShopKo's possession or under ShopKo's control and an event occurs that prevents or hinders the access to or reliable use of such data, ShopKo shall use reasonable efforts to cure and re-create or restore such data as promptly as practicable.

Section 9.4. Data Security. ShopKo shall maintain safeguards for protecting against the loss and disclosure of the Data no less rigorous than such safeguards as are in effect on the Closing Date. ShopKo acknowledges that as a holder or recipient of health care claims information, ProVantage is and shall continue to be subject to special restrictions regarding the treatment and handling of the data. ShopKo agrees to comply with all reasonable requests made by ProVantage in this regard, provided that any incremental costs incurred by ShopKo associated with such requests shall be billed to ProVantage as costs of Service Upgrades.

Section 9.5. Media Containing Data. As between ProVantage and ShopKo, ProVantage is the exclusive owner of all Data recorded on any media irrespective of which party owns the media.

ARTICLE X
SOFTWARE PROTECTION

Section 10.1. Protection of Software Rights Against Third Parties. If either party to this Agreement shall become aware of any infringement or misappropriation by any third party of the intellectual property rights of the other party, it shall promptly give notice to the other party of such infringement or misappropriation. The owner of such intellectual property may, at its expense, institute suit against such third party, and the other party

shall fully cooperate with the owner to enjoin such infringement or misappropriation and if reasonably necessary, shall, if requested, join with the owner as a party to any action brought by the owner for such purpose. The owner shall bear all expenses connected with such suit, provided, however, that if the other party desires to retain its own counsel, it shall do so at its own cost and expense. Each party hereby agrees to defend, indemnify and hold harmless the other party for any costs, losses, or

expenses related to any claim of infringement or misappropriation of the indemnifying party's intellectual property.

ARTICLE XI
SOFTWARE OWNERSHIP

Section 11.1. Software Ownership. ShopKo acknowledges that is has no ownership interest in the ProVantage Software. ProVantage acknowledges that it has no ownership interest in the ShopKo Software. If during the term of this Agreement ShopKo or ProVantage develops, purchases or licenses software which is utilized by ShopKo to provide the Services to ProVantage, such software shall be the property of ShopKo or ProVantage, respectively and shall be considered "ShopKo Software" or "ProVantage Software", respectively for purposes of this Agreement unless ShopKo and ProVantage agree otherwise in writing.

ARTICLE XII
CONFIDENTIAL INFORMATION

Section 12.1. Confidential Information. Except as otherwise provided in this Agreement, the ProVantage Confidential Information and the ShopKo Confidential Information (collectively, the "Confidential Information") is proprietary to ProVantage and ShopKo, respectively, and may not be used by the other party hereto except to carry out the parties' respective obligations under this Agreement.

Section 12.2. Excluded Information. Information is not considered Confidential Information to the extent that such information:

(a) is or becomes publicly available other than as a result of any breach of this Agreement;

(b) is or becomes available to a party from a source that, to that party's knowledge, is lawfully in possession of that information and is not subject to a duty of confidentiality, which is violated by that disclosure; or

(c) is independently developed without reference to the Confidential Information.

Section 12.3. Standard Of Care. Except as otherwise set herein, each party shall use at least the same degree of care in maintaining the confidentiality of the other party's Confidential Information as is normally used with respect to its own proprietary or confidential information.

Section 12.4. Permitted Disclosures. Either party may disclose Confidential Information to its respective employees or agents, on a need-to-know basis, in order to fulfill its obligations under this Agreement.

Section 12.5. Required Disclosures. Either party may disclose Confidential Information in response to a request for disclosure by a court or another governmental authority, including a subpoena, court order, or audit-related request by a taxing authority. Either party may also make disclosures of Confidential Information as may be required under applicable securities laws or the rules and regulations of each party's respective stock exchange. Prior to any disclosure of Confidential Information pursuant to this Section, however, the disclosing party shall make a good faith attempt to notify the other party in advance to allow the non-disclosing party the opportunity to seek a

protective order or other injunctive relief.

Section 12.6. Confidentiality And Third Parties. If ShopKo engages a subcontractor to perform any of its obligations under this Agreement and such subcontractor has access to ProVantage Confidential Information, ShopKo shall advise such subcontractor of the confidentiality requirements of this Agreement.

Section 12.7. Irreparable Harm. The parties acknowledge that any disclosure or misappropriation of Confidential Information in violation of this Agreement could cause irreparable harm, the amount of which may be extremely difficult to estimate, thus making any remedy at law or in damages inadequate. Each party therefore agrees that the other party shall have the right to apply to any court of competent jurisdiction for a temporary or provisional order restraining any breach or impending breach of this Article XII. This right shall be in addition to any other remedy available under this Agreement.

ARTICLE XIII
KEY EMPLOYEES

Section 13.1 Employees. During the term of this Agreement and for a period of two years thereafter:

(a) neither ProVantage nor any of its direct or indirect subsidiaries (whether now owned or hereafter acquired) shall solicit for hire any employees of ShopKo or any of ShopKo's direct or indirect subsidiaries (other than ProVantage and its subsidiaries), and

(b) neither ShopKo nor any of its direct or indirect subsidiaries (other than ProVantage and its subsidiaries) shall solicit for hire any employees of ProVantage or any of its direct or indirect subsidiaries.

This covenant may be waived only with the prior written consent of the other party.

Nothing in this Article XIII shall be deemed or construed to prevent solicitation, recruitment or hiring of any employee of the other party who first initiates contact with the soliciting, recruiting or hiring party, provided that neither party shall engage in any activity intended to encourage the other party's employees to initiate such contact. General advertisements shall not be deemed violative of this restriction.

ARTICLE XIV
FORCE MAJEURE AND DISASTER RECOVERY

Section 14.1. Force Majeure. Each party shall be excused for failure to perform any part of this Agreement due to events beyond its control, including but not limited to fire, storm, flood, earthquake, explosion, accident, riots and other civil disturbances, sabotage, strikes or other labor disturbances, injunctions, transportation embargoes or delays, failure of performance of third parties necessary for the parties' performance under this Agreement (other than third parties engaged by ShopKo pursuant to Article V), or the laws or regulations of the federal, state or local government or breach or agency thereof; provided, however, no force majeure event shall excuse the obligation of the party claiming the benefit of a force majeure event from paying the applicable fees for any services provided by the other party.

ARTICLE XV
TERMINATION

Section 15.1. Termination. This Agreement and the scope of the Services may be reduced, suspended, or terminated as follows:

(a) Either party hereto may terminate this Agreement immediately upon written notice to the other party (i) in the event of the other party's voluntary bankruptcy or

insolvency, (ii) in the event that the other party shall make an assignment for the benefit of creditors, or (iii) in the event that a petition shall have been filed against the other party under a bankruptcy law, a corporate reorganization law or any other law for relief of debtors (or other law similar in purpose or effect).

(b) If either party hereto (the "Defaulting Party") shall fail adequately to perform in any material respect any of its material obligations under this Agreement, whether voluntarily or involuntarily or as a result of any law or regulation or otherwise, the other party hereto shall have the option to terminate this Agreement upon sixty (60) days' written notice (which shall be reduced to thirty (30) days' written notice in the event of a failure to make payment in accordance with the terms hereof) to the Defaulting Party specifying the respects in which the Defaulting Party has so failed to perform its obligations under this Agreement, unless during such period the Defaulting Party shall have substantially remedied the default therein specified.

(c) Either party may, at any time prior to the expiration of this Agreement or any extension thereof, terminate any of the Services upon one hundred twenty (120) days' prior written notice from the party desiring such termination. For purposes of this Section 15.1(c), Services may only be terminated to the extent such Services can reasonably be discontinued without additional cost to ShopKo. If this Agreement is terminated by ProVantage pursuant to this Section 15.1(c), ProVantage shall reimburse ShopKo for any costs associated with ShopKo Hardware or ShopKo Software purchases or other long-term commitments made by ShopKo in reliance upon the existence of this Agreement. Additionally, ProVantage shall be responsible for all costs related to any commitments made by ShopKo with respect to all previously agreed upon Service Upgrades.

ARTICLE XVI
TRANSITION ASSISTANCE; SURVIVAL

Section 16.1. Transition Assistance By ShopKo. Upon expiration or termination of this Agreement for any reason whatsoever, or upon termination of any of the Services pursuant to Section 15.1(c) above, ProVantage and ShopKo agree that ShopKo shall provide assistance to ProVantage to obtain services to replace the affected Services in accordance with this Section 16.1.

A. During the Transition Period, ShopKo shall provide to ProVantage all assistance reasonably requested by ProVantage to allow the Services to continue without interruption or adverse effect and to facilitate the orderly transfer of responsibility for the Services. Services provided during the Transition Period will be provided by ShopKo at the rates then in effect pursuant to this Agreement.

B. ShopKo may provide transition assistance after the Transition Period at market rates. ShopKo shall endeavor to utilize any existing ShopKo resources and personnel to provide this assistance and the services in Subsection C below, to the extent reasonably

possible. If the assistance requires resources in addition to those regularly used in the daily performance of Services, ProVantage will pay ShopKo for such assistance on a time and materials basis.

C. Upon expiration or termination of this Agreement or with respect to any particular Data, on such earlier date that the same shall be no longer required by ShopKo in order for it to render the Services hereunder, such Data shall be, at ProVantage's election and expense, (i) erased from the data files maintained by ShopKo, or (ii) returned to ProVantage by ShopKo in a form reasonably requested by ProVantage.

Section 16.2. Survival. Articles IX, X, XI, XII and XVI of this Agreement shall survive the termination or expiration of this Agreement.

ARTICLE XVII

AUDITING RIGHTS

Section 17.1. Operational Audit. ProVantage and its representatives, at ProVantage's expense and upon reasonable notice to ShopKo, shall have the right to conduct an audit of ShopKo's operations used in providing the Services (i) on an annual basis and (ii) more frequently as reasonably requested by ProVantage to the extent that such audit will not unreasonably disrupt the operations of ShopKo, in order to verify that ShopKo is exercising reasonable operational procedures in accordance with the customary standards of the health benefit management and healthcare information technology industries in its performance of the Services. ShopKo will provide ProVantage and its representatives access to the ShopKo facilities at which ShopKo is performing the Services, to ShopKo's personnel engaged in performing the Services, to existing Data and work product located at ShopKo facilities and to reasonably related documentation. ShopKo will provide to ProVantage and its representatives any assistance that they reasonably require in connection therewith at no additional charge to ProVantage, provided, however, that ProVantage shall pay ShopKo, at rates then in effect pursuant to this Agreement, for any technical resources and application development time used by ShopKo and any other reasonable additional costs of ShopKo necessary for the audit and not otherwise provided to ProVantage hereunder.

Section 17.2. Record-Keeping Audits of Charges. ShopKo shall maintain complete and accurate books, records and accounts to support and document all charges to ProVantage for Service Upgrades. ShopKo shall retain such records for three (3) years after creation, or for such longer period as required to comply with government requirements, as directed in writing by ProVantage. ShopKo shall permit ProVantage or its representatives access to ShopKo's facilities to perform an audit of ShopKo's records to the extent necessary to verify ShopKo's charges billed to ProVantage (i) on an annual basis and (ii) more frequently as reasonably requested by ProVantage if and to the extent that such audit will not unreasonably disrupt the operations of ShopKo.

ARTICLE XVIII
NOTICES AND OTHER COMMUNICATIONS

Section 18.1. Notice. Any notice, request, designation, direction, demand, election, acceptance or other communication shall be in writing and shall be effective and deemed to have been given when it is (i) mailed postage prepaid, by certified first class mail, return receipt requested, addressed to a party and received by such party; (ii) hand or courier delivered; or (iii) sent by telecopy with receipt confirmed, as follows:

If to ShopKo,

ShopKo Stores, Inc.
700 Pilgrim Way
Green Bay, WI 54307
Telecopy: (920) 429-4225
Attention: Chief Information Officer
cc: General Counsel

If to ProVantage,

ProVantage Health Services, Inc.
13555 Bishops Court, Suite 201
Brookfield, WI 53005
Telecopy: (414) 641-3770
Attention: Chief Information Officer
cc: Legal Department

Any party may from time to time designate another address to which notice or other communication shall be addressed or delivered to such party and such new designation shall be effective on the later of (i) the date specified in the notice or (ii) receipt of such notice by the intended recipient.

ARTICLE XIX
MISCELLANEOUS PROVISIONS

Section 19.1. Independent Parties. ShopKo shall perform the Services hereunder as an independent contractor. Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the parties hereto, constitute or be deemed to constitute any party as the agent or employee of the other party for any purpose whatsoever and neither party shall have authority or power to bind the other or to contract in the name of, or create a liability against, the other in any way or for any purpose. Each party shall be responsible for any injury or death to its own employees, including all workers' compensation claims or liabilities resulting

therefrom, and each such party shall remain responsible for reporting its income and paying its own taxes.

Section 19.2. Assignment. Except as otherwise provided in this Section 19.2, neither party may assign any of its rights or delegate any of its duties or obligations under this Agreement without the other party's consent. ProVantage may assign its rights and delegate its duties and obligations under this Agreement as a whole or as part of the sale or transfer of all or substantially all of its assets and business, including by merger or consolidation, to a Person (i) that assumes and has the ability to perform ProVantage's duties and obligations under this Agreement; and (ii) the core or a principal part of the business of which is not competitive with the core or a principal part of the business of ShopKo. ShopKo may assign its rights and delegate its duties and obligations under this Agreement as a whole or as part of the sale or transfer of all or substantially all of its assets and business involved in any manner in providing Services, including by merger or consolidation, to a Person (a) that assumes and has the ability to perform ShopKo's duties and obligations under this Agreement; and (b) the core or a principal part of the business of which is not competitive with the core or a principal part of the business of ProVantage. Any attempted assignment or delegation of any rights, duties, or obligations in violation of this Section 19.2 shall be void and without effect. Nothing in this Section 19.2, however, precludes ShopKo from subcontracting the performance of any of the Services as permitted by this Agreement or precludes ProVantage from extending the right to receive the Services to its Affiliates.

Section 19.3. Amendment And Waiver. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties, or in the case of a waiver, by the party waiving compliance. Any waiver by either party hereto of any condition, or of the breach of any provision or term in any one or more instances shall not be deemed to be nor construed as a further or continuing waiver of any such condition, or of the breach of any other provision or term of this Agreement.

Section 19.4. Integration. This Agreement supersedes any and all prior or contemporaneous oral agreements or understandings between the parties regarding the subject matter of this Agreement.

Section 19.5. Severability. If any term or condition of this Agreement shall be held invalid in any respect, such invalidity shall not affect the validity of any other term or condition hereof.

Section 19.6. Successors. This Agreement binds and inures to the benefit of the parties and their respective legal representatives, successors, and permitted assigns.

Section 19.7. Applicable Law. This Agreement shall be construed under the laws of the State of Wisconsin and the rights and obligations of the parties shall be determined under the substantive law of Wisconsin, without giving effect to Wisconsin's conflict of law rules or principles.

Section 19.8. Reasonableness. As concerns every provision of this Agreement, ShopKo and ProVantage agree to act reasonably and in good faith

unless a provision expressly states that ProVantage or ShopKo may act in its sole discretion.

Section 19.9. Counterparts. This Agreement may be executed in two counterparts, each of which shall constitute an original, and both of which, when taken together, shall constitute one and the same instrument.

Section 19.10. Further Assurances. Each party shall take such actions, upon request of the other party and in addition to the actions specified in this Agreement, as may be necessary or reasonably appropriate to implement or give effect to this Agreement.

Section 19.11. No Third Party Beneficiaries. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto respectively, as their interests may appear, and shall not be deemed for the benefit of any other person or entity or group of persons or entities.

Section 19.12. Construction. Descriptive headings to sections and paragraphs are for convenience only and shall not control or affect the meaning or construction of any provisions in this Agreement.

Section 19.13. Look-Back. The parties acknowledge that the intent of this Agreement is to accurately capture the scope and nature of the information technology services being performed as of the date hereof, so that such services may continue uninterrupted for the term of this Agreement. Both parties have made a good faith attempt to identify all of the information technology services provided to ProVantage by ShopKo. If, however, it is later determined that the parties unintentionally omitted a description of services or charges therefor, both parties shall negotiate in good faith to amend this Agreement to include such services and charges, and charges and credits for such additional services shall be retroactive back to the commencement date of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first written above.

SHOPKO STORES, INC.

By:

William J. Podany
President and Chief
Executive Officer

Attest:

Richard D. Schepp,
Sr. Vice President,
General Counsel/Secretary

PROVANTAGE HEALTH SERVICES, INC.

By:

Jeffrey A. Jones
Executive Vice
President and Chief
Operating Officer

Attest:

Richard D. Schepp,
Secretary

Exhibit A
Base Fee

<TABLE>
<CAPTION>

		Monthly Fee in $'s	Annual Fee in $'s
<S>	<C>	<C>	<C>
ShopKo IS Employees			
Job Category	FTE		
Telecommunications	0.50	2,684	32,213
Technical Services - MVS	0.15	930	11,165
Technical Services - RS/6000 SP	0.50	3,253	39,041
Technical Services - AS/400	2.00	9,375	112,503
Technical Services - Internet/Intranet	0.50	3,253	39,041
Technical Services - DBA	TBD	TBD	TBD
Technical Services - Security	0.30	1,287	15,439
Production Control & Operations	0.75	2,198	26,372
Help Desk	0.25	698	8,372
End User Service Analyst	1.50	7,360	88,320
Total ShopKo IS Employees		TBD	TBD
ShopKo Hardware	Description		
IBM RS/6000 43P	External Firewall	4	44
IBM RS/6000 E20	Primary public webserver	4	44
IBM RS/6000 360	Internal Firewall	4	44
IBM RS/6000 360	Internal ACEServer	56	678
Nortel Option 81C	GO/ProVantage-North telephone system	56	667
Centigram Series 6 Model 640	GO/ProVantage-North voice mail system	35	417
MultiLink System 70	Audio conference bridge	69	833
Cisco 7000	Client router	1,333	16,000
Cisco 2501	GO Internet router	1	10
Cisco 7513	Core router	192	2,300
IBM 9672-R44	Mainframe	156	1,878
Proliant 1600	Netware file server	42	500
Total ShopKo Hardware		$ 1,951	$ 23,415
ShopKo Software			
Computer Associates			
- CA-Prevail/XP-Jobtrac remote AIX - SP2		9	102
- CA-Prevail/XP-Jobtrac remote AIX - 370		0	6
- CA-View VTAM interface		1	17
- CA-View - ERO option		3	40
- CA-Deliver MVS		11	134
- CA-Deliver VTAM interface		1	17
- CA-View MVS		7	87
VPS			
- VPS base		5	58
- VPS VMCF/VTAM		1	14
- VPS Report Browse		2	19
- VPS PC		0	6
- VPS/TCPIP		3	33
Oracle			
- Oracle DB		3,750	45,000
- Oracle 7.1 development		4	45
Others			
- Security Dynamics - Secur-id		47	563
- Walker		280	3,360
- Integral		33	394
- Ab initio		41	495
- SQL Backtrac		482	5,781
- MicroStrategy DSS Agent/Server/Web		2,667	32,000

- IBM Operating System Software	353	4,230
- Groupwise	2,479	29,750
- Netware	4,083	49,000
Total ShopKo Software	$14,263	$171,151
Other Services		
Tape Vaulting	210	2,520
Business Recovery Service	5,100	61,200
AIX Support line	3,333	40,000
Total Other Services	$ 8,643	$103,720
Base Fee	TBD	TBD

</TABLE>

EXHIBIT B

Operating, Monitoring, And Communicating The Status Of Systems

- Monitor claims processing
- 1st shift daily sign on to AS/400 and AMS to verify communication
- Ping ProVantage benefits, 1st shift each day
- Verify ProVantage mail order programs are running
- Track disk usage
- Track system up time
- Verify on-line systems are up
- Execute production schedule for ProVmed, ProVRx and other HIT systems
- Operate Data Center hardware
- Operate BBS for ProVantage

Database (DBA) and Storage Administration Services

- Build databases
- Load databases
- Configure disk
- DDL management
- Define VSDs
- Support development database requests
- Consult with applications development on design and implementation of software

Administering Information, Systems, And Services

- Maintain shrink wrapped/turnkey applications
- Maintain AS/400 & OS/400
- Maintain DOS with VPS-PC
- Maintain Openview
- Work with vendors to apply fixes to OS and turnkey software
- Maintain long distance dialing plan and access codes
- Loaner PC checkout/administration
- Loaner pager checkout/administration
- Loaner cell phone checkout/administration
- Administer operations inventory IS equipment
- Order, distribute, and maintain calling cards

- Crystal information administration
- Provide call detail reporting on request
- Track and verify accuracy of Telecom billings
- Track software licenses
- Report/audit calling card usage

- Voice system administration
- Maintain NOS Novell
- Maintain OS/390
- Maintain Windows NT-NOS
- Maintain AIX Unix
- Maintain BBS for ProVantage
- Maintain SNA software, VTAM, NCP, and SNA/server

Securing Information Assets

- Backup file servers
- Tape library administration
- Restore files
- Manage firewalls
- Security setup
- Audit security access to data and systems
- Protect data access control
- User ID administration
- Performance of Y2K Activities substantially as outlined and detailed in ShopKo's and ProVantage's respective Year 2000 Charters
- Maintain disaster recovery capability in accordance with past practices, but in no event less reliable than those disaster recovery capabilities in place to protect ShopKo's own systems.

Tracking, Escalating, And Resolving IT Problems

- 2nd level support for ProVantage Support Desk
- Trouble shoot remote client access
- Support ProVantage mail services IVR
- Troubleshoot communications problems
- Support ProVantage vision IVR
- Respond to on-call pages and calls
- Identify production problems, escalate or fix
- Support all IS hardware in all locations. Assume responsibility until problems are resolved. (All equipment whether in-house supported or contracted)
- Trouble shoot hardware/software problems

Managing IS Fixed Assets

- Dispose of obsolete equipment
- Manage UPS and dual power feed
- Dispose of hardware

Installing And Maintaining Equipment

- Install data communication facilities
- Install voice communication facilities
- Install data communication equipment
- Install voice communication equipment
- Install Routers
- Install file servers
- Install Data Center equipment
- Install firewall
- Install Internet/Intranet
- Install shrink-wrapped turnkey applications
- Install AS/400, AIX Unix, OS/390, and other OS utilities or software packages as needed
- Order printers, file servers, workstations, software, data center supplies, paging service and equipment, and cellular service and equipment
- Order data communication equipment
- Order data communication facilities
- Order voice communication facilities
- Order voice communication equipment
- VPS administration setup printers
- Define terminals, printers to system software
- Manage technical hardware/software for optimal use
- Maintain paging service and equipment

- Maintain cellular service and equipment
- Maintain wiring
- Maintain voice equipment
- Maintain data communications equipment
- File server maintenance
- Maintain data center environmental equipment
- Maintain firewall

Planning For System Capacity Growth And Technological Change

- Capacity planning for voice network
- Capacity planning for data network

- Recommend capacity or configurations of hardware/software to applications and business

Defining And Engineering Information Technology Platforms

- Consult with applications development on design and implementation of software
- Provide solutions to business
- Specify voice communication facilities
- Specify voice communication equipment
- Design technical architectures
- Design Intranet/Internet
- Specify data communications equipment
- Specify data communications facilities

Exhibit 10.3

CREDIT AGREEMENT

THIS CREDIT AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____, 1999, by SHOPKO STORES, INC., a Wisconsin corporation (hereinafter called the "Lender"), and PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation (hereinafter called the "Company").

WHEREAS, the Company is presently an indirect, wholly-owned subsidiary of the Lender;

WHEREAS, the parties hereto anticipate that the Company will sell shares of its common stock in an initial public offering; and

WHEREAS, the Company has requested that, following the date of such initial public offering, the Lender make a $25.0 million line of credit available to the Company for working capital purposes and for capital expenditures, and the Lender has agreed to extend such line of credit on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth below, the parties hereto agree as follows:

Section 1. Definitions.

1.01. Specific Definitions: As used herein, the following terms shall have the indicated meanings:

"Account Balancing Loan": as such term is defined in Section 2.

"Account Balancing Loan Rate": means, for any day, a rate per annum equal to the higher of (i) the "prime rate" for such day as published by Bankers Trust Company in New York City, and (ii) the sum of (x) 1/2 of 1% and (y) the Federal Funds Rate on overnight federal funds transactions for such day as published by the Federal Reserve Bank of New York.

"Business Day": a day of the year on which national banks are open for business in Green Bay, Wisconsin.

"Code": the Internal Revenue Code of 1986, as amended.

"Commitment": the Lender's obligation to make Loans pursuant to Section 2.01 of this Agreement.

"Effective Date": the date on or after the execution and delivery of this

Agreement by the Company and the Lender on which all of the conditions precedent set forth in Section 4.01 shall have been satisfied.

"Event of Default": as such term is defined in Section 6.

"Indebtedness": with respect to any Person at any time, without duplication: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid (other than accounts payable on normal payment terms to suppliers incurred in the ordinary course of business), (d) all obligations of such Person under leases that are required to be reported as a liability under generally accepted accounting principles, (e) all obligations of such Person for the deferred purchase price of property or services (other than accounts payable on normal payment terms to suppliers incurred in the ordinary course of business), (f) all obligations of others secured by any Lien on property owned or acquired by such Person, whether or not the obligation secured thereby has been assumed and (g) all guarantees by such Person of Indebtedness of others.

"Initial Public Offering": the initial public offering of the Company's Common Stock as described in the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission.

"Lien": any security interest, mortgage, pledge, lien, charge, encumbrance, title retention agreement or analogous instrument, in, of, or on any of the assets or properties, whether now owned or hereafter acquired, of the Company or any Subsidiary, whether arising by agreement or operation of law.

"Loan": as defined in Section 2.01.

"Loan Documents": this Agreement and all agreements, instruments and documents heretofore, herewith or hereafter executed and delivered by the Company or any other Person pursuant to, or in connection with, this Agreement.

"Maximum Commitment": Twenty Five Million Dollars ($25,000,000).

"Person": any natural person, corporation, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

"Request Loan": as such term is defined in Section 2.

"Request Loan Rate": means, for any day, a rate per annum equal to the interest rate applicable to Euro-Dollar Loans under the ShopKo Credit Agreement.

"ShopKo Credit Agreement": the Credit Agreement dated as of July 8, 1997 among the Lender, the Banks named therein and Bankers Trust Company as Agent, as the same may be amended from time to time.

"Subsidiary": means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or

other persons performing similar functions are at the time directly or indirectly owned by the Company.

"Termination Date": the earliest of (i) January 31, 2001, (ii) the date on which the Commitment is terminated pursuant to Section 6, or (iii) the date on which the Commitment is terminated pursuant to Sections 2.07 or 2.13.

1.02. Certain Other Terms. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with generally accepted accounting principles.

Section 2. The Loans.

2.01. The Commitment. On the terms and subject to the conditions hereof, the Lender agrees to make loans (each, a "Loan" and, collectively, the "Loans") to the Company on a revolving basis at any time and from time to time from and including the Effective Date through and including the last Business Day preceding the Termination Date, during which period the Company may borrow, repay and reborrow in accordance with the provisions hereof; provided, however, that the unpaid principal amount of outstanding Loans shall not at any time exceed the Maximum Commitment. Loans made hereunder shall be either Request Loans or Account Balancing Loans.

2.02. Procedure for Loans.

(a) Request Loans. Any request by the Company for a Request Loan shall be in writing, or by telephone promptly confirmed in writing, and must be given so as to be received by the Lender not later than 12:00 noon (Green Bay time) on the date five Business Days prior to the date of the requested Request Loan. Each request for a Request Loan shall be irrevocable and shall be deemed a representation by the Company that on the date of the requested Request Loan and after giving effect to such Request Loan the applicable conditions specified in Section 3 have been and will be satisfied. Each request for a Request Loan shall specify (a) the date of the requested Request Loan, and (b) the amount of such Request Loan, which shall be in integral multiples of $1,000,000. Unless the Lender determines that any applicable condition specified in Section 3 has not been satisfied, the Lender will make available to the Company by deposit into an account designated in writing by the Company to the Lender not later than 2:00 p.m. (Green Bay time) on the date of the requested Request Loan the amount of the requested Request Loan. Without in any way limiting the Company's obligation to confirm in writing any telephone request for a Request Loan, the Lender may rely on any such request which it believes in

good faith to be genuine, and the Company hereby waives the right to dispute the Lender's record of the terms of such telephone request for a Request Loan, absent manifest error.

(b) Account Balancing Loans. Account Balancing Loans will be made to cover the Company's daily cash needs. Each day the Lender's Cash Management Department will reconcile the Company's cash disbursements with its cash receipts. If cash

disbursements exceed cash receipts, an Account Balancing Loan will be made by Lender to cover this excess.

2.03. Requirement to Borrow. The Company shall not borrow any funds from any person other than the Lender in order to satisfy its short-term financial requirements unless such borrowing is either consented to by the Lender in writing or the Lender has not provided the funds it is required to provide under this Agreement within ten (10) Business Days after the Company makes an appropriate request hereunder and complies with all terms provided for herein. If the Company has borrowed any funds from any person other than the Lender in accordance with the preceding sentence, (a) it will borrow funds from the Lender under this Agreement to repay such borrowings as soon as the Lender makes funds available and (b) it will seek to borrow any additional funds from the Lender pursuant to the terms of this Agreement before it seeks to obtain funds from any person other than the Lender.

2.04. Interest Rate, Interest Payments and Default Interest.

(a) Each Request Loan shall bear interest on the unpaid principal amount thereof at a varying rate per annum equal to the Request Loan Rate.

(b) Each Account Balancing Loan shall bear interest on the unpaid principal amount thereof at a varying rate per annum equal to the Account Balancing Loan Rate.

(c) Interest shall be calculated daily based on the outstanding principal amount of the Loans at the close of business on each day after application of payments pursuant to Section 2.06(b) hereof and payable (i) for each month on the last day of such month, (ii) upon any permitted prepayment in full and (iii) on the Termination Date; provided, however, that interest on any Loan not paid when due shall be payable on demand. Any Loan not paid when due, whether at the date scheduled therefor or earlier upon acceleration, shall bear interest until paid in full at a rate per annum equal to the sum of the applicable interest rate plus 2.0%.

(d) The interest rates provided in this Section 2.04 are predicated upon the continued existence of the ShopKo Credit Agreement in its current form. Lender hereby expressly reserves the right to increase the interest rates set forth herein if the ShopKo Credit Agreement is amended or replaced, provided, however, that the interest rates charged to the Company

hereunder shall not exceed those set forth in Lender's then-current primary revolving credit agreement.

2.05. Repayment. The principal of the Loans, together with all accrued and unpaid interest thereon, shall be due and payable on the Termination Date.

2.06. Prepayments.

(a) Optional Prepayments. The Company may prepay the Loans in whole or in part, at any time upon two Business Days' notice to the Lender, without premium or penalty. Any prepayment in full must be accompanied by accrued and unpaid interest on

the amount prepaid. Any partial prepayment need not be accompanied by accrued and unpaid interest. Each partial prepayment shall be in an amount of $1,000,000 or an integral multiple thereof.

(b) Automatic Prepayments. If, upon Lender's reconciliation of the Company's cash disbursements and cash receipts as set forth in Section 2.02(b), the Company's cash receipts exceed the Company's cash disbursements, such excess cash will automatically be applied by Lender as a prepayment of Loans made hereunder. Such prepayments will be applied first to any outstanding Account Balancing Loans, then to any outstanding Request Loans.

(c) Revolving Borrowing. Amounts paid (unless following an acceleration or upon termination of the Commitment) or prepaid under this Section 2.06 may be reborrowed upon the terms and subject to the conditions and limitations of this Agreement.

2.07. Optional Reduction of Maximum Commitment or Termination of Commitment. The Company may, at any time, upon not less than two Business Days' prior written notice to the Lender, reduce the Maximum Commitment, with any such reduction in an amount equal to $1,000,000 or an integral multiple thereof. Upon any reduction in the Maximum Commitment pursuant to this Section, the Company shall pay to the Lender the amount, if any, by which the aggregate unpaid principal amount of outstanding Loans exceeds the Maximum Commitment as so reduced. Amounts so paid may not be reborrowed. The Company may, at any time, upon not less than two Business Days' prior written notice to the Lender, terminate the Commitment in its entirety. Upon termination of the Commitment pursuant to this Section, the Company shall pay to the Lender the full amount of all outstanding Loans, all accrued and unpaid interest thereon, all unpaid Facility Fees accrued to the date of such termination, and all other unpaid obligations of the Company to the Lender hereunder.

2.08. Computation. Interest on the Loans and the Facility Fee shall be computed on the basis of actual days elapsed and a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the

first day but excluding the last day).

2.09. Payments. Payments and prepayments of principal of, and interest on, the Loans and all fees, expenses and other obligations under this Agreement payable to the Lender shall be made without setoff or counterclaim in immediately available funds not later than 12:00 noon (Green Bay time) on the dates called for under this Agreement by deposit into Lender's account number _____ with _____, _____ office. Funds received on any day after such time shall be deemed to have been received on the next Business Day. Whenever any payment to be made hereunder or on the Loans shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time, in the case of a payment of principal, shall be included in the computation of any interest on such principal.

2.10. Use of Proceeds. The proceeds of the initial Loan shall be used in a manner not in conflict with any of the Company's covenants in this Agreement and not for any other purpose

prohibited under the ShopKo Credit Agreement. No part of such proceeds shall be used, directly or indirectly, to purchase or carry any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying such margin stock.

2.11. Setoff. If the unpaid principal amount of the Loans, interest accrued thereon or any other amount owing by the Company under the Loan Documents shall have become due and payable (by demand, acceleration or otherwise), the Lender shall have the right, in addition to all other rights and remedies available to it, without notice to the Company, to set off against, and to appropriate and apply to such due and payable amounts any debt owing to, and any other funds held in any manner for the account of, the Company. Such right shall exist whether or not the Lender shall have made any demand hereunder or under any other Loan Document, whether or not such debt owing to or funds held for the account of the Company is or are matured or unmatured, and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to the Lender.

2.12. Facility Fee. The Company shall pay to the Lender a Facility Fee (the "Facility Fee") in an amount determined by applying a rate of 0.2% per annum to the Maximum Commitment for the period from the Effective Date to the Termination Date. Such Facility Fee is payable in arrears quarterly on the last day of each March, June, September and December, and on the Termination Date. If the Maximum Commitment is reduced pursuant to Section 2.07, the Maximum Commitment as so reduced shall be used for calculating the Facility Fee from the date of such reduction. The Facility Fee rate is subject to increases to the extent the facility fee rate set forth in Lender's primary revolving credit facility is increased beyond the 2% per annum rate currently required in the

ShopKo Credit Agreement.

2.13. Term of the Agreement. This Agreement commences on the date of this Agreement first set forth above and will continue until the Termination Date. Notwithstanding the foregoing, this Agreement may be sooner terminated, without liability to the terminating party:

(a) by either party, upon 30 days' notice to the other, if the Lender ceases to beneficially own 50% or more of the combined voting power of the Common Stock of the Company;

(b) by either party, immediately upon notice to the other party, if that other party's material breach of this Agreement continues uncured or uncorrected for 30 days after both the nature of that breach and the necessary cure or correction has been agreed upon by the parties.

Section 3. Representations and Warranties of the Company. The Company represents and warrants that:

3.01. Organization, Corporate Powers, Etc. (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated; (b) the Company has the corporate power and authority to own its properties and

assets and to carry on its business as now being conducted and is qualified to do business in every jurisdiction wherein such qualification is necessary; and (c) the Company has the corporate power to execute, deliver and perform the Loan Documents to which it is a party.

