IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

ROBERT M. MILES and GUILLERMO MARTI,	:	
Plaintiffs,	:	C.A. No. 19786-NC
v.	:	
NCS HEALTHCARE, INC., JON H. OUTCALT, KEVIN B. SHAW, RICHARD L. OSBORNE, BOAKE A. SELLS, GENESIS HEALTH VENTURES, INC., and GENESIS SUB, INC.,	:	
Defendants.	:	

NOTICE OF FILING OF FIRST AMENDED CLASS ACTION COMPLAINT

TO: David C. McBride, Esquire
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PLEASE TAKE NOTICE that plaintiffs herewith file the attached First Amended Class Action Complaint as of course pursuant to Rule 15(a).

In compliance with Rule 15(aa), plaintiffs aver that the First Amended Class Action Complaint is in full substitution for the complaint heretofore filed in the above-captioned action.

ROSENTHAL, MONHAIT, GROSS & GODDESS, P.A.

By: _____

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THE COURT OF CHANCERY OF THE STATE OF
DELAWARE COUNTY OF NEW CASTLE

ROBERT M. MILES and GUILLERMO MARTI,	:	
Plaintiffs,	:	C.A. No. 19786-NC
v.	:	**FIRST AMENDED CLASS ACTION COMPLAINT**
NCS HEALTHCARE, INC., JON H. OUTCALT, KEVIN B. SHAW, RICHARD L. OSBORNE, BOAKE A. SELLS, GENESIS HEALTH VENTURES, INC., and GENESIS SUB, INC.,	:	
Defendants.	:	

Plaintiffs, by their attorneys, allege on information and belief, except as to themselves and their own acts which are alleged on knowledge, as follows:

1. Plaintiffs are, and have been at all relevant times, the owners of shares of the common stock of NCS Healthcare, Inc. ("NCS" or the "Company").

2. Plaintiff Robert Miles, at all relevant times and prior to June 28, 2002, the day the merger was announced between NCS and Genesis Health Ventures, Inc. ("Genesis"), owned and continues to own approximately 102,000 shares of NCS common stock.

3. Plaintiff Guillermo Marti, at all relevant times and prior to June 28, 2002, the day the merger was announced between NCS and Genesis, owned and continues to own approximately 655,010 shares of NCS common stock.

4. NCS is a corporation organized and existing under the laws of the State of Delaware; maintains its principal corporate offices at 3201 Enterprise Parkway, Suite 220, Beachwood, Ohio 44122; and provides pharmacy services to long-term care institutions, including skilled nursing facilities, assisted living facilities, and other institutional healthcare settings.

5. NCS has debt of approximately $300,000,000, has defaulted on the debt, and lacks the cash and cash flow to repay or service the debt.

6. As of May 10, 2002, NCS had 18,461,599 shares of Class A stock issued and outstanding and 5,255,210 shares of Class B stock issued and outstanding.

7. The Class B stock is reserved for Company insiders; Class A and Class B stock are voting stock, but the Class B stock has ten times the voting power of the Class A stock.

8. Defendant Jon H. Outcalt is the Chairman of the Board of Directors of NCS; has approximately 49% voting power over NCS; owns approximately 263,000 shares of Class A common stock; owns approximately 3.4 million shares of Class B stock; and is the controlling shareholder of the Company.

9. Defendant Kevin B. Shaw is President, Chief Executive Officer, Secretary and a director of NCS; owns approximately 106,000 shares of Class A common stock; owns

approximately 1.1 million shares of Class B stock; and has approximately 16% voting power of NCS.

10. Defendants Richard L. Osborne and Boake A. Sells are directors of NCS; each own approximately 30,000 shares of Class A stock; each own approximately 100,000 shares of Class B stock; and each have approximately 1.5% voting power of NCS.

11. The individual defendants' positions as officers and/or directors of NCS, and Outcalt's position as controlling stockholder impose on the individual defendants fiduciary duties to plaintiff and other public shareholders of NCS of good faith, fair dealing, loyalty, and due care.

12. Defendant Genesis is a corporation organized and existing under the laws of the State of Pennsylvania; maintains its principal corporate offices at 101 East State Street, Kennet Square, Pennsylvania 19348; and provides healthcare and support services to the elderly.

13. Defendant Genesis Sub, Inc. ("Genesis Sub") is a corporation organized and existing under the laws of the State of Delaware; is a wholly owned subsidiary of Genesis; and was formed by Genesis to acquire NCS.

