
From: Cochrane, Michael <Michael.Cochrane@Andanet.com>
Sent: Friday, July 13, 2012 12:57 AM
To: Cochrane, Patrick
Subject: Fw: Rite Aid

Take a look at this. I needed to give Al some feedback and an update regarding Rite Aid. This contains a lot of info. I didn't hear from him though. I also need to somehow make sure he he knows these are my thoughts and ideas for everything. Regarding RA, I can tell Robert we should cut them one minute, and he agrees. Then I tell him we should proceed with the below, and he agrees as well. Nothing against Robert at all, but none of this is his thinking. Everything contained below are my thoughts or initiated by me.

From: Michael Cochrane
Sent: Thursday, July 12, 2012 11:56 AM
To: Albert Paonessa
Cc: Robert Brown
Subject: Rite Aid

Al,

We are having a difficult time finding examples of good retail independents to compare to Rite Aid. Part of the problem is we are seeing that in a lot of cases there are nothing but chains in some specific areas and we don't have a retail independent customer to compare to. We at least have documentation on file now from them. The policies are a starting point to move forward. It shows we are working together and that both parties involved take distributing and dispensing controlled substances very seriously.

That being said, I think we open up discussions on moving an entire product to us(just not Oxycodone 15 or 30), but provide a contact person for us to make inquiries with regard certain orders. I'd also like to suggest data on a quarterly basis in store number order rather than how it was provided last time. If they can provide new data in store number order, we can at least set up a process that is manageable to find the store and review what they have done in a recent quarter quickly to see if additional questions are warranted. This could slow down the distribution process a little but will add value for both parties. We may be able to bring something to light they may not be seeing.

There will be some stores that we have questions on. Specifically, one in TN stands where Oxycodone 30 is #1 and is 5 times higher than the number #2 product. That store will probably do around 100,000 Oxycodone 30 mg in a year. We see that as an issue, but based on conversations, I don't think they do.

I think we are at least at a more defensible stage in the event we are questioned regarding due diligence and sales to Rite Aid.

We have also had numerous productive phone calls with Mallinckrodt regarding due diligence and order monitoring. I have suggested we work together and keep the lines of communication open. I specifically brought up Rite Aid, but they did not have anything positive or negative to say. They are only analyzing Oxycodone 15 and 30 mg utilizing their chargeback process. They do not have the same visibility on their small mg combination products of oxycodone or any other controlled substance products. We recently found out they are starting to work with a smaller regional chain near their corporate location to learn and understand more about the chain business. They are starting small to develop a process on how they will manage their customer files with regard to direct deals with their larger national chain customers, whether they are a warehousing chain for CII's or not.



Additionally I have reached out to Watson to discuss their processes in more depth to get an understanding of how they deal with sales directly to their larger national chain accounts. We have a call scheduled for next Friday.

I am also hopeful Anita can come through with IMS data that can be utilized at the zip level short term. It will give us a better understanding of what specific areas are doing overall and we need a way to compare Rite Aid to what everyone else in the area is doing based on specific products or chemicals. I don't want to sound like I am saying two+ wrongs make a right, but that visibility will certainly help.

I would also like your thoughts on building a system/program where we can incorporate numerous different data elements to analyze specific areas and products. My initial thoughts are to use Qlik View. We need to get to a point where we utilize and combine IMS data down to the Zip code, our TPS sales data to these areas, chain data if we have the information and census data at a the county level if possible. It would give us the ability to see what we are shipping into specific areas, what the pharmacy population is dispensing, what % a national chain makes up since we have their actual data and the population information as well for comparison purposes. In my mind I see a dash board of a United States map with the ability to drag and drop whatever we want based specific products or chemicals in certain states or regions. It sounds like a big undertaking but think it is possible with the resources we have.

Thanks
Mike