3.02. Authorization of Borrowing, Etc. The execution, delivery and performance of the Loan Documents to which the Company is a party and the borrowings hereunder have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the Certificate of Incorporation or Bylaws of the Company, any provisions of any indenture, agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or result in the creation or imposition of any Lien upon any of the properties or assets of the Company other than Liens in favor of the Lender. The Loan Documents constitute the legal, valid and binding obligations of the Company enforceable against them in accordance with their respective terms.

Section 4. Conditions Precedent.

4.01. Effectiveness of Agreement. This Agreement shall become effective upon its execution and delivery by the parties hereto and when (i) the Lender shall have received in form and substance satisfactory to it:

(a) a copy of the Certificate of Incorporation of the Company,

certified by the Secretary of the State of Delaware;

(b) a currently dated long-form certificate of the Secretary of State of Delaware, certifying as to the legal existence and good standing of the Company;

(c) a copy of the by-laws of the Company, certified by the Secretary or Assistant Secretary of the Company;

(d) a copy of resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance of the Loan Documents to be executed by it, certified by the Secretary or Assistant Secretary of the Company; and

(e) a certificate signed by the Secretary or Assistant Secretary of the Company, as to the incumbency and signature of the person or persons authorized to execute and deliver the Loan Documents to be delivered by the Company, and (ii) the Initial Public Offering shall have closed.

4.02. Conditions Precedent to all Loans. The obligation of the Lender to make each Loan hereunder (including the initial Loan) shall be subject to the fulfillment of the following conditions:

(a) The representation and warranties contained in Section 3 shall be true and correct on and as of the date of such Loan, with the same force and effect as if made on such date.

(b) No Event of Default or event that could, with the passage of time, the giving of notice or both, become an Event of Default shall have occurred and be continuing on the date of such Loan or will exist after giving effect to such Loan.

(c) The Lender shall have received the Company's request for any Request Loan in accordance with the terms set forth in Section 2.02(a).

Section 5. Covenants.

The Company covenants and agrees that from the date hereof until payment in full of the principal of and interest on the Loans and the expiration or termination of the Commitment, unless the Lender shall otherwise consent in writing, the Company will:

5.01. Corporate Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, and continue to conduct and operate its business substantially as currently conducted and operated.

5.02. Payments of Indebtedness, Taxes, Etc. (a) Pay all of its

Indebtedness and obligations promptly and in accordance with normal terms, and (b) pay and discharge or cause to be paid and discharged promptly all taxes, assessments, and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a lien or charge upon any of such properties; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and the Company shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, claim or levy.

5.03. Financial Statements, Etc. Furnish to the Lender:

(a) within 90 days after the end of each fiscal year of the Company, balance sheets and statements of income and surplus, together with supporting schedules, all audited by independent certified public accountants of recognized standing selected by the Company and acceptable to the Lender, showing the financial condition of the Company at the close of such year and the results of operations of the Company during such year;

(b) within 45 days after the end of each fiscal quarter, similar financial statements to those referred to in clause (a) above, unaudited but certified by the chief financial officer or the controller of the Company, such balance sheets to be as of the end of such period and such statements of income and surplus to be for the period from the beginning of the fiscal year to the end of such period, in each case subject to audit and year-end adjustments;

(c) with the statements submitted under clauses (a) and (b) above, a certificate signed by the chief financial officer or the controller of the Company stating that no

Event of Default or event that could, with the passage of time, the giving of notice or both, become an Event of Default has occurred;

(d) with the statements submitted under clause (a) above, a certificate of the accountants auditing such financial statements stating that, in making the audit necessary to the certification of such financial statements, they have obtained no knowledge of any Event of Default or event that would, with the passage of time, the giving of notice or both, become an Event of Default, or, if any such Event of Default or event exists, specifying the nature and period of existence thereof;

(e) within two Business Days after any executive officer of the Company becomes aware of the existence of any Event of Default or event that could, with the passage of time, the giving of notice or both, become

an Event of Default, a telephonic or telecopy notice specifying the nature thereof, the period of existence thereof and what action the Company intends to take with respect thereto, which notice shall be promptly confirmed in writing; and

(f) promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of the Company as the Lender may reasonably request.

5.04. Inspection and Audits. Permit any persons designated by the Lender to visit and inspect any of its properties, to examine and copy its corporate books and financial records, to conduct audits of its accounts receivable, and to discuss its affairs and finances with its principal officers, all at such times as the Lender may reasonably request.

5.05. Compliance with Laws, Etc. Comply with all applicable laws, rules, regulations and orders in all material respects, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith by appropriate proceedings and with respect to which appropriate reserves have been established.

5.06. Notice of Litigation. The Company will give prompt written notice to the Lender of the commencement of any action, suit or proceeding before any court or arbitrator or any governmental department, board, agency or other instrumentality affecting the Company or any property of the Company or to which the Company is a party in which an adverse determination or result could have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Company or on the ability of the Company to perform its obligations under this Agreement and the other Loan Documents, stating the nature and status of such action, suit or proceeding.

5.07. Compliance with the ShopKo Credit Agreement. For so long as the Company falls within the definition of a "subsidiary" of the Lender for purposes of the ShopKo Credit Agreement, the Company and its Subsidiaries:

(a) shall provide the Lender with all information and notices necessary to permit the Lender to comply with the ShopKo Credit Agreement, including, without limitation, Section 5.01 and Article VI of the ShopKo Credit Agreement;

(b) shall comply, to the extent applicable to the Company and its Subsidiaries, with Sections 5.02 (Maintenance of Property; Insurance), 5.03 (Conduct of Business and Maintenance of Existence) and 5.04 (Compliance with Laws) of the ShopKo Credit Agreement;

(c) shall not incur or suffer to exist any "lien" on the "restricted assets" (as those terms are defined in the ShopKo Credit

Agreement) of the Company or any of its Subsidiaries without the Lender's prior written consent;

(d) shall not sell, lease (as lessor) or otherwise transfer, directly or indirectly any "operating property" (as those terms are defined in the ShopKo Credit Agreement) of the Company or any of its Subsidiaries without the Lender's prior written consent;

(e) shall not enter into any "sale and leaseback transaction" (as those terms are defined in the ShopKo Credit Agreement) without the Lender's prior written consent;

(f) shall not incur any "debt" (as that term is defined in the ShopKo Credit Agreement) except (i) as permitted by Sections 5.12(a) and (b) of the ShopKo Credit Agreement, and (ii) as approved in advance in writing by Lender; and

(g) shall not enter into any agreement in violation of Section 5.13 (Limitation on Certain Covenants and Restrictions) of the ShopKo Credit Agreement.

Section 6. Events of Default.

Upon the occurrence of any of the following events (hereinafter called Events of Default):

(a) any representation or warranty made herein or any report, certificate, financial statement or other instrument furnished in connection with this Agreement shall prove to be false or misleading in any material respect;

(b) default in the payment of the principal of or interest on the Loans or in any other obligation of the Company under any of the Loan Documents;

(c) default in the payment of any other Indebtedness of the Company when due, or default in the performance of any other obligation incurred in connection with any Indebtedness for borrowed money of the Company, if the outstanding principal amount of such Indebtedness exceeds $1,000,000 and the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to be accelerated;

(d) default in the due observance or performance of any covenant, condition or agreement on the part of the Company to be observed or performed pursuant to the terms

of any Loan Document if such default is not remedied within thirty (30)

days after the Lender shall have given the Company notice thereof;

(e) the Company shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of it or any of its properties or assets, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or (v) take any corporate action for the purpose of effecting any of the foregoing;

(f) an order, judgment or decree shall be entered, without the application, approval or consent of the Company by any court of competent jurisdiction approving a petition seeking the reorganization, liquidation or dissolution of the Company or of all or a substantial part of the properties or assets of the Company, or appointing a receiver, trustee or liquidator of the Company, unless such order, judgment or decree is stayed, reversed or rescinded within 60 days after its entry; or

(g) final judgment for the payment of money in excess of $500,000 shall be rendered against the Company, and the same shall remain undischarged for a period of 30 days when execution thereof is effectively stayed;

then, if (x) any Event of Default described in Sections 6(e) or 6(f) shall occur, the Commitment shall automatically be terminated and the outstanding principal of the Loans, the accrued interest thereon and all other obligations of the Company to the Lender under the Loan Documents shall automatically become immediately due and payable, or (y) any other Event of Default shall occur and be continuing, then the Lender may, by written notice to the Company, (i) terminate the Commitment, whereupon the Commitment shall be terminated and (ii) declare the outstanding principal of the Loans, the accrued interest thereon and all other obligations of the Company to the Lender under the Loan Documents to be forthwith due and payable, whereupon the Loans, all accrued interest thereon and all such obligations shall immediately become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything any Loan Document to the contrary notwithstanding. In addition, the Lender may enforce any and all rights under the Loan Documents.

Section 7. Representations and Warranties of the Lender. The Lender represents and warrants that:

7.01. Organization: Corporate Powers. The Lender is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, and has the corporate power and authority to execute, deliver and perform this Agreement.

7.02. Authorization of Lending, Etc. The execution, delivery and performance of this Agreement and the lending of funds hereunder have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the Articles of Incorporation or Bylaws of the Lender, or any provision of any indenture, agreement or other instrument to which the Lender is a party or by which it or any of its property is bound. This Agreement constitutes the legal, valid and binding obligation of the Lender enforceable against it in accordance with its terms.

Section 8. Miscellaneous.

8.01. No Waiver. No failure on the part of the Lender to exercise and no delay in exercising any right, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided in the Loan Documents are cumulative and not exclusive of any remedies provided by law.

8.02. Accounting. All financial statements furnished to the Lender under this Agreement and all computations and determinations required to be made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles, applied on a basis consistent with the financial statements for the fiscal year ended January 31, 1998.

8.03. Notices. Except as otherwise specifically provided for herein, all notices and other communications provided for herein shall be in writing and telecopied, mailed or delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to the other parties. All notices and other communications hereunder shall be deemed to have been duly given when transmitted by telecopier, personally delivered or, in the case of a mailed notice, three Business Days after the date deposited in the mails, postage prepaid, in each case given or addressed as aforesaid.

8.04. Expenses; Taxes; Attorneys' Fees; Etc. The Company agrees to pay or cause to be paid and to save the Lender harmless against liability for the payment of all reasonable out-of-pocket expenses, whether incurred by the Lender before or after the Effective Date, including but not limited to fees and expenses of counsel for the Lender incurred from time to time, in connection with the preparation, execution, delivery and performance of the Loan Documents, any requested amendments, waivers or consents to the Loan Documents, and the Lender's enforcement or preservation of rights under the Loan Documents or any other such documents or instruments, including but not limited to such expenses as may be incurred by the Lender in the collection of the Loans. The Company

agrees to pay all stamp, document, transfer, recording or filing taxes or fees and similar impositions now or hereafter reasonably determined by the Lender to be payable in connection with the Loan Documents, or any other documents, instruments or transactions pursuant to or in connection herewith or therewith, and the Company agrees to save the Lender harmless from and against any and all present or future claims liabilities or losses with respect to or resulting from any omission to pay or delay in paying any such taxes, fees or

impositions. All such expenses, taxes or attorneys' fees shall, to the extent paid or payable by the Lender, be payable to the Lender by the Company on demand.

8.05. Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the Company and the Lender with respect to the subject matter hereof and thereof. This Agreement supersedes all prior agreements and understandings relating to the subject matter hereof.

8.06. Amendments, Etc. No amendment, modification or waiver of any provision of the Loan Documents and no consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by, in the case of amendments and modifications, the Lender and the Company or, in the case of waivers and consents, the Lender, and then such amendment, modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

8.07. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign its rights or obligations hereunder without the prior written consent of the Lender.

8.08. Marshalling; Payments Set Aside. The Lender shall be under no obligation to marshall any assets in favor of the Company or any other Person or against or in payment of the Loans and other Indebtedness of the Company to the Lender. To the extent that the Company makes a payment or payments to the Lender or the Lender exercises its rights of setoff, and such payment or payments or the proceeds of such setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

8.09. Section Titles. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and shall not govern the interpretation of any of the provisions of this Agreement.

8.10. Reliance by the Lender. All covenants, agreements, representations

and warranties made herein and in any Loan Document by the Company shall, notwithstanding any investigation by the Lender, be deemed to be material to and to have been relied upon by the Lender and shall survive the execution and delivery of this Agreement.

8.11. Survival. The agreements and obligations of the Company under Sections 8.04, 8.08 and 8.13 shall survive the repayment of the Loans.

8.12. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

8.13. Governing Law and Construction. The Loan Documents shall be governed by, and construed in accordance with, the internal law, and not the law of conflicts, of the State of Wisconsin. Whenever possible, each provision of the Loan Documents and any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of the Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto. The parties shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with a valid provision the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision. In the event of any conflict within, between or among the provisions of any of the Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto, those provisions giving the Lender the greater right shall govern.

8.14. Limitations on Liability. Neither party shall have any liability under this Agreement (including any liability for its own negligence) for damages, losses or expenses (including expenses or higher interest rates incurred in order to obtain alternative financing sources) suffered by the other party or its subsidiaries as a result of the performance or non-performance of such party's obligations hereunder, unless such damages, losses or expenses are caused by or arise out of the willful misconduct or gross negligence of such party or a breach by such party. In no event shall either party have any liability to the other party for indirect, incidental or consequential damages that such other party or its subsidiaries or any third party may incur or experience on account of the performance or non-performance of such party's obligations hereunder. The provisions of this Section 8.14 shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SHOPKO STORES, INC.

By: _____

Name: William J. Podany
Title: President and Chief Executive Officer

ATTEST:
By: _____

Name: Richard D. Schepp
Title: Sr. Vice President,
General Counsel/Secretary

Address for Notices:
700 Pilgrim Way
Green Bay, Wisconsin 54307-9060
Attention: Controller
cc: General Counsel
Facsimile Number: (920) 429-4720

PROVANTAGE HEALTH SERVICES, INC.

By: _____

Name: Jeffrey A. Jones
Title: Executive Vice President and Chief
Operating Officer

ATTEST:
By: _____

Name: Richard D. Schepp
Title: Secretary

Address for Notices:
ProVantage Health Services, Inc.
500 Elm Grove Road
Suite 200
Elm Grove, WI 53122
Attention: Controller
cc: Legal Department
Facsimile Number: (414) 641-3770

EXHIBIT 10.4

INDEMNIFICATION AND HOLD HARMLESS AGREEMENT

THIS INDEMNIFICATION AND HOLD HARMLESS AGREEMENT is dated as of _____, 1999, by PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation ("ProVantage"), and SHOPKO STORES, INC., a Wisconsin corporation ("ShopKo").

WHEREAS, ProVantage is currently an indirect, wholly-owned subsidiary of ShopKo and the parties anticipate that ProVantage's common stock may be issued in an initial public offering (the "IPO"); and

WHEREAS, ProVantage and ShopKo desire to enter into an agreement relating to the indemnification against certain liabilities that each party hereto shall extend to the other party hereto from and after the date the IPO is completed (the "IPO Date").

NOW, THEREFORE, the parties hereto agree as follows:

1. Effectiveness. This Agreement shall become effective on and only as of the IPO Date.

2. Definitions. As used in this Agreement, the following terms shall have the indicated meanings.

Action: any action, claim, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency or commission or any arbitration tribunal.

Affiliate: with respect to any specified person, a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person; provided, however, that for purposes of this Agreement (i) Affiliates of ProVantage shall not be deemed to include ShopKo or any of its direct or indirect subsidiaries other than ProVantage and any of ProVantage's subsidiaries, and (ii) Affiliates of ShopKo shall not be deemed to include ProVantage or any of its direct or indirect subsidiaries.

Code: the Internal Revenue Code of 1986, as amended.

Environmental Law: any federal, state or local law (including common law), statute, ordinance, regulation, rule, policy, order (judicial or administrative), decree judgment, decision, ruling, permit or authorization (each as may be in effect from time to time) relating or applicable to pollution, human health or safety associated with the environment, or the

environment, including, without limitation, any of the foregoing relating or applicable to emissions, discharges, spills, releases or threatened releases of, or human exposure to, Materials of

Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Materials of Environmental Concern.

Environmental Liability: any liability or obligation (including, without limitation, liability for investigatory costs, oversight costs, cleanup costs, governmental or private response costs, natural resource damages, property damages, personal injuries, consequential economic damages, civil or criminal penalties or forfeitures, and attorneys' fees or other costs of defending a claim of Environmental Liability) under any Environmental Law.

Exchange Act: the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

Indemnifiable Losses: with respect to any claim by an Indemnitee for indemnification authorized pursuant to this Agreement, any and all losses, liabilities, claims, damages, obligations, payments, costs and expenses (including, without limitation, the costs and expenses of any and all Actions, demands, claims, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and expenses in connection therewith) suffered by such Indemnitee with respect to such claim except as may arise in connection with the performance of the Administrative Services Agreement, the Registration Rights Agreement, the Lease Agreement, the Credit Agreement, the Tax Matters Agreement, and the Information Technology Services Agreement , each of which has been or will be entered into by ShopKo (or one of its subsidiaries) and ProVantage which shall, in each such case, be governed by the terms of such agreement.

Indemnifying Party: any party who is required to pay any other person pursuant to Sections 3 and 4 hereof.

Indemnitee: any party who is entitled to receive payment from an Indemnifying Party pursuant to Sections 3 and 4 hereof.

Indemnity Payment: the amount an Indemnifying Party is required to pay an Indemnitee pursuant to Sections 3 and 4 hereof.

Material of Environmental Concern: (i) any substance, the presence of which requires investigation or remediation under any Environmental Law or under common law; (ii) any dangerous, toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance which is regulated by any Environmental Law; (iii) any substance, the presence of which causes or threatens to cause a nuisance upon the property where it is located, or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the property where it is located; and (iv) urea-formaldehyde, polychlorinated biphenyls, asbestos or

asbestos-containing materials, petroleum and petroleum products.

Preliminary Prospectus: the meaning ascribed to such term in that certain Underwriting Agreement, dated _____, (the "Underwriting Agreement") between ProVantage and the representatives of the several underwriters named in Schedule I thereto.

Prospectus: the meaning ascribed to such term in the Underwriting Agreement.

Registration Statement: the meaning ascribed to such term in the Underwriting Agreement.

Securities Act: the Securities Act of 1933, as amended, and the rules and regulations thereunder.

3. Indemnification.

(a) ProVantage shall indemnify, defend and hold harmless ShopKo and its Affiliates and each of their respective directors, officers, employees and agents from and against any and all Indemnifiable Losses arising out of or based upon, directly or indirectly, the operation of the business of ProVantage or any of its Affiliates (except for those operations under the day to day direction of ShopKo or its Affiliates) whether before or after the IPO Date. Without limiting the generality of the foregoing sentence, ProVantage shall indemnify, defend and hold harmless ShopKo and its Affiliates and each of their respective directors, officers, employees and agents from and against any and all Indemnifiable Losses:

(i) arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or any other filing made by ProVantage or any of its Affiliates under the Securities Act or the Exchange Act, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that ProVantage shall not be liable in any such case to the extent that any such Indemnifiable Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement or the Prospectus or any such amendment or supplement, or any such other filing made by ProVantage or any of its Affiliates under the Securities Act or the Exchange Act, in reliance upon and in conformity with written information regarding ShopKo or any of its Affiliates furnished to ProVantage or any of its Affiliates by ShopKo or any of its Affiliates expressly for use therein;

(ii) arising out of or based upon an untrue statement or alleged

untrue statement of a material fact contained in any filing made by ShopKo or any of its Affiliates under the Securities Act or the Exchange Act, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any such filing made by ShopKo or such Affiliate under the Securities Act or the Exchange Act, in reliance upon and in conformity with written

information regarding ProVantage or any of its Affiliates furnished to ShopKo or any of its Affiliates by ProVantage or any of its Affiliates expressly for use therein;

(iii) arising out of or based upon any Environmental Liability which is alleged to be, or which is, directly or indirectly, caused by, related to or a result of, the operation of the business of ProVantage or any of its Affiliates or the ownership of property by ProVantage or any of its Affiliates; or

(iv) arising out of or based upon any agreement to which ProVantage or any of its Affiliates is a party or relating to the operation of the business of ProVantage or any of its Affiliates, including, without limitation, any requirement that ShopKo or any of its Affiliates make any payments pursuant to the terms of such agreements or any requirement that ShopKo or any of its Affiliates guarantee the performance by ProVantage or any of its Affiliates of any of their obligations thereunder.

(b) ShopKo shall indemnify, defend and hold harmless ProVantage and its Affiliates and each of their respective directors, officers, employees and agents from and against any and all Indemnifiable Losses arising out of or based upon, directly or indirectly, the operation of the business of ShopKo or any of its Affiliates (except for those operations under the day to day direction of ProVantage or its Affiliates, and not related in any way to, the operations of ProVantage or any of its Affiliates which are not under the day to day direction of ShopKo or its Affiliates) whether before or after the IPO Date. Without limiting the generality of the foregoing sentence, ShopKo shall indemnify, defend and hold harmless ProVantage and its Affiliates and each of their respective directors, officers, employees and agents from and against any and all Indemnifiable Losses:

(i) arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in any filing made by ShopKo or any of its Affiliates under the Securities Act or the Exchange Act, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided, however, that ShopKo shall not be liable in any such case to the extent that any such Indemnifiable

Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such filing made by ShopKo or any of its Affiliates under the Securities Act or the Exchange Act, in reliance upon and in conformity with written information regarding ProVantage or any of its Affiliates furnished to ShopKo or any of its Affiliates by ProVantage or any of its Affiliates expressly for use therein; or

(ii) arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or any other filing made by ProVantage or any of its Affiliates under the Securities Act or the Exchange Act, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement or the Prospectus or any such amendment or supplement, or any such other filing made by ProVantage or any of its Affiliates under the Securities Act or the Exchange Act, in reliance upon and in conformity with written information regarding ShopKo or any of its Affiliates (but not related in any way to ProVantage or its Affiliates), furnished to ProVantage or any of its Affiliates by ShopKo or any of its Affiliates expressly for use therein;

(iii) arising out of or based upon any agreement to which ShopKo or any of its Affiliates is a party or relating to the operation of the business of ShopKo or any of its Affiliates, including, without limitation, any requirement that ProVantage or any of its Affiliates make any payments pursuant to the terms of such agreements or any requirement that ProVantage or any of its affiliates guarantee the performance by ShopKo or any of its Affiliates of any of their obligations thereunder;

(iv) arising out of or based upon any Environmental Liability which is alleged to be, or which is, directly or indirectly, caused by, related to or a result of, the operation of the business of ShopKo or any of its Affiliates (other than, and not related in any way to, the business of ProVantage or any of its Affiliates) or the ownership of property by ShopKo or any of its Affiliates (other than, and not related in any way to, property owned by ProVantage or any of its Affiliates); or

(v) arising out of or based upon any currently existing written agreement between ProVMed, LLC ("ProVMed") and ThinkMed LLC ("ThinkMed") entered into in conjunction with ProVMed's May, 1997 equity investment in ThinkMed.

4. Procedure for Indemnification.

(a) If an Indemnitee shall receive notice of the assertion by a person who is not a party to this Agreement of any claim or of the commencement by any such person of any Action (a "Third Party Claim") with respect to which an Indemnifying Party is or may be obligated to make an Indemnity Payment, such Indemnitee shall give such Indemnifying Party prompt notice thereof after becoming aware of such Third Party Claim, specifying in reasonable detail the nature of such Third Party Claim and the amount or estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim); provided, however, that the failure of any Indemnitee to give notice as provided in this Section 4 shall not relieve the related Indemnifying Party of its obligations under this Agreement, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. If an Indemnifying Party elects to defend a Third Party Claim, it shall, within 10 days of notice of such Third Party Claim (or sooner, if the nature of such Third Party Claim so requires), notify the related Indemnitee of its intent to do so, and such Indemnitee shall cooperate in the defense of such Third Party Claim. Such Indemnifying Party shall pay such Indemnitee's actual out-of-

pocket expenses (other than officers' or employees' salaries) reasonably incurred in connection with such cooperation as such expenses are incurred. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnifying Party shall not be liable to such Indemnitee under this Agreement for any legal or other expenses subsequently incurred by such Indemnitee in connection with the defense thereof; provided, however, that such Indemnitee shall have the right to employ separate counsel to represent such Indemnitee if, in such Indemnitee's reasonable judgment, a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim, and in that event the reasonable fees and expenses of such separate counsel shall be paid by such Indemnifying Party as such fees and expenses are incurred. Except as so provided, if an Indemnitee desires to participate in the defense of a Third Party Claim, it may do so but it shall not control the defense and such participation shall be at its sole cost and expense. If an Indemnifying Party elects not to defend against a Third Party Claim, or fails to notify an Indemnitee of its election as provided in this Section 4, such Indemnitee may defend, compromise and settle such Third Party Claim; provided, however, that no such Indemnitee may compromise or settle any such Third Party Claim without prior written notice to such Indemnifying Party and except by payment of monetary damages or other money payments. No Indemnifying Party shall consent to entry of any judgment or enter into any compromise or settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnitee of a release from all

liability in respect to such Third Party Claim.

(c) If any Indemnifying Party chooses to defend any claim, the Indemnitee shall make available to such Indemnifying Party any personnel or any books, records or other documents within its control that are necessary or appropriate for such defense (the cost of copying thereof to be paid by the Indemnifying Party).

(d) Upon any final determination of a Third Party Claim pursuant to this Section 4, the Indemnifying Party shall pay promptly on behalf of the Indemnitee, or to the Indemnitee in reimbursement of any amount theretofore required to be paid by it, the amount so determined. Upon the payment in full by the Indemnifying Party of any such amount, the Indemnifying Party shall be subrogated to the rights of such Indemnitee, to the extent not waived in settlement, against the person who made such Third Party Claim with respect to the subject matter of such claim.

(e) Except to the extent expressly provided otherwise herein, the indemnification provided for by this Agreement shall not inure to the benefit of any third party or parties and shall not relieve any insurer who would otherwise be obligated to pay any claim of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, provide any subrogation rights with respect thereto.

(f) Any claim on account of an Indemnifiable Loss which does not result from a Third Party Claim shall be asserted by written notice given by the related Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have accepted responsibility to make payment and shall

have no further right to contest the validity of such claim. If such Indemnifying Party does respond within such 30-day period and rejects such claim in whole or in part, such Indemnitee shall be free to pursue all available legal actions.

(g) If the indemnification provided for in this Agreement is unavailable or insufficient to hold harmless an Indemnitee in respect of any Indemnifiable Loss, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnitee as a result of such Indemnifiable Loss, in such proportion as is appropriate to reflect the relative fault of the Indemnitee on the one hand and the Indemnifying Party on the other hand in connection with the circumstances which resulted in such Indemnifiable Loss. The amount paid or payable by an Indemnitee as a result of the Indemnifiable Loss referred to above in this subsection (g) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnitee in connection with investigating or defending any such action or claim.

5. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of service if served personally on the party to whom notice is to be given, (ii) on the day of transmission if sent via facsimile transmission to the facsimile number given below, and telephonic confirmation of receipt is obtained promptly after completion of transmission, (iii) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service or (iv) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed, to the party as follows:

If to ShopKo:

ShopKo Stores, Inc.
700 Pilgrim Way
Green Bay, WI 54307
Attention: President
cc: General Counsel
Telecopy: (920) 429-4225

If to ProVantage:

ProVantage Health Services, Inc.
13555 Bishops Court, Suite 208
Brookfield, WI 53005
Attention: President
cc: Legal Department
Telecopy: (414) 641-3770

Any party may change its address for the purpose of this Section by giving the other party written notice of its new address in the manner set forth above.

6. General.

(a) Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other

party hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Agreement shall be binding upon, and inure solely to the benefit of, the parties hereto and, to the extent provided herein, their respective Affiliates and the directors, officers, employees and agents of the parties hereto and their respective Affiliates, and their heirs, personal representatives, successors and permitted assigns.

(b) This Agreement may be amended or modified and any of the terms and conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by either party hereto of any condition, or of the breach of any provision or term in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the

breach of any other provision or term of this Agreement.

(c) This Agreement and other documents referred to herein contain the entire understanding between the parties hereto with respect to the matters specified herein and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such matters.

(d) In the event that any provision of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, such provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect.

(e) Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than ShopKo or ProVantage and, to the extent provided herein, ShopKo's and ProVantage's respective directors, officers, employees, agents and Affiliates and their respective heirs, executors, administrators, successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third persons to ShopKo or ProVantage. No provision of this Agreement shall give any third persons any right of subrogation or action over or against ShopKo or ProVantage or their respective directors, officers, employees, agents and Affiliates.

(f) This Agreement shall be construed, performed and enforced in accordance with, and governed by, the internal laws of the State of Wisconsin, without giving effect to the principles of conflicts of laws thereof.

(g) The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first written above.

SHOPKO STORES, INC.

By: _____

William J. Podany
President and Chief Executive Officer

Attest: _____

Richard D. Schepp, Sr. Vice President,
General Counsel/Secretary

PROVANTAGE HEALTH SERVICES, INC.

By:

Jeffrey A. Jones
Executive Vice President and Chief
Operating Officer

Attest:

Richard D. Schepp, Secretary

Exhibit 10.5

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT ("Agreement") dated as of _____, 1999, is entered into by PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation (the "Company"), and PROVANTAGE HOLDINGS, INC., a Delaware corporation (the "Shareholder").

This Agreement is made in connection with the registration for sale to the public of shares of Common Stock (as hereinafter defined) pursuant to a registration statement on Form S-1 and any amendments thereto (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") (the "Initial Public Offering").

The Shareholder owns ___% of the issued and outstanding shares of Common Stock (as hereinafter defined). The Shareholder or any Affiliate (as hereinafter defined) that may acquire shares of Common Stock from the Shareholder has the right to cause the Company, upon request, to register with the Commission an offering and sale of shares of Common Stock owned by the Shareholder or any such Affiliate, subject to the terms of this Agreement.

The parties to this Agreement agree as follows:

1. Definitions. As used in this Agreement, the following capitalized terms shall have the indicated meanings:

Affiliate - ShopKo Stores, Inc., a Wisconsin corporation ("ShopKo"), and any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, ShopKo.

Common Stock - The common stock, $.01 par value per share, of the Company.

Exchange Act - The Securities Exchange Act of 1934, as amended, or any similar federal statute then in effect, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such similar federal statute.

Holder - The Shareholder and any Affiliate which owns Registrable Securities on the date hereof or to which Registrable Securities are transferred after the date hereof.

Officers' Certificate - A certificate signed by the Chairman of the Board, the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company.

Person - Any individual, partnership, joint venture, corporation, trust,

unincorporated organization, limited liability company, or other business entity.

Registrable Securities - The Common Stock owned by the Holders and any Common Stock which may be issued or distributed in respect thereof by way of a stock dividend or a stock split or other distribution, recapitalization or reclassification. As to any particular Registrable Securities, such Registrable Securities shall cease to be Registrable Securities when they cease to be owned by a Holder.

Rule 144 - Rule 144 promulgated under the Securities Act, as such rule may be amended from time to time, or any successor rule.

Securities Act - The Securities Act of 1933, as amended, or any similar federal statute then in effect, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any similar federal statute.

2. (a) Demand Registration. In the event that following the period the Holder is prohibited from selling the Registrable Securities by the provisions of the underwriting agreement relating to the Initial Public Offering, any Holder or Holders (i) desire to sell shares of Registrable Securities owned by such Holder or Holders and (ii) an exemption from registration under the Securities Act or the rules and regulations promulgated thereunder, including, without limitation, Rule 144 (or any successor rules or regulation thereto), is not available to enable the Holder or Holders to dispose of the number of shares of Registrable Securities it desires to sell at the time and in the manner it desires to do so, then upon the written request of any Holder or Holders requesting that the Company effect the registration under the Securities Act of all or part of such Holder's or Holders' Registrable Securities and specifying the intended method of disposition thereof, but subject to the limitations set forth herein, the Company will promptly give written notice of such requested registration to all other Holders of Registrable Securities, and the Company shall file with the Commission as promptly as practicable after sending such notice, and use its best efforts to cause to become effective, a registration statement under the Securities Act registering the offering and sale of:

(i) the Registrable Securities which the Company has been so requested to register by such Holder or Holders; and

(ii) all other Registrable Securities which the Company has been requested to register by any other Holder thereof by written request given to the Company within 15 days after the giving of such written notice by the Company (which request shall specify the intended method of disposition of such Registrable Securities),

all to the extent necessary to permit the disposition (in accordance with the intended method thereof as aforesaid) of the Registrable Securities so to be registered; provided, that the Company shall not be obligated to file a registration statement relating to any registration request under this Section

2(a) (A) unless the aggregate requests by the Holder or Holders for such registration cover not less than 5.0% of the outstanding Common Stock, (B) with respect to more than an aggregate of 3 registrations (which shall be increased to an unlimited number of registrations if such additional registrations are effected on Form S-3 or any successor similar short-form registration statement) under this Section 2(a), (C) within a period of 180 days after the effective date of any other registration statement relating to any registration request under this Section

2(a), or (D) if with respect thereto, the managing underwriter, the Commission, the Securities Act or the rules and regulations thereunder, or the form on which the registration statement is to be filed, would require the conduct of an audit other than the regular audit conducted by the Company at the end of its fiscal year, in which case the filing may be delayed until the completion of such regular audit (unless the Holders requesting such registration agree to pay the expenses of the Company in connection with such an audit other than the regular audit).

(b) Priority in Requested Registrations. If a requested registration pursuant to this Section 2 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of securities requested to be included in such registration (including securities of the Company which are not Registrable Securities) exceeds the number which can be sold in such offering without having an adverse effect on such offering as contemplated by the Holders (including the price at which the Holders propose to sell such Registrable Securities) the Company will (subject to the last sentence of this paragraph) include in such registration only the Registrable Securities requested to be included in such registration by the Holders. In the event that the number of Registrable Securities requested to be included in such registration exceeds the number which, in the opinion of such managing underwriter, can be sold, the number of such Registrable Securities included in such registration shall be allocated pro rata among all requesting Holders on the basis of the relative number of shares of Registrable Securities then held by each such Holder (provided that any shares thereby allocated to any such Holder that exceed such Holder's request shall be reallocated among the remaining requesting Holders in like manner). In the event that the number of Registrable Securities requested to be included in such registration is less than the number which, in the opinion of the managing underwriter, can be sold, the Company may include in such registration the securities the Company proposes to sell up to the number of securities that, in the opinion of the managing underwriter, can be sold; provided, however, that neither the Company nor any other Person may include any securities in any registration pursuant to this Section 2 without the prior written consent of the Holders requesting such registration.

(c) Limitation on Registration Rights.

(i) If a request for registration pursuant to Section 2(a) hereof is made within 30 days prior to the conclusion of the Company's then current fiscal year, or within 40 days after the end of a fiscal year, the Company shall not be required to file a registration statement until such time as the Company receives its audited financial statements for such fiscal year.

(ii) The Company shall be entitled to postpone for a reasonable period of time (not to exceed 90 days (or, in the case of clause (A) below, 180 days after effectiveness of the proposed registration statement), which may not thereafter be extended) the filing of any registration statement otherwise required to be prepared and filed by it pursuant to Section 2(a) hereof if, at the time it receives a request for such registration, (A) the Company is conducting or about to conduct an offering of any class of its securities and the Company is advised by the investment banker or financial advisor engaged by the Company to advise the Company thereon that such offering would be affected adversely

by the registration so demanded and the Company shall have furnished to the Holder or Holders of Registrable Securities requesting such registration an Officers' Certificate to that effect, (B) the Company is in possession of material information that has not been disclosed to the public and the Company deems it advisable not to disclose such information in the registration statement, (C) the Company is engaged in any active program for the repurchase of its Common Stock or (D) the board of directors of the Company shall determine in good faith that such offering will interfere with a pending or contemplated financing, merger, sale of assets, recapitalization or other similar corporate action of the Company and the Company shall have furnished to the Holder or Holders of Registrable Securities requesting such registration an Officers' Certificate to that effect. After such period of postponement the Company shall effect such registration as promptly as practicable without further request from the Holder or Holders of Registrable Securities, unless such request has been withdrawn.