14. The individual defendants have signed a definitive merger agreement under which Genesis Sub would acquire NCS in a stock for stock merger.

15. Omnicare, Inc., ("Omnicare") is a corporation organized and existing under the laws of the state of Delaware; maintains its principal place of business at 100 East Rivercenter Blvd., Suite 1600, Covington, Kentucky 41101; and is engaged in the business of providing pharmacy services to long-term care institutions.

CLASS ACTION ALLEGATIONS

16. Plaintiffs bring this action on their own behalf and as a class action on behalf of all owners of the common stock of the Company and their successors in interest, except defendants and their affiliates.

17. This action is properly maintainable as a class action for the following reasons:

(a) the class is so numerous that joinder of all members is impracticable (approximately 18.5 million shares of Class A stock of NCS are held by hundreds, if not thousands, of shareholders throughout the country);

(b) questions of law and fact are common to the class, including, inter alia, the following:

(i) have the individual defendants breached their fiduciary and other common law duties owed by them to plaintiffs and the members of the class;

(ii) did the individual defendants negotiate at arms-length and in good-faith on behalf of the NCS public shareholders; and

(iii) is the class entitled to injunctive relief and/or damages as a result of the wrongs complained of herein.

(c) plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature;

(d) plaintiffs' claims are similar to those of the other members of the Class; and

(e) plaintiffs have no interests that are adverse to the Class.

(f) the prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications for individual members of the Class and of establishing incompatible standards of conduct for defendants.

(g) conflicting adjudications for individual members of the Class might as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

(h) having acted and refused to act on grounds generally applicable to, and causing injury to, the Class, defendants have made preliminary and final injunctive relief on behalf of the Class as a whole appropriate.

SUBSTANTIVE ALLEGATIONS

18. On April 21, 2000, NCS received a formal notice that it was in default on its senior credit facility loan of $206 million.

19. On August 18, 2000, NCS engaged UBS Warburg as its financial advisor to assist the Company in exploring strategic alternatives. Despite the Company's efforts to find a strategic alternative, none were announced.

20. The price of the Company's stock continued to fall from the announcement of the default and by the end of 2000 was less than $.10 per share.

21. On February 15, 2001, NCS' 5.75% convertible debt for $102 million had a semi-annual interest payment of $2.875 million due. The Company elected not to make the interest payment.

22. Shortly after electing not to pay the semi-annual interest, NCS engaged Brown, Gibbons, Lang and Company L.P. ("Brown Gibbons"), a financial advisor specializing in corporate restructurings, to act as the Company's financial advisor in its discussions with the bank about the default and an Ad Hoc Committee

of the holders of the convertible debt for a possible restructuring. No restructuring was announced.

23. In July 2001, Omnicare expressed interest to NCS about acquiring NCS. Omnicare offered $225 million in cash for the Company.

24. On July 20, 2001, NCS' Chief Executive Officer contacted Omnicare and indicated that the Company's Board of Directors would review Omnicare's proposal for the Company.

25. The Board of Directors decided to review Omnicare's proposal because the Company could not pay its then current debt and had little or no alternatives besides bankruptcy.

26. The Company requested Brown Gibbons to seek third parties with which it could negotiate for a sale of the Company or its assets.

27. The directors of NCS realized or should have realized that the Company should have conducted a proper auction because:

(a) UBS Warburg could not identify any strategic alternatives;

(b) Brown Gibbons was unable to restructure NCS' debt;

(c) the Company could not continue as a going concern and decided to sell the company and/or its assets; and

(d) the Company agreed to enter into discussions with Omnicare for the sale of all its assets.

28. The Board of Directors of NCS failed to conduct a valid and proper auction when the sale of the Company or a business reorganization became inevitable. By the followings acts, the Board of Directors failed to conduct a valid and proper auction in which they should have sought the best price for the Company:

(a) provided Omnicare with only limited non-public information, including a financial forecast and refused to provide the supporting documents so that Omnicare would have a basis to increase its offer;

(b) informed Omnicare that the synergies of Omnicare and NCS would result in an added benefit of $77-$87 million without providing any supporting documents so that Omnicare would have a basis to increase its offer;

(c) refused to comply with Omnicare's repeated requests for information;

(d) refused to determine, or accept, the highest price available for the Company;

(e) entered into an agreement with Genesis that was designed to end the auction rather than induce other companies to enter into the auction;

(f) negotiated with and provided to other third parties, i.e., Genesis, the information the individual defendants refused to provide to Omnicare;

(g) negotiated primarily with Genesis to the exclusion of Omnicare because Genesis offered NCS management positions in the surviving entity; and

(h) used Omnicare's bid to increase the price of NCS stock, but refused to give Omnicare information sufficient to induce it to offer a higher price.

