

Marc Cohodes
P.O. Box 578
Penngrove, CA 94951

October 29, 2017

Via Federal Express
Mr. Parker H. "Pete" Petit
Chairman of the Board and Chief Executive Officer
MiMedx
1775 West Oak Commons Ct. NE
Marietta, GA 30062

Dear Mr. Petit:

You and I have engaged in a verbal battle over the past few weeks and months about the business practices and accounting at the company you lead, MIMEDX. You have claimed that I am part of a conspiracy to deflate the MiMedx stock price and that I have made false allegations about the company. I, on the other hand, have reported on information provided to me by ex-employees, and I have read the analyses by Viceroy and Aurelius, two companies that you have now sued in what I believe is an attempt to stifle criticism of you and your company.

Now I have received evidence from a current employee, in the form of an email attached to this letter, that raises very serious claims about misconduct by Mimedx and its executives. The employee – who sent the email anonymously because of his or her fear of you – claims the following, among other things (full email attached, with sender's name redacted):

1. Management has deleted information and evidence from MiMedx's computers. If true, and if it was done when MiMedx knew about an SEC investigation or inquiry, that may be a crime.
2. You and other managers "instructed people to avoid credits that would have destroyed most quarter sales and today's [October 10, 2017] announcement is the final straw."
3. "Mr. Petit was fully aware of the federal VA shelf stuffing in 2014, 15 and 16. By fully, he had dialogue with a number of us and also tasked Lou Roselli and others with avoiding a massive credit to avkare that would have destroyed the company report figures (I have the exact emails)."
4. "Please stop lying."
5. "Mr. Petit knows the events about the revenue and the conduct of MM individuals is true including the distributors with obscene orders at the end of the quarters."
6. There are emails from the US Veterans Administration reflecting concerns about consignments and shipments by MiMedx of unordered products.

7. MiMedx has engaged in channel stuffing by sending unordered products or consignments to doctors and others and then recording those shipments as sales. “Mr. Petit knows about this, in one quarter alone there was \$3M was shelving product to recognize sales when there was no sale. I can show other quarters with \$2m+. ... Since 2015 I know it’s false.”
8. The employee alleges that he/she has text messages reflecting orders from managers to create fake sales at the end of multiple quarters, and was told “it would be ironed out; we just had to hit the quarter.”
9. You and other managers have retaliated against employees who raised concerns in the “Dear Pete” letter program that you established for complaints. “People stopped putting in the letters of concern (Dear Pete) when they became a trend of report a problem, get fired I and a few others have kept their mouths shut and do as we are told.”
10. “I personally heard Mr. Petit state he would destroy them and their families when speaking about employees.”
11. “When I read the Aurelius and Viceroy Reports [two analysts you have sued] they are sadly accurate. They miss lots of things that I can personally testify to.”

Mr. Petit – you have accused short sellers of improperly targeting your company, but you don’t seem to understand that a well-run, financially responsible company has little to fear from short sellers or from analysts who write negatively about a company because those companies’ stock prices are largely unaffected by negative criticisms. Your company, on the other hand, has adopted the “attack the critics” tactics of such infamous and now defunct companies as Lernout & Hauspie, Media Vision Technology, NovaStar Financial, AremiSoft, California Micro Devices, Network Associates, Concordia International Corp., Home Capital Group, Krispy Kreme Donuts, Boston Chicken, and others.

I ask you publicly to stop attacking the critics and buckle down and respond to the criticisms. You may have to do it twice or more: once to the public and then again to government regulators and prosecutors.

But, as Justice Louis Brandeis once wrote: “Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.”

Very truly yours,



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----- Original Message -----