(iii) Except as otherwise provided herein, any request by a Holder or Holders for registration of Registrable Securities pursuant to Section 2(a) hereof which is subsequently withdrawn prior to the registration statement becoming effective shall not constitute a registration statement for purposes of determining the number of registrations to which the Holder of such Registrable Securities is entitled pursuant to Section 2(a); provided, however, that the Holder of such Registrable Securities shall reimburse the Company for all expenses incurred, including, without limitation, reasonable fees and expenses of the Company's attorneys, accountants and investment bankers, in connection with the preparation and filing, if filed, of such registration statement.

(d) If any registration of Registrable Securities shall be made in

connection with an underwritten public offering pursuant to this Section 2, then the Company shall not effect any public sale or distribution of any of its equity securities or of any security convertible into or exchangeable or exercisable for any of its equity securities ("Company Equity Securities") (except, in each case, (1) as part of such public offering, and (2) pursuant to employee benefit plans registered on Form S-8) during the 180 day period beginning on the effective date of such registration, and the Company shall use its best efforts to cause each member of the management of the Company who holds any Company Equity Securities and each other holder of 5% or more of any Company Equity Securities purchased from the Company (at any time other than in a public offering) to so agree.

3. (a) Incidental Registration. If the Company shall at any time propose to file a registration statement under the Securities Act for an offering of securities of the Company for cash (other than an offering relating to (i) a business combination that is to be filed on Form S-4 under Securities Act (or any successor form thereto) or (ii) any employee benefit plan, including, without limitation a stock option or stock purchase plan), the Company shall provide prompt written notice of such proposal to all Holders of Registrable Securities of its intention to do so and of such Holders' rights under this Section 3 and shall use its best efforts to include such number or amount of Registrable Securities in such registration statement which the Company has been so requested to register by the Holders thereof, which request shall be made to the Company within 20 days after the Holder receives notice from the Company of such proposed

registration; provided, that (i) if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register such securities, the Company may, at its election, give written notice of such determination to each Holder of Registrable Securities and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the registration expenses referred to in Section 6 incurred in connection therewith), and (ii) if such registration involves an underwritten offering, all Holders requesting to include their Registrable Securities in the Company's registration must sell their Registrable Securities to the underwriters selected by the Company on the same terms and conditions as apply to the Company, with such differences, including any with respect to indemnification and liability insurance, as may be customary or appropriate in combined primary and secondary offerings. If a registration requested pursuant to this Section 3(a) involves an underwritten public offering, any Holder requesting to include their Registrable Securities in such registration may elect, in writing prior to the effective date of the registration statement filed in connection with such registration, not to register such securities in connection with such registration.

(b) Priority in Incidental Registrations. If a registration pursuant to

this Section 3 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of securities to be included in such registration (including Registrable Securities) exceeds the number which can be sold in such offering without having an adverse effect on such offering as contemplated by the Company (including the price at which the Company proposes to sell such securities), then the Company will include in such registration (i) first, all of the securities the Company proposes to sell, (ii) second, that number of Registrable Securities requested to be included in such registration which, in the opinion of such managing underwriter, can be sold without having the adverse effect referred to above, such amount to be allocated pro rata among all requesting Holders on the basis of the relative number of shares of Registrable Securities then held by each such Holder (provided that any shares thereby allocated to any such Holder that exceed such Holder's request will be reallocated among the remaining requesting Holders in like manner).

(c) If any registration of Registrable Securities shall be made in connection with an underwritten public offering pursuant to this Section 3, then the Holders shall not effect any public sale or distribution of any Registrable Securities (except as part of such public offering) during the 180 day period beginning on the effective date of such registration, if, and to the extent that, the managing underwriter(s) of any such offering determine(s) that such action is necessary or desirable to effect such offering; provided, that each Holder has received the written notice required by subsection (a), hereof. Notwithstanding the foregoing, no Holder shall be obligated to comply with the restrictions of this subsection as a result of an underwritten public offering subject to this Section 3 more than once in any twelve month period.

4. Additional Rights. If the Company at any time grants any other holders of Company Equity Securities any rights to request the Company to effect the registration of any such Company Equity Securities on terms more favorable to such holders than the terms set forth in this Agreement, this Agreement shall be deemed amended or supplemented to the extent

necessary to provide the Holders such more favorable rights and benefits. In no event shall the Company grant to any person any rights to request the Company to effect the registration of any Company Equity Securities on terms which are adverse to the rights of the Holders set forth in this Agreement.

5. Registration Procedures. Whenever a Holder or Holders have requested that any Registrable Securities be registered pursuant to this Agreement, the Company will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(a) prepare and file with the Commission a registration statement

with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by the Holders of a majority of the Registrable Securities covered by such registration statement copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel);

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 90 days and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(c) furnish to each seller of Registrable Securities such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(d) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things that may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(e) notify each seller of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to

make the statements therein, in light of the circumstances under which made, not misleading, and at the request of any such seller, the Company will prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(f) cause all such Registrable Securities to be listed or admitted for trading on each securities exchange or quotation system on which securities issued by the Company that are of the same class as the Registrable Securities are then listed or admitted for trading;

(g) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(h) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent certified public accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(i) use its best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(j) obtain a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the seller or sellers of a majority of the Registrable Securities being sold reasonably request;

(k) if underwriters are engaged in connection with any registration referred to in this Agreement, enter into underwriting or other agreements providing indemnification, representations, covenants, opinions and other assurances to the underwriters in form and substance reasonably satisfactory to such underwriters; and

(l) enter into such customary agreements (including underwriting agreements in customary form) and take all such other actions as the Holders of a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities.

6. Registration Expenses. All expenses incidental to the Company's performance of or compliance with this Agreement, including, without limitation, all registration and filing fees,

fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding discounts and commissions) and other persons retained by the Company, including without limitation, all salaries and expenses of the Company's officers and employees performing legal or accounting duties, the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing or admitting the securities to be registered on each securities exchange or quotation system on which similar securities issued by the Company are then listed or admitted will be borne by the Company, except that (i) underwriting discounts and commissions relating to the sale of Registrable Securities will be the responsibility of the seller of the related Registrable Securities, (ii) filing fees relating to the registration or qualification of Registrable Securities with the Commission and any state securities or blue sky commission will be the responsibility of the seller of the related Registrable Securities, (iii) printing expenses incurred in connection with any offering of Registrable Securities pursuant to Section 2(a) hereof will be the responsibility of the sellers, (iv) the fees and expenses of any counsel for the sellers will be the responsibility of such sellers and (v) any special or extraordinary auditing costs resulting solely from the registration of Registrable Securities under this Agreement will be the responsibility of the sellers.

7. Term. This Agreement shall terminate upon the earlier to occur of (i) any distribution (effected by dividend or otherwise) by the Shareholder of all of the Registrable Securities held by it to the shareholders of ShopKo Stores, Inc., a Wisconsin corporation, or its successors or (ii) such time as the shares of Registrable Securities owned by the Holders of Registrable Securities constitute less than 5.0% of the issued and outstanding shares of Common Stock of the Company.

8. Indemnification.

(a) In connection with any offering of Registrable Securities pursuant to Sections 2(a) or 3(a) hereof, the Company agrees to indemnify, to the fullest extent permitted by law, each Holder of Registrable Securities whose Registrable Securities are sold in such offering, its officers and directors and each person who controls such Holder or Holders (within the meaning of the Securities Act) against all losses, claims, damages, liabilities and expenses (including attorney's fees) arising out of or based upon any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto under which such Registrable Securities were registered under the Securities Act or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such untrue statement or alleged untrue statement or omission or alleged omission was made in such registration statement, preliminary prospectus, prospectus, amendment or supplement in reliance upon any information furnished in writing to the Company by a Holder or Holders of

Registrable Securities expressly for use therein.

(b) Each Holder of Registrable Securities whose Registrable Securities are sold in any offering pursuant to Sections 2(a) or 3(a) hereof, agrees to indemnify, to the fullest extent permitted by law, the Company, the other Holders of Registrable Securities whose Registrable Securities are sold in such offering, their respective officers and directors and each other person, if any, who controls the Company or such other Holders of Registrable Securities (within the meaning of the Securities Act) against all losses, claims, damages, liabilities and expenses (including attorney's fees) caused by any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto under which such Registrable Securities were registered under the Securities Act or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such registration statement, preliminary prospectus, prospectus, amendment or supplement in reliance upon any information furnished in writing to the Company by such Holder expressly for use therein.

(c) Any person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

(d) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling person of such indemnified party and will survive the transfer of securities. The indemnifying party also agrees to make such provisions as are reasonably requested by any indemnified party, of contribution to any such party in the event the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for

any reason.

9. Participation in Underwritten Registrations. No Person may participate in any registration hereunder that is underwritten unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (b) completes and executes all

questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

10. Rule 144. The Company covenants and agrees that it shall file in a timely manner the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder (or, if the Company is not required to file such reports, it shall, upon the request of any Holder, make publicly available such information), and it shall take such further action as any Holder may reasonable request, all to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the Securities Act within the limitations of the exemptions provided by Rule 144. Upon the request of any Holder, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements.

11. Miscellaneous.

(a) No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities (other than any underwriting agreement relating to the Initial Public Offering) which is inconsistent or in conflict with the rights granted to the Holders of Registrable Securities in this Agreement.

(b) Remedies. Any person having rights under any provision of this Agreement will be entitled to enforce such rights specifically, to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

(c) Amendment and Waivers. The provisions of this Agreement may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of Holders of at least 50% of the Registrable Securities .

(d) Successors and Assigns. No Holder may assign this Agreement or any of its rights or obligations hereunder to any Person other than the Shareholder or any Affiliate without the prior written consent of the Company, and any such attempted assignment without such prior written consent shall be void and of no force and effect. All covenants and agreements in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so

expressed or not.

(e) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(f) Counterparts. This Agreement may be executed in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same Agreement.

(g) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(h) Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Wisconsin.

(i) Notice. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally or mailed by certified or registered mail, return receipt requested and postage prepaid, to the recipient. Such notices, demands and other communications will be sent to each Holder of Registrable Securities at such Holder's address as it appears in the records of the Company (unless otherwise indicated by any such Holder to the Company in writing) and to the Company at its principal executive offices.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

PROVANTAGE HEALTH SERVICES, INC.

By: _____

Jeffrey A. Jones
Executive President and
Chief Operating Officer

Attest: _____

Richard D. Shepp
Secretary

PROVANTAGE HOLDINGS, INC.

By:

Dale P. Kramer
Chairman

Attest: _____
Richard D. Shepp
Secretary

Exhibit 10.6

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT ("Agreement") dated as of _____, 1999 is entered into by SHOPKO STORES, INC., a Wisconsin corporation ("ShopKo") and PROVANTAGE HEALTH SERVICES, INC., a Delaware corporation ("ProVantage").

RECITALS

WHEREAS, ProVantage is currently a wholly-owned indirect subsidiary of ShopKo and the parties anticipate that a portion of the authorized common stock of ProVantage may be issued and sold to others; and

WHEREAS, ProVantage currently participates in the consolidated tax returns of ShopKo, and ProVantage and ShopKo desire to enter into an agreement relating to certain tax matters after the Distribution Date.

NOW, THEREFORE, the parties hereto agree as follows:

1. Effectiveness. This Agreement shall become effective on the Distribution Date.

2. Definitions. As used in this Agreement, capitalized terms shall have the following meanings.

Action: any action, claim, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency or commission or any arbitration tribunal.

Affiliate: with respect to any specified person, a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person; provided, however, that for purposes of this Agreement (i) Affiliates of ProVantage shall not be deemed to include ShopKo or any of its subsidiaries other than ProVantage and any of ProVantage's subsidiaries, and (ii) Affiliates of ShopKo shall not be deemed to include ProVantage or any of its subsidiaries.

Code: the Internal Revenue Code of 1986, as amended.

Distribution Date: The date of the completion of the initial public offering of the stock of ProVantage.

Taxes: any federal, state, local or foreign income, gross receipts, profits, franchise or other tax computed in whole or in part by reference to gross or net income, or based on capital, and any interest, penalties or additions to tax relating thereto.

3. Tax Indemnification and Cooperation.

(a) Indemnification for Periods Ending on or Before the Distribution Date. ShopKo agrees to indemnify and hold harmless ProVantage from and against any liability for (i) Taxes attributable to ProVantage for tax periods ending on or before the Distribution Date, subject to the limitation of Section 3(b) below, and (ii) Taxes for any period attributable to other members of an affiliated group (as defined in Section 1504(a) of the Code or any analogous provision of state or local law) to which ProVantage has belonged at any time on or before the Distribution Date. For purposes of this Section 3, "ProVantage" shall mean ProVantage and all of its subsidiaries eligible to be included in a consolidated federal income tax return filed by it as the common parent.

(b) Payment for Subsequent Adjustments. To the extent that an adjustment is made by a taxing authority to any Tax item of ProVantage for any tax period ending after the Distribution Date and, as a result of such adjustment, a correlative adjustment is made to any Tax item of ShopKo's affiliated group for any tax period ending on or before the Distribution Date that results in an increase in the Taxes due for such period, ShopKo shall not be required to pay or to indemnify ProVantage from or against any such increase in Taxes, but ProVantage shall pay and indemnify ShopKo from and against any such increase in Taxes for which ShopKo is liable.

(c) Tax Return Filing Responsibility for Periods Ending On or Before the Distribution Date. ShopKo shall file (or shall cause to be filed) all tax returns of ProVantage for tax periods ending on or before the Distribution Date. ShopKo shall, to the extent permissible, include (or cause to be included) the results of the operations of ProVantage in ShopKo's consolidated federal tax return and in any other consolidated, unitary, or combined tax return for tax periods ending on or before the Distribution Date and shall pay all Taxes due for such periods with respect to ProVantage.

(d) Allocation of Income for Year in which Distribution Date Occurs. ShopKo, in its absolute discretion, shall either (i) cause ProVantage to close its permanent books and records (including work papers) as of the Distribution Date, in accordance with Treasury Regulations (S)1.1502-76(b)(4)(i), in order to permit ProVantage's taxable income for the taxable period ending on the Distribution Date to be reported and determined on the basis of income shown on its permanent books and records (including work papers) or (ii) allocate items of income or deduction between tax periods ending on or before the Distribution Date and tax periods beginning after the Distribution Date in accordance with Treasury Regulations (S)1.1502-76(b)(4)(ii).

(e) Audits for Periods Ending On or Before the Distribution Date. In the event that any taxing authority conducts an audit to determine the amount of any tax for any tax period ending on or before the Distribution Date or asserts any tax liability not reflected on the applicable return as prepared by ShopKo, ShopKo shall have the exclusive authority to direct, compromise

or contest such audit or asserted tax liability as it shall in its sole discretion deem proper, and shall pay all Tax liability and expenses arising out of the compromise or contest of such audit, unless ShopKo is not liable for an additional Tax liability pursuant to Section 3(b) hereof. Notwithstanding the foregoing, ShopKo shall give ProVantage written notice of any adjustment proposed by a taxing authority or otherwise arising during an audit for which ShopKo believes that ProVantage may be liable under Section 3(b) hereof, and if, within thirty (30) days of receiving such notice, ProVantage agrees in a writing delivered to ShopKo that ProVantage is liable pursuant to Section 3(b) hereof for any additional Tax liability that would result from an adjustment, ShopKo shall not without the prior written consent of ProVantage compromise or agree to any such adjustment; provided that, if ProVantage withholds its consent to any such proposed adjustment, ProVantage shall at its own expense conduct the contest or compromise of any such adjustment. If ShopKo fails to give ProVantage the notice referred to in the immediately preceding sentence with respect to any item of adjustment, ShopKo shall be deemed to have waived any claim that ProVantage is obligated under Section 3(b) hereof to pay or to indemnify ShopKo for any increase in taxes resulting from such adjustment. Furthermore, ShopKo shall not without the prior consent of ProVantage compromise or agree to any adjustment to the treatment of a Tax item which might, with respect to a tax period of ProVantage beginning after the Distribution Date, (1) affect, by an amount not less than $25,000.00, a financial statement tax expense resulting from a permanent difference, as defined in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (but expressly excluding any temporary difference as defined therein) or (2) result in a change of accounting method (as defined in Section 446 of the Code and applicable Treasury Regulations promulgated thereunder) that would cause a net increase in ProVantage's tax liability in excess of $25,000.00; provided that, if ProVantage withholds its consent to any such adjustment, ProVantage shall agree in writing that it will conduct the contest or compromise of any such proposed adjustment at its own expense and that it will be liable for the payment of any Tax finally determined to be due by reason of such adjustment. ProVantage shall be entitled to any refund of Taxes paid on behalf of or made available to ShopKo's affiliated group which are attributable to adjustments made to tax periods ending on or before the Distribution Date for which ProVantage is liable under Section 3(b), whether received by ProVantage or ShopKo, and ShopKo shall be entitled to all other refunds of Taxes paid on behalf of or made available to ShopKo's affiliated group for tax periods ending on or before the Distribution Date, whether received by ProVantage or ShopKo.

(f) Tax Return Filing and Payment Responsibility for Periods Ending After the Distribution Date. ProVantage has entered into an Administrative Services Agreement with ShopKo whereby ShopKo has agreed to prepare the tax returns of ProVantage which relate to the tax period which begins before the Distribution Date and ends after the Distribution Date and for all subsequent tax periods for a fee. During the term of such Administrative Services Agreement, ProVantage shall file said returns and pay all Taxes shown as due on such returns or ultimately determined to be due with respect to such periods and shall be entitled to keep and retain for itself any refunds of Taxes or credits paid on behalf of or made available to it. All tax returns and any schedules to be

included therewith for the tax period which begins before the Distribution Date and ends after the Distribution Date shall be prepared on a basis consistent with those prepared for prior tax periods and consistent with the method used by ShopKo to

allocate items of ProVantage's income or deduction for the tax period ending on the Distribution Date pursuant to Section 3(d) hereof, and shall be subject to the approval of ShopKo prior to being filed by ProVantage, which approval shall not be unreasonably withheld. ShopKo shall, to the extent it in its sole judgment deems permissible, file or cause to be filed state tax returns for ProVantage for the period ending on the Distribution Date. In the case of a tax period which begins before the Distribution Date and ends after the Distribution Date for which ProVantage is required hereunder to file the return, ShopKo shall reimburse ProVantage for an amount equal to the product of (i) total Taxes for such period, multiplied by (ii) a percentage determined by dividing ProVantage's net income accrued on or before the Distribution Date (determined using the allocation method elected by ShopKo under Section 3(d)) by the total ProVantage net income for such period as shown on such return; provided, however, that any amount by which ShopKo is required to reimburse ProVantage hereunder shall be reduced by the amount of all estimated tax payments previously made by ShopKo with respect to ProVantage's tax liability for such period.

(g) Treatment of ProVantage Net Operating Losses. ProVantage shall make an election pursuant to Section 172(b)(3) of the Code to carry forward any of its net operating losses incurred in tax periods beginning after the Distribution Date which, if carried back, would be carried back to a tax period ending on or before the Distribution Date. Notwithstanding the foregoing, ProVantage shall be entitled to any and all tax refunds, whether received by ShopKo or ProVantage, that result from a carryback of net operating losses or credits of ProVantage arising in a tax period beginning after the Distribution Date to a tax period ending on or before the Distribution Date (a "ProVantage Carryback"), if and to the extent that the ProVantage Carryback results from ProVantage's inability to make an election under Section 172(b)(3) of the Code or a comparable provision of any state tax law. If and to the extent that ProVantage fails to make an election available to it under Section 172(b)(3) of the Code or a comparable provision of any state tax law, ShopKo shall be entitled to any and all tax refunds, whether received by ShopKo or ProVantage, that result from a ProVantage Carryback.

(h) Tax Claim Notices by ProVantage. Promptly after receipt by ProVantage of a written notice of any demand, claim or circumstance which, after the lapse of time, would or might give rise to a claim or commencement of any action, proceeding or investigation with respect to which indemnity or payment may be sought under Section 3(a) or Section 3(f) hereof (an "Asserted Tax Liability"), ProVantage shall give written notice thereof to ShopKo (the "Tax Claim Notice"). The Tax Claim Notice shall contain factual information (to the extent known to ProVantage) describing in reasonable detail the Asserted Tax Liability and shall include copies of any notice or other document received from any taxing

authority in respect of such Asserted Tax Liability. If ProVantage fails to give ShopKo prompt notice of an Asserted Tax Liability as required by this Section 3(h), and if such failure results in a detriment to ShopKo, then any amount which ShopKo is otherwise required to pay ProVantage pursuant to Section 3(a) or Section 3(f) hereof with respect to such Asserted Tax Liability shall be reduced by the amount of such detriment.

(i) Tax Adjustment Notices by ShopKo. ShopKo shall give ProVantage prompt notice of each item of adjustment proposed by a taxing authority for any tax period ending on or before the Distribution Date which relates to ProVantage (a "Tax Adjustment Notice"). A Tax Adjustment

Notice shall contain factual information (to the extent known to ShopKo) describing in reasonable detail the proposed adjustment and shall include copies of any notice or other document received from any taxing authority in respect of such proposed adjustment. If ShopKo fails to give ProVantage a Tax Adjustment Notice as required by this Section 3(i), and if such failure results in a detriment to ProVantage, then any amount which ProVantage would otherwise be required to pay pursuant to Section 3(b) hereof with respect to an adjustment that should have been the subject of a Tax Adjustment Notice shall be reduced by the amount of such detriment. ShopKo may elect to direct, through counsel of its own choosing and at its own expense, the compromise or contest, either administratively or in the courts, of any Asserted Tax Liability. If ShopKo elects to direct the compromise or contest of any Asserted Tax Liability, it shall, either within 30 calendar days after receiving the Tax Claim Notice with respect to such Asserted Tax Liability (or sooner, if the nature of the Asserted Tax Liability so requires) or within 30 calendar days after giving the Tax Adjustment Notice, whichever is applicable, notify ProVantage of its intent to do so, and ProVantage shall cooperate at its own expense in the compromise or contest of such Asserted Tax Liability. ShopKo, in its discretion, may enter into a settlement agreement with respect to, or otherwise resolve, any Asserted Tax Liability without the consent of ProVantage, except that ShopKo shall not without the prior consent of ProVantage compromise or agree to any adjustment to the treatment of a Tax item which might, with respect to a tax period of ProVantage beginning after the Distribution Date, (1) affect, by an amount not less than $25,000.00, a financial statement tax expense resulting from a permanent difference, as defined in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (but expressly excluding any temporary difference as defined therein), or (2) result in a change of accounting method (as defined in Section 446 of the Code and applicable Treasury Regulations promulgated thereunder) that would cause a net increase in ProVantage's tax liability in excess of $25,000.00; provided that, if ProVantage withholds its consent to any such adjustment, ProVantage shall agree in writing that it will conduct the contest or compromise of any such proposed adjustment at its own expense and that it will be liable for the payment of any tax finally determined to be due by reason of such adjustment. If ShopKo (1) within 30 calendar days after receiving the Tax Claim Notice with respect to such Asserted Tax Liability (or sooner, if the nature of

the Asserted Tax Liability so requires) or within 30 calendar days after giving the Tax Adjustment Notice, whichever is applicable, notifies ProVantage that it has elected not to direct the compromise or contest of the Asserted Tax Liability, or (2) fails to properly notify ProVantage within such period of its election to direct or not to direct the compromise or contest of the Asserted Tax Liability, ProVantage may pay, compromise, or contest at its own expense and in its sole discretion such Asserted Tax Liability; provided, however, that ProVantage may not settle or compromise any Asserted Tax Liability without giving prior notice to ShopKo of its intention to settle or compromise such liability and receiving ShopKo's written approval of such settlement or compromise. ProVantage may, at its own expense and through counsel of its own choosing, elect to direct the contest or compromise of any Tax adjustment or Tax liability if ProVantage has previously agreed in a writing delivered to ShopKo that ShopKo has no obligation under Section 3(a) hereof to pay or indemnify ProVantage from and against such Tax liability and that ProVantage is liable for such Tax liability, if any, pursuant to Section 3(b) hereof. If ShopKo or ProVantage elects to direct the compromise or contest of any liability for Taxes as provided herein (respectively, the "Electing Party"), the other party shall promptly empower (by power of attorney and such other

documentation as may be appropriate) the designated representative of the Electing Party to represent the other party in any audit, claim for refund or administrative or judicial proceeding insofar as such audit, claim for refund or proceeding involves an asserted liability for Taxes for which ShopKo would be liable under Section 3(a) hereof or ProVantage would be liable under Section 3(b) hereof.

(j) Treatment of ShopKo Options and ShopKo Compensation Exercised by or Payable to ProVantage Employees. ShopKo and ProVantage understand and agree that certain stock options to acquire common stock of ShopKo are held by various ProVantage employees (the "ShopKo Options") and that certain ProVantage employees may participate in other nonqualified incentive programs of ShopKo ("ShopKo Compensation"). ShopKo agrees that it shall take such action as it deems appropriate to insure that all applicable federal and state payroll, withholding, income or other Taxes in connection with or arising out of the ShopKo Options and the ShopKo Compensation are withheld or collected from any employee of ProVantage. ProVantage agrees that it shall take all necessary and appropriate steps to timely claim any compensation deductions available to it for any Tax purpose in connection with the ShopKo Options exercised after the Distribution Date and payments of ShopKo Compensation made to ProVantage employees after the Distribution Date. With respect to both the ShopKo Options and the ShopKo Compensation, ProVantage agrees to promptly pay ShopKo an amount equal to the "tax benefit" obtained by ProVantage as a result of its claiming compensation deductions with respect to such items as well as the employer's share of any employment taxes paid by ShopKo arising out of exercise of the ShopKo Options or payment of the ShopKo Compensation. For purposes of the foregoing, tax benefit shall mean the reduction in the Tax liability of ProVantage (or of any affiliated or consolidated group of which it is a member)

for any taxable period. Such tax benefit shall be deemed to arise at the time of the first estimated Tax payment made by ProVantage after the exercise of the ShopKo Options or the payment of the ShopKo Compensation, or on the due date (without regard to extensions) for the filing of the Tax return on which ProVantage is entitled to claim the compensation deductions with respect to such ShopKo Options or ShopKo Compensation, whichever occurs first. In the event that there is any subsequent adjustment by any Tax authority with respect to ProVantage's deductions attributable to such items which has the effect of reducing the amount of the foregoing tax benefit, ShopKo agrees to pay ProVantage the difference between the amount of the payment or payments previously made by ProVantage to ShopKo and the amount that would have been paid by ProVantage to ShopKo after taking into account the adjustment with respect to ProVantage's deductions. To the extent that ProVantage fails to claim any compensation deductions with respect to the ShopKo Options exercised after the Distribution Date and the ShopKo Compensation, ProVantage agrees to pay to ShopKo the tax benefit that it would have obtained if it had claimed such deductions. ProVantage agrees to notify ShopKo at or before the time that ProVantage agrees to extend the period of limitations for the assessment of tax by any Tax authority for any Tax period of ProVantage ending after the Distribution Date and during which a ShopKo Option has been exercised or a payment of ShopKo Compensation been made. If ProVantage so notifies ShopKo and ProVantage is ultimately unable to claim deductions with respect to such ShopKo Options or ShopKo Compensation, no amount shall be owing from ProVantage to ShopKo under this Section 3(j). If ProVantage fails to so notify ShopKo and neither ProVantage nor ShopKo is ultimately able successfully to claim deductions with respect to such ShopKo Options or ShopKo

Compensation, ProVantage agrees that it will pay to ShopKo an amount equal to the tax benefit that ProVantage would have received if it had successfully claimed deductions with respect to such items.

(k) Mutual Cooperation. ShopKo and ProVantage shall provide each other with such cooperation and information as either reasonably may request of the other in filing any tax return, amended return, or claim for refund, in determining a liability for Taxes or a right to a refund of Taxes, or in conducting any audit or proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant tax returns or portions thereof, together with accompanying schedules and related work papers and documents relating to rulings or other determinations by tax authorities. Each party shall make its employees available on a mutually convenient basis to provide explanation of any documents or information provided hereunder. ShopKo shall make available to ProVantage, with respect to all tax years in which ProVantage was includable in ShopKo's affiliated group (as defined in section 1504 of the Code) copies of all work papers and schedules relating to the preparation of ProVantage's pro forma federal and state income tax returns which were included in ShopKo's federal consolidated and state income tax returns which are necessary to reconcile such pro forma returns with the amounts actually included in such consolidated returns. ShopKo and ProVantage shall

make available to each other all other books and records relating to Taxes of ProVantage with respect to all tax years in which ProVantage was includable in ShopKo's affiliated group (as defined in section 1504 of the Code). ShopKo and ProVantage agree to maintain and preserve for a period of eight (8) years after the period to which such documents relate, and, upon written request, to provide to the other party, such factual information as that party reasonably requires for filing tax returns, tax planning, and contesting any tax audit that only ShopKo or ProVantage, as the case may be, actually possesses.

4. Notice. Any notice shall be in writing and shall be effective and deemed to have been given when it is (i) mailed, postage prepaid, by certified first class mail, return receipt requested, addressed to a party and received by such party; (ii) hand or courier delivered; or (iii) sent by telecopy with receipt confirmed, as follows:

If to ShopKo:
ShopKo Stores, Inc.
700 Pilgrim Way
P.O. Box 19060
Green Bay, WI 54307
Telecopy: (920) 429-4225
Attention: Chief Financial Officer
cc: General Counsel

If to ProVantage:
ProVantage Health Services, Inc.
13555 Bishops Court, Suite 201
Brookfield, WI 53005
Telecopy: (414) 641-3770
Attention: Chief Financial Officer
cc: Legal Department

Any party may from time to time designate another address to which notice or other communication shall be addressed or delivered to such party and such new designation shall be effective on the later of (i) the date specified in the notice or (ii) receipt of such notice by the intended recipient.

5. General.

(a) Assignment. Neither party may assign any of its rights or delegate any of its duties or obligations under this Agreement without the other party's consent. Any attempted assignment or delegation of any rights, duties, or obligations in violation of this Section 5(a) shall be void and without effect.

(b) Amendment and Waiver. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties, or in the case of a waiver, by the party waiving compliance. Any waiver by either party hereto of any condition, or of the breach of any provision or term in any one or more instances shall not be deemed to be nor construed as a further or

continuing waiver of any such condition, or of the breach of any other provision or term of this Agreement.

(c) Integration. This Agreement supersedes any and all prior or contemporaneous oral agreements or understandings between the parties regarding the subject matter of this Agreement. Nothing in this Agreement is intended to modify the terms and conditions of any other written agreement between the parties, including the Administrative Services Agreement of even date herewith.

(d) Severability. If any term or condition of this Agreement shall be held invalid in any respect, such invalidity shall not affect the validity of any other term or condition hereof.

(e) Successors. This Agreement binds and inures to the benefit of the parties and their respective legal representatives, successors, and permitted assigns.

(f) Applicable Law. This Agreement shall be construed under the laws of the State of Wisconsin and the rights and obligations of the parties shall be determined under the substantive law of Wisconsin, without giving effect to Wisconsin's conflict of law rules or principles.

(g) Reasonableness. As concerns every provision of this Agreement, ShopKo and ProVantage agree to act reasonably and in good faith unless a provision expressly states that ProVantage or ShopKo may act in its sole discretion.

(h) Counterparts. This Agreement may be executed in two counterparts, each of which shall constitute an original, and both of which, when taken together, shall constitute one and the same instrument.

(i) Further Assurances. Each party shall take such actions, upon request of the other party and in addition to the actions specified in this Agreement, as may be necessary or reasonably appropriate to implement or give effect to this Agreement.

(j) No Third Party Beneficiaries. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto and their Affiliates, respectively, as their interests may appear, and shall not be deemed for the benefit of any other person or entity or group of persons or entities.

(k) Construction. Descriptive headings to sections and paragraphs are for convenience only and shall not control or affect the meaning or construction of any provisions in this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first written above.

SHOPKO STORES, INC.

By: _____
William J. Podany
President and Chief Executive Officer

Attest: _____
Richard D. Schepp
Sr. Vice President,
General Counsel/Secretary

PROVANTAGE HEALTH SERVICES, INC.

By: _____
Jeffrey A. Jones
Executive Vice President and Chief
Operating Officer

Attest: _____
Richard D. Schepp,
Secretary

EXHIBIT 10.7

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT, is made as of _____, 199_ by and between ProVantage Health Services, Inc., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

WHEREAS, Indemnitee is a member of the Board of Directors and/or an executive officer of the Company; and

WHEREAS, it will be difficult to retain directors and executive officers of the Company unless such persons are adequately indemnified against liabilities incurred and claims made in performance of their duties as directors and/or executive officers of the Company; and

WHEREAS, Article VIII of the Company's Bylaws (the "Bylaws") provides for the indemnification by the Company of the officers and directors of the Company and, as additional consideration for the services of Indemnitee, the Company has obtained at its expense directors' and officers' liability insurance ("D & O Insurance") covering Indemnitee with respect to Indemnitee's position with the Company; and

WHEREAS, to induce Indemnitee to continue to serve as a member of the Board of Directors and/or as an executive officer of the Company, the Company has determined that it is in its best interests to assure Indemnitee of the protection currently provided by the Bylaws and D & O Insurance and to indemnify Indemnitee to the fullest extent permitted by the Delaware General Corporation Law (the "DGCL").

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Indemnification. The Company agrees to indemnify and hold Indemnitee harmless from and against any and all claims, liabilities, damages, judgments, penalties, fines, settlements, disbursements or expenses of any type whatsoever (including, without limitation, reasonable attorneys' fees) incurred by Indemnitee in or arising out of (A) the status, capacities or activities of Indemnitee as a director and/or an executive officer of the Company, or (B) the status, capacities or activities of Indemnitee with any Subsidiary (as hereinafter defined) which status, capacities or activities with such Subsidiary were undertaken in connection with the Indemnitee's position with the Company as a director and/or an executive officer, in each case to the maximum extent permitted under Section 145 of the DGCL and Article VIII of the Bylaws as in effect on the date hereof and as either may be amended to provide more advantageous rights to the Indemnitee. For purposes hereof, "Subsidiary" means

any corporation, joint venture, limited liability company, or other business entity in which the Company has a significant direct or indirect equity interest.

2. Advances of Expenses. Upon written request by Indemnitee and subject to the requirements of the DGCL, the Company shall advance all expenses incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding, action or investigation to which Indemnitee is a party or is threatened to be made a party arising out of any matter for which the Indemnitee is entitled to indemnification pursuant to Section 1 hereof to the maximum extent permitted under Section 145 of the DGCL and Article VIII of the Bylaws as in effect on the date of this Agreement and as either may be amended to provide more advantageous rights to the Indemnitee. The indemnification provisions contained in Section 145 of the DGCL and Article VIII of the Bylaws, as in effect on the date hereof and as either may be amended to provide more advantageous indemnification rights to Indemnitee, shall be deemed to be a contract between the Company and Indemnitee and any amendment, modification, revocation or repeal of any such provisions of Section 145 of the DGCL or Article VIII of the Bylaws shall not limit any rights of Indemnitee hereunder to indemnification or the allowance of expenses.