29. On August 17, 2001, NCS stated publicly that along with its financial advisor Brown Gibbons, it was also discussing various acquisitions and mergers with third parties.

30. On August 29, 2001, Omnicare sent NCS a written proposal to acquire NCS' assets, an asset purchase agreement, and a list of requests for due diligence.

31. Omnicare stated that it was willing to discuss the details of its proposals, any possible alternative transaction structures including a stock for stock transaction and increased its offer from $225 million to $270 million.

32. In October 2001, NCS gave Omnicare information about its financial and business condition, and for the next several months Omnicare continued to seek a combination with NCS.

33. Omnicare's proposals made no provision for the individual defendants except as shareholders, and NCS generally rebuffed Omnicare's efforts to achieve a transaction.

34. On July 26, 2002, Joel Gemunder, President and Chief Executive Officer of Omnicare, sent defendant Outcalt a formal proposal for the acquisition of NCS by Omnicare.

35. Under the terms of the proposal, NCS' stockholders would receive $3 per share in cash, and Omnicare would assume and/or retire NCS' existing debt, including accrued interest.

36. NCS did not respond to Omnicare's offer, did not agree to meet with Omnicare to discuss the terms of Omnicare's offer, did not submit a counter proposal, and did not return telephone calls made by Omnicare and its counsel.

37. On July 28, 2002, Mr. Gemunder sent another letter to Mr. Outcalt expressing his disappointment that NCS refused to meet with Omnicare in spite of the fact that Omnicare's offer was more than four times NCS' current stock price of $.74 per share.

38. The letter also stated that Omnicare's Board had authorized its proposal, that Omnicare was prepared to negotiate quickly and execute a mutually acceptable definitive merger agreement, and that it would agree to a stock for stock transaction if NCS wished it.

39. The letter further stated that Omnicare had already done extensive due diligence on NCS, that it would need only

confirmatory due diligence to complete the transaction, and that the due diligence would involve a review of non-public information typical for a transaction of this type and could be completed within one week.

40. Additionally, the letter enclosed a draft merger agreement and stated that the proposal was not subject to any financing contingencies, did not seek any voting or similar agreement from any NCS stockholder, did not require NCS to agree to a break-up or cancellation fee, and gave NCS freedom to solicit and accept any better offer.

41. Omnicare's offer made no provision for NCS management, particularly the individual defendants, except as shareholders.

42. Rather than negotiate with Omnicare, NCS' management dealt strictly with Genesis as a "White Knight" or alternative suitor, in order to entrench their positions with the Company or its successor.

43. On July 29, 2002, NCS announced a definitive merger agreement with Genesis on the following terms:

(a) each share of NCS common stock would be exchanged for 0.1 shares of Genesis common stock (Genesis stock was then trading at approximately $16 per share); and

(b) Genesis would repay in full the outstanding debt of NCS ($206 million of senior debt and $102 million of 5.75% convertible subordinated debentures).

44. At the proposed exchange ratio (0.1 Genesis shares for each NCS share), NCS shareholders would receive the stock equivalent of approximately $1.60 per NCS share, about 53% of the $3 per share cash offer by Omnicare.

45. The proposed consideration of $1.60 per share does not represent the true value of the assets and future prospects of NCS and does not adequately reflect the value of NCS' common stock.

46. The Genesis merger agreement contains a break-up penalty of $6 million, approximately 15% of the consideration being offered to NCS stockholders.

47. The break-up penalty impedes, if it does not as a practical matter prevent, NCS from considering proposals from third parties that wish to offer NCS stockholders greater value and significantly limits the number of third parties that would offer NCS stockholders greater value for their shares.

48. Holding approximately 65% of the voting power of all stockholders of NCS, Outcalt and Shaw have signed a voting agreement with Genesis in which they have agreed to give Genesis their proxy to vote their shares in favor of the proposed merger with Genesis, to vote against any alternative merger regardless of

its value, and to hold (not to sell) their NCS stock until completion of the merger (the "Lockup Agreement").