Subject: HELP us please at mimedx

Local Time: October 10, 2017 2:50 PM

UTC Time: October 10, 2017 2:50 PM

To: sjp@pbl-law.com <sjp@pbl-law.com>, jsw@pgl-law.com <jsw@pgl-law.com>, lh@pbl-law.com <lh@pbl-law.com>, aduffie@scottswagnerlaw.com <aduffie@scottswagnerlaw.com>, info@nutechmedical.com <info@nutechmedical.com>, jml@jclasslaw.com <jml@jclasslaw.com>, brian@goldberglawpc.com <brian@goldberglawpc.com>, michael@goldberglawpc.com <michael@goldberglawpc.com>, LKandinov@robbinsarroyo.com <LKandinov@robbinsarroyo.com>, dlbrown@sheppardmullin.com <dlbrown@sheppardmullin.com>, jwargo@wargofrench.com <jwargo@wargofrench.com>, dperini@wargofrench.com <dperini@wargofrench.com>, tmonahan@sheppardmullin.com <tmonahan@sheppardmullin.com>, investigations@bespc.com <investigations@bespc.com>, bradley@blockesq.com <bradley@blockesq.com>, editorial@thecapitolforum.com <editorial@thecapitolforum.com>, alowe@organo.com <alowe@organo.com>, john.carreyrou@wsj.com <john.carreyrou@wsj.com>, megan.twohey@nytimes.com <megan.twohey@nytimes.com>, julie.tracy@wright.com <julie.tracy@wright.com>

Dear Attorneys, Journalists & Mr Petit, Sirs

I appeal to everyone, anyone that can help us. I am an employee at MM (Mimedx) currently and I have been for some years. I cannot afford to be without an income and honestly fear raising these issues internally so reported them to regulators for fear I may end up prosecuted personally. I do not know where to start so apologize if it is erratic. There is enough information in this email to know I am still employed I include part of an email at the bottom so you will know its internal. We need help.

A southern raised person with southern values, I believe in the truth, people are really damaging our company by their wrong values and that includes Mr Petit. MM had no intention in cooperating with the SEC subpoena they mentioned, most of us saw evidence being deleted/changed, I was personally asked if I had deleted certain information verbally. IT are known for deleting evidence off servers. I printed it out instead and took backups. I am not going to be threatened and not have evidence to protect me. Others have placed information with their attorneys.

Many of us have had enough. So some of us are now speaking out, justice department, anywhere giving evidence including emails. You will receive emails from other people all with corroborating evidence, but Mr Petit and his loyal seniors have gone too far. His law suits against some of our former coworkers is just the start. I have firsthand evidence he knows of the issues and the lengths he has instructed people to avoid credits that would have destroyed most quarter sales and today's announcement is the final straw. The large orders to distributors was the reason. Mr Petit was fully aware of the federal VA shelf stuffing in 2014 15 and 16. By fully, he had dialogue with a number of us and also tasked Lou Roselli and others with avoiding a massive credit to avkare that would have destroyed the company report figures (I have the exact emails).

Mr Petit Sir, I urge you to stop these damaging actions against those that speak out internally. Its entirely consistent with your win at all costs format. Mr Petit Sir, I have emails I know you are aware of that show what is going on, you are included in some. Please stop lying. I would prefer it if you left, because maybe our jobs can be saved. I urge you to resign and ask for an audit, anything. The emails alone from the VA will show you are lying and you know of these emails personally and the problems with inventory at the VA and DOD facilities.

Mr Petit knows the events about the revenue and the conduct of MM individuals is true including the distributors with obscene orders at the end of the quarters. I personally heard Mr Petit state he would destroy them and their families when speaking about employees. I and a few are now speaking out. I don't want promotion, I don't want a pay rise just not to live in fear and earn a living. When the subpoena arrived, not many in the company were aware until it was made public. However the company started changing a few things. Lexi was aware of this and had instructed other attorneys in

the full knowledge MM are in trouble including suing the capitol forum. Senior management were certain the stock price would go up after issuing the legal claims against short sellers. Their only concern was the stock price.

I reported my concerns to the regulator some time ago and do know they are investigating. I have protected status and do not wish to identify myself internally. It is guaranteed I will be fired. My naivety is I thought after the information myself and others filed with the regulators with telephone calls and emails they would arrest people. They have the evidence including VA emails about consignment stock and concerns about not ordering stock. That is not how it is done I've come to learn. I hoped the regulators who others and I reported things to would remove those ruining the company. There's also an attempted cleanup operation going on but most people I know have printed out their emails.

The company know the issues, Mr Roselli sent emails between June 2015 & Dec 2016 evidencing concerns and shelf stuffing well before my former colleagues were fired. Well before MM tried to ruin my coworker credentials. Lou I can prove stated. We were in a bad position, having to do consignment inventory checks. These emails included content about avkare noticing our federal inventory was way off. Avkare CEO involved that means our CEO is involved. If we cannot reconcile our federal inventory we cannot afford a credit. Many people read these emails, some still have hard copy including ex coworkers. Mr Petit is fully aware of the issues he had discussions with Avkare at the time.