3. Other Rights of Indemnitee. The right of Indemnitee to indemnification or advance of expenses pursuant to this Agreement shall not be exclusive of other rights Indemnitee may have (i) under applicable law, (ii) pursuant to other agreements between the Company and Indemnitee or the Bylaws (subject to Section 16 hereof), or (iii) pursuant to any agreement with a third party (by way of insurance, indemnification or otherwise).

4. Absolute Right to Indemnification and Advancement of Expenses. The Company agrees that it shall not, and the Company hereby waives all rights that it has or may have to refuse to indemnify, or withhold payment of amounts for which Indemnitee is indemnified hereunder, based on any breach or alleged breach of any of the provisions of this Agreement by Indemnitee or for any other reason whatsoever; provided, however, that the Agreement shall not require the Company to make any payment prohibited by law, or to advance expenses contrary to the provisions hereof. In the event Indemnitee is required to bring any action to enforce Indemnitee's rights or to collect monies due to Indemnitee under this Agreement, and is successful in such action, the Company shall reimburse Indemnitee for all of Indemnitee's legal fees and expenses in bringing and pursuing such action.

5. Amendments to the DGCL or Company's Charter or Bylaws. The Company shall not amend its Certificate of Incorporation ("Charter") or Bylaws to reduce or eliminate the Indemnitee's right to indemnification or advances provided for under this Agreement. Any amendments to the Charter or Bylaws made subsequent to the date of this Agreement which reduce or eliminate rights of persons entitled to indemnification or advances under such Charter or Bylaws shall not limit the rights of Indemnitee pursuant to this Agreement. If the DGCL, the Charter or the Bylaws are amended so as to provide for greater indemnification rights or benefits, Indemnitee shall be entitled to such greater rights and benefits

immediately upon such amendment. Subsequent amendments to the DGCL or other applicable law shall in no way reduce Indemnitee's rights under this Agreement.

6. Maintenance of Insurance. The Company represents that it presently has in force and effect directors and officers insurance under a directors' and officers' liability insurance policy covering certain liabilities which may be incurred by its officers and directors. The Company

agrees to purchase and maintain in effect, for the benefit of Indemnitee, D & O Insurance providing, in all respects, coverage not less favorable than that presently provided pursuant to said policy for so long as Indemnitee shall serve as director and/or executive officer and until the later of (i) three years after Indemnitee ceases to be a director and/or executive officer, as the case may be, for any reason, or (ii) for so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a member of the Board of Directors and/or an executive officer, as the case may be. The unavailability or subsequent exclusions, limitations or deductibles contained in coverage provided by such D & O Insurance shall in no way limit the obligations of the Company to insure and indemnify Indemnitee to the full extent required by this Agreement.

7. Effect of Certain Proceedings. The termination of any proceeding or of any claim, issue or matter therein, by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not of itself adversely affect the right of Indemnitee to indemnification hereunder or create a presumption that indemnification is not required. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

8. Notification. Promptly after receipt by Indemnitee or the Company of any notice or document respecting the commencement of any action, suit, proceeding or investigation naming or involving Indemnitee and relating to any matter concerning which Indemnitee may be entitled to indemnification or advances pursuant to this Agreement, the party receiving notice will notify the other of the receipt of same, but the failure by Indemnitee to so notify the Company shall not relieve the Company from any obligation under this Agreement or otherwise.

9. Amendment. This Agreement may be amended at any time by written instrument executed by the Company and Indemnitee.

10. Notices. All notices and other communications between the parties with respect to this Agreement must be made in writing and shall be deemed to have been fully delivered as of the date on which they are hand delivered or deposited in the United States mail for delivery by registered or certified mail, postage and fees prepaid.

11. Binding Effect. Due to the personal nature of the services to be rendered by Indemnitee, Indemnitee may not assign this Agreement. Subject to the foregoing, the provisions of this Agreement are binding upon and inure to the benefit of (i) Indemnitee and Indemnitee's respective heirs, legal representatives and administrators, and (ii) the Company and its successors, transferees and assigns.

12. Term of Agreement. This Agreement shall continue and terminate upon the later of: (i) 10 years after the date that Indemnitee shall have ceased to serve as a director and/or executive officer of the Company; or (ii) the final termination of all pending proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of expenses

hereunder and of any proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto.

13. Validity. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be discussed between the parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding the parties' good faith efforts, a dispute remains unresolved for a period of 45 days after initial notice from one party to the other of the dispute, the parties shall submit such dispute to arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction over the controversy. The costs of the proceedings shall be paid by the Company. Unless otherwise agreed upon, the place of arbitration proceedings shall be Milwaukee County, Wisconsin.

15. Subrogation. In the event of payment by the Company to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, and Indemnitee shall execute all documents and shall do all things necessary to enable the Company effectively to bring suit to enforce such rights.

16. Effectiveness. The provisions of this Agreement (i) shall supersede the provisions of any agreement between the Indemnitee and the Company entered into prior to the date hereof which provides for the indemnification of the Indemnitee by the Company for the matters covered by Section 1 hereof, and (ii) shall be retroactive to cover any and all matters which may have taken place prior to the date hereof for which the Indemnitee is entitled to indemnification pursuant to Section 1 hereof. By way of example but not of limitation, this Agreement shall apply to matters for which the Indemnitee is entitled to indemnification pursuant to Section 1 hereof, regardless of whether such matters relate to activities of Indemnitee or the Company preceding or subsequent to the

date of this Agreement.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PROVANTAGE HEALTH SERVICES, INC.

_____ By:_____
Indemnitee Its

Exhibit 10.8

PROVANTAGE HEALTH SERVICES, INC.
CHANGE OF CONTROL SEVERANCE AGREEMENT

THIS CHANGE OF CONTROL AGREEMENT by and between PROVANTAGE HEALTH SERVICES, INC., a Minnesota corporation (the "Company"), and _____ (the "Executive"), is entered into on this ____ day of _____ __, 199_.

WHEREAS, in order to retain capable executives, the Company desires to enter into agreements to protect its executives upon a change of control of the Company.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties agree as follows:

1. Definitions.

(a) The "Change of Control Date" shall be the first date on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if the Executive's employment with the Company is terminated by the Company within one hundred eighty (180) days before the date on which a Change of Control occurs, and the Executive can demonstrate that such termination arose in connection with or in anticipation of a Change of Control then the "Change of Control Date" shall mean the date immediately prior to the date of such termination.

(b) The "Board" means the Board of Directors of the Company.

(c) A "Control Acquisition" means the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Control Acquisition: (i) any acquisition directly from the Company (including, without limitation, any acquisition through an underwritten public offering of the Company's securities by the Company), (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (iv) any acquisition by ShopKo

Stores, Inc., a Wisconsin corporation ("ShopKo"), or any corporation controlled by ShopKo, or any employee benefit plan (or related trust) sponsored or maintained by ShopKo or any corporation

controlled by ShopKo, (v) any acquisition pursuant to a public distribution of the Company's securities as a dividend to ShopKo's shareholders, or (vi) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of Section 2(b) below.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of: (i) an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board, or (ii) a Control Acquisition; or

(b) consummation of a reorganization, merger, statutory share exchange, or consolidation or sale or other disposition of all or substantially all of the assets of the Company for which approval of the shareholders of the Company is required (a "Business Combination"), in each case, unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") and the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no

individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding Common Stock of the Corporation resulting from such Business

Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(c) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

3. Protected Period. Subject to Section 7 hereof, the Company hereby agrees to provide to the Executive the benefits and protections described herein for the period commencing on the Change of Control Date and ending on the second anniversary of the Change of Control Date (the "Protected Period").

4. Terms of Employment.

(a) Position and Duties.

(i) During the Protected Period, (A) the Executive's position, authority, duties and responsibilities shall be at least commensurate in all material respects with those held, exercised and assigned immediately preceding the Change of Control Date and (B) except when traveling in the normal course of business, the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Change of Control Date or any office or location not more than fifty (50) miles from such location.

(ii) During the Protected Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote full-time attention during normal business hours to the business and affairs of the Company and, to use the Executive's best efforts to perform the responsibilities assigned to the Executive hereunder faithfully and efficiently.

(b) Compensation.

(i) Base Salary. During the Protected Period, the Executive shall receive an annual base salary ("Base Salary") at least equal to the annualized rate of pay received by the Executive from the Company immediately prior to the Change of Control Date. During the Protected Period, the Base Salary shall be reviewed at least annually and shall be increased from time to time consistent with increases in base salary awarded in the ordinary

course of business to other key executives of the Company. During the Protected Period, Base Salary shall not be reduced after any increase.

(ii) Annual Bonus. During the Protected Period, the Executive shall be awarded an annual bonus (an "Annual Bonus") in cash determined pursuant to a bonus program at least as advantageous to the Executive as the bonus program in place immediately prior to the Change of Control Date.

(iii) Benefits. During the Protected Period, the Executive shall be entitled to participate in all welfare benefit plans, incentive, savings, fringe benefit and retirement plans and programs applicable to other key executives of the Company (including, without limitation, vacation, automobile allowance, medical, dental, disability, salary continuance, executive life, group life, accidental death and travel accident insurance plans and programs). Such plans and programs, in the aggregate, shall provide the Executive with benefits at least as favorable as the benefits provided by the Company to the Executive immediately prior to the Change of Control Date.

(iv) Expenses. During the Protected Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the policies and procedures of the Company in effect immediately prior to the Change of Control Date.

5. Termination of Employment. Prior to the Change of Control Date, the Executive is an "at will" employee whose employment may be terminated at any time by either the Company or the Employee. During the Protected Period, the following provisions shall apply:

(a) Death or Disability. This Agreement shall terminate automatically upon the Executive's death. The Company may terminate this Agreement, after having established the Executive's Disability (pursuant to the definition of "Disability" set forth below), by giving to the Executive written notice of its intention to terminate the Executive's employment. In such a case, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of

such notice (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" means disability which, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment for "Cause." For purposes of this Agreement, "Cause" means (i) an act or acts of personal dishonesty taken by the Executive and intended to result in substantial personal enrichment of the Executive at the expense of the Company, (ii) repeated violations by the Executive of the Executive's obligations under Section 4(a) of this Agreement which are demonstrably willful and deliberate on the Executive's part and which are not remedied after receipt of notice from the Company, or (iii) the conviction of the Executive of a felony.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" means:

(i) the Executive's authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement are materially and adversely reduced, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial or inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) the Company's requiring the Executive to be based at any office other than that described in Section 4(a)(i)(B) hereof, except for travel reasonably required in the performance of the Executive's responsibilities.

(d) Notice of Termination. Any termination by the Company for Cause or by the Executive for Good Reason shall be communicated by Notice of Termination to the other party in accordance with Section 14(b) of this Agreement. A "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if

the termination date is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen (15) days after the giving of such notice).

(e) Date of Termination. "Date of Termination" means the date of receipt of the Notice of Termination or any later date specified therein, as the case may be. If the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination. If the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the

date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) Death. If, during the Protected Period, the Executive's employment is terminated by reason of the Executive's death, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than those obligations accrued or earned by the Executive hereunder as of the Date of Termination. During the Protected Period, the Executive's family shall be entitled to receive benefits at least equal to the benefits provided by the Company to surviving families of executives of the Company under such plans, programs and policies relating to family death benefits, if any, as in effect immediately prior to the Change of Control Date.

(b) Disability. If, during the Protected Period, the Executive's employment is terminated by reason of the Executive's Disability, this Agreement shall terminate without further obligations to the Executive, other than those obligations accrued or earned by the Executive hereunder as of the Date of Termination. During the Protected Period, the Executive shall be entitled to receive disability and other benefits at least equal to those provided by the Company to disabled employees and/or their families in accordance with such plans, programs and policies relating to disability, if any, as in effect immediately prior to the Change of Control Date.

(c) Cause and Other Than for Good Reason. If, during the Protected Period, the Executive's employment shall be terminated for Cause, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive amounts accrued to the Executive through the Date of Termination. If the Executive terminates employment other than for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than those obligations accrued or earned by the Executive through the Date

of Termination.

(d) Good Reason and Other Than for Cause or Disability. If, during the Protected Period, the Company shall terminate the Executive's employment other than for Cause or Disability, or the employment of the Executive shall be terminated by the Executive for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. to the extent not therefore paid, the Executive's Base Salary through the Date of Termination; and

B. ___ ( ) times the smaller of the following amounts:

(1) the average of the Annual Bonuses payable to the Executive in respect of the three fiscal years preceding the fiscal year in which the Date of Termination occurs; and

(2) the average of Executive's annual bonus "norm" for each of the three fiscal years preceding the fiscal year in which the Date of Termination occurs, regardless of the actual Annual Bonus payable for such years; and

C. ___ ( ) times the current Base Salary; and

D. all other amounts accrued or earned by the Executive through the Date of Termination and amounts otherwise owing under the then existing plans and policies of the Company; and

(ii) for ___ ( ) months after the Date of Termination the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the health and dental plans, programs and policies provided by the Company to employees and/or their families if the Executive's employment had not been terminated, including health insurance and dental insurance, as in effect immediately prior to the Change of Control Date; provided, however, that such benefit continuation shall cease when and to the extent the Executive obtains coverage through a new employer.

7. Termination of Agreement at Election of the Company. The Executive agrees that prior to a Change of Control Date occurring the Company may terminate this Agreement on not less than one hundred eighty (180) days prior written notice to Executive which notice shall designate the date this Agreement is to terminate; provided, however, that such termination shall be of no force

or effect whatsoever, and this Agreement shall remain in full force and effect, if a Change of Control Date occurs on or before the date set forth in such notice as the date of termination of this Agreement.

8. Mitigation; Attorney's Fees. The Executive shall not be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. The Company agrees to pay all reasonable legal fees and expenses which the Executive may reasonably incur as a result of any action brought by the Executive to enforce the provisions of this Agreement provided that Executive is successful on the merits of any such action.

9. Certain Reduction of Payments by the Company.

(a) For purposes of this section, (i) "Payment" shall mean any payment or distribution in the nature of compensation to or for the benefit of Executive,

whether paid or payable pursuant to this Agreement or otherwise; (ii) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 9); (iii) "Net After Tax Receipt" shall mean the Present Value of a Payment net of all taxes imposed on Executive with respect thereto under Sections 1 and 4999 of the Code, determined by applying the highest marginal rate under Section 1 of the Code which applied to the Executive's taxable income for the immediately preceding taxable year; (iv) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code; and (v) "Reduced Amount" shall mean the smallest aggregate amount of Payments which (a) is less than the sum of all Payments and (b) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if the aggregate Payments were any other amount less than the sum of all Payments.

(b) Anything in this Agreement to the contrary notwithstanding, in the event Deloitte & Touche (the "Accounting Firm") shall determine that receipt of all Payments would subject Executive to tax under Section 4999 of the Code, it shall determine whether some amount of Payments would meet the definition of a "Reduced Amount." If the Accounting Firm determines that there is a Reduced Amount, the aggregate Agreement Payments shall be reduced to such Reduced Amount; provided, however, that if the Reduced Amount exceeds the aggregate Agreement Payments, the aggregate Payments shall, after the reduction of all Agreement Payments, be reduced (but not below zero) in the amount of such excess.

(c) If the Accounting Firm determines that aggregate Agreement Payments or Payments, as the case may be, should be reduced to the Reduced Amount,

the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof, and the Executive may then elect, in his sole discretion, which and how much of the Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Payments equals the Reduced Amount) and shall advise the Company in writing of his election within ten days of his receipt of notice. If no such election is made by the Executive within such ten-day period, the Company may elect which of the Agreement Payments or Payments, as the case may be, shall be eliminated or reduced (as long as after such election the present value of the aggregate Agreement Payments or Payments, as the case may be, equals the Reduced Amount) and shall notify the Executive promptly of such election. All determinations made by the Accounting Firm under this Section shall be binding upon the Company and Executive and shall be made within 60 days of a termination of employment of the Executive. As promptly as practicable following such determination, the Company shall pay to or distribute for the benefit of Executive such Payments as are then due to Executive under this Agreement and shall promptly pay to or distribute for the benefit of Executive in the future such Payments as become due to Executive under this Agreement.

(d) While it is the intention of the Company and the Executive to reduce the amounts payable or distributable to Executive hereunder only if the aggregate Net After Tax Receipts to Executive would thereby be increased, as a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based either upon the assertion of a deficiency by the Internal Revenue Service against the Company or Executive which the Accounting Firm believes has a high probability of success or controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of Executive shall be treated for all purposes as a loan ab initio to Executive which Executive shall repay to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by Executive to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section

4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be public knowledge (other than by acts by the Executive or his representatives in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

11. Exclusive Remedy, Waiver of Claims. During the Protected Period, severance benefits provided to the Executive pursuant to this Agreement are to be paid and provided in lieu of any severance payments, severance benefits and severance protections provided in any other plan or policy of the Company, except as expressly provided in writing under the terms of any plan or policy of the Company, or in a written agreement between the

Company and the Executive entered into after the date of this Agreement. Additionally, any payments due to Executive hereunder may be conditioned upon Executive's execution and delivery of a waiver of any and all claims the Executive may have against the Company.

12. Statement of Intention. It is the intention of the parties hereto that prior to the Change of Control Date, this Agreement shall not create any rights or obligations in the Executive or the Company, or require any payments by the Company to the Executive, except as expressly provided herein.

13. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

14. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of conflict of laws. This Agreement contains the entire understanding of the Company and the Executive with respect to the subject matter hereof and may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: c/o ProVantage Health Services, Inc.
13555 Bishops, Suite 201
P.O. Box 846

Brookfield, WI 53008-0846

If to the Company: ProVantage Health Services, Inc.
13555 Bishops, Suite 201
P.O. Box 846
Brookfield, WI 53008-0846
Attention: Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) It is expressly agreed that this Agreement supersedes and replaces any other form of Change of Control Agreement which may have previously been entered into between Company and Executive. In addition, at such time as an initial public offering of the Company's common stock is completed, any Change of Control Severance Agreement between Executive and ShopKo shall be terminated and shall be of no further force or effect whatsoever. ShopKo is an intended third-party beneficiary of the foregoing provision.

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

PROVANTAGE HEALTH SERVICES, INC.

By: _____
Richard D. Schepp
Secretary

EXECUTIVE

_____

EXHIBIT 10.9(a)

March 14, 1996

FIRST AMENDED AND RESTATED
PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT

THIS FIRST AMENDED AND RESTATED PRESCRIPTION BENEFIT AGREEMENT ("Agreement") is made by and between PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC., a Minnesota Corporation, with its principal place of business at 700 Pilgrim Way, Green Bay, Wisconsin 54313, hereinafter referred to as "PROVANTAGE", and AMERICAN MEDICAL SECURITY, INC., a Delaware corporation with its principal place of business at 3100 AMS Boulevard, Green Bay, Wisconsin 54313, hereinafter referred to as "AMS".

WHEREAS, AMS has adopted various prescription drug programs referenced on Exhibit A attached hereto (the "Plans") for various clients' eligible employees and their eligible dependents (the "Plan Participants"). A description of each Plan (the "Plan Parameters") will be communicated by AMS to PROVANTAGE either electronically or in written hard copy format prior to the effective date of this Agreement. Additional Plans may be added to Exhibit A from time to time during the term of this Agreement. Such additions shall be evidenced by a written Addendum to this Agreement which is signed by AMS and ProVantage. The Plan Parameters of any such additional Plans shall be communicated to ProVantage prior to the effective date thereof.

WHEREAS, PROVANTAGE is a prescription benefit manager, and maintains a computerized claims processing system, a prescription drug mail service, and a network of retail pharmacies (the "Participating Pharmacies") who have agreed to provide prescription services for PROVANTAGE's clients, and

WHEREAS, additional information with respect to AMS and the Plans is set forth on the AMS Data Sheet attached to this Agreement as Exhibit B (the "Data Sheet"); and

WHEREAS, PROVANTAGE and AMS have entered into that certain Prescription Benefit Management Agreement dated June 28, 1995 (the "1995 Agreement"), whereby PROVANTAGE has agreed to provide prescription benefit management services to AMS upon the terms and conditions set forth therein; and

WHEREAS, pursuant to that certain Addendum and Assumption Agreement dated July 1, 1995, Unity HMO of Illinois, Inc., an Illinois domiciled health maintenance organization of which American Medical Security Group, Inc. ("AMS' Parent") owns an 90% interest ("Unity") has agreed to participate in the 1995 Agreement; and

WHEREAS, pursuant to that certain Addendum and Assumption Agreement dated as of July 1, 1995, Frontier Community Health Plans, Inc., a Colorado domiciled health maintenance organization of which AMS' Parent owns an 33% interest

("Frontier") has agreed to participate in the 1995 Agreement; and

WHEREAS, pursuant to that certain Addendum and Assumption Agreement dated March 18, 1996, Atlantic Health Plans, Inc., a North Carolina domiciled health maintenance organization of which AMS' Parent indirectly owns 100% interest ("Atlantic") has agreed to participate in the 1995 Agreement; and

WHEREAS, pursuant to that certain Addendum and Assumption Agreement dated February 1, 1996, American Medical Security Health Plan, Inc., d/b/a American Medical HealthCare, a Florida corporation of which AMS' Parent owns an 100% interest ("AHPF") has agreed to participate in the 1995 Agreement; and

WHEREAS, pursuant to that certain Addendum and Assumption Agreement dated March 7, 1996, American Medical Security Health Plan, Inc., a Tennessee corporation of which AMS' Parent owns an 49% interest ("AHPT") has agreed to participate in the 1995 Agreement; and

WHEREAS, PROVANTAGE and AMS have agreed to amend and restate the 1995 Agreement as set forth herein, and Unity, Frontier, Atlantic, AHPT and AHPF have also agreed to be bound and abide by the terms and conditions set forth herein;

I. GENERAL APPOINTMENT

1. PROVANTAGE shall be AMS's exclusive prescription benefit manager with respect to the Plans. As the prescription benefit manager of the Plans, PROVANTAGE shall diligently assist AMS in establishing and implementing prescription benefit management programs designed to lower the total cost of Plan Participants' health care. Toward this end, PROVANTAGE shall manage all prescription claim processes for AMS by implementing an optimal mix of cost reduction strategies which may include, but are not limited to:

- Programs designed to increase mail service utilization;
- Formulary management services;
- Drug utilization evaluation programs, including:
  - Drug utilization review programs (prospective, concurrent and retrospective)
  - Educational programs (as such programs may be developed by PROVANTAGE from time to time)
  - Disease state management processes (as such processes may be jointly developed by PROVANTAGE and AMS from time to time)

PROVANTAGE's services, which shall be provided subject to and in accordance with the terms and conditions of this Agreement, shall initially be prescription claims processing, prescription drug mail services, and formulary management services described in this Agreement, and shall include such other functions as may be mutually agreed upon in writing by AMS and PROVANTAGE from time to time

during the term of this Agreement. AMS and PROVANTAGE agree to work together in good faith to develop and implement mutually acceptable programs, procedures and policies to more effectively and efficiently manage the prescription benefits available to Participants under the Plans.

II. PRESCRIPTION CLAIMS PROCESSING

2. APPOINTMENT. AMS hereby appoints PROVANTAGE as its exclusive Prescription Claims Processor for all new business written pursuant to the Plans, and PROVANTAGE hereby accepts such appointment. PROVANTAGE acknowledges that AMS is contractually committed to another prescription benefit management company for the provision of some of the services described herein with respect to some of the currently existing Plan Participants. AMS agrees to use good faith, diligent efforts to convert such Plan Participants to the PROVANTAGE program as soon as possible.

3. AUTHORITY. PROVANTAGE hereby agrees to perform all of the following claims processing functions with respect to the Plans, and AMS hereby grants PROVANTAGE the authority and empowers PROVANTAGE to perform such functions:

A. To process all claims received from Participating Pharmacies and/or eligible Plan Participants in accordance with the Plan Parameters;
B. To reject or otherwise deny claims which are incomplete, ineligible, outside the dates specified by this Agreement or invalid for any other reason;
C. To issue checks to Participating Pharmacies for the payment of claims;
D. To issue checks directly to Plan Participants for covered items under the Plans if they are unable to have a Participating Pharmacy submit the claims on their behalf;
E. To audit Participating Pharmacies as deemed necessary or appropriate by PROVANTAGE for compliance with the specific Plan parameters as well as for fraudulent or incorrectly submitted claims;
F. To generate reports for AMS, Participating Pharmacies and for PROVANTAGE's own uses;
G. To maintain hard copy and/or computerized records of all transactions completed hereunder for a reasonable period of time as may be required by law;
H. To adjust the amount paid on a submitted claim so that it accurately reflects:
    i. The correct ingredient cost at the time the benefit was received as determined by First Data Bank current drug pricing database.
    ii. The correct dispensing fee, if any.
    iii. The correct sales tax, if any, for the State in which the benefit was rendered.

iv. The correct deductible or copayment, if any, that should have been collected.
v. To provide such other functions as may be indicated on the Data Sheet.

4. IDENTIFICATION CARDS. AMS will issue identification cards for eligible Plan Participants containing the following information:

A. AMS'S NAME*
B. PARTICIPANT'S NAME*
C. PARTICIPANT'S IDENTIFICATION NUMBER*
D. GROUP NUMBER
E. CO-PAY (IF ANY)*
F. EFFECTIVE DATES OR THE WORDS "ON-LINE ELIGIBILITY"
G. SPECIAL NOTES PERTAINING TO THE PLAN (IF APPLICABLE)
H. PROVANTAGE NAME AND LOGO

Each single Plan Participant will be issued one card. Each Plan Participant that has dependent coverage will be issued two cards. If a card is lost or stolen, AMS will issue a replacement card.

5. PAYMENT OF CLAIMS. AMS assumes all financial responsibility for all claims submitted to PROVANTAGE, whether by Participating Pharmacies or Plan Participants. AMS further acknowledges the right of any Participating Pharmacy to proceed directly against AMS to collect any legitimate claim which AMS has failed to pay to the Participating Pharmacy through PROVANTAGE. This is a waiver of any claim of lack of privity of contract between AMS and the Participating Pharmacy.

AMS shall transfer funds for the payment of valid prescription drug claims under the Plan to PROVANTAGE pursuant to the banking arrangement between the parties as specified in this Agreement.

6. DRUG COST CALCULATION. PROVANTAGE shall use prescription drug pricing information and clinical databases supplied by First Data Bank, or any other nationally recognized database. AMS agrees to hold PROVANTAGE harmless from liability for any claim or payment arising out of inaccurate information supplied to or used by PROVANTAGE in good faith.

7. DRUG UTILIZATION REVIEW (DUR). PROVANTAGE shall, as part of the electronic claim adjudication process, perform Drug Utilization Review (DUR). DUR includes drug interaction screening and other informational messages. The information generated and provided in connection with DUR is intended as a supplement to, and not a substitute for, the knowledge, expertise, skill, and judgment of physicians, pharmacists and other health care providers. PROVANTAGE disclaims all responsibility for any and all actions or interventions, taken or not taken as a result of providing this information. AMS understands and authorizes PROVANTAGE to inform providers that the information provided should not be relied upon as a substitute for their professional judgment and AMS acknowledges that DUR shall not prevent providers from dispensing prescriptions or providing

other goods and services in opposition to the information they receive under PROVANTAGE's DUR Program. Providers are individually responsible for acting or not acting upon the information provided through PROVANTAGE's DUR Program, and for performing services in each jurisdiction consistent with the scope of their professional licenses.

PROVANTAGE relies upon outside databases and software provided by other vendors to provide information used by PROVANTAGE in its DUR Program. PROVANTAGE's performance is limited by the information sought and received by and from these vendors. PROVANTAGE will attempt to update these databases on a reasonable basis to reflect changes in the standards of pharmaceutical prescribing; however, no database will contain all currently available information. In most cases the vendors limit or exclude warranties regarding the information provided to PROVANTAGE for use in its DUR Program. Such limitations and exclusions are incorporated herein by this reference.

Further, PROVANTAGE may not have all the relevant information necessary for the purposes of providing DUR Information including, but is not limited to, patient diagnoses, utilization of drugs obtained without using PROVANTAGE's Claims Processing System or not included in the patient's active profile, patient's medical history, and any other idiosyncrasies of a patient. PROVANTAGE shall have no obligation to acquire information concerning any patient where sufficient information is at any time unavailable to enable PROVANTAGE's DUR Program to determine whether or not intervention is indicated.

PROVANTAGE's DUR Program is dependent upon the accurate transmission and processing of data by electronic means. AMS agrees to hold PROVANTAGE harmless from liability for any intervention or non-intervention resulting from any interruption in the electronic processing regardless of the reason for said interruption. Because of the large number of computer systems and software in use by providers, PROVANTAGE cannot and does not guarantee that a provider is technically capable of receiving DUR information.

PROVANTAGE disclaims all express and implied warranties of any kind, including but not limited to, any warranty as to the quality, accuracy or suitability for any particular purpose of the information generated and provided through DUR. PROVANTAGE disclaims any liability for consequential, incidental, exemplary, punitive or special damages incurred directly or indirectly in connection with PROVANTAGE's performance of or omission to perform, DUR services or resulting from reliance on or use of information furnished under PROVANTAGE's DUR program.

8. REPORTS AND STATEMENTS. PROVANTAGE shall provide AMS with a detailed report on all claims paid or rejected on its behalf. PROVANTAGE shall provide all Participating Pharmacies which submit claims for reimbursement with a remittance report.

9. AUDIT. PROVANTAGE will perform audits of Plan Participants' claims or Participating Pharmacies at its own discretion to ensure the integrity and

validity of the claims it receives and processes on behalf of AMS. AMS may also request an audit of a specific claim or Participating Pharmacy, to be conducted at AMS's expense. If PROVANTAGE finds grounds for denying or charging back any claims AMS will be notified. PROVANTAGE's own books and files will be available for AMS's inspection during regular business hours. However, AMS may only inspect PROVANTAGE's books and files as they pertain to AMS's Plans.

10. COMPENSATION. AMS agrees to pay to PROVANTAGE such compensation as indicated on the Data Sheet. PROVANTAGE will provide AMS an itemized monthly bill. PROVANTAGE shall have the right after the initial term of this Agreement to change the level of compensation PROVANTAGE receives hereunder upon sixty (60) days written notice to AMS. AMS may object to any increase in such compensation by giving written notice to PROVANTAGE at least thirty (30) days prior to the expiration of the sixty (60) day period. In the event the parties cannot agree on an appropriate level of compensation, this Agreement shall terminate at the end of the sixty (60) day period.

The parties may agree in writing from time to time on "gain-sharing" compensation arrangements whereby PROVANTAGE and AMS will divide incremental cost savings realized by AMS as a result of PROVANTAGE's prescription benefit management services provided hereunder. Such incremental savings will be measured by comparing actual costs to a predetermined, mutually acceptable baseline for each gain-sharing program. PROVANTAGE and AMS agree to meet not less frequently than annually during the term of this Agreement to discuss and establish baselines, goals and objectives for any prescription benefit management program for which PROVANTAGE's compensation will be determined on a gain-sharing basis. At such meetings, the parties will also discuss new programs, policies or procedures which could be implemented as additional cost saving measures hereunder.

11. BILLING CYCLE AND PAYMENTS. AMS hereby authorizes PROVANTAGE to debit the account indicated on the Data Sheet for prescription drug claims and other charges authorized hereunder. Such debits shall be made via Automated Clearing House ("ACH"). PROVANTAGE will bill AMS or AMS's designee on a semi-monthly basis to enable payment of claims submitted to PROVANTAGE in a timely manner. The first billing statement of every month will include charges for all claims submitted by Participating Pharmacies and for all mail services rendered between the first (1st) and the fifteenth (15th) of the month. The second billing statement of every month will include charges for all claims submitted by Participating Pharmacies and all mail services rendered between the sixteenth (16th) and the last day of the month. The first billing statement of each month will be mailed on the sixteenth (16th) of each month, or the first business day thereafter. The second billing statement of each month will be mailed on the first (1st) day of the following month, or the first business day thereafter. AMS's account will be debited via ACH on the twenty second (22nd) of each month, or the first business day thereafter, for the first monthly billing statement. AMS's account will be debited via ACH on the seventh (7th) day of the following month, or the first business day thereafter, for the second monthly billing statement.

AMS warrants to PROVANTAGE that it shall make available for debit sufficient

funds to meet the full amount of each invoice submitted to AMS by PROVANTAGE. All bills shall be deemed to have been received by AMS on the third (3rd)

day after the date said bill was mailed, or by the end of the next business day if sent by facsimile or express mail. Payments more than 7 days past due shall be subject to interest at the rate of one half of one percent per semi-monthly billing period (twelve percent (12%) per annum) or the maximum portion thereof allowed by law.

12. CLAIM FUNDING DEPOSIT. [Intentionally Omitted].

13. OPTIONAL PROGRAMS. AMS may participate in any one or more of PROVANTAGE's Optional Programs, as described in the Plan Parameters.

III. PRESCRIPTION DRUG MAIL SERVICE

14. APPOINTMENT. AMS hereby appoints ProVantage as its exclusive Prescription Drug Mail Service provider for the Plans, and ProVantage hereby accepts such appointment.

15. AUTHORITY. ProVantage hereby agrees to perform all of the following services with respect to the Plans, and AMS hereby grants ProVantage the authority and empowers ProVantage to perform such services:

A. To provide and dispense all prescribed legend drugs (collectively referred to herein as "Pharmaceuticals"), as set forth in the Plan Parameters, subject to availability. Such Pharmaceuticals shall be supplied in amounts prescribed by a physician, or as indicated in the Plan Parameters. Whenever possible, and subject to state guidelines and the dispensing pharmacist's professional discretion, PROVANTAGE agrees to dispense the generic drug or the lowest cost equivalent item currently available to PROVANTAGE.

B. To label and package the Pharmaceuticals as required by applicable State and Federal Laws and Regulations and as is consistent with industry practices and procedures.

C. To provide prepaid delivery of Pharmaceuticals to Plan Participants' residences by U.S. Mail, UPS or an overnight service in accordance with applicable regulations and industry practices and procedures.

D. To provide, at PROVANTAGE's expense, toll free telephone lines, computer services, informational brochures and similar administrative services as PROVANTAGE shall determine to be appropriate for the provision of the Prescription Drug Mail Services described herein.

16. TIMELINESS OF MAIL SERVICE. PROVANTAGE shall use reasonable efforts to dispense Pharmaceuticals within 48 hours of PROVANTAGE's receipt of an acceptable prescription. Weekends and holidays are not to be included within this 48 hour period. AMS acknowledges that PROVANTAGE shall not be responsible for causes and circumstances beyond the reasonable control of PROVANTAGE and that PROVANTAGE shall have no liability to AMS or its Plan Participants as a result of any delay in preparation or delivery of Pharmaceuticals. PROVANTAGE shall have no obligation to provide Pharmaceuticals to any Plan Participant until PROVANTAGE receives from such Plan Participant any applicable copayment charges.

17. PRESCRIPTIONS. PROVANTAGE assumes no liability or responsibility for the accuracy, efficacy or timely receipt of prescriptions, orders or other directions by physicians to supply Pharmaceuticals to Plan Participants. PROVANTAGE reserves the right to refuse to fill any prescription that professional judgment dictates should not be dispensed.

18. BILLING AND REIMBURSEMENT. With respect to each prescription filled by PROVANTAGE, AMS shall pay PROVANTAGE the charges set forth in the Data Sheet attached hereto or the applicable Plan Parameters plus any applicable state or federal sales or use taxes.