49. In addition, the merger agreement contains a "No-Shop" provision that prevents NCS, directly or indirectly, from shopping the Company in order to obtain greater value for stockholders.

50. NCS may "furnish nonpublic information to, or enter into discussions with, any Person in connection with an unsolicited bona fide written acquisition proposal," but this right is meaningless because the combination of the Lockup Agreement and Break-up Fee preclude a transaction with anyone but Genesis.

51. The Lockup Agreement has the practical effect of guaranteeing consummation of the merger with Genesis despite the existence of a superior offer from Omnicare and effectively prevents any other better offer.

52. On August 1, 2002, Omnicare increased its offer from $3 per share to $3.50 per share in cash.

53. The individual defendants did not solicit other offers from Omnicare or other potential acquirers but effectively committed NCS to Genesis.

COUNT I

Breach of Fiduciary Duties Against the Individual Defendants

54. Plaintiffs repeat and reallege each and every allegation as if set forth here in full.

55. Defendants' agreement to the Genesis transaction constitutes a breach of their fiduciary duties to the Company's public shareholders.

56. The individual defendants have breached their fiduciary duty to plaintiffs and the Class because they have entrenched their own position within the Company at the expense of the Class.

57. Defendants actively sought Genesis and negotiated without regard to the inferiority of the consideration NCS' stockholders would receive because Genesis' offer benefitted NCS management.

58. The individual defendants breached their fiduciary duties to NCS' public stockholders because they realized that the Company's sale or break-up was inevitable and failed to hold a valid and proper auction for the Company.

59. In violation of their fiduciary duties and instead of holding an auction and seeking the best price available for NCS' public stockholders, the individual defendants entered into the merger agreement with Genesis, accompanied by the Lockup Agreement,

the "No-Shop" clause, and break-up fee in order to prevent a third party from making a competing offer.

60. Absent injunctive relief for the benefit of the Company and the minority public shareholders, plaintiffs and the Class will be irreparably harmed.

61. Plaintiffs and the Class have no adequate remedy at law.

COUNT II

Aiding and Abetting Breach of Fiduciary Duty Against Genesis and Genesis Sub

62. Plaintiffs repeat and reallege each and every allegation as if they were stated here in full.

63. As direct participants in the merger agreement and the Lockup Agreement, Genesis and Genesis Sub have aided and abetted the individual defendants in their breach of fiduciary duty.

64. Genesis and Genesis Sub purposefully, knowingly, and substantially aided and abetted the individual defendants in their breach of fiduciary duties by agreeing to the Genesis merger agreement.

65. Unless enjoined, Genesis and Genesis Sub will continue to aid and abet the individual defendants' breach of their fiduciary duties to NCS's public stockholders.

WHEREFORE, plaintiffs demand judgment against defendants jointly and severally, as follows:

(1) declaring this action to be a class action and certifying plaintiffs as class representatives and their counsel as class counsel;

(2) enjoining, preliminarily and permanently, the proposed transaction between NCS and Genesis;

(3) in the event that the transaction is consummated prior to the entry of this Court's final judgment, rescinding it or awarding to plaintiffs and the Class rescissory damages;

(4) directing that defendants account to plaintiffs and the other members of the class for all damages caused to them and account for all profits and any special benefits obtained as a result of defendants' wrongdoing;

(5) awarding to plaintiffs the costs and disbursements of this action, including a reasonable allowance for the fees and expenses of plaintiffs' attorneys and experts; and

(6) granting plaintiffs and the other members of the Class such further relief as the Court deems just and proper.

ROSENTHAL, MONHAIT, GROSS
& GODDESS, P.A.

By: _____

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CERTIFICATE OF SERVICE

I, Joseph A. Rosenthal, Esquire, do hereby certify that on this 20th day of August, 2002, I caused copies of the foregoing First Amended Class Action Complaint to be served via hand delivery upon:

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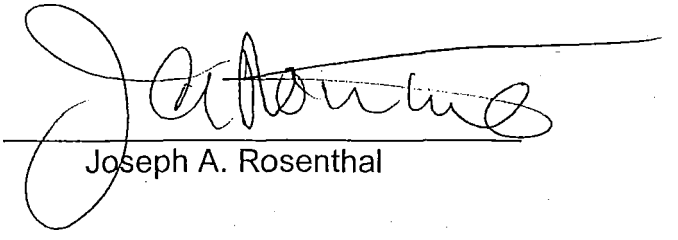

Joseph A. Rosenthal