In the event a Plan Participant submits to PROVANTAGE a copayment in an insufficient amount, and PROVANTAGE is unable to collect the correct copayment amount from the Participant, then PROVANTAGE reserves the right to invoice AMS for the amount of the uncollected copayment(s). All payments shall be made to PROVANTAGE in accordance with Section 11 of this Agreement.

19. REPORTS. PROVANTAGE shall furnish to AMS a monthly report reflecting the Pharmaceuticals dispensed pursuant to this Agreement, the details of which AMS agrees to treat as confidential under applicable Federal and State guidelines.

IV. FORMULARY MANAGEMENT

20. APPOINTMENT. AMS hereby appoints PROVANTAGE as its exclusive formulary management agent for the Plans, and PROVANTAGE hereby accepts such appointment.

21. AUTHORITY. PROVANTAGE hereby agrees to perform various formulary management services with respect to the Plans, and AMS hereby grants PROVANTAGE the authority and empowers PROVANTAGE to perform those formulary management services as described herein, and as may be agreed to in writing from time to time by AMS and PROVANTAGE.

22. PROVANTAGE FORMULARY. The PROVANTAGE formulary (the "Formulary") is a prescription drug formulary containing a listing of preferred medications in the most commonly prescribed therapeutic categories. The Formulary has been prepared

by licensed clinical pharmacists, and is based upon evaluation of the quality, efficacy, safety and cost of various pharmaceutical products. The list of drugs on the Formulary may be modified from time to time as a result of PROVANTAGE's continuing evaluation of the Formulary, based upon factors including but not limited to medical appropriateness, manufacturer rebate arrangements and patent expirations.

PROVANTAGE agrees to implement the Formulary with respect to the Plans and hereby grants AMS the right to use, during the term of this Agreement, PROVANTAGE's Formulary. AMS shall distribute copies of the Formulary to all Plan Participants. With AMS's full cooperation and assistance, PROVANTAGE may implement various Formulary compliance programs and cost containment initiatives, which may include communication with Plan Participants, Participating Pharmacies and/or treating physicians. The parties will work together in good faith to develop innovative products, including products utilizing restrictive drug formularies and/or restrictive pharmacy networks.

AMS understands and agrees that AMS's right to utilize the Formulary is limited solely to AMS's own use in connection with the Plans. AMS further understands and agrees that, except in connection with such limited use, AMS shall at no time copy, distribute, sell or otherwise provide the Formulary to any third party without PROVANTAGE's prior written approval. On or prior to termination of this Agreement, AMS shall cease all use of the Formulary and shall return to PROVANTAGE all copies in its possession. Plan Participants and any other parties to whom AMS has provided the Formulary shall be instructed by AMS to discontinue use of the Formulary and to destroy all copies on or before the effective date of termination. Upon PROVANTAGE's request, AMS shall provide proof to PROVANTAGE that it has complied with all of the terms and conditions set forth in this paragraph.

[Section 23 Intentionally Omitted.]

V. GENERAL TERMS AND CONDITIONS

24. APPLICABLE PLAN. AMS authorizes PROVANTAGE to Fill prescriptions and reimburse Participating Pharmacies or Plan Participants in accordance with this Agreement, including the Plan Parameters and the Data Sheet. The Plan Parameters are expressly incorporated into this Agreement and must be completed prior to PROVANTAGE's providing any services hereunder. The Plans shall be in effect for the term of this Agreement unless modified by AMS. AMS may elect to amend the Plans, with sufficient written notice to PROVANTAGE.

25. TERM OF AGREEMENT. Subject to the terms and conditions of the following paragraph, the initial term and commencement date of this Agreement shall be as indicated on the Data Sheet. At the end of the initial term, and on each anniversary thereafter, the term of this Agreement shall automatically renew for successive one (1) year terms, unless either party notifies the other party of

its intent to terminate this Agreement at the end of the then-current term, which notice shall be given at least ninety (90) days prior to the expiration of the then-current term.

26. TERMINATION. This Agreement may be terminated by either party with respect to any one or more of the Plans as of the date written notice of such termination is received by the other party in the event that:

A. any law or regulation becomes effective after the date of this Agreement which would render the services provided by PROVANTAGE under this Agreement in violation of such law or regulation; or

B. the non-terminating party fails to make any of the payments referred to in this Agreement or breaches any of the other terms and provisions of this Agreement; or

C. the non-terminating party shall make an assignment for the benefit of creditors, is adjudicated insolvent, has a receiver or trustee appointed for a substantial part of its property, or has a proceeding commenced against it which will substantially impair its ability to perform hereunder.

AMS is responsible for all of PROVANTAGE's post-termination processing charges. Claims that are received and processed by PROVANTAGE after termination will be subject to the rate so specified on the Data Sheet for a period of NINETY (90) days after the effective date of termination of this Agreement. AMS remains responsible for the payment of all claims submitted to PROVANTAGE with a date of service prior to the effective date of termination, as well as all of PROVANTAGE's administrative charges during the NINETY (90) day period after termination.

PROVANTAGE shall have the right to advise Participating Pharmacies that effective on the termination date, AMS's Plan Participants are not eligible to receive benefits under the Plan. The post-termination fees indicated on the Data Sheet will apply. The termination of this Agreement by either party shall not affect any liabilities of AMS for the payments and charges due PROVANTAGE or its Participating Pharmacies. These rights shall be in addition to all other rights and remedies of PROVANTAGE as allowed by law or equity.

27. RELATIONSHIP BETWEEN PARTIES. Nothing in this Agreement shall be construed to constitute either party a partner, joint venturer, employee or agent of the other, nor shall either party have authority to bind the other in any respect, it being intended that each shall remain an independent contractor solely responsible for its own actions. No employee or agent of one party hereto shall be considered an employee or agent of the other party hereto. The Participating Pharmacies which provide services to the Plan Participants shall also do so as independent contractors.

28. LIST OF ELIGIBLE PLAN PARTICIPANTS. Upon execution of this Agreement, AMS will provide PROVANTAGE with a list of all eligible Plan Participants and applicable Plan Parameters. AMS is responsible for providing PROVANTAGE with any

changes to such list or parameters, (additions, deletions and/or terminations) in writing as soon as reasonably possible after they occur. In the event of a Participant's termination, such Participant(s) and their dependents will be considered eligible for up to one full business day after notification has been received by PROVANTAGE. Until such time, AMS will be responsible for all liabilities incurred by the terminated Participant(s) and their dependents. AMS shall hold PROVANTAGE harmless and without liability for any errors or omissions, or any related problems that may result from AMS's failure to provide an accurate, updated listing of eligible Plan Participants.

29. NON-LIABILITY. Without limiting any other indemnification set forth elsewhere in this Agreement, AMS agrees to indemnify, defend, and hold PROVANTAGE harmless from liability for any claim, injury, demand or judgment based on contract, tort, or other grounds (including warranty of merchantability) arising directly or indirectly out of:

A. PROVANTAGE's providing Drug Utilization Review (DUR) services described herein; and

B. Payment of fraudulent claims or filling of fraudulent prescriptions if the fraud is committed by AMS, a Plan Participant or any party other than PROVANTAGE. "Fraudulent claims" shall include: (i) the unauthorized, illegal or wrongful use of any card issued by AMS to any of AMS's Plan Participants, and (ii) the wrongful use of any card that is lost or stolen until notification is received by PROVANTAGE.

AMS acknowledges that the Participating Pharmacies have been chosen by PROVANTAGE solely based on their willingness to provide pharmacy services to the Plan Participants. PROVANTAGE has not performed any investigation or review of any Participating Pharmacy's operations.

In addition, and without limiting the generality of the foregoing, each party agrees to indemnify and hold harmless the other party and its directors, officers and employees acting in the scope and course of their employment and not as Plan Participants against all claims, lawsuits, settlements, judgments, costs, penalties and expenses, including attorney's fees, with respect to this Agreement and the acts of the indemnifying party or its employees, acting alone or in collusion with others, if it determined that the indemnified party's liability therefor was the direct consequence of negligence, criminal conduct or fraud on the part of the indemnifying party's directors, officers or employees.

30. NOTICES. All notices provided for in this Agreement shall be in writing and shall be sent by registered or certified mail, express mail, facsimile, or delivered in person to the other party at the address above or indicated on the Data Sheet or such other address as may be provided to the other party in the same manner as that provided for giving of any notice. All notices shall be deemed to have been received on the third (3rd) day after the date said notice was mailed; or twenty four (24) hours following the time of said notice if sent

by facsimile, or immediately upon personal delivery.

31. MAINTENANCE OF RECORDS. PROVANTAGE shall maintain such records with regard to services provided hereunder as it shall determine to be necessary and appropriate under the circumstances and as may be required under applicable laws, rules and regulations. PROVANTAGE shall have no responsibility for the maintenance of any records by or which are the obligation of AMS. Records kept by PROVANTAGE with respect to AMS's Plan Participants may be reviewed by AMS during regular business hours, at AMS's expense provided, however, that no such review shall relate to records for prescriptions dispensed more than two (2) years prior to the date such review is requested.

32. OWNERSHIP OF INFORMATION. PROVANTAGE shall be the sole owner of the information obtained through the administration and processing of the claims it receives. AMS shall have free access to that information which pertains specifically to AMS, but shall have no ownership rights with respect thereto. AMS acknowledges that PROVANTAGE may receive certain incentives or marketing support funds from pharmaceutical manufacturers based upon Plan Participants' utilization of certain drugs in the PROVANTAGE formulary. Sharing of such incentives or funds with AMS shall be as set forth on the Data Sheet.

33. CONFIDENTIALITY. Each party to this Agreement agrees that it shall receive and hold in confidence any knowledge or information concerning the affairs or business of the other party, and the other party's programs, procedures, or systems and will not, during or after the term hereof, disclose same to any third party or use same for the benefit of itself or any other person, firm or corporation related to or associated with it in any way, except as may be required for the performance of this Agreement or as may be required by law. Each party agrees to hold the other party harmless from liability for any claim, injury, demand or action based on the unauthorized release of any of the above-described confidential information.

In the performance of its obligations under this Agreement, PROVANTAGE will receive private and confidential information concerning the Plan Participants. PROVANTAGE is sensitive to the confidential nature of the files it maintains and warrants that it shall hold all such information confidential and shall not disclose such information to any entity other than AMS, unless required by law or to enable its performance under this Agreement.

34. NO THIRD PARTY BENEFICIARIES. Except as set forth in Paragraph 3 above, no individual person, Plan Participant, insurance company, third party payer or other entity, other than PROVANTAGE and AMS (except governmental authorities to the extent required by law), is or shall be entitled to bring any action to enforce any provision of this Agreement against either of the parties hereto, and that the covenants, undertakings, and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto, or their respective successors and assignees as permitted hereunder.

35. EXCLUSIVITY. With respect to each Plan, PROVANTAGE shall be the sole and exclusive provider of the services described in this Agreement to AMS while this Agreement remains in effect. However, nothing in this Agreement shall prohibit PROVANTAGE from contracting with any other person, firm. corporation or other entity for any purpose whatsoever for the providing or delivery of the same or similar services as those described in this Agreement.

36. NON-DISCRIMINATION. PROVANTAGE shall not discriminate against any AMS or Plan Participant on the basis of race, color, disability, national origin, creed, sex or age.

37. ASSIGNMENT. This Agreement shall not be assignable by either party to any other person or entity, and any attempted assignment shall be void and of no force and effect, unless the written consent of the non-assigning party shall have first been obtained, which consent shall not be unreasonably withheld. For purposes of this Paragraph, "assignments" shall not include assignments to any entity which controls, is controlled by, or is under common control with the assigning party.

38. REGULATORY COMPLIANCE. AMS acknowledges that the Plans are or may be "employee welfare benefit plans" as defined in the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. (S) 1001 et seq., and the regulations promulgated under that act. PROVANTAGE will provide AMS with any information in PROVANTAGE's possession necessary for AMS and the Plans to comply with any laws or regulations applicable to Plans, but AMS's and PROVANTAGE's compliance with any such laws and regulations shall be the sole responsibility of AMS and/or the Plans and AMS shall comply and ensure that the Plans comply with all such laws and regulations. PROVANTAGE will obtain and maintain any licenses or regulatory approvals necessary for it to perform PROVANTAGE's services under the Agreement. AMS shall not name PROVANTAGE or represent that PROVANTAGE is, and PROVANTAGE shall not be, a Plan Administrator or a named fiduciary of the Plan as those terms are used in ERISA. AMS shall have complete discretionary, binding and final authority to construe the terms of the Plan, to interpret ambiguous Plans language, to make factual determinations regarding the payment of claims or provisions of benefits, to review denied claims and to resolve complaints by Plan Participants.

39. PRIOR AGREEMENTS. This Agreement is intended to supplant, replace and supersede the 1995 Agreement and that certain Maintenance Prescription Drug Plan Agreement between AMS and PROVANTAGE dated September 2, 1994 (collectively the "Prior Agreements"). As of the commencement date of this Agreement, said Prior Agreements shall be null and void, except with respect to any obligations which arose prior to the commencement date of the term of this Agreement.

40. EMPLOYEES. AMS agrees that during the term of this Agreement, and for a period of one (1) year thereafter, AMS and AMS's affiliates will not, directly or indirectly, hire or employ, or solicit or offer employment to any employee of ShopKo Stores, Inc. ("ShopKo") or any of ShopKo's subsidiaries, including without limitation, PROVANTAGE, without ShopKo's prior written consent. The foregoing limitation shall apply only with respect to ShopKo employees who,

during the term of their employment with ShopKo, held a management-level position or any position within ShopKo's MIS/computer systems departments.

PROVANTAGE agrees that during the term of this Agreement, and for a period of one (1) year thereafter, PROVANTAGE and PROVANTAGE's affiliates will not, directly or indirectly, hire or employ, or solicit or offer employment to any employee of American Medical Security Group, Inc., or any of American Medical Security Group, Inc.'s subsidiaries, including without limitation, AMS, without American Medical Security Group, Inc.'s prior written consent. The foregoing limitation shall apply only with respect to AMS employees who, during the term of their employment with AMS, held a management level position or any position within AMS's MIS/computer systems departments.

41. MISCELLANEOUS PROVISIONS. The provisions of this Agreement shall bind and inure to the benefit of the parties hereto and their heirs, legal representatives and successors. Failure to exercise any of the rights granted hereunder for any one default shall not be a waiver of the right to exercise any of these rights for subsequent default. Neither this Agreement nor any term hereof may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed on behalf of both parties. Time is of the essence in the performance of each and every obligation herein imposed. This Agreement when executed by all parties constitutes the entire understanding between the parties hereto. In the event any provision or part thereof contained in this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision or part thereof contained herein. The headings in this Agreement are used solely for the purpose of convenience and shall not be deemed to list the subject of any provision or be considered in the construction thereof. This Agreement shall be construed and enforced according to the Employee Retirement Income and Security Act of 1974, as amended from time to time ("ERISA"). To the extent ERISA does not apply, the laws of the state of Wisconsin shall govern. Both parties understand that it is their respective obligation to comply with all applicable state, federal and local laws, regulations and guidelines.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to begin as noted in the Data Sheet.

AMERICAN MEDICAL SECURITY, INC.

/s/ Penny Paque — 3-18-96
By:_____ Date:_____
Vice President, Operations
Title:_____
/s/ Julie A. Dubey — 3-18-96
Attest:_____ Date:_____
Asst. Secretary

Title:_____

PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC.:

/s/ Michael J. Bettiga 3-14-96
By_____ Date:_____
Michael J. Bettiga, Sr.
Vice President Health Services

/s/ Richard D. Schepp 3-14-96
Attest:_____ Date:_____
Richard D. Schepp, Secretary

The following entities are executing this Agreement to acknowledge their agreement with all of the terms and conditions set forth herein and to acknowledge their agreement that from and after the date of their respective execution, this Agreement shall be substituted for the 1995 Agreement as Exhibit A to each of their respective Addendum and Assumption Agreements referenced above. The following signatures may be attached to this Agreement in two or more counterparts, each of which will be deemed an original. The failure of any one or more of the following entities to execute this Agreement shall not in any way affect the enforceability or validity of this Agreement between AMS and PROVANTAGE, or the effectiveness of the signature by any of the remaining entities.

UNITY HMO OF ILLINOIS, INC.

By:_____ Date:_____

Title:_____

Attest:_____ Date:_____

Title:_____

FRONTIER COMMUNITY HEALTH PLANS, INC.

By:_____ Date:_____

Title:_____

Attest:_____ Date:_____

Title:_____

ATLANTIC HEALTH PLANS, INC.,

By:_____ Date:_____

Title:_____

Attest:_____ Date:_____

Title:_____

AMERICAN MEDICAL SECURITY HEALTH PLAN, INC., a Florida Corporation

By:_____ Date:_____

Title:_____

Attest:_____ Date:_____

Title:_____

AMERICAN MEDICAL SECURITY HEALTH PLAN, INC., a Tennessee Corporation

By:_____ Date:_____

Title:_____

Attest:_____ Date:_____

Title:_____

EXHIBIT A
PLANS

EXHIBIT B
[Intentionally omitted.]

EXHIBIT 10.9(b)

FIRST AMENDMENT TO THE FIRST AMENDED AND RESTATED PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT

THIS FIRST AMENDMENT TO THE FIRST AMENDED AND RESTATED PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT is made by and between PROVANTAGE BENEFIT PRESCRIPTION MANAGEMENT SERVICES, INC., a Minnesota corporation, with its principal place of business at 700 Pilgrim Way, Green Bay, Wisconsin 54313, hereinafter referred to as "PROVANTAGE" and AMERICAN MEDICAL SECURITY, INC., a Delaware corporation with its principal place of business at 3100 AMS Boulevard, Green Bay, Wisconsin 54313, hereinafter referred to as "AMS".

Whereas, PROVANTAGE and AMS have entered into a First Amended and Restated Prescription Benefit Management Agreement dated as of March 14, 1996 ("PBM Agreement"); and

Whereas, PROVANTAGE and AMS have agreed to amend the PBM Agreement as set forth herein; and

Whereas, pursuant to certain Addendum and Assumption Agreements various Health Plans have agreed to participate in the PBM Agreement including all amendments.

Now Therefore, the parties agree to modify the PBM Agreement as follows:

1. Exhibit B, AMS Data Sheet, Part 3, Paragraph 1, Pricing Guidelines. Effective May 15, 1997, the mail service reimbursement rates for BRANDED PRODUCTS shall be deleted and replaced with the following.

   BRANDED PRODUCTS. [Intentionally omitted.]

2. Exhibit B, AMS Data Sheet, Part 4, Paragraph 4, Retail Pharmacy Reimbursement. Effective March 1, 1997, the retail pharmacy reimbursement rates for GENERIC PRODUCTS shall be deleted and replaced with the following:

   GENERIC PRODUCTS: [Intentionally omitted.]

3. Exhibit B, AMS Data Sheet, Part 5B. Effective December 1, 1997, the claims processing charge for non-pharmacy (user) claims received and processed shall be deleted and replaced with the following:

   [Intentionally omitted.]

4. Effectiveness of PBM Agreement. Except as set forth in this First Amendment to the First Amended and Restated Prescription Benefit Management Agreement, all of the provisions of the PBM shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this First Amendment to the First Amended and Restated Prescription Benefit Management Agreement is signed and sealed by the parties as set forth below, effective as set forth herein.

AMERICAN MEDICAL SECURITY, INC.

/s/ Mark R. Xxxxxxxxx
By: _____ Date: _____
Vice President
Title: _____

PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC.

By: _____ Date: _____
Title: _____

****

The following entities are executing this First Amendment to the First Amended and Restated Prescription Benefit Management Agreement to acknowledge their agreement with all of the terms and conditions set forth herein. The following signatures may be attached to this Agreement in two or more counterparts, each of which will be deemed an original. The failure of any one or more of the following entities to execute this Agreement shall not in any way affect the enforceability or validity of this First Amendment to the First Amended and Restated Prescription Benefit Management Agreement between AMS and PROVANTAGE, or the effectiveness of the signature by any of the remaining entities.

UNITY HMO OF ILLINOIS, INC.

/s/ Mark R. Xxxxxxxxx
By: _____ Date: _____
Title: _____

AMERICAN MEDICAL SECURITY HEALTH PLAN, INC.,
d/b/a American Medical HealthCare, a Florida Corporation

/s/ Timothy L. Day
By: _____ Date: _____
Title: _____

Exhibit 10.10

PROVANTAGE HEALTH SERVICES, INC.
1999 STOCK INCENTIVE PLAN

SECTION 1

GENERAL

1.1. Purpose. The ProVantage Health Services, Inc. 1999 Stock Incentive Plan (the "Plan") has been established by ProVantage Health Services, Inc. (the "Company") (i) to attract and retain high quality individuals eligible to participate in the Plan; (ii) to motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) to provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) to further align Participants' interests with those of the Company's shareholders through compensation that is based on the Company's common stock; and thereby promote the long-term financial interests of the Company and the Related Companies, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

1.2. Participation. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Employees and the Eligible Directors, those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan. In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of awards outstanding under the Plan, or any other plan or arrangement of the Company or a Related Company (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Related Company).

1.3. Operation and Administration. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 4 (relating to operation and administration). Subject to subsection 5.5 (relating to the Board's authority), the authority to control and manage the operation and administration of the Plan shall be vested in a committee of the Board (the "Committee") in accordance with Section 5.

1.4 Definitions. Capitalized terms used herein which are not defined where such terms first appear shall be defined as set forth in Section 7.

SECTION 2

OPTIONS

2.1. Options. The grant of an "Option" entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee. Options granted under this Section 2 may be either Incentive Stock Options or Non-Qualified Stock Options, as determined in the discretion of the Committee. An "Incentive Stock Option" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code. A "Non-Qualified Option" is an Option that is not intended to be an "incentive stock option" as that term is described in section 422(b) of the Code.

2.2. Exercise Price. The "Exercise Price" of each Option granted under this Section 2 shall be established by the Committee; except that the Exercise Price shall not be less than 100% of the Fair Market Value of a share of Stock as of the Pricing Date. For purposes of the preceding sentence, the "Pricing Date" shall be the date on which the Option is granted.

2.3. Exercise. An Option shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee.

2.4 Payment of Option Exercise Price. The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

(a) Subject to the following provisions of this subsection 2.4, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in subsection 2.4(c), payment may be made as soon as practicable after the exercise).

(b) The Exercise Price shall be payable in cash or by tendering shares of Stock (by either actual delivery of shares or by attestation, with such shares valued at Fair Market Value as of the day of exercise), or in any combination thereof, as determined by the Committee.

(c) The Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.5. Expiration Date. The "Expiration Date" with respect to an Option means the date established as the Expiration Date by the Committee at the time of the grant; provided, however, that the Expiration Date with respect to any Option

shall not be later than the earliest to occur of:

(a) the tenth anniversary of the date on which the Option is granted;

(b) if the Participant is an Eligible Employee and the Participant's Date of Termination occurs by reason of death or Disability, the first anniversary of such Date of Termination;

(c) if the Participant is an Eligible Employee and the Participant's Date of Termination occurs by reason of Retirement, the second anniversary of such Date of Termination;

(d) if the Participant is an Eligible Employee and the Participant's Date of Termination occurs for reasons other than Retirement, death or Disability, the 90-day anniversary of such Date of Termination; or

(e) if the Participant is an Eligible Director, the third anniversary of the Participant's Date of Termination.

Notwithstanding the foregoing provisions of this subsection 2.5, if the Participant dies while the Option is otherwise exercisable, the Expiration Date may be later than the dates set forth above, provided that it is not later than the first anniversary of the date of death.

2.6. Settlement of Award. The distribution following exercise of an Option of shares of Stock, shall be subject to such conditions, restrictions and contingencies as the Committee may establish. The Committee, in its discretion, may impose such conditions, restrictions and contingencies with respect to shares of Stock acquired pursuant to the exercise of an Option as the Committee determines to be desirable.

SECTION 3

OTHER STOCK AWARDS

3.1. Definition. A Stock Award is a grant of shares of Stock or of a right to receive shares of Stock (or their cash equivalent or a combination of both) in the future.

3.2. Restrictions on Stock Awards. Each Stock Award shall be subject to such conditions, restrictions and contingencies as the Committee shall determine. These may include continuous service and/or the achievement of performance measures. The Committee may designate a single goal criterion or multiple goal criteria for performance measurement purposes, with the measurement based on absolute Company or business unit performance and/or on performance as compared with that of other

publicly-traded companies. The performance measures for such awards may include: stock price, total shareholder return, earnings, earnings per share, return on equity, and return on assets. The Committee may define the performance measures, including, without limitation, defining such performance measures to exclude non-recurring or extraordinary terms or events.

SECTION 4

OPERATION AND ADMINISTRATION

4.1. Effective Date. The Plan shall be effective as of the date it is approved by the Company's shareholders (the "Effective Date"). The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that, to the extent required by the Code, no Incentive Stock Options may be granted under the Plan on a date that is more than ten years from the date the Plan is adopted or, if earlier, the date the Plan is approved by shareholders.

4.2. Shares Subject to Plan.

(a) (i) Subject to the following provisions of this subsection 4.2, the maximum number shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be 1,750,000 shares of Stock.

(ii) Any shares of Stock granted under the Plan that are forfeited because of the failure to meet an Award contingency or condition shall again be available for delivery pursuant to new Awards granted under the Plan. To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(b) Subject to subsection 4.2(c), the following additional maximums are imposed under the Plan.

(i) The maximum number of shares of Stock that may be issued by Options intended to be Incentive Stock Options shall be 500,000 shares.

(ii) The maximum number of shares that may be covered by Awards granted to any one individual pursuant to Section 2 (relating to Options) shall be 500,000 shares in any one calendar year.

(iii) The maximum payment that can be made for awards granted to any one individual pursuant to Section 3 (relating to Stock Awards) shall be $5,000,000. If an Award granted under Section 3 is, at the

time of grant, denominated in shares, the value of the shares of Stock for determining this maximum individual payment amount will be the Fair Market Value of a share of Stock on the date of grant multiplied by the number of shares granted.

(c) In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee may adjust Awards to preserve the benefits or potential benefits of the Awards. Action by the Committee may include adjustment of: (i) the number and kind of shares which may be delivered under the Plan; (ii) the number and kind of shares subject to outstanding Awards; and (iii) the Exercise Price of outstanding Options; as well as any other adjustments that the Committee determines to be equitable.

4.3. Acceleration on Change of Control. Subject to the provisions of subsection 4.2(c) (relating to the adjustment of shares), and except as otherwise provided in the Plan or the Agreement reflecting the applicable Award, upon the occurrence of a Change of Control:

(a) All outstanding Options shall become fully exercisable.

(b) All Stock Awards shall become fully vested.

4.4. Limit on Distribution. Distribution of shares of Stock or other amounts under the Plan shall be subject to the following:

(a) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

(b) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

4.5. Tax Withholding. Whenever the Company proposes or is required to distribute Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state and local tax withholding requirements prior to the delivery of any certificate for such shares or, in the discretion of the Committee, the Company may withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements. Whenever under the Plan payments are to be made in cash, such payments may be net of an amount sufficient to satisfy any Federal,

state and local tax withholding requirements.

4.6. Payment Shares. Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Related Company, including the plans and arrangements of the Company or a Related Company acquiring another entity (or an interest in another entity).

4.7. Dividends and Dividend Equivalents. An Award may provide the Participant with the right to receive dividends or dividend equivalent payments with respect to Stock which may be either paid currently or credited to an account for the Participant, and may be settled in cash or Stock as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents.

4.8. Transferability. Except as otherwise provided by the Committee or in the Agreement reflecting the applicable Award, Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution.

4.9. Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

4.10. Agreement With Company. At the time of an Award to a Participant under the Plan, the Committee may require a Participant to enter into an agreement with the Company (the "Agreement") in a form specified by the Committee, agreeing to the terms and conditions of the Plan and to such additional

terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, determine.

4.11. Limitation of Implied Rights.

(a) Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Company or any Related Company whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Related Company, in their sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the stock or amounts, if any, payable under the Plan, unsecured by

any assets of the Company or any Related Company. Nothing contained in the Plan shall constitute a guarantee that the assets of such companies shall be sufficient to pay any benefits to any person.

(b) The Plan does not constitute a contract of employment, and selection as a Participant will not give any employee the right to be retained in the employ of the Company or any Related Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Selection as a Participant will not give any director the right to be retained or nominated as a director of the Company or any Related Company. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any right as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

4.12. Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

4.13. Action by Company or Related Company. Any action required or permitted to be taken by the Company or any Related Company shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of the Company.

4.14. Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

SECTION 5

COMMITTEE

5.1. Selection of Committee. The Committee shall be selected by the Board, and shall consist of two or more members of the Board.

5.2. Powers of Committee. The authority to manage and control the operation and administration of the Plan shall be vested in the Committee, subject to subsection 5.5 hereof and to the following:

(a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Employees and the Eligible Directors those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards,

and (subject to the restrictions imposed by Section 6) to cancel or suspend Awards. In making such Award determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant.

(b) Subject to the provisions of the Plan, the Committee will have the authority and discretion to determine the extent to which Awards under the Plan will be structured to conform to the requirements applicable to performance-based compensation as described in Code section 162(m), and to take such action, establish such procedures, and impose such restrictions at the time such Awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.

(c) The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(d) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(e) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.

(f) In controlling and managing the operation and administration of the Plan, the Committee shall act by a majority of its then members, by meeting or by writing filed without a meeting. The Committee shall maintain and keep adequate records concerning the Plan and concerning its proceedings and acts in such form and detail as the Committee may decide.

5.3. Delegation by Committee. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

5.4. Information to be Furnished to Committee. The Company and Related Companies shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Company and Related Companies as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other

persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

5.5. Board Administration. The Board shall have the authority to exercise all of the powers of the Committee under the Plan (i) prior to the establishment of the Committee, (ii) at such other times as the Board determines, and (iii) with respect to any Award to an Eligible Director. The determination by the Board to make an Award to an Eligible Director shall not limit the authority of the Committee to also make Awards to Eligible Directors.

SECTION 6

AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan; provided, however, that

(a) subject to subsection 4.2(c) (relating to the adjustments of shares), no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board; and

(b) without further approval of the shareholders of the Company, no amendment shall materially increase the number of shares of Stock which may be delivered pursuant to Awards hereunder, except for increases resulting from subsection 4.2(c) (relating to the adjustment of shares).

SECTION 7

DEFINED TERMS

For purposes of the Plan, the terms listed below shall be defined as follows:

(a) Award. The term "Award" shall mean any award or benefit granted to any Participant under the Plan, including, without limitation, the grant of Options and Stock Awards.

(b) Board. The term "Board" shall mean the Board of Directors of the Company.

(c) Change of Control. The term "Change of Control" shall mean any of the following events:

(1) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of: (A) an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board, or (B) a Control Acquisition (as defined below); or

(2) consummation of a reorganization, merger, statutory share exchange, or consolidation or sale or other disposition of all or substantially all of the assets of the Company for which approval of the shareholders of the Company is required (a "Business Combination"), in each case, unless, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") and the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding Common Stock of the Corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation

except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board

of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(3) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(d) Control Acquisition. A "Control Acquisition" means the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Control Acquisition: (i) any acquisition directly from the Company (including, without limitation, any acquisition through an underwritten public offering of the Company's securities by the Company), (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (iv) any acquisition by ShopKo Stores, Inc., a Wisconsin corporation ("ShopKo"), or any corporation controlled by ShopKo, or any employee benefit plan (or related trust) sponsored or maintained by ShopKo or any corporation controlled by ShopKo, (v) any acquisition pursuant to a public distribution of the Company's securities as a dividend to ShopKo's shareholders, or (vi) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of Section 2(b) below.

(e) Code. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.

(f) Date of Termination.

(1) With respect to a Participant who is an Eligible Employee, the Participant's "Date of Termination" shall be the first day occurring on or after the Agreement Date on which the Participant's employment with the Company and all Related Companies terminates for any reason; provided that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Related Company or between two Related Companies; and further provided that the Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Related Company approved by the Participant's employer. If, as a result of a sale or other transaction, the

Participant's employer ceases to be a Related Company (and the Participant's employer is or becomes an entity that is separate from the Company), the occurrence of such transaction shall be treated as the Participant's Date of Termination caused by the Participant being discharged by the employer.

(2) With respect to a Participant who is an Eligible Director, the Participant's "Date of Termination" shall be the first day occurring on or after the Agreement Date on which the Participant ceases to be a director of any of the Company and any Related Companies for any reason.

(g) Disability. Except as otherwise provided by the Committee, the Participant shall be considered to have a "Disability" during the period in which the Participant is unable, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.

(h) Eligible Director. The term "Eligible Director" shall mean any director (or person holding authority comparable to that of a director for business entities which do not have directors) of the Company or a Related Company who is not an employee of the Company or a Related Company.

(i) Eligible Employee. The term "Eligible Employee" shall mean any employee of the Company or a Related Company.

(j) Fair Market Value. For purposes of determining the "Fair Market Value" of a share of Stock, the following rules shall apply:

(i) If the Stock is at the time listed or admitted to trading on any stock exchange or in the over-the-counter market, then the "Fair Market Value" shall be the last reported sale price of the Stock on the date in question on the principal exchange on which the Stock is then listed or admitted to trading or in the over-the-counter market, as the case may be. If no reported sale of Stock takes place on the date in question, then the most recent reported sale of the Stock shall be determinative of "Fair Market Value."

(ii) If the Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, the "Fair Market Value" shall be as determined in good faith by the Committee.

(k) Related Companies. The term "Related Company" means:

(i) any corporation, joint venture, limited liability company, or other business entity in which the Company has a significant direct or indirect equity interest, or

(ii) any corporation, joint venture, limited liability

company, or other business entity which owns a significant direct or indirect equity interest in the Company, as determined by the Committee in its sole discretion.

(l) Retirement. "Retirement" of the Participant shall mean the occurrence of the Participant's Date of Termination after age 55 with ten (10) or more years of service with the Company or a Related Company, or as otherwise expressly approved by the Committee.

(m) Stock. The term "Stock" shall mean shares of common stock of the Company.

_____

Adopted: _____ __, 1999.

Exhibit 10.11

PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT

THIS PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT ("Agreement") is made by and between PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC., a Minnesota Corporation with its principal place of business at 700 Pilgrim Way, Green Bay, Wisconsin 54313, hereinafter referred to as "PROVANTAGE", and SHOPKO STORES, INC. a MINNESOTA corporation hereinafter referred to as the "Plan Sponsor".

WHEREAS, the Plan Sponsor has adopted a prescription drug program (the "Plan") for its eligible employees and their eligible dependents (the "Participants"), a description of which will be completed by the Plan Sponsor prior to the effective date of this Agreement and shall be attached hereto and incorporated herein (the "Plan Parameters");

WHEREAS, PROVANTAGE is a prescription benefit manager, and maintains a computerized claims processing system, a prescription drug mail service, and a network of retail pharmacies (the "Participating Pharmacies") who have agreed to provide prescription services for PROVANTAGE's clients; and

WHEREAS, PROVANTAGE has agreed to provide prescription benefit management services to Plan Sponsor upon the terms and conditions set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Plan Sponsor and PROVANTAGE agree as follows:

I. PRESCRIPTION CLAIMS PROCESSING SERVICE

The terms and conditions set forth in this Section I shall apply only if the Prescription Claims Processing Service option is selected by Plan Sponsor. Plan Sponsor's election of the Prescription Claims Processing Service option must be indicated by checking the appropriate box on the Plan Sponsor Data Sheet attached to this Agreement as Exhibit A (hereafter, the "Data Sheet").

1. APPOINTMENT. The Plan Sponsor hereby appoints PROVANTAGE as its exclusive Prescription Claims Processor, and PROVANTAGE hereby accepts such appointment.

2. AUTHORITY. PROVANTAGE hereby agrees to perform all of the following services, and the Plan Sponsor hereby grants PROVANTAGE the authority and empowers PROVANTAGE to perform such services:

A. To issue identification cards for all Participants entitled to receive prescription drug benefits as directed by the Plan Sponsor;
B. To process all claims received from Participating Pharmacies and/or eligible Participant in accordance with the Plan Parameters;
C. To reject or otherwise deny claims which are incomplete, ineligible, outside

the dates specified by this Agreement or invalid for any other reason;

D. To issue checks to Participating Pharmacies for the payment of claims;

E. To issue checks directly to the Plan Sponsor's Participants for covered items if they are unable to have a Participating Pharmacy submit the claims on their behalf;

F. To audit Participating Pharmacies as deemed necessary or appropriate by PROVANTAGE for compliance with the specific Plan parameters as well as for fraudulent or incorrectly submitted claims;

G. To generate reports for the Plan Sponsor, Participating Pharmacies and for PROVANTAGE's own uses;

H. To maintain hard copy and/or computerized records of all transactions completed on behalf of the Plan Sponsor;

I. To adjust the amount paid on a submitted claim so that it accurately reflects:

   i. The correct ingredient cost at the time the benefit was received as determined by First Data Bank current drug pricing database.

   ii. The correct dispensing fee, if any.

   iii. The correct sales tax, if any, for the State in which the benefit was rendered.

   iv. The correct deductible, if any, that should have been collected.

   v. To provide such other services as may be indicated on the Data Sheet.

3. IDENTIFICATION CARDS. PROVANTAGE will issue identification cards for eligible Plan members containing the following information (all asterisked information to be provided by Plan Sponsor):

A PLAN SPONSOR'S NAME*

B. PARTICIPANT'S NAME*

C. PARTICIPANT'S IDENTIFICATION NUMBER*

D. GROUP NUMBER

E. SPECIAL NOTES PERTAINING TO THE PLAN (IF APPLICABLE)

These cards remain the property of PROVANTAGE and must be surrendered upon request. Each single Participant will be issued one card. Each Participant that has dependent coverage will be issued two cards. If a card is lost or stolen, PROVANTAGE will issue a replacement card and invalidate the lost or stolen card.

4. PAYMENT OF CLAIMS. The Plan Sponsor assumes all financial responsibility for all claims submitted to PROVANTAGE, whether by Participating Pharmacies or Participants. PROVANTAGE will issue checks to a Participating Pharmacy or Participant only after the funds have been transferred from the Plan Sponsor to PROVANTAGE. Payments to Participating Pharmacies shall be made by PROVANTAGE in accordance with the terms of separate agreements between PROVANTAGE and the Participating Pharmacies. The Plan Sponsor further acknowledges the right of any Participating Pharmacy to proceed directly against the Plan Sponsor to collect any legitimate claim which the Plan Sponsor has failed to pay to the Participating Pharmacy through PROVANTAGE. This is a waiver of any claim of lack of privity of contract between the Plan Sponsor and the Participating Pharmacy.

The Plan Sponsor shall transfer funds for the payment of prescription drug claims under the Plan to PROVANTAGE pursuant to the banking arrangement between the parties as specified in this Agreement. PROVANTAGE shall be responsible for properly applying all funds transferred by the Plan Sponsor to PROVANTAGE for the payment of prescription drug claims under the Plan.

5. DRUG COST CALCULATION. Drug cost calculations made by PROVANTAGE hereunder shall be based upon prescription drug pricing information and clinical databases supplied by First Data Bank, or any other nationally recognized database selected by PROVANTAGE.

6. DRUG UTILIZATION REVIEW (DUR). PROVANTAGE shall, as part of the electronic claim adjudication process, perform Drug Utilization Review (DUR). DUR includes electronic drug interaction screening and the provision of other informational messages to Participating Pharmacies. The information generated and provided in connection with DUR is intended as a supplement to, and not a substitute for, the knowledge, expertise, skill, and judgment of physicians, pharmacists and other health care providers. Such providers are individually responsible for acting or not acting upon the information provided through PROVANTAGE's DUR Program, and for performing services in each jurisdiction consistent with the scope of their professional licenses. PROVANTAGE disclaims all responsibility for any and all actions or interventions, taken or not taken as a result of PROVANTAGE's DUR services. Plan Sponsor acknowledges that PROVANTAGE may not have all the relevant information necessary for the purposes of providing DUR Information, including, but not limited to, patient diagnoses, utilization of drugs obtained without using PROVANTAGE's Claims Processing System or not included in the patients active profile, patient's medical history, and any other idiosyncrasies of a patient. PROVANTAGE shall have no obligation to acquire information concerning any patient where sufficient information is at any time unavailable to enable PROVANTAGE's DUR Program to determine whether or not intervention is indicated.

7. REPORTS AND STATEMENTS. PROVANTAGE shall provide the Plan Sponsor with a detailed report on all claims paid or rejected on its behalf. PROVANTAGE shall provide all Participating Pharmacies which submit claims for payment with a remittance report.

8. AUDIT. PROVANTAGE will perform audits of Participants' claims or Participating Pharmacies at its own discretion to ensure the integrity and validity of the claims it receives and processes on behalf of the Plan Sponsor. The Plan Sponsor may also request an audit of a specific claim or Participating Pharmacy, to be conducted at Plan Sponsor's expense. if PROVANTAGE finds grounds for denying or charging back any claims the Plan Sponsor will be notified. PROVANTAGE's own books and files will be available for the Plan Sponsor's inspection during regular business hours. However, the Plan Sponsor may only inspect PROVANTAGE's books and files as they pertain to the specific Plan Sponsor.

9. COMPENSATION. Plan Sponsor agrees to pay to PROVANTAGE such compensation as indicated on the Data Sheet. PROVANTAGE will provide an itemized semi-monthly

bill for its services. PROVANTAGE shall have the right after the initial term of this Agreement to change the level of compensation PROVANTAGE receives for its services upon sixty (60) days written notice to the Plan Sponsor. The Plan Sponsor may object to any increase in such compensation by giving written notice to PROVANTAGE at least thirty (30) days prior to the expiration of the sixty (60) day period. In the event the parties cannot agree on an appropriate level of compensation, this Agreement shall terminate at the end of the sixty (60) day period.

10. BILLING CYCLE AND PAYMENTS. PROVANTAGE will bill the Plan Sponsor or its billing designee, as indicated on the Data Sheet, on a semi-monthly basis in order that claims submitted to PROVANTAGE will be paid in a timely manner. The first billing statement of every month will contain a list of all claims submitted between the first (1st) and the fifteenth (15th) of the month and approved for payment to the Participating Pharmacies as well as PROVANTAGE's claims processing charges. The end of the month billing will contain all claims submitted and processed between the sixteenth (16th) and the last day of the month and approved for payment, as well as PROVANTAGE's claims processing fee, and the monthly maintenance fees. Any credits due the Plan Sponsor from the Participating Pharmacies will be credited on the next billing statement following receipt of the credit by PROVANTAGE.

Bills will be generated and mailed on or after the 16th of the month and payment is due on or before the twenty second (22nd) of the month for the first monthly billing period. Bills will be mailed on or after the first of the month following for the second billing period and payment is due on or before the seventh (7th) of the month following the second billing period. In the event payment is deemed late the funds will be transferred from the Claim Funding Account if established, together with an administrative charge for this transfer. In the event the Plan Sponsor does not have a Claim Funding Account or has insufficient funds in the Claim Funding Account to cover the amount of the invoice, payments deemed late shall be subject to interest at the rate of one half of one percent per semi-monthly billing period (twelve percent (12%) per annum) for payments more than thirty (30) days past due (or the maximum portion thereof allowed by law).

11. CLAIM FUNDING DEPOSIT. The Plan Sponsor may be required to provide PROVANTAGE with a claim funding deposit in the initial amount and on the terms indicated on the Data Sheet. This deposit will be placed in a savings Account at a reputable financial institution, in the name of the Plan Sponsor. The Plan Sponsor agrees to appoint PROVANTAGE, its officers and agents the sole fiduciary agents for this account. The Plan Sponsor will be responsible for the reporting of any interest earned as income to the appropriate state and federal agencies. The Plan Sponsor will be responsible for any service charges associated with this account. In the event payment for claims and administrative fees payable hereunder are not received by the due date indicated on the billing invoice,

PROVANTAGE at Its option, may withdraw the funds necessary from this account to pay claims and twenty dollar ($20.00) per withdrawal administrative fee. The Plan Sponsor shall immediately replace any funds transferred out of the Claim Funding Account. The required amount of the claim funding deposit may be adjusted during the term of this Agreement to provide PROVANTAGE with sufficient funds to cover the estimated claims and claim processing fees for two semi-monthly billing periods. The deposit will be held in the account for the term of this Agreement and for 120 days thereafter. At the end of such period, the full amount of the claim funding deposit account, less any outstanding charges owed to PROVANTAGE or the Participating Pharmacies, will be refunded to the Plan Sponsor.

12. OPTIONAL PROGRAMS. The Plan Sponsor may participate in any one or more of PROVANTAGE's Optional Programs, as described in the Plan Parameters. Election must be indicated on the Data Sheet.

II. PRESCRIPTION DRUG MAIL SERVICE

The terms and conditions set forth in this Section 11 shall apply only if the Prescription Drug Mail Service option is selected by Plan Sponsor. Plan Sponsor's election of the Prescription Drug Mad Service must be indicated by checking, the appropriate box on the Data Sheet.

13. APPOINTMENT. The Plan Sponsor hereby appoints PROVANTAGE as its exclusive Prescription Drug Mail Service provider, and PROVANTAGE hereby accepts such appointment.

14. AUTHORITY. PROVANTAGE hereby agrees to perform all of the following services, and Plan Sponsor hereby grants PROVANTAGE the authority and empowers PROVANTAGE to perform such services:

A. To provide and dispense all prescribed legend drugs, (collectively referred to herein as "Pharmaceuticals"), as set forth in the Plan Parameters, subject to availability. Such Pharmaceuticals shall be supplied in the amounts prescribed, or as indicated in the Plan Parameters.

B. To label and package the Pharmaceuticals as required by applicable State and Federal Laws and Regulations and as is consistent with industry practices and procedures.

C. To provide prepaid delivery of Pharmaceuticals to Participants' residences by U.S. Mail, UPS or an overnight service in accordance with applicable regulations and industry practices and procedures.

D. To provide, at PROVANTAGE's expense, toll free telephone lines, computer services, informational brochures and similar administrative services as PROVANTAGE shall determine to be appropriate for the provision of the Prescription Drug Mail Services described herein.

15. TIMELINESS OF MAIL SERVICE. PROVANTAGE shall use reasonable efforts to dispense Pharmaceuticals within two (2) business days after PROVANTAGE's receipt of an acceptable prescription. Plan Sponsor acknowledges that PROVANTAGE shall not be responsible for causes and circumstances beyond the reasonable control of PROVANTAGE and that PROVANTAGE shall have no liability to Plan Sponsor or its Participants as a result of any delay in preparation or delivery of Pharmaceuticals. PROVANTAGE shall have no obligation to provide Pharmaceuticals to any Participant until PROVANTAGE receives from such Participant any applicable copayment charges.

16. PRESCRIPTIONS. PROVANTAGE assumes no liability or responsibility for the accuracy, efficacy or timely receipt of prescriptions, orders or other directions by physicians to supply Pharmaceuticals to Participants. PROVANTAGE reserves the right to refuse to fill any prescription that professional judgment dictates should not be dispensed.

17. BILLING AND PAYMENT. With respect to each prescription filled by PROVANTAGE, Plan Sponsor shall pay PROVANTAGE the charges set forth in the Data Sheet attached hereto plus any applicable state or federal sales or use taxes. Whenever possible, and subject to State guidelines, PROVANTAGE agrees to dispense the generic drug or the lowest cost item in stock unless the prescribing physician orders otherwise.

If mail service is selected without a retail program PROVANTAGE shall bill Plan Sponsor on a monthly basis. In the event a Participant submits to PROVANTAGE a copayment in an insufficient amount, and PROVANTAGE is unable to collect the correct copayment amount from the Participant, then PROVANTAGE reserves the right to invoice Plan Sponsor for the amount of the uncollected copayment(s). All payments shall be made to PROVANTAGE within fourteen (14) calendar days after Plan Sponsors receipt of such invoice. Late payments will be subject to interest at the rate of eighteen percent (18%) per annum. In the event a retail and mail service program is selected, PROVANTAGE shall bill the Plan Sponsor as indicated in section 10 of this Agreement.

18. MAINTENANCE OF RECORDS. PROVANTAGE shall maintain such records with regard to Prescription Drug Mail Services provided hereunder as it shall determine to be necessary and appropriate under the circumstances and as may be required under applicable laws, rules and regulations. PROVANTAGE shall have no responsibility for the maintenance of any records by or which are the obligation of the Plan Sponsor. Records kept by PROVANTAGE with respect to Plan Sponsor's Participants may be reviewed by Plan Sponsor during regular business hours, at Plan Sponsor's expense provided, however, that no such review shall relate to records for prescriptions dispensed more than two (2) years prior to the date such review is requested.

PROVANTAGE shall furnish to Plan Sponsor a monthly report reflecting the Pharmaceuticals dispensed pursuant to this Agreement, the details of which the

Plan Sponsor agrees to treat as confidential under applicable Federal and State guidelines.

III. GENERAL TERMS AND CONDITIONS

The terms and conditions set forth in this Section III shall apply in all instances regardless of whether the Plan Sponsor elects the Prescription Claims Processing Service option or the Prescription Mail Service option, or both.

19. APPLICABLE PLAN. Plan Sponsor authorizes PROVANTAGE to fill prescriptions and pay Participating Pharmacies or Participants in accordance with this Agreement, including the Plan Parameters and the Data Sheet. The Plan Parameters are expressly incorporated into this Agreement and must be completed prior to PROVANTAGE's providing any services hereunder. The Plan shall be in effect for the term of this agreement unless modified by the Plan Sponsor. The Plan Sponsor may elect to amend the Plan, with sufficient written notice to PROVANTAGE.

20. TERM OF AGREEMENT. Subject to the terms and conditions of the following paragraph, the initial term and commencement date of this Agreement shall be as indicated on the Data Sheet. At the end of the initial term, and on each anniversary thereafter, the term of this Agreement shall automatically renew for successive one (1) year terms, unless either party gives written notice to the other of such party's intent to terminate this Agreement at the end of the then-current term, which notice shall be given at least ninety (90) days prior to the end of the then-current term.

21. TERMINATION. If the Plan Sponsor or its designee fails to make any of the payments referred to in this Agreement or breaches any of the terms and provisions of this Agreement or if the Plan Sponsor shall make an assignment for the benefit of creditors, file a petition of bankruptcy, is adjudicated insolvent or bankrupt, has a receiver or trustee appointed for a substantial part of its property, or has a proceeding commenced against it which will substantially impair its ability to perform hereunder, then, in any such event, this Agreement may be terminated immediately at the option of PROVANTAGE upon written notice to Plan Sponsor. PROVANTAGE shall have the right to advise Participating Pharmacies that effective on the termination date, the Plan Sponsor's Participants are not eligible to receive benefits under the Plan. If a Participating Pharmacy or a Participant requests information regarding the denial of benefits, they may be advised that the Plan Sponsor has terminated the program. The post-termination fees indicated on the Data Sheet will apply. The termination of this Agreement by PROVANTAGE does not affect any liabilities of the Plan Sponsor for the payments and charges due PROVANTAGE or its Participating Pharmacies. These rights shall be in addition to all other rights and remedies of PROVANTAGE as allowed by law or equity.

Either party shall have the right to terminate this Agreement effective as of the date written notice of such termination is received by the other party in the event that a law or regulation becomes effective after the date of this Agreement which would render the services provided by PROVANTAGE under this Agreement in violation of such law or regulation.

The Plan Sponsor remains responsible for the payment of all claims (and associated administrative charges described herein) with a date of service prior to the effective date of termination, which are received by PROVANTAGE within NINETY (90) days after the effective date of such termination.

22. RELATIONSHIP BETWEEN PARTIES. Nothing in this Agreement shall be construed to constitute either party a partner, joint venturer, employee or agent of the other, nor shall either party have authority to bind the other in any respect, it being intended that each shall remain an independent contractor solely responsible for its own actions. No employee or agent of one

party hereto shall be considered an employee or agent of the other party hereto. The Participating Pharmacies which provide services to the Participants shall also do so as independent contractors.

23. LIST OF ELIGIBLE PARTICIPANTS. Upon execution of this Agreement, Plan Sponsor will provide PROVANTAGE with a list of all eligible Participants. The Plan Sponsor is responsible for providing PROVANTAGE with any changes (additions, deletions and/or terminations) in writing as rapidly as possible after they occur. In the event of a Participant's termination, the applicable monthly fee will be assessed and the Participant(s) and their dependents will be considered eligible for up to one full business day after notification has been received by PROVANTAGE. Until such time, the Plan Sponsor will be responsible for all liabilities incurred by the terminated Participant(s) and their dependents. The Plan Sponsor shall hold PROVANTAGE harmless and without liability for any errors or omissions, or any related problems that may result from the Plan Sponsor's failure to provide an accurate, updated listing of eligible Participants.

24. INDEMNIFICATION AND LIMITATION OF LIABILITY.

A. Each party agrees to indemnify and hold harmless the other party and its directors, officers and employees (acting in the scope and course of their employment and not as Plan Participants) against all claims, lawsuits, settlements, judgments, costs, penalties and expenses, including attorney's fees, with respect to this Agreement and the acts of the indemnifying party or its employees, acting alone or in collusion with others, to the extent it is determined that the indemnified party's liability therefore was the direct consequence of gross negligence, criminal conduct or fraud on the part of the indemnifying party's directors, officers or employees.

B. The Plan Sponsor acknowledges that the Participating Pharmacies have been chosen by PROVANTAGE solely based upon their willingness to provide pharmacy services to the Plan Participants. PROVANTAGE has not performed any investigation or review of any Participating Pharmacy's operations, and shall not be responsible in any manner for any claim, loss or damage sustained as a result of the provision of, or failure to provide, pharmaceutical goods or services or any other action or failure to act by any Participating Pharmacy.

C. In no event shall either party be liable to the other for incidental, consequential or exemplary damages.

D. PROVANTAGE relies upon outside data bases and software provided by other vendors to provide information used by PROVANTAGE for drug pricing and in its DUR program. PROVANTAGE's performance is limited by the information sought and received by and from these vendors. PROVANTAGE will attempt to update these data bases on a reasonable basis to reflect changes in the standards of pharmaceutical prescribing; however, no data bases will contain all currently available information. In most cases the vendors of such software and data bases limit or exclude warranties regarding the information provided to PROVANTAGE for use in its DUR and other programs. Such limitations and exclusions are incorporated herein by this reference. PROVANTAGE's DUR program is dependent upon the accurate transmission and processing of data by electronic means. Plan Sponsor agrees to hold PROVANTAGE harmless from any liability for any intervention or nonintervention resulting from any interruption in the electronic processing regardless of the reason for said interruption. Because of the large number of computer systems and software in use by providers, PROVANTAGE cannot and does not guarantee that all providers are technically capable of receiving DUR information. PROVANTAGE disclaims all express and implied warranties of any kind, including but not limited to, any warranty as to the quality, accuracy or suitability for any particular purpose of the information generated and provided through DUR.

E. [Intentionally Deleted]

25. NOTICES. All notices provided for in this Agreement shall be in writing and shall be sent by registered or certified mail, express mail, facsimile, or delivered in person to the other party at the address above or indicated on the Data Sheet or such other address as may be provided to the other party in the same manner as that provided for giving of any notice. All notices shall be deemed to have been received on the third (3rd) day after the date said notice was mailed, or twenty four (24) hours following the time of said notice if sent by facsimile, or immediately upon personal delivery.

26. OWNERSHIP OF INFORMATION. PROVANTAGE shall be the sole owner of the information obtained through the administration and processing of the claims it receives. The Plan Sponsor shall have free access to that information which pertains specifically to the Plan Sponsor, but shall have no ownership rights with respect thereto. Plan Sponsor, on behalf of itself and the Plan, acknowledges that PROVANTAGE may use and/or transfer to third parties the drug and related medical data collected by PROVANTAGE or provided to PROVANTAGE by Plan Sponsor and/or Plan, for research, cost analysis, or cost comparison purposes; provided, however, that PROVANTAGE shall maintain Participants' confidentiality in accordance with all applicable laws. PROVANTAGE may receive certain incentives or marketing support funds from pharmaceutical manufacturers or other third parties based upon Participants' utilization of certain drugs in

the PROVANTAGE formulary.

27. CONFIDENTIALITY. Plan Sponsor agrees that it shall receive and hold in confidence any knowledge or information concerning the affairs or business of PROVANTAGE and PROVANTAGE's programs, procedures, or systems and will not, during or after the term hereof, disclose same to any third party or use same for the benefit of itself or any other person, firm or corporation related to or associated with it in any way, except as may be required for the performance of this Agreement or as may be required by law. Plan Sponsor agrees to hold PROVANTAGE harmless from liability for any claim, injury, demand or action based on the unauthorized release of such confidential information about PROVANTAGE's operations.

In the performance of its obligations under this Agreement, PROVANTAGE will receive private and confidential information concerning the Plan Participants. PROVANTAGE is sensitive to the confidential nature of the files it maintains and warrants that it has experienced no breach of this confidence in the history of its operation. PROVANTAGE shall not disclose such information to any entity other than the Plan Sponsor, unless required to do so by law or as otherwise set forth in this Agreement. Any such disclosure shall be made in accordance with applicable laws with respect to patient confidentiality.

28. NO THIRD PARTY BENEFICIARIES. Except as set forth in Paragraph 3 above, the parties hereto, no individual person, participant insurance company, third party payer or other entity, other than PROVANTAGE and Plan Sponsor (except governmental authorities to the extent required by law), is or shall be entitled to bring any action to enforce any provision of this Agreement against either of the parties hereto, and that the covenants, undertakings, and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto, or their respective successors and assignees as permitted hereunder.

29. EXCLUSIVITY. PROVANTAGE shall be the sole and exclusive provider of the services described in this Agreement to Plan Sponsor while this Agreement remains in effect. However, nothing in this Agreement shall prohibit ProVantage from contracting with any other person, firm, corporation or other entity for any purpose whatsoever for the providing or delivery of the same or similar services as those described in this Agreement.

30. NON-DISCRIMINATION. PROVANTAGE shall not discriminate against any Plan Sponsor or Participant on the basis of race, color, disability, national origin, creed, sex or age.

31. ASSIGNMENT. This Agreement shall not be assignable by the Plan Sponsor to any other person or entity, and any attempted assignment shall be void and of no force and effect, unless the written consent of PROVANTAGE shall have first been obtained, which consent shall not be unreasonably withheld. The foregoing restrictions on assignment shall not apply to assignments to any entity which controls, is controlled by, or is under common control with the Plan Sponsor, provided PROVANTAGE is notified in writing of any such assignment within fourteen (14) days thereof.

32. REGULATORY COMPLIANCE. Plan Sponsor acknowledges that the Plan is or may be an "employee welfare benefit plan" as defined in the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. ss 1001 et seq., and the regulations promulgated under that act. PROVANTAGE will provide Plan Sponsor with any information in PROVANTAGE's possession necessary for the Plan Sponsor and the Plan to comply with any laws or regulations applicable to the Plan, but the Plan Sponsor's and the Plan's compliance with any such laws and regulations shall be the sole responsibility of the Plan Sponsor and/or Plan. The Plan Sponsor shall comply and ensure that the Plan complies with all such laws and regulations. PROVANTAGE will obtain and maintain any licenses or regulatory approvals necessary for it to perform PROVANTAGE's services under this Agreement. The Plan Sponsor shall not name PROVANTAGE or represent that PROVANTAGE is, and PROVANTAGE shall not be, a Plan Administrator or a named fiduciary of the Plan as those terms are used in ERISA. The Plan Sponsor shall have complete discretionary, binding and final authority to construe the terms of the Plan, to interpret ambiguous Plan language, to make factual determinations regarding the payment of claims or provisions of benefits, to review denied claims and to resolve complaints by Plan Participants.

33. FORCE MAJEURE. Neither PROVANTAGE nor Plan Sponsor shall be deemed to have breached this Agreement or be held liable for any failure or delay in the performance of all or any portion of their respective obligations hereunder if prevented from doing so by a cause or causes beyond their respective reasonable control. Without limiting the generality of the foregoing,

such causes include acts of God or public enemy, fires, flood, storms, earthquakes, riots, strikes, boycotts, lockouts, wars and war operations, restraints of government, power or communication line failure or other circumstances beyond such party's control, or by reason of the judgment, ruling or order of any court or agency of competent jurisdiction, or change of law or regulation subsequent to the execution of this Agreement.

34. MISCELLANEOUS PROVISIONS. The provisions of this Agreement shall bind and inure to the benefit of the parties hereto and their heirs, legal representatives and successors. Failure to exercise any of the rights granted hereunder for any one default shall not be a waiver of the right to exercise any of these rights for subsequent default. Neither this Agreement nor any term hereof may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed on behalf of both parties. Time is of the essence in the performance of each and every obligation herein imposed. This Agreement when executed by all parties constitutes the entire understanding between the parties hereto. In the event any provision or part thereof contained in this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision or part thereof contained herein. The headings in this Agreement are used solely for the purpose of

convenience and shall not be deemed to list the subject of any provision or be considered in the construction thereof. This Agreement shall be construed and enforced according to the Employee Retirement Income and Security Act of 1974, as amended from time to time ("ERISA"). To the extent ERISA does not apply, the laws of the state of Wisconsin shall govern. Both parties understand that it is their respective obligation to comply with all applicable state, federal and local laws, regulations and guidelines.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to begin as noted in the Data Sheet.

PLAN SPONSOR: SHOPKO STORES, INC.

By: /s/ Sharon Campbell Date: 2-12-96

Title: Director Compensation & Benefits

Attest: /s/ Douglas Wilcox Date: 2-12-96

Title: Benefits Manager

PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC.:

By: /s/ Nicholas G. Avgoulas Date: 3/4/96

Nicholas G. Avgoulas, Vice President

Attest: /s/ David K. Jewell Date: 3/4/96

David K. Jewell, Vice President

EXHIBIT A

[Intentionally Omitted.]

PRESCRIPTION BENEFIT MANAGEMENT AGREEMENT ADDENDUM
FOR PAYMENTS VIA THE AUTOMATED CLEARING HOUSE (ACH)

This Agreement is made by and between PROVANTAGE, INC., a Minnesota Corporation, d/b/a ProVantage Prescription Benefit Management Services, Inc., with its principal place of business at 700 Pilgrim Way, Green Bay, Wisconsin 54313, hereinafter referred to as "PROVANTAGE", and the contract holder so indicated in Exhibit A, hereinafter referred to as the "Plan Sponsor".

WHEREAS, PROVANTAGE is a prescription claims processor and not a Plan Sponsor

nor an Insurance company.
WHEREAS, PROVANTAGE will maintain a computerized claims processing system in which it will process and pay the Plan Sponsor's prescription drug claims it receives from a network of participating pharmacies.
WHEREAS, PROVANTAGE has no financial liability for the payment of any claims it receives and/or processes on behalf of the Plan Sponsor.
WHEREAS, The Plan Sponsor wishes to have PROVANTAGE request payment for prescription drug claims and its administrative charges by allowing PROVANTAGE to debit the Plan Sponsor's bank account indicated hereunder in Exhibit A, via the Automated Clearing House.

NOW AND THEREFORE, The Plan Sponsor and PROVANTAGE agree to the following terms and conditions:

1. AUTHORIZATION. The Plan Sponsor hereby authorizes PROVANTAGE to debit the account indicated in Exhibit A for prescription drug claims and administrative charges incurred by the Plan Sponsor in accordance with the Prescription Benefit Management Agreement to which this addendum is attached.

2. INVOICING. PROVANTAGE shall provide the Plan Sponsor with a billing invoice and detail reports prior to initiating the ACH debit of the Plan Sponsor's account. Billing invoices will be generated and mailed on the first business day following the fifteenth and the end of each month. It shall be the responsibility of the Plan Sponsor to notify PROVANTAGE if they have not received an invoice for a given billing period.

3. BILLING CYCLE AND PAYMENTS. PROVANTAGE will bill the Plan Sponsor or its billing designee, as indicated in Exhibit A, on a semi-monthly basis in order that claims submitted to PROVANTAGE are paid in a timely manner. The first billing statement of every month will contain a list of all claims submitted between the first (1st) and the fifteenth (15th) of the month and approved for reimbursement to the participating pharmacies as well as PROVANTAGE's claims processing charges. The end of the month billing will contain all claims submitted and processed between the sixteenth (16th) and the last day of the month and approved for reimbursement, as well as PROVANTAGE's claims processing fee, and the monthly maintenance fees. Any credits due the Plan Sponsor from the participating pharmacies will be credited on this statement. Bills will be mailed on the sixteenth (16th) of the month or the first business day thereafter and the ACH debit of the Plan Sponsor's account shall occur on the twenty second (22nd) of the month or the first business day thereafter, for the first monthly billing period. Bills will be mailed on the first of the month or the first business day thereafter and the ACH debit of the Plan Sponsor's account shall occur on the seventh (7th) or the first business day thereafter, for the second monthly billing period. All bills shall be deemed to have been received by the Plan Sponsor on the third (3rd) day after the date said bill was mailed, or within twenty four (24) hours if sent by facsimile or express mail. In the event funds are willfully not made available for transfer via the ACH System the Plan Sponsor shall be deemed in default and shall be subjected to late payment penalties and/or automatic termination as outlined in the Prescription Benefit Management Agreement to which this addendum is attached.

4. AVAILABILITY OF FUNDS. The Plan Sponsor warrants to PROVANTAGE that it shall make available for debit sufficient funds to meet PROVANTAGE's full invoice amount. The Plan Sponsor's willful failure to make these funds available for transfer via the ACH System shall be deemed in default and shall be subjected to late payment penalties and/or automatic termination as outlined in the Prescription Benefit Management Agreement to which this addendum is attached.

5. PROVANTAGE'S LIABILITY. PROVANTAGE warrants to the Plan Sponsor that it shall only debit the Plan Sponsor's account via the ACH System on or after the dates indicated above and for the amount of PROVANTAGE's invoice. PROVANTAGE shall be liable for and immediately return to the Plan Sponsor any amount debited in excess of the amount(s) owed. PROVANTAGE's liability shall be limited to the extent the debit amount exceeds the amount or amounts owed to PROVANTAGE or its participating pharmacies. Notwithstanding any provision to the contrary contained herein, PROVANTAGE shall be held harmless from liability for any wrongful act or omission in connection with the ACH debit process including, without limitation, any act or omission by any Automated Clearing House, any financial institution or any person including any data processing vendor used by PROVANTAGE or the Plan Sponsor. PROVANTAGE shall have no liability for any consequential damages in any event.

6. NON-LIABILITY. The Plan Sponsor and PROVANTAGE agree to hold the other harmless from liability for any claim, injury, demand or judgment based on contract, tort, or other grounds arising out of an error made by the bank(s) or other entities involved in the ACH debit process. Each party agrees to immediately notify the other, if they believe an error has occurred. Both parties further agree to work to correct any such error immediately.

IN WITNESS WHEREOF, The parties have executed this Agreement to begin as noted in Exhibit A.

PLAN SPONSOR:

Name of Plan Sponsor: Shopko Stores, Inc.

/s/ Sharon Campbell
By:_____ Date: 2-12-96

Title: Director Compensation & Benefits

/s/ Douglas A. Wilcox
By:_____ Date: 2-12-96

Title: Benefits Manager

PROVANTAGE PRESCRIPTION BENEFIT MANAGEMENT SERVICES, INC.

/s/ Nicholas C. Avgoulas
By:_____ Date:
Nicholas G. Avgoulas, Vice President

/s/ David K. Jewell
By:_____ Date: 3-4-96
David K. Jewell, Vice President

EXHIBIT A

[Intentionally Omitted]

EXHIBIT 10.12

SYSTEM AGREEMENT

THIS AGREEMENT is made as of the 27 day of January, 1999.

BETWEEN:

SYSTEMS XCELLENCE USA, INC.
900 Jackson Street
Suite 600
Dallas, Texas
U.S.A. 75202
Telephone: (972) 529-1644 Fax: (972) 529-1645

(hereinafter referred to as "Supplier")

OF THE FIRST PART

and

PROVANTAGE, INC.
13555 Bishops Court, Suite 201
P.O. Box 846
Brookfield, WI 53008-0846
Telephone: (414) 641-3909 Fax: (414) 641-3770

(hereinafter referred to as "Customer")

OF THE SECOND PART

IN CONSIDERATION of the mutual covenants and promises hereinafter contained, the parties hereto agree as follows:

PART I - DEFINITIONS

1. INTERPRETATION

1.1 In this Agreement the terms below are defined as follows:

(a) "Agreement" means this Master Agreement, the Proposal from Supplier dated November 20, 1998 (other than the provisions entitled "Staffing Requirements", "Environment" and "Project Plan"), each Addendum that is executed by authorized representatives of the Parties and attached hereto, and all Schedules and other documents expressly incorporated by reference in this Master Agreement or any such Addendum. "Agreement" also includes

any amendments to the foregoing documents agreed to in writing by authorized representatives of the Parties.

(b) "Business Days" means days other than Saturday, Sunday or holidays at the location in which the Supplier's principal office is located, as set forth on the first page of this Agreement.

(c) "Deficiency" means any material non-conformity of the Programs to the Software Specifications, but does not include any non-conformity caused by:

(i) any operator error or neglect, misuse or abuse of the System;

(ii) any deficiency of the Designated Machine or of any software or equipment with which the Programs are used; or

(iii) the use of the programs on computer equipment other than the Designated Machine.

"Deficiencies" refers to more than one (1) Deficiency.

(d) "Designated Machine" means the computer hardware and operating system software on which the Programs may be used, as described by type and model number set forth in any Software Addendum executed by the Parties hereunder.

(e) "Documentation" means the Software Documentation.

(f) "Master Agreement" means the Articles of this document entitled "System Agreement".

(9) "Operating Site" means the address at which the Programs are installed in the Designated Machine for use by Customer, as set forth in the Software Addendum.

(h) "Parties" means Supplier and Customer.

(i) "Professional Services" means the various services to be provided by Supplier to Customer, as set forth in any Professional Services Addendum executed by the Parties from time to time, which shall be in the form attached hereto as Addendum "B".

(j) "Programs" means the computer programs to be provided by Supplier to Customer, as set forth in any Software Addendum executed by the Parties from time to time, which shall be in the form attached hereto as Addendum "A". "Programs" also means any new versions, releases, modifications or enhancements to such computer programs.

(k) "Software Documentation" means the Software Specifications, and any user's manual or other documentation delivered by Supplier to Customer with the Programs pursuant to any Software Addendum, as deemed appropriate by Supplier, together with all revisions, modifications or enhancements to such documentation.

(l) "Software Materials" means the Programs and the Software Documentation, collectively.

(m) "Software Support Services" means the services relating to the maintenance and support of the Programs to be provided by Supplier to Customer, as set forth in any Software Support Addendum executed by the Parties from time to time, which shall be in the form attached hereto as Addendum "C".

(n) "Software Specifications" means any documentation describing the features and functionality of the Programs provided by Supplier to Customer pursuant to any Software Addendum, and all revisions, enhancements and modifications to the same provided by Supplier to Customer from time to time.

(o) "Transaction" shall mean the acceptance by the applicable Programs of a valid single NCPDP pharmacy transaction involving a pharmacy claim or reversal. If the Programs are used for other purposes in the future, the parties will agree in advance on the meaning of a "Transaction" with respect to such other uses. A transaction that does not pass the Transaction Conformance Check by the Program will not be considered as a Transaction.

(p) "Transaction Conformance Check" means the check that is performed on the data stream received at the communications port(s) before allowing entrance

into the PBM complex for further processing. This check will reject transactions that are incorrect in structure or length.

1.2 This Master Agreement sets out the general terms and conditions governing the provision by Supplier to Customer of any items of Software, Professional Services and Software Support Services. The specific items of Software, Professional Services and Software Support Services to be provided by Supplier to Customer, and any additional terms and conditions governing the provision of such items, shall be as set forth in the applicable Addendum which may be executed by the Parties from time to time. Each Addendum, when executed by the Parties, shall form an integral part of this Agreement and shall be binding on the Parties.

Addendum "A"	-	Software Addendum
Addendum "B"	-	Professional Services Addendum
Addendum "C"	-	Software Support Addendum

PART II - SOFTWARE LICENSE TERMS

2. LICENSE TERMS

2.1 Supplier hereby grants to Customer, and Customer accepts, a non-transferable and non-exclusive perpetual license to use the Software Materials in the United States of America in accordance with the terms of this Agreement. Customer shall be entitled to use the Programs on a site license basis only for production, development, testing and fail-over purposes solely in connection with its internal business. Customer is prohibited from distributing or transferring possession of the Software Materials to any other person. Customer shall be entitled to use the Software Documentation in support of its use of the Programs. Customer acknowledges and Supplier warrants that, subject to its right to use the Software Materials in accordance with the provisions of this Agreement, Supplier or its third party suppliers own all title, copyright, trade-mark, trade secret, patent, and other rights in the Software Materials.

2.2 Customer shall be entitled to make a single copy of the Programs solely for purposes of off-site storage for backup purposes. Except for the foregoing, Customer shall not copy, or permit any other person to copy, the Programs.

2.3 Except as expressly permitted by Supplier (which permission may be withheld at Supplier's discretion), Customer shall not copy, nor permit any other person to copy, the Software Documentation.

2.4 Customer may only change the Operating Site with Supplier's prior written consent, which consent shall not be unreasonably withheld.

2.5 Customer shall not alter or remove any trade-marks or any trade-mark, copyright, or other notices from any portion of the Software Materials. Customer shall include facsimiles of all such notices and trade-marks on any copy of the Programs made by Customer as permitted under this Agreement, and if Supplier consents to the copying of the Software Documentation, on all copies of such Documentation.

2.6 Customer shall not, nor permit any other person to, modify, adapt, disassemble, decompile, or reverse engineer the Programs, or modify or adapt any of the Software Documentation. Customer shall be permitted to copy reasonable extracts from the Software Documentation to be incorporated in Customer's requirements, design and user manuals to be used solely for Customer's internal purposes.

2.7 The license granted hereunder entitles Customer to use the Programs on a site license basis for production, development, testing and fail-over purposes on Designated Machines of the model and type described in the Software Addendum, having the serial number therein set forth. Customer may transfer the Programs to be used for production, development, testing and

fail-over purposes to another computer(s) of the same model and type as that set forth in the Software Addendum, whereupon such other computer(s) shall become the Designated Machine.

2.8 The warranties set forth in Article 9 apply only in respect of Customer's use of the Programs on the original Designated Machine and Customer acknowledges that Supplier makes no representation or warranty that the Programs will be capable of being used on any computer other than the original Designated Machine.

3. LICENSE FEES

3.1 Customer agrees to pay to Supplier the license fee specified in the Software Addendum (the "License Fee") for the rights to use the Software Materials granted under this Agreement. The License Fee shall be payable in accordance with the payment schedule set forth in the Software Addendum (the "Software Payment Schedules").

3.2 Supplier shall not be responsible to provide any services for the implementation, installation, testing or support of the Programs, or related in any other manner to the Software Materials, unless Supplier has agreed to provide such services in accordance with the Professional Services Addendum or the Software Support Addendum. With respect to any such services, Customer shall pay Supplier the applicable fees set forth in the Professional Services Addendum or the Software Support Addendum.

4. DELIVERY AND INSTALLATION OF PROGRAMS

4.1 At its expense, Supplier shall deliver the Software Materials to the Operating Site on or before the date scheduled for delivery, as set forth in the Software Addendum.

4.2 As indicated in the Software Addendum, Supplier is responsible for installation and all services relating thereto shall be provided pursuant to the Professional Services Addendum. If Supplier provides Customer with services for the installation of the Programs, the Installation Date shall be the date on which Supplier notifies Customer in writing that the Programs are operational on the Designated Machine.

4.3 Customer shall make the Operating Site and the Designated Machine available to permit the delivery and installation of the Programs. Customer shall be responsible for ensuring that the Operating Site and the Designated Machine meet all requirements set forth in any applicable Documentation and in any documentation provided by the supplier of the Designated Machine, as may be required for the proper use and operation of the Programs on the Designated Machine.

5. TESTING AND SUPPORT

5.1 For a period commencing on the Installation Date and continuing until the earlier of:

(i) the expiry of three hundred sixty-five (365) days following the Installation Date; or

(ii) the expiry of one hundred eighty (180) days following the processing of the first Transaction upon commencement in production use of the Programs,

Customer shall be entitled to use the Programs for purposes of determining whether the Programs contain any Deficiencies. Unless Customer provides written notice to Supplier of any Deficiencies prior to the expiration of such period, the Programs shall be deemed to be free of any Deficiencies.

5.2 Upon receipt by Supplier, within the period referred to in section 5.1 above, of any notice of Deficiencies, Supplier shall correct the Deficiencies as soon as reasonably practicable. Customer shall review all corrections and modifications to the Programs made by Supplier, and if any Deficiencies remain in the Software, Supplier shall correct the same during the period referred to in section 5.1 above.

5.3 Customer acknowledges that the Programs may contain minor errors and deficiencies which are not corrected during the period referred to in section 5.1 above, but Supplier shall use reasonable efforts to correct such errors or deficiencies as part of the Software Support Services to be provided pursuant to the Software Support Addendum.

5.4 Customer acknowledges that any use to be made of the Programs pursuant to this Article 5 shall be solely for purposes of determining whether the Programs comply with the Specifications and shall not be for purposes of determining whether the Programs meet any additional requirements of Customer (including any requirements of compatibility with other products or performance standards of the Programs when used alone or with any other products).

5.5 In the case of any dispute between the parties as to whether the Programs contain any Deficiencies, or whether any Deficiencies have been corrected by Supplier, such dispute shall be resolved in accordance with section 15.9 below.

PART III - PROFESSIONAL SERVICES

6. PROFESSIONAL SERVICES

6.1 Supplier shall provide to Customer, and Customer shall procure from

Supplier, the professional services (the "Professional Services") described in the Professional Services Addendum, upon the terms and conditions contained in this Part III.

6.2 Customer shall provide such cooperation, information and assistance as may be reasonably requested by Supplier to enable Supplier to perform the Professional Services, and in particular, shall provide the items referred to in the Professional Services Addendum.

6.3 Provided Supplier adequately performs the Professional Services, Customer shall pay to Supplier the charges set forth in the Professional Services Addendum at the times and in the manner set forth in the Payment Schedule which is incorporated in and forms part of the Professional Services Addendum.

6.4 Any services which have been requested in writing by Customer and which Supplier is willing and able to provide, and which are not specifically described in the Professional Services Addendum, will be initially estimated for Customer, performed by Supplier and invoiced by Supplier, at its then prevailing time and materials rates. Any such additional services shall be deemed to form part of the Professional Services and shall be governed by the terms and conditions of this Agreement.

6.5 Supplier shall perform its obligations under the Professional Services Addendum using qualified personnel of its choice. All Supplier personnel shall remain under the supervision, management and control of Supplier. Customer acknowledges that such personnel may provide similar services to other customers of Supplier.

PART IV - SOFTWARE SUPPORT

7. SOFTWARE SUPPORT SERVICES

7.1 Supplier shall provide to Customer the various services (collectively the "Software Support Services") set forth in the Software Support Addendum on the terms and conditions set forth in such Schedule and in respect of the items of Programs described in such Addendum (hereinafter referred to in this Article 7 as the "Supported Programs").

7.2 Customer acknowledges that the Software Support Services shall be performed either by Supplier or by such other person to whom Supplier may subcontract the performance of such tasks.

7.3 Customer acknowledges that the Support Fee (as hereinafter defined) does not entitle Customer to receive any services in respect of any matters set forth under the heading "Exclusions" in the Maintenance Program described in the Software Support Addendum (the "Maintenance Program") or any matters

which are provided by Supplier at any extra charge, as set forth in the Maintenance Program. If Customer requests, and Supplier is willing and able to provide, services in respect of any such matters, Supplier will estimate the charge for the services and upon approval by the Customer, Supplier shall perform such services and, Customer shall pay Supplier at its standard hourly rates for all such services.

7.4 Customer shall provide, at its expense, a data line and terminal, and make arrangements as may be necessary to enable Supplier to establish terminal and file transfer access with Customer's Designated Machine in connection with the provision of the Software Support Services hereunder. Supplier will work with Customer to install access equipment with the intent of not compromising Customer's security.

7.5 Customer shall gather all necessary information and data in sufficient quantities to provide adequate testing of the Software in a manner and format and at such times as Supplier may reasonably request in connection with carrying out the Software Support Services.

7.6 Customer shall make all reasonably necessary arrangements to enable Supplier to obtain access to the Designated Machine to permit Supplier to provide the Software Support Services.

7.7 Customer shall provide a written copy of the identical command sequence demonstrating any failure in the Supported Programs if requested by Supplier.

7.8 Software Support Services will be provided only during the hours set forth in the Maintenance Program.

7.9 Each party shall designate at least one (1) employee or agent who shall serve as the contact and who will be responsible for handling all technical and maintenance communications between Customer and Supplier. The contact shall be reasonably available for consultation at any time that Supplier is providing Software Support Services or other services under this Agreement. Both parties shall follow the procedures set forth in the Maintenance Program with respect to all requests for Software Support Services or other services made by Customer.

7.10 Customer shall pay to Supplier the monthly support fee set forth in the Software Support Addendum for the Software Support Services (the "Support Fee"). The Support Fee shall be payable quarterly in advance.

PART V - GENERAL TERMS AND CONDITIONS

8. PRICES AND PAYMENT

8.1 All invoices issued in accordance with the Payment Schedule with respect to any Addendum are due and payable upon receipt. If the Customer fails to pay any charges within forty five (45) days of receipt of invoice, then the Customer agrees to pay a late it payment charge of eighteen percent (18%) per annum on the past due balance or the maximum amount permitted by law.

8.2 In addition to any amounts set forth in the Payment Schedule for any Addendum, Customer shall reimburse Supplier for ail reasonable travel, accommodation and other expenses incurred by Supplier in the course of performing its obligations under this Agreement and approved in advance by Customer.

8.3 Customer is responsible for all sales, goods and services, use, excise or other taxes, tariffs, duties or assessments, including interest and penalties, levied or imposed at any time by any governmental authority arising from or related to any transactions under the net this Agreement, including any Addendum, other than any taxes based on the net

income of the Supplier. If Supplier is required to collect any of the foregoing taxes, tariffs, duties or assessments, Supplier shall add the same to any invoices and Customer shall immediately pay the same to Supplier. If Customer is required under any applicable law to deduct from the amounts to be paid to Supplier pursuant to this Agreement any amount on account of withholding taxes or any other taxes or levies of any kind, Customer shall pay all such additional amounts so that the net amounts received by Supplier are the amounts specified herein.

9. WARRANTY

9.1 Supplier and Customer represent and warrant to each other that neither the execution of this Agreement nor the performance of its obligations hereunder will breach or result in any default under its Articles, by-laws, or other organization documents, or under any agreement or other legally binding instrument, license or permit to which it is a party or by which it may be bound.

9.2 Supplier warrants that it has the right to grant to Customer the right and license to use the Software Materials set forth herein.

9.3 Supplier warrants that as of the Installation Date of the Programs, as determined pursuant to Article 4 above, and continuing for the period set forth in section 5.1 above, the Programs shall be free of any Deficiencies. Supplier's sole liability and obligation in respect of such warranty shall be to correct the Deficiencies in accordance with the provisions of Article 5 above, failing which Customer shall be entitled at its option to terminate this Agreement in accordance with the provisions of Article 14 below, and/or to recover damages against Supplier, subject to the

provisions of Article 10 below.

9.4 Supplier warrants that the Professional Services and the Software Support Services shall be provided by skilled personnel and shall be performed with due care in accordance with industry standards. Supplier's sole liability and obligation in respect of such warranty shall be to re-perform any services for which Supplier has been in breach of such warranty, provided that Supplier has received notice of such breach within ninety (90) days of the occurrence, failing which Customer shall be entitled to receive a refund of any fees paid in respect of any services for which Supplier is in default.

10. LIABILITY

10.1 Subject to Customer's obligations to pay to Supplier all amounts due and owing hereunder, in no event shall either party, or its employees, agents, suppliers or subcontractors, be liable for any loss of profits, or any special, indirect, incidental, or consequential damages hereunder, whether arising in contract (including fundamental breach), tort (including negligence) or otherwise with respect to any claim arising out of or in connection with this Agreement. Each party (the "indemnifying party") further agrees that the other party and its employees, agents, suppliers or subcontractors (collectively the "indemnified party") will not be liable for any claim against the indemnifying party made by any third party (except for any claim arising from the negligence or willful misconduct of the indemnified party).

10.2 Each of the parties agrees that the other party's liability for any claims made in connection with this Agreement, whether arising in contract (including fundamental breach), tort (including negligence) or otherwise, shall be limited to such direct money damages as are actually incurred by the injured party and shall not in the aggregate exceed the amounts paid or payable by Customer to Supplier under the terms of this Agreement on account of the License Fees for the Programs and the Software Support Fees.

10.3 The express warranties contained in this Agreement by Supplier are in lieu of, and Supplier expressly disclaims, any and all other representations, warranties or conditions with respect to the subject matter hereof, whether express or implied, past or present, including without limitation, any implied warranties or conditions of merchantability or fitness for a particular purpose, or of quality, productiveness or accuracy.

11. INDEMNIFICATION

11.1 Subject to section 11.2 hereof, Supplier will defend any claims that the Software Materials in the form supplied by Supplier infringes any third party's copyright or patent rights or other intellectual property rights

enforceable in the United States of America, and will indemnify Customer against any loss, costs or expenses (including attorney's fees), and damages awarded or settlement entered into, in connection with any such claim, provided Customer gives Supplier reasonable written notice and control of the defense of any such claim and does not settle any such claim without Supplier's consent, and provided further that Customer cooperates with Supplier in the defense of any such claim.

11.2 If Customer is enjoined by an order of a court of competent jurisdiction from using the Software Materials, Supplier at its option and expense, shall do one of the following: (1) procure for Customer the right to continue using the software.

Materials; or (2) replace or modify the Software Materials so that they become non-infringing.

11.3 Sections 11.1 and 11.2 above set forth Supplier's sole obligation, and Customer's sole remedy, for any claim for infringement of any third person's proprietary or other rights. Supplier's obligations hereunder with respect to infringement of any third party's rights shall not apply where such claims arise from any alteration made to the Software Materials by any person other than Supplier, or from the use of the Software Materials on any computer other than the Designated Machine or in combination with software or hardware not supplied by Supplier, if such claim would not have arisen except for such alteration, use or combination.

12. CONFIDENTIALITY

12.1 Customer acknowledges that:

(a) the Software Materials embody substantial creative efforts, and contain confidential information, ideas and expressions; and

(b) all proprietary rights, including all intellectual property rights, in the Software Materials belong exclusively to Supplier.

12.2 Disclosure of, and access to, the Software Materials by Customer's employees and consultants is permitted on a need to know basis for purposes consistent with the use of the Software Materials as permitted under this Agreement. Customer agrees to take all necessary steps to ensure that Customer's employees and consultants are prohibited from any unauthorized use, copying or disclosure of the Software Materials. Without limiting the foregoing, Customer shall cause any employees or consultants of Customer to whom any of the Software Materials are disclosed from time to time, to execute such agreements as may be reasonably required by Supplier to protect the proprietary rights of Supplier or any third party in the Software Materials.

12.3 Except as authorized hereunder, Customer shall not use or disclose or otherwise permit any entity any manner of access to the Software Materials. Customer agrees to take any and all actions, including legal action, which may be necessary or desirable to ensure the continued confidentiality and protection of the Software Materials and to prevent unauthorized access to, copying or use of the Software Materials by any entity.

12.4 Customer agrees to promptly notify Supplier, in writing, of the circumstances surrounding any unauthorized knowledge, possession, copying or use of the Software Materials which comes to Customer's attention.

12.5 Customer acknowledges that any unauthorized use, copying or disclosure of the Software Materials may diminish substantially the value to Supplier or to its suppliers of the copyright, proprietary rights, and/or trade secret interests that are embodied in the Software Materials. If Customer breaches any of its obligations with respect to limited use or confidentiality of the Software Materials, Supplier will be entitled to all remedies available at law or in equity to protect such party's interests therein, including, but not limited to, injunctive relief as well as money damages.

12.6 The obligations of this Article 12 shall not apply to restrict the disclosure by Customer of any confidential information contained in the Software Materials which Customer can demonstrate:

(a) is or becomes available to the public through no breach of this Agreement;

(b) was previously known by Customer without any obligation to hold it in confidence;

(c) is received from a third party free to disclose such information without restriction;

(d) is independently developed by Customer without the use of confidential information of Supplier;

(e) is approved for release by written authorization of Supplier, but only to the extent of and subject to such conditions as may be imposed in such written authorization;

(f) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; or

(g) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivisions thereof, but only to the extent of and for the purposes of such order;

provided, however, that Customer shall first notify Supplier of the order and permit Supplier to seek an appropriate protective order.

12.7 (a) Supplier acknowledges that Customer may provide Supplier with, or Supplier may obtain access to, certain confidential information concerning Customer's clients, members, finances, operations, products and services ("Customer Confidential Information").

(b) Disclosure of and access to the Customer Confidential Information by Supplier's employees and consultants is permitted on a need to know basis for purposes consistent with the performance by Supplier of its obligations and the exercise by Supplier of its rights under this Agreement. Supplier agrees to take all necessary steps to ensure that Supplier's employees and consultants are prohibited from any unauthorized use, copying or disclosure of the Customer Confidential Information. Without limiting the foregoing, Supplier shall cause any employees or consultants of Supplier to whom any of the Customer Confidential Information is disclosed from time to time, to execute such agreements as may be reasonably required by Customer to protect the proprietary rights of Customer or any third party in the Customer Confidential Information.

(c) Except as authorized by Customer, Supplier shall not use or disclose or otherwise permit any entity any manner of access to the Customer Confidential Information. Supplier agrees to take any and all actions, including legal action, which may be necessary or desirable to ensure the continued confidentiality and protection of the Customer Confidential Information and to prevent unauthorized access to, copying or use of the Customer Confidential Information by any entity.

(d) Supplier agrees to promptly notify Customer in writing of the circumstances surrounding any unauthorized knowledge, possession, copying or use of the Customer Confidential Information which comes to Supplier's attention.

(e) Supplier acknowledges that any unauthorized use, copying or disclosure of the Customer Confidential Information may diminish substantially the value to Customer or to its suppliers of the copyright, proprietary rights, and/or trade secret interests that are embodied in the Customer Confidential Information. If Supplier breaches any of its obligations with respect to limited use or confidentiality of the Customer Confidential Information, Customer will be entitled, to all remedies available at law or in equity to protect such party's interests therein, including but not limited to injunctive relief as well as money damages.

(f) The obligations of Supplier under this section 12.7 shall not restrict the disclosure by Supplier of any confidential information contained in the Customer Confidential Information which Supplier can demonstrate:

(i) is or becomes available to the public through no breach of this Agreement;

(ii) was previously known by Supplier without any obligation to hold it in confidence;

(iii) is received from a third party free to disclose such information without restriction;

(iv) is independently developed by Supplier without the use of confidential information of Customer;

(v) is approved for release by written authorization of Customer, but only to the extent of and subject to such conditions as may be imposed in such written authorization;

(vi) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; or

(vii) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivision thereof, but only to the extent of and for the purposes of such order; p . provided however, that Supplier shall first notify Customer of the order and permit Customer to seek an appropriate protective order.

12.8 The provisions of this Article 12 hereof shall survive the termination of this Agreement.

13. INTELLECTUAL AND INDUSTRIAL PROPERTY

13.1 Except as agreed to by the parties for Unique/Custom Requests, Customer acknowledges that any invention, discovery or improvement involving ideas, designs, methods or techniques, including computer techniques, conceived by Supplier's personnel in connection with this Agreement shall belong to Supplier. Customer shall have a non-exclusive, non-transferable license to use any such inventions, discoveries and improvements which are incorporated into any deliverables provided to Customer under this Agreement, and the same shall be deemed to form part of the Software Materials and Supplier's Confidential Information for purposes of this Agreement.

13.2 Customer acknowledges that Supplier retains the exclusive ownership of all

know-how, technical development tools, programs, concepts and materials relating thereto (the "Supplier Tools") used in the provision of any of the Professional Services or Software Support Services hereunder. Customer acknowledges that the Supplier Tools constitute confidential, valuable proprietary information and trade secrets of Supplier, and shall be deemed to form part of Supplier's Confidential Information for purposes of this Agreement. Customer agrees not to use, copy, disclose or otherwise make available to any other person any Supplier Tools which may come into its possession, knowledge or control, and shall take all necessary actions by agreement, instruction or otherwise in order to prevent any unauthorized disclosure, copying or use by any other person of the Supplier Tools. Upon the termination of this Agreement for any reason, Customer shall immediately return to Supplier all Supplier Tools in its possession or control and shall within ten (10) days of termination certify in writing to Supplier that it has returned the Supplier Tools to Supplier.

13.3 If Customer requests Supplier to develop certain custom product features which are unique to Customer and for which Customer pays Supplier the full costs of any custom development work, Supplier shall not utilize the same as part of any product licensed to any other customer, except on such terms as are mutually agreed by Supplier and Customer. Customer shall notify Supplier prior to the commencement of any custom software development that such development work is to be carried out in accordance with the provisions of this section 13.3, and the parties shall agree on the terms and conditions concerning such development, including any rights of either party to market or license the deliverables to any third party.

14. TERMINATION

14.1 Either party may terminate this Agreement by notice to the other party, effective immediately:

(a) if the other party becomes insolvent or voluntarily or involuntarily bankrupt; if an involuntary petition in bankruptcy against the other party is not dismissed within ninety (90) calendar days of filing; if a receiver, assignee or other liquidating officer is appointed for all or substantially all of the other party's business; if the other party makes an assignment for the benefit of creditors; or if the other party ceases to carry on business in the normal course; or

(b) if the other party is in breach of any other provision of this Agreement which is not cured within sixty (60) days following notice from the non-defaulting party.

In addition, at any time following the date on which Customer has made all payments to Supplier set forth in the Software Payment Schedule, Customer shall be entitled at its option to terminate this Agreement without cause

on ninety (90) days' written notice to Supplier, provided that upon the exercise of such right of termination, Customer shall not be entitled to receive a refund of any amounts already paid to Supplier, and Customer shall remain obligated to make any payments due and owing to Supplier at any time up to the date of termination.

14.2 In the event of termination of this Agreement:

(a) Customer will immediately discontinue all use of the Software Materials, provided, however, that so long as Customer is not at the relevant time in continuing breach of this Agreement, and as long as Customer continues to make all payments due and owing to Supplier, Customer shall be entitled at its option to continue to use the Software Materials and to receive Software Support Services for the Programs for a period of up to nine (9) months after the effective date of termination of this Agreement; and

(b) within ten (10) days following the date on which Customer is no longer entitled to use the Software Materials, Customer will provide Supplier with written certification that Customer has:

(i) discontinued all use of the Software Materials; and

(ii) returned to Supplier the copy of the Software Materials provided by Supplier; or

(iii) destroyed or returned to Supplier all other copies of the Software Materials in Customer's possession or control, and

(c) if such termination occurs as a result of any failure by Supplier to correct any Deficiencies within the period referred to in section 9.3 above, Customer shall not be obligated to make any further payment on account of the License Fee which is due and payable at any time after the date of termination; or

(d) if such termination occurs at any time after the period referred to in paragraph 14.1(c) above as a result of any default by Supplier, Supplier shall refund to Customer a pro rata portion of the Support Fee paid in respect of Software Support Services to be provided after the date of termination.

14.3 Except as set forth in section 14.2 above, termination of this Agreement pursuant to paragraphs 14.1(a) or (b) above shall not affect Customer's obligation to pay the License Fee, the Support Fee or any other amounts payable at the date of termination under this Agreement. Termination of this Agreement shall not affect any right or remedy to which either party would otherwise be entitled as a result of the occurrence of the default giving rise to the termination of this Agreement.

15. GENERAL

15.1 Except as expressly permitted hereunder, neither party shall assign this Agreement, or assign, transfer or sublicense the Software Materials or any rights therein granted under this Agreement, to any person or entity, in whole or in part, without the express written consent of the other party.

15.2 Should any provision of this Agreement be found to be invalid by a court of competent jurisdiction, that provision shall be deemed severed and the remainder of this Agreement shall remain in full force and effect.

15.3 The laws of the State of Wisconsin and the laws of the United States of America applicable therein shall govern as to the interpretation, validity and effect of this Agreement.

15.4 Any terms which by their nature are intended to survive the termination of this Agreement shall continue in full force and effect after termination, which terms shall include, but not be limited to, any terms dealing with confidentiality, limitation of liability, indemnification or proprietary rights.

15.5 This Agreement, including the provisions of the Proposal referred to in section 1.1 (a) above, all Addenda and Schedules, and the Confidentiality Agreement dated September 11, 1998, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein. This Agreement may be changed only by written amendment signed by both parties.

15.6 No provision of this Agreement shall be deemed to be waived and no breach shall be deemed to be excused unless such waiver or consent is in writing and signed by the party said to have waived or consented. No consent by either party to, or waiver of, a breach of any provision by the other party shall constitute consent to, or waiver of, any different or subsequent breach.

15.7 Any notice, document or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if sent by prepaid mail, if delivered personally, or if sent by telex or facsimile transmission to the address of the other party specified on the face of this Agreement. Any such notice, if mailed, shall be deemed to have been given on the 5th business day following such mailing, or if delivered personally, or sent by telex or facsimile transmission, shall be deemed to

be given on the first business day following such delivery or transmission, provided that in the event of a disruption in postal service any notice so mailed shall be deemed to have been delivered on the 5th business day following the resumption of regular postal service. Each of the parties hereto shall be entitled to specify a different address for purposes of this section only, by giving notice in accordance with the terms hereof.

15.8 Each of the parties is an independent contractor in relation to the other, and is not the other's agent, partner, franchisee, joint venture partner or employee and the parties may not represent themselves otherwise.

15.9 Any dispute or claim arising out of or relating to this Agreement shall be settled by arbitration in accordance with the Rules for the Conduct of Arbitration of the American Arbitration Association (the "Rules") in effect at the date of commencement of such arbitration, by three (3) arbitrators. If practicable, the arbitrator shall be appointed from a list of no more than ten (10) persons provided to the parties by the American Arbitration Association, but if the parties are unable to agree on an arbitrator within ten (10) days from the date on which either party requests the appointment of an arbitrator, either party may request the American Arbitration Association to appoint such person as soon as practicable. The arbitration will be final and binding. Each of the parties shall cooperate with the arbitrator and shall provide him with all information in their possession or under their control necessary or relevant to the matter being determined. The parties shall use their best efforts to cause any arbitration hearing that may be held hereunder to be completed as soon as practicable. The arbitrator shall be required to make his award as soon as possible, and if at all practicable, within five (5) days after the conclusion of the arbitration hearing. Disputes involving more than two (2) parties shall be settled by one (1) arbitration, as determined by the arbitration procedures adopted in this clause. Where by this clause any dispute or difference is to be referred to arbitration, the making of a final award.

shall be a condition precedent to any right of action by either party against the other. Judgment upon an award, including any interim award, rendered by the arbitrator may be entered in any Court having jurisdiction thereof. The arbitrator may determine all questions of law and jurisdiction including questions as to whether the dispute is able to be arbitrated, and has the right to grant permanent and interim damages or injunctive relief, and shall have the discretion to award costs including reasonable legal fees, interest and costs of the arbitration.

15.10 The parties hereby confirm their express wish that this Agreement and all documents relating thereto be drawn up in English only.

15.11 This Agreement shall ensure to the benefit of and be binding upon the

heirs, executors, administrators, successors and permitted assigns of the respective parties hereto.

15.12 The insertion of headings herein and the division of this Agreement into sections are for convenience of reference only and shall not affect the interpretation thereof.

15.13 Neither party hereto shall be liable to the other party for any delay or failure to perform its obligations hereunder due to strikes, labour disputes, riots, storms, floods, explosions, acts of God, acts of any governmental authority, war or any other cause or causes which are beyond the reasonable control of such party. The parties hereto shall use their best efforts during the term of this Agreement to avoid or, if unavoidable, minimize the effects of any force majeure upon the performance of their respective obligations under this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SYSTEMS XCELLENCE USA, INC.		PROVANTAGE, INC.	
By:	/s/ [illegible]	By:	/s/ JEFFREY A. JONES
Name:	/s/ [illegible]	Name:	Jeffrey A. Jones
Title:	PRES/CEO	Title:	EVP & COO
By:		By:	/s/ PETER J. BESTE
Name:		Name:	Peter J. Beste

Exhibit 10.13

VISION BENEFIT GROUP INSURANCE POLICY

[Dollar Amounts Omitted]

POLICYHOLDER: Shopko Stores, Inc.

POLICY NUMBER: 50236

POLICY EFFECTIVE DATE: January 1, 1998

POLICY RENEWAL DATE: January 1, 1999

GOVERNING JURISDICTION: Wisconsin

INITIAL POLICY TERM: One year

PREMIUM DUE DATE: 1st day of the coverage month

This group insurance policy is issued to the named Policyholder in the state specified and, to the extent that it is governed by state law, the laws of that state will control.

Risk assumed under this policy will be insured from the effective date of this policy, subject to all policy provisions. The initial term of this policy is the period specified. However, if this policy is issued as a restatement of the risk assumed by any prior policy issued by Us and provides continuous coverage of that risk, then, subsequent revision of coverage or premium rate notwithstanding, the initial policy period specified above will be deemed to have occurred under that prior policy.

All of the following articles, outlines, and amendments are part of this policy and available benefits are dependent upon them. Altogether this policy is issued on Our authority.

United Wisconsin Insurance Company

/s/

President

The Policyholder agrees to all of the terms of this policy.

/s/	Benefits Manager	1-1-98
Authorized Signature	Title	Date

POLICY OUTLINE

VISION BENEFIT PLAN

<TABLE>
<CAPTION>

Service	Benefits from Participating Providers	Benefits from Non-Participating Providers	Benefit Service Availability
<S>	<C>	<C>	<C>
Vision Examination.....	Full Coverage		Once Each

		12 months
Standard Lenses.....		Once Each
(glass or plastic any size (set of 2) including solid tints)		12 months
Single Focus lens (each)	Full Coverage	
Bifocal lens (each)	Full Coverage	
Trifocal lens (each)	Full Coverage	
Lenticular lens (each)	Full Coverage	
Contact Lenses (in lieu of all other lenses and/or frames).....		Once Each
Standard Prescription (each)		12 months
Required for Sub-Normal Optical Correction (each)	Covered in Full with Pre-Approval	
Frames.....		Once Each 24 months

</TABLE>

* Participating Providers will give the Insured an $82.00 retail credit. Reimbursement will be made at Participating Provider Contracted amounts.

AMENDMENTS: None

ELIGIBILITY REQUIREMENTS:

Class Description - Class 01: All Actively At Work Full-Time Employees

Full Time: hours per week - 26

Service Waiting Period: Effective the 31st day of employment.

PREMIUM: - Single - Family

100% of the premium charges are paid by the Policyholder.
20% participation is required.

DEFINITIONS

ACTIVELY AT WORK or ACTIVE WORK means the employee must be physically capable of working:

1. for the Group on a permanent Full-Time basis and be paid regular earnings; and
2. at least the minimum number of hours shown in the policy outline at either

   a. the Group's usual place of business; or
   b. a location to which the Group's business requires the employee to travel.

If the employee meets these criteria, a holiday or a vacation day on the effective date will be considered a work day.

ANNIVERSARY DATE means a date which is twelve months from the policy effective date and every twelve months thereafter.

BENEFIT means the services or materials available to an Insured, if qualified, under this policy.

CHILD(REN) means the Insured's unmarried:

1. natural child;

2. legally adopted child; or
3. stepchild or foster child.

Such children must be unable to provide their own support or must reside with the Insured. They will cease to be Dependents on the date they marry, or at the end of the day they attain the age of 19, whichever occurs first.

An unmarried child attending an accredited college or university on a full-time basis who remains a Dependent of the Insured may continue to be eligible for benefits under this policy in which the child graduates or attains the age of 25.

The attainment of age 19 specified above will not operate to terminate the coverage of such Dependent child while the child is and continues to be both incapable of self-sustaining employment by reason of mental retardation or physical handicap and dependent upon the Insured for support and maintenance within the meaning of the Internal Revenue Code of the United States. Provided, however, that proof of such incapacity and dependency must be furnished by the Insured to Us at no expense within 31 days of the child's attainment of age 19, and subsequently when and as often as We may reasonably require, but not more frequently than annually after the 2 year period following the child's attainment of age 19.

DATE OF SERVICE means the calendar date on which a specific service was provided or materials were ordered, and from which date Benefit Service Availability periods are measured.

DEDUCTIBLE means the amount of covered charges during each Benefit Service Availability period which must be incurred and paid by the Insured before Benefits become payable by us.

DEPENDENT means the legal spouse and Children of the Insured who are not in Full-Time military service. Dependent also means the child of the Insured's child, until the Insured's child attains the age of 18.

FULL COVERAGE means the amount indicated in the written agreement between Us and Our Participating Providers subject to all exclusions and limitations of this policy.

FULL-TIME means a regular work week of at least the number of hours shown as Full-Time in the policy outline.

GRIEVANCE means any dissatisfaction with the administration or claims practices of or provisions of services by a preferred provider plan which is expressed in writing by or on behalf of an Insured.

GROUP means the common employer or organization with which Insureds are affiliated. The Group may be the Policyholder. If the Policyholder is an association or trust, the Group must be a participating member.

INSURED means a member of the Group:

1. who fulfills the eligibility requirements of the Group; and
2. who meets policy eligibility standards; and
3. who has made application which has been approved by Us; and
4. on whose behalf premiums are currently paid; and
5. who is covered under the terms of the policy on the Date Of Service.

NON-PARTICIPATING PROVIDERS are those providers which do not have to have a Participating Providers contract with Us. They do not accept Our payments as Full Coverage.

OPHTHALMOLOGIST means a person licensed by the state in which he practices as a Doctor of Medicine or Osteopathy and qualified to practice within the medical specialty of Ophthalmology.

OPTICALLY NECESSARY means a prescription or a change of prescription is required to correct visual function.

OPTICIAN means a person or business licensed by the state to manufacture, grind and/or dispense lenses and frames prescribed by either an Optometrist or an Ophthalmologist.

OPTOMETRIST means a person licensed to practice Optometry as defined by the laws of the state in which this service is rendered.

PARTICIPATING PROVIDERS are those providers that have contracts with Us and agree to the discounted terms and administration contained in those contracts.

POLICYHOLDER means the entity to which this policy is issued. The Policyholder is shown on the policy's face page.

SERVICE WAITING PERIOD, as shown in the policy outline, means the continuous length of time a person must serve in an eligible class before becoming eligible for this coverage.

STANDARD LENSES means any size lenses manufactured from glass or plastic, which are optically clear or have a solid color tint; it does not include a lens with variable photochromic properties. Standard multifocal lenses include segments through flat top 35 for plastic bifocal and lenticular lenses, glass trifocals through flat top 28 and plastic trifocals through flat top 35.

SUB-NORMAL OPTICAL CORRECTION means vision is not correctable to better than 20/70 in the better eye by the use of conventional lenses. For the determination of eligibility for Sub-Normal Optical Correction contact lens, the following diseases are included: keratoconus, irregular astigmatism, and irregular corneal curvature; and following cataract surgery.

VISION EXAMINATION means an examination of principal vision functions and includes the services included in the term Minimum Visual Analysis as defined in the rules set by the State Board of Examiners of Optometry following the Wisconsin Administrative Code. A Vision Examination includes but is not limited to, case history, examination for pathology or anomalies, job visual analysis, refraction, visual field testing and tonometry if indicated.

WE, US, OUR means United Wisconsin Insurance Company.

ELIGIBILITY

ELIGIBILITY

A person will become eligible for coverage under this policy upon fulfillment of the following conditions:

1. the Group must meet all of the eligibility rules for participation as specified in the policy outline; and
2. the person must be Actively At Work on a regular, Full-Time basis as a member of a class eligible for coverage under this policy; and
3. the person must complete any Service Wafting Period required under this policy.

APPLICATION

A person must:

1. apply for coverage within 31 days after becoming eligible under this policy; except as provided in the Late Application section of the policy; and
2. cause premium to be paid on his behalf.

LATE APPLICATION

If the Insured does not apply for coverage within 31 days after completing his Service Wafting Period, the Insured will not be eligible until the Group's Anniversary date.

CONTRIBUTION

If the Group requires that an Insured contribute premium for coverage under this policy, then that portion of the premium to be contributed is specified in the policy outline.

DATE COVERAGE IS EFFECTIVE

Coverage will become effective on the date We have approved and accepted the applicant's application for coverage and received premium payment on the applicant's behalf, provided the applicant is Actively At Work on that date. If the applicant is not Actively At Work on that date, the effective date of coverage will be deferred until he returns to Active Work. Under no circumstances shall coverage become effective prior to the date the applicant completes the Service Waiting Period, if any.

DEPENDENT COVERAGE

1. Except as provided below, a person may elect Vision insurance for his eligible Dependents under the same terms as set forth under the Eligibility, Application, Late Application Contribution, and Date Coverage Is Effective sections of the policy.

2. An Insured's legally adopted child becomes eligible for coverage under this policy on the date that a court makes a final order granting adoption of the child by the Insured or on the date that the child is placed for adoption with the Insured. The newborn child of an Insured becomes eligible for coverage at the moment of birth. The Insured must complete an application adding a legally adopted or newborn child to coverage within 30 days after the child becomes eligible. If such application is made the adopted or newborn child's effective date of coverage will be the date of the adoption or the date of birth respectively. For adopted children or newborns, if application is not made within 30 days, then those children will not be eligible for coverage until the Group's Anniversary date.

VISION BENEFITS

VISION EXAMINATION

Payment for a Vision Examination is provided as specified in the policy outline. The frequency with which Vision Examinations are allowed is determined from the date of the previous examination for which Benefits were paid under this or a preceding policy issued by Us.

We will provide the benefit shown in the policy outline for examinations provided by Participating and Non-Participating Providers.

If during an optometric examination, a Participating Optometrist discovers a medical problem not within the scope of optometric practice, We will provide Benefits for one referral examination by a Participating Ophthalmologist if:

1. the Insured is given a referral to the Ophthalmologist by the Optometrist during the optometric examination; and
2. the ophthalmic examination is performed within 60 days of the optometric examination during which the referral was made; and
3. the optometric examination was a policy Benefit.

COVERED VISION MATERIALS

Benefits for vision materials are available with the frequency specified in the policy outline. The period between availability is determined from the last Date Of Service.

Our payment to a Participating Provider for frame cost will not exceed the frames retail cost, in accordance with Our agreement with the Participating Provider.

Payment will be made for contact lenses in lieu of all other material benefits, as specified in the policy outline.

We will pay the benefits shown in the policy outline for materials provided by Participating and Non-Participating Providers.

BENEFIT CHANGES

Any change in the amount of Benefits payable under this policy due to coverage changes will apply.

1. for Dates Of Service occurring on or after the effective date of the change; and
2. only to Insureds Actively At Work on or after the effective date of the change.

LIMITATIONS AND EXCLUSIONS

We will pay the amounts specified in the policy outline. The Insured is responsible for any additional costs for extra items not covered by this plan. They include, but are not limited to:

1. Professional services and/or materials in connection with:

   a. blended bifocals, no line, or executive bifocals. Benefits are provided for Standard Lenses. The Insured is responsible for amounts incurred for non-standard lenses.
   b. compensated or special multi-focal lenses.
   c. piano (non-prescription) lenses.
   d. anti-reflective, scratch, UV400, or any coating or lamination applied to lenses.
   e. subnormal visual aids.
   f. progressive lenses.
   g. tints other than solid; A contribution by Us will be made for tints other than solid, but you pay any difference between the charge and Our payment.
   h. orthoptics, vision training and developmental vision procedures.

2. Broken or lost lenses, contact lenses or frames, unless Benefits are normally due and the Insured is eligible.
3. Medical and surgical treatment of the eye, except as provided under a Vision Examination as defined in this policy.
4. Services or materials provided under Workers' Compensation programs.
5. Services or materials rendered by a provider other than an Ophthalmologist, Optometrist, or Optician acting within the scope of his or her license.
6. Any additional service required outside basic vision analyses for contact lenses, including but not limited to fitting fees.
7. Vision examination or vision materials that may be required as a condition of employment, including but not limited to industrial or safety glasses.
8. Services rendered after the date an Insured or Dependent ceases to be covered under this policy, except when vision materials ordered before coverage ended are delivered within 31 days from the date of that order.
9. When contact lenses are chosen, no other vision material Benefits are available for the duration of the Benefit Service Availability period specified in the policy outline for contact lenses.

10. Second pair of glasses or contacts if the second pair of glasses or contacts is chosen instead of bifocals.
11. Regardless of Optical Necessity, Benefits are not available more frequently than specified in the policy outline.

COORDINATION OF BENEFITS

APPLICABILITY

This Coordination of Benefits ("COB") provision applies to This Plan when an Insured has vision care coverage under more than one Plan. "Plan" and "This Plan" are defined below.

If this COB provision applies, the order of benefit determination rules are looked at first. The rules determine whether the benefits of This Plan are determined before or after those of another Plan. The benefits of This Plan:

1. are not reduced when, under the order of benefit determination rules, This Plan determines its benefits before another Plan; but

2. may be reduced when, under the order of benefit determination rules, another Plan determines its benefits first. This reduction is described in the Effect On The Benefits Of This Plan section of the policy.

DEFINITIONS

When used in this section only, these terms have the following meanings.

ALLOWABLE EXPENSE means a necessary, reasonable, and customary item of expense for vision care, when the item of expense is covered at least in part by one or more Plans covering the person for whom the claim is made.

When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered is considered both an Allowable Expense and a benefit paid.

CLAIM DETERMINATION PERIOD means a calendar year. However, it does not include any part of a year during which a person has no coverage under This Plan or any part of a year before the date this COB provision or a similar provision takes effect.

PLAN means any of the following which provides benefits or services for, or because of, vision care or treatment:

1. Group insurance or group-type coverage, whether insured or uninsured, that includes continuous 24 hour coverage. It also includes coverage other than school accident-type coverage.
2. Coverage under a governmental plan or coverage that is required or provided by law. This does not include a state plan under Medicaid (Title XIX, Grants to States for Medical Assistance Programs, of the United States Social Security Act as amended from time to time). It also does not include any plan whose benefits, by law, are excess to those of any private insurance program or other non-governmental program.

Each contract or other arrangement for coverage under 1. or 2. is a separate Plan. If an arrangement has two parts and COB rules apply only to one of the two, each of the parts is a separate Plan.

PRIMARY PLAN/SECONDARY PLAN. The order of benefit determination rules state whether This Plan is a Primary Plan or Secondary Plan as to another Plan covering the person.

When This Plan is a Secondary Plan, its benefits are determined after those of the other Plan and may be reduced because of the other Plan's benefits.

When This Plan is a Primary Plan, its benefits are determined before those of the other Plan and without considering the other Plan's benefits.

When there are more than two Plans covering the person, This Plan may be a Primary Plan as to one or more other Plans and may be a Secondary Plan as to a different Plan or Plans.

THIS PLAN means the part of the Contract that provides benefits for vision care expenses.

ORDER OF BENEFIT DETERMINATION RULES

When there is a basis for a claim under This Plan and another Plan, This Plan is a Secondary Plan which has its benefits determined after those of the other Plan, unless:

1. the other Plan has rules coordinating its benefits with those of This Plan; and
2. both those rules and This Plan's rules require that This Plan's benefits be determined before those of the other Plan.

This plan determines its order of benefits using the first of the following rules which applies:

1. NON-DEPENDENT/DEPENDENT. The benefits of the Plan which covers the person as an employee, member or Insured (that is, other than as a dependent) are determined before those of the Plan which covers the person as a dependent.

2. DEPENDENT CHILD/PARENTS NOT SEPARATED OR DIVORCED. Except as stated in rule 3, when This Plan and another Plan cover the same child as a dependent of different persons (called "parents"):

   a. The benefits of the Plan of the parent whose birthday falls earlier in the calendar year are determined before those of the Plan of the parent whose birthday falls later in that calendar year; but
   b. If both parents have the same birthday, the benefits of the Plan which covered the parent longer are determined before those of the Plan which covered the other parent for a shorter period of time.

   However, if the other Plan does not have the rule described in a. but instead has a rule based upon the gender of the parent, and if, as a result, the Plans do not agree on the order of benefits, the rule in the other Plan shall determine the order of benefits.

3. DEPENDENT CHILD/SEPARATED OR DIVORCED PARENTS. If two or more Plans cover a person as a dependent child of divorced or separated parents, benefits for the child are determined in this order

   a. first, the Plan of the parent with custody of the child;
   b. then, the Plan of the spouse of the parent with the custody of the child; and
   c. finally, the Plan of the parent not having custody of the child.

Also, if the specific terms of a court decree state that the parents have joint custody of the child and do not specify that one parent has responsibility for the child's health care expenses or if the court decree states that both parents shall be responsible for the health care needs of the child but gives physical custody of the child to one parent and the entities obligated to pay or provide the benefits of the respective parents' Plans have actual knowledge of those terms, benefits for the dependent child shall be determined according to rule 2.

However, if the specific terms of a court decree state that one of the parents is responsible for the health care expenses of the child, and the entity obligated to pay or provide the benefits of the Plan of that parent has actual knowledge of those terms, the benefits of that Plan are determined first. This paragraph does not apply with respect to any Claim Determination Period or plan year during which any benefits are actually paid or provided before the entity has that actual knowledge.

4. ACTIVE/INACTIVE EMPLOYEE. The benefits of a Plan which covers a person as an employee who is neither laid off nor retired or as that employee's dependent are determined before those of a Plan which covers that person as a laid off or retired employee or as that employee's dependent. If the other Plan does not have this rule and if, as a result, the Plans do not agree on the order of benefits, this rule is ignored.

5. CONTINUATION COVERAGE. The benefits of a Plan which covers a person as an employee, member, or Insured, or as a dependent of such person, are determined before those of a Plan which covers that person as a person on state or federal continuation. If the other Plan does not have this rule and if, as a result, the Plans do not agree on the order of benefits, this rule is ignored.

6. LONGER/SHORTER LENGTH OF COVERAGE. If none of the above rules determines the order of benefits, the benefits of the Plan which covered an employee, member, or Insured longer are determined before those of the Plan which covered that person for the shorter time.

EFFECT ON THE BENEFITS OF THIS PLAN

This Section applies when, in accordance with the Order of Benefit Determination Rules, This Plan is a Secondary Plan as to one or more other Plans. In that event the benefits of This Plan may be reduced under this section. Such other Plan or Plans are referred to below as "the other Plans".

The benefits of This Plan will be reduced when the sum of:

a. the benefits that would be payable for the Allowable Expenses under This Plan in the absence of this COB provision; and
b. the benefits that would be payable for the Allowable Expenses under the other Plans, in the absence of provisions with a purpose like that of this COB provision, whether or not claim is made, exceeds those Allowable Expenses in a Claim Determination Period. In that case, the benefits of This Plan will be reduced so that they and the benefits payable under the other Plans do not total more than those Allowable Expenses.

When the benefits of This Plan are reduced as described above, each benefit is reduced in proportion. It is then charged against any applicable benefit limit of This Plan.

RIGHT TO RECEIVE AND RELEASE NEEDED INFORMATION

Certain facts are needed to apply these COB rules. We have the right to decide which facts We need. We may get needed facts from or give them to any other organization or person. We need not tell or get the consent of any person to do this. Each person claiming benefits under This Plan must give Us any facts We need to pay the claim.

FACILITY OF PAYMENT

A payment made under another Plan may include an amount which should have been paid under This Plan. If it does, We may pay that amount to the organization which made that payment. That amount will then be treated as though it were a benefit paid under This Plan. We will not have to pay that amount again. The term "payment made" means reasonable cash value of the benefits provided in the

form of services.

RIGHT OF RECOVERY
If the benefit provided by Us is more than should have been provided under this COB provision, We may recover the excess from one or more of:

1. the persons We have paid or for whom We have paid;
2. insurance companies; or
3. other organizations.

GRIEVANCE PROCEDURE

If vision Benefits are denied, either in whole or in part, or the Insured is dissatisfied with the services provided, the Insured may request an explanation of the cause of the Grievance.

Telephone inquiries should be directed to ProVantage Vision Management Services at (414) 784-4600 or, outside Milwaukee area, 1-(888) 478-3722.

If the initial explanation of the cause of the Grievance is not satisfactory to the Insured, the Insured may further appeal the Grievance by writing to the Quality Assurance Committee (QAC) in care of Us. We recommend that a written grievance include the following information:

1. The number of the Group Vision master policy issued to the Policyholder.
2. The Date Of Service in question.
3. The name of the Vision provider.
4. The patient's name.
5. The name and social security number of the Insured, and
6. The reason(s) why the Insured is making the written Grievance.

The QAC will acknowledge receipt of the Grievance within 10 days of that receipt. The QAC will review the Grievance. The QAC review will consider all relevant information submitted by the Insured as well as Our applicable records. The QAC will allow the Insured the opportunity to appear before the QAC to present written or oral information and to question the persons responsible for making the determination which resulted in the Grievance. The QAC will notify the insured of his right to appear, and of the time and place of the QAC meeting at least 7 days in advance. The decision of the QAC will be made in writing to the Insured within 30 calendar days from the date of the receipt of the Grievance. Upon written notice within the initial 30 calendar day period, the QAC may extend the review for up to 60 calendar days from the date of receipt of the Grievance. This extension notice shall specify the reason why additional time is needed, and specify when a resolution may be expected. The decision of the QAC will be considered final by Us.

Should the Grievance involve urgent care, the Insured may file the Grievance via a telephone call to Us. Urgent care is care which cannot be postponed during the time required for the normal Grievance process. The telephone call must provide the pertinent information listed above. The QAC will resolve the Grievance within 4 business days of receipt of the Grievance.

The Insured has the right to be represented by counsel at any stage of the Grievance procedure. This Grievance procedure does not prevent the Insured from seeking legal redress.

NOTICE OF RIGHT TO FILE A COMPLAINT

If the Insured is having problems with their insurance company or agent, do not hesitate to contact the insurance company or agent to resolve their problem.

You can also contact the Office of the Commissioner of Insurance, a state agency

which enforces Wisconsin insurance laws, and file a complaint. The Insured can contact the Office of the Commissioner of Insurance by writing to:

Office of the Commissioner of Insurance
Complaints Department
P.O. Box 7873
Madison, WI 53707-7873

or they can call 1-800-236-8517 outside of Madison or 266-0103 in Madison, and request a complaint form.

OVERPAYMENT RECOVERY

Whenever any Benefit payments may have been made by Us in excess of the payment amounts required, We will deem the excess payment amount a debt of the Insured that is due and payable to Us. We have the right to recover that debt from the Insured or to reduce Benefit amounts that remain payable to recover the debt.

TERMINATION OF COVERAGE

RENEWAL OF THE POLICY BY US

This policy will initially be in effect for two years commencing on the effective date. This policy may be renewed by the Policyholder for additional periods of one month each, specified by and subject to Our consent. Each subsequent renewal will be in accordance with the eligibility, premium computation, and payment provisions of this policy.

TERMINATION OF THE POLICY BY US

We may terminate this policy on the first policy anniversary. Thereafter, We may terminate this policy on the first day of any period for which premium is due if any of the following conditions occur:

1. the number of enrolled Insureds is less than 10; or
2. less than 75% of the persons eligible for contributory insurance are enrolled; or
3. the Policyholder fails:

   a. to promptly provide any information that We may reasonably require; or
   b. to perform any other contractual obligations of this policy.

We will give written notice of any termination to the Policyholder at least 60 days in advance of the termination date. Termination of this policy under any condition will not prejudice any claims for which the Date of Loss occurred while this policy was in force.

This policy will not terminate during any period for which premium has been paid; however, if the Policyholder fails to pay any premium within the grace period, this policy will automatically terminate at 12:00 midnight of the last day of the grace period. The policyholder is liable to Us for any premium due and unpaid for the entire period this policy remains in force.

TERMINATION OF THE POLICY BY THE POLICYHOLDER

The Policyholder may cancel this policy on the first day of any period for which premium is due, by giving written notice to Us at least 30 days in advance of the termination date. If the Policyholder is a trust or an association, coverage under this Policy will terminate with respect to a Group which is a participating member on the date such Group terminates its membership therein. The Group must provide Us written notice of such termination at least 30 days in advance of the termination date. Without 30 days advance written notice, the

termination date must be mutually agreed upon by the Group, or the Policyholder if the Group is not the Policyholder, and Us.

TERMINATION OF INDIVIDUAL COVERAGE

The coverage of any Insured will terminate upon the first to occur of any of the following dates:

1. the date the policy is canceled; or
2. the date the policy is modified to exclude coverage for the class to which the Insured belongs; or
3. the date the premium payments cease to be made when due; or the end of the cobra extension.
4. the date the Insured terminates employment; or
5. the date the Insured is no longer a member of the class of persons eligible for coverage as specified in this policy; or
6. the date the Insured is laid off, resigns, retires, or is dismissed from employment; or
7. the day preceding the date a leave of absence begins, except a leave of absence due to illness or injury. Refer to the Special Provisions For Not Being In Active Status section of the policy; or
8. the date of work stoppage which is the result of a labor dispute.

TERMINATION OF EMPLOYEE'S DEPENDENT INSURANCE

The coverage on any Dependent will terminate upon the first to occur of any of the following dates:

1. the date the person ceases to be a Dependent; or
2. the date premium payments cease to be made, if required; or
3. the date the Insured's coverage ceases under this policy.

SPECIAL PROVISIONS FOR NOT BEING IN ACTIVE STATUS

If a Insured is not Actively At Work Full-Time due to illness or injury, coverage may remain in effect if:

1. the premium continues to be paid on the Insured's behalf; up to 12 weeks.
2. the Group continues participation under this policy.

In no event shall coverage on any Insured be continued by payment of premium longer than 12 consecutive weeks after the illness or injury commenced.

PREMIUM CALCULATION AND PAYMENT

PREMIUM

The initial premium is calculated by multiplying the premium rates specified in the policy outline by the number of eligible Insureds enrolled for either single or family coverage. Without due notice to the contrary, such premium rates will remain effective.

We retain the right to establish new premium rates for the calculation of both the current premium due and all future premium:

1. when the policy provisions or conditions are changed; or
2. when additional coverage is requested for a division, subsidiary, or other group associated with the Group; or
3. when other factors, bearing on the risk We have assumed as evidenced by this policy are changed.

New premium rates may be established on any premium due date after the first 12 month period that this policy has been in force by giving appropriate notice to the Policyholder 31 days (60 days if the rate increases by 25% or more) before the due date of the changed premium. New premium rates may be established at an earlier date by mutual agreement of the Policyholder and Us.

Within the first 12 months, We reserve the right to revise premium rates if changes in state or federal law enhance the Benefits available under this policy.

PREMIUM PAYMENT

The initial premium payment is due from the Policyholder to Us on or before the effective date of the policy. Subsequent payments are due monthly; however, payment of any premium will not maintain this coverage in force beyond the end of the period for which the premium was paid except when the grace period provisions are in effect. If the Policyholder is a trust or an association, then the Group which is a participating member thereof is responsible for paying to Us premiums on a timely basis.

Any premium adjustment that involves a return of unearned premium to the Group will be limited to the period of 2 months immediately preceding the date We receive evidence that the Group is entitled to such adjustments. The Group shall forfeit the return of any remaining unearned premium; however, such forfeiture shall not be construed as extending an Insured's coverage beyond the date he would otherwise have been ineligible.

GRACE PERIOD

If, after payment of the initial premium due under this policy and prior to the due date of any subsequent premium, the Group has not given to Us written notice of cancellation, a grace period of 31 days, extending from the first day of the period for which premium is due, will be allowed.

During the grace period, coverage under this policy will remain in force until the first of the following events occurs:

1. We receive, before the end of the grace period, written notice from the Group to cancel the policy, in which case such notice will terminate this policy on the later of either

   a. the date the notice is received; or
   b. the requested termination date.

   However, in either case, the Group will be liable for premium payments prorated for the time the policy remained in force during the grace period.

2. The grace period expires without payment of premium due, in which case the Group is liable for the payment of all premium amounts due for policy coverage which was extended during the grace period.

NONPARTICIPATING POLICY

This policy is non-participating. It will not receive any distribution from Our surplus earnings, if any; neither will it be assessable to recover loss, if any, to Our equity.

CONTINUATION

The provision entitled CONTINUATION OF COVERAGE UNDER WISCONSIN LAW contains the continuation requirements of Wisconsin Statute 632.897. The provision entitled CONTINUATION OF COVERAGE UNDER COBRA (Federal Law) contains the continuation requirements of the federal Consolidated Omnibus Budget Reconciliation Act

(COBRA) of 1985. Groups insured under this Policy may be subject to both statutes. If so, they must comply with the minimum requirements of both statutes. The intent of this Policy is to comply with the minimal legislative requirements of both state law and COBRA. If either or both laws are amended, thus affecting a provision of this Policy, We deem that provision amended and administer the Policy accordingly. It is the Group's responsibility to determine which provision applies to the Group.

CONTINUATION OF COVERAGE UNDER WISCONSIN LAW

1. The following persons who have been continuously covered under this Policy for at least 3 months may elect to continue coverage under this Policy.

   a. The former spouse of an Insured who otherwise would terminate coverage because of divorce or annulment.
   b. An Insured who would otherwise terminate eligibility for coverage under this Policy. This does not include an Insured who terminates eligibility for coverage due to discharge for misconduct shown in connection with his or her employment.
   c. The spouse and/or dependents of an Insured if the Insured dies while covered by this Policy and the spouse and/or dependents were also covered by this Policy.

2. If premium for coverage continues to be paid, coverage under this Policy continues for

   a. The terminated Insured entitled to continuation; and
   b. The terminated Insured's spouse and dependents who were also covered by this Policy,

   until the terminated Insured is notified of his or her right to elect continuation.

3. If the Group is notified to terminate an Insured's coverage for any of the reasons set forth in paragraph 1 above, the Group will send to the Insured's home address, as shown on the Group's records, or deliver personally written notification of:

   a. The right to continuation coverage under this Policy; and
   b. The payment amount needed for continued coverage. This includes the manner, place and time in which payment must be made.

   The Group will give notice not more than 5 days after receiving notice to terminate coverage. The premium for continued coverage under this Policy will not be more than the rate in effect for a person covered under the Group, including the Group's contribution.

4. The terminated person must elect continuation coverage within 30 days after receiving notice under paragraph 3 above. He or she must pay the amount required in that same period. If the terminated person is a minor, his or her parent or guardian may act on his or her behalf. A terminated Insured

may continue coverage for his or her spouse or dependents who were also covered by this Policy. Continued coverage continues until the earliest of the following occurs:

a. The person terminated establishes residence outside this state.
b. The terminated person fails to make timely payment of a required premium amount.
c. The terminated person is eligible for continued coverage under paragraph 1-a and the Insured through whom he or she originally obtained coverage is no longer eligible for coverage under this Policy. If the Insured

becomes eligible for coverage by a replacement group policy providing coverage to the same group, the terminated person has the right to continued coverage under the replacement policy.
d. The terminated person becomes eligible for similar coverage under another group policy.
e. The end of a period of 18 months of continued coverage.

5. The terminated person pays premium for continued coverage to the Group. The Group collects the premium, and We bill the Group for the premium. We charge to the Group the claims experience of individuals whose coverage is continued.

CONTINUATION OF COVERAGE UNDER FEDERAL LAW (COBRA)

1. Upon the occurrence of an event set forth in paragraph 2 below, the following persons who have been covered under this Policy may elect to continue coverage under this Policy.

   a. The spouse of an Insured, upon the occurrence of event 2-a, 2-b, 2-c, or 2-d;
   b. The Dependent child of an Insured, upon the occurrence of event 2-a, 2-b, 2-c, or 2-d;
   c. The Insured, upon the occurrence of event 2-b;
   d. The retired Insured and any of his covered Dependents, upon the occurrence of event 2-f;
   e. Widows or widowers of retired Insureds who died before the occurrence of event 2-f, upon the occurrence of that event.

2. If one of the following events occurs and results in the loss of coverage under this Policy for a person described in paragraph 1, he or she may continue coverage.

   a. Death of the Insured;
   b. Termination of the Insured's eligibility for coverage under this Policy. This does not include an Insured who terminates eligibility for coverage due to discharge for gross misconduct shown in connection with his or her employment;
   c. Eligibility of the Insured for Medicare;
   d. Divorce or legal separation of the Insured;
   e. End of the eligibility of a child of the Insured as a Dependent under this Policy, or
   f. The Group's filing of a Chapter 11 bankruptcy petition.

   The Insured or his or her dependents whose coverage is terminated due to the occurrence of an event listed in d or e above must provide the Group notice of that event within 60 days of its occurrence.

3. If the Group is notified to terminate a persons coverage for any of the reasons set forth in paragraph 2 above, the Group will send to that person's home address, as shown on the Group's records, or deliver personally written notification of:

   a. The right to continue coverage under this Policy, and
   b. The payment amounts needed for continued coverage. This includes the manner, place and time in which payment must be made.

   The Group will give notice not more than 14 days after receiving notice to terminate coverage. Except as provided in paragraph 6-e, the premium for continued coverage under this Policy will not

   be more than 102% of the rate in effect for a person covered under the Group, including the Group's contribution.

4. The terminated person must elect continued coverage and pay the premium

within the election period. This is a period of 60 days from the later of:

a. The date of the event set forth in paragraph 2 that led to termination; or
b. The date the terminated person receives notice under paragraph 3 above.

He or she also has 45 days from the date he or she elects continued coverage in which to pay to the Group the premium required for the continued coverage provided during the period immediately preceding the election date.

If the terminated person is a minor, his or her parent or guardian may act on his or her behalf. A terminated Insured may continue coverage for his or her spouse or dependents who were also covered by this Policy.

5. We treat a terminated person who continues coverage under this Policy in the same manner as a similarly situated person whose Policy coverage has not terminated.

6. Coverage of the terminated person continues until the earliest of the following occurs:

a. The Group ceases to provide this Policy to any employees.
b. The terminated person fails to pay a required premium amount by the end of the grace period.
c. The terminated person becomes covered as an employee or otherwise under any other group medical expenses benefit plan, unless the plan limits or excludes coverage for any pre-existing condition of that person.
d. The terminated person becomes entitled to Medicare benefits.
e. The end of a period of 18 months after the occurrence of event 2-b, or 36 months after the occurrence of event 2-a, 2-c, 2-d, or 2-e. However:

   1) If the Social Security Administration determines that an Insured or spouse, or dependent who is eligible for continued coverage because of event 2-b was disabled at the time of the event, then the Insured's coverage, continues until the earlier of the end of the disability or the end of a period of 29 months after the occurrence of event 2-b. The disabled individual must notify the Group of the Social Security Administration's determination within 60 days of the determination, and before the end of the eighteenth month of continuation, and must also notify the group if the individual ceases to be disabled. The premium for the nineteenth through twenty-ninth month of continued coverage will not be more than 150% of the rate in effect for a person covered under the Group, including the Group's contribution.
   2) If a retired Insured dies after the Group files a Chapter 11 bankruptcy petition, continued coverage for his or her surviving spouse and children who are covered dependents expires at the end of a period of 36 months after the Insured's death.
   3) In all other cases, if a terminated person, other than a person described in paragraph 1-e, experiences more than one of the events set forth in paragraph 2, the maximum period of continuation is 36 months from the date of the first event.

7. The terminated person pays premium for continued coverage to the Group. The Group collects the premium, and We bill the Group for the premium. We charge to the Group the claims experience of individuals whose coverage is continued.

GENERAL PROVISIONS

ENTIRE CONTRACT AND CHANGES

This policy, including all provisions, outlines, endorsements and amendments, the application of the Group, and the individual application of the Insured

constitute the entire contract between the Group and Us. No change in this policy will be valid unless approved in writing by one of Our executive officers and made a formal amendment to this policy. No agent has authority to change this policy or any of its provisions.

LEGAL ACTIONS

No action at law or in equity may be brought to recover on this policy prior to the expiration of a 60 day period extending from the date that written proof of claim is first required under this policy to be provided to Us. No action, at law or in equity, may be brought after the expiration of a 3 year period extending from the Date Of Service for which written proof of claim is required to be provided to Us by the Insured.

STATEMENTS MADE BY THE GROUP OR MEMBERS

A statement made by the Group or an Insured in an enrollment form will not be used as a defense to a claim or to void or reform coverage unless the statement is signed by the Group or Insured, and a copy of the enrollment form containing the statement is or has been furnished to that Group or the Insured.

TIME LIMIT ON CERTAIN DEFENSES

Except for fraudulent statements, no statement made by an Insured under this policy relating to that Insureds coverage will be used to contest the validity of the coverage extended to that Insured after the coverage has been in force for a period of 2 years.

NOTICE OF CLAIM

For services from Non-Participating Providers, the Insured must give Us written notice of claim within 30 days of the Date Of Service, or as soon as it is reasonably possible. Participating Providers file claims for the Insureds.

When We receive that notice, We will send claim forms to the Insured If the Insured does not receive the claim forms within 15 days of the notice, The Insured will have complied with the requirements of proof of claim when We receive verifiable documentation that establishes:

1. the Insured's eligibility, and
2. the Date Of Service; and
3. the Provider, and
4. the services obtained from that Provider, and
5. to whom the services were provided.

PROOF OF CLAIM FOR SERVICES USED

A statement of claim for services and/or vision material(s) ordered and provided by Non-Participating Providers under this policy should be provided to Us by the Insured as soon as is reasonably possible but no later than 90 days from the Date Of Service. If it is not possible to give proof within the time limit, it may be given as soon thereafter as is reasonably possible, as long as We have not been prejudiced by the delay. Proof of claim may not be given later than one year after the time proof is otherwise required. Participating Providers will provide Us with Proof of Claim for the Insured.

TIMELY PAYMENT OF CLAIMS

Claims incurred while this policy is in force will be paid upon receipt of written proof of claim for an eligible Insured or Dependent.

PAYMENT OF CLAIMS

Payment for services and materials obtained from Participating Providers will be made directly to those providers in accord with the Benefit Outline and the

terms of this contract. Payment for services and materials obtained from a NonParticipating Provider will be made directly to the Insured. The Insured may assign the Benefits to the Non-Participating Provider. The Insured is responsible for non-covered services from Participating and Non-Participating Providers.

APPEAL PROCESS

Questions concerning any payment or denial We make can be directed to Our Vision Customer Service Department for additional explanation.

If an Insured still disagrees with Our decision regarding payment or denial of a claim, the Insured may appeal Our decision. The appeal for review must be in writing to Us and must be received by Us within 60 days after the Insured received notification of the denial of benefits. The appeal must be identified as a claim appeal and must provide pertinent information such as: identification numbers, date and place of service, name of insured, name of patient, and reason for requesting the review.

After being reviewed by Us, a written decision, including reasons, will be provided within 60 days of receipt of the appeal. If there are special circumstances requiring an extensive review, the final decision will be made within 120 days of receipt of the appeal.

In all cases, the Insured retains the right to be represented by a lawyer at any time. After the appeal process has been completed, the Insured has the right to take his case to civil court.

DATA REQUIRED FROM THE GROUP

The Group will furnish to Us any information We may reasonably require for the administration of this policy, including timely information about persons who have become eligible, changes in coverage, and termination of coverage. We have the right to inspect at any reasonable time any records of the Group which relate to the coverage under this policy.

CLERICAL ERROR

Failure of the Group, due to clerical error, to report the name of any person who has qualified for coverage under this policy or to report the name of any person whose classification has been changed will not deprive that person of coverage, unless We have been prejudiced by the clerical error, as long as the Group, and the Insured if applicable, immediately pay the appropriate premium applicable to the coverage period. Failure of the Group to report the termination of coverage for any Insured will not continue that coverage beyond the date such coverage would otherwise terminate.

AGENCY

For all purposes of this policy, the Group acts on its own behalf or as an agent of the Insured. Under no circumstances will the Group be deemed Our agent without Our written authorization.

CERTIFICATES

We will issue to the Group, for delivery to each Insured covered under this policy, an individual certificate or certificate substitute, that describes the coverage for which that Insured is eligible, and how and to whom the policy benefits are paid, and which contains the principal provisions of this policy that affect the Insureds.

WORKERS' COMPENSATION

The coverage provided under this policy is not in place of and does not affect any statutory requirement for coverage by workers' compensation insurance.

PRONOUNS

All personal pronouns used in this policy will include either gender, unless the context clearly indicates to the contrary.

CONFORMITY WITH STATE STATUTES

Any provision of this policy that, on its effective date, is in conflict with the statutes of the state in which it is issued, or issued for delivery, is amended by this section to conform to the minimum requirements of that state statute.

SEVERABILITY

Any provision of this policy which may be prohibited by law, will be and become without force or effect within that jurisdiction; however, the void provision will neither invalidate nor impair the enforceability of any other provision of this policy.

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

To the Board of Directors and Shareholder of
ProVantage Health Services, Inc.:

We consent to the use in this Amendment No. 1 to this Registration Statement No. 333-71743 relating to 5,300,000 shares of Common Stock of ProVantage Health Services, Inc. on Form S-1 of our report dated March 12, 1999, appearing in the Prospectus, which is a part of this Registration Statement, and to the references to us under the headings "Selected Historical Consolidated Financial Data" and "Experts" in such Prospectus.

Our audits of the consolidated financial statements referred to in our aforementioned report also included the consolidated financial statement schedule listed in Item 16(b). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin

March 24, 1999

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Exhibit 99.4

CONSENT OF DIRECTOR DESIGNEE

March 22, 1998

The undersigned hereby consents, pursuant to Rule 438 under the Securities Act of 1933, as amended, to the references to him as a future director of ProVantage Health Services, Inc., in the Prospectus included in this Registration Statement.

Signed: /s/ Jeffrey A. Jones

Jeffrey A. Jones