Please check the VA's 100's of 7x7 shipped [2013 2014 2015 2016](#). Seattle and had stock on their shelves as well. The rep that worked that area was directed to. Yes they had serious concerns about certain VA. I was sent evidence that I have passed on to regulators that had massive inventory problems and physican clinics were complaining.

I can vouch for a number of accounts having inventory on shelves of VA some that did not even use MM product. Drs were getting angry about us sending them stock / invoices, there's a number of complaints I provided the names of the Drs to the regulators. Worse I can show inventory being on shelves still from [2013 14 15 16](#). Mr Petit knows about this, in one quarter alone there was \$3M was shelving product to recognize sales when there was no sale. I can show other quarters with \$2m+. I was not aware it was a false way, it was just keeping product on shelves. Since 2015 I know its false.

The dates of these VA emails confirm what people have alleged about the sales practices, I personally have some and gave them to the regulators. I do not know what or how to define sales revenue but I do know working here the descriptions fit. I know there were many problems because of the sales practices towards the VA and Dept of Defense facilities. The VA sales are down as a result. In fact, how are we currently making sales. Internally we're even confused its like orders are bypassing reps. Yes MM sales reps can't work out why there is a need to bang our end of quarter shelf stacking if we're so successful. Todays result was identical. If you do not have the emails please request them from the VA about consignment stock Mr Petit is threatening people that ask about them, his lawsuit against capitol forum was the start. He knows of the MM conduct at the VA he also has discussions with Mr Jerry Morrison directly about orders. People are being investigated because of MM rep conduct ordered by senior management. Those that know Bio healing will be wise to learn a new scheme was developed at MM that involves distributors. These distributors have no financial significance and serve one purpose all related in part to shelf stuffing and people earning extra off the sale.

At one stage they thought it was an internal employee telling short sellers. We want the company to at least survive not be ruined by them but sadly its mostly true what has been said. The shelf stuffing is real and distributor dr arrangements

As an employee and most employees knew avkare never had a rep in the VA. MM reps used Salesforce dot com to order any/all inventory for the VA's. VA volumes slowed significantly when consignment stock became an issue a big issue this presented new problems so llcs were formed by trusted staff Dr's got commission on the sales. This is when we heard about the shelf stuffing problems. It had been going on to my knowledge since 2012/13. Directions given to us by senior people. I have text messages to this as well. avkare never approved shipments it was all internal to

MM even the VA will confirm this. All MM current employees know the truth here. I would ask for all emails that include the term VA but a lot have been deleted on the MM side. If you don't get on board with it it's a problem as an employee. Some employees were basically told Pete wouldn't look favorably on it. Others have been promoted or put in trusted positions with distributors that are questionable and cannot do the revenue of the stock they are ordering.

Once a consignment tissue was used, the MM rep instructed the doctor how to enter the consult so the tissue would be paid for and keep records. This created a problem with tracking as sometimes stock would be sold twice, as it would have been consigned returned and then resold but this is where the commission issues had a problem. Some stock others sold had no commission paid because the revenue had already been recognized. The distributors now smooth this out; Mr Morrison. MM need the distributors in order to classify our sales or the quarters would not only be erratic but results would be down. Someone in the office mentioned the Mid-South case, this is not the only event where MM take the business away from a distributor. If they business is good, we'll be told to try and bypass the distributor. Makes sense as we don't have to make a commission payment. However there's some distributors we cannot do without including high selling Drs that get money back off sales to their center, the credit terms are so favorable, in some instances they order very little until the end of the quarter, a select few deal with these distributors. We don't deal with these a/cs they are privileged.

As most MM employees know well, Mr Petit does what he wants and threatens what he wants till he gets his way. I write this letter openly to all lawyers and companies involved so not to be bias or prejudice. I am simply fearful others will get hurt in the process and some staff have been threatened already.

For the record, I know people that have lost value on the stock, I won't say whether I own stock because I may be identified. My purpose is not to support or endorse the short news but sadly the facts are true, it does not mean I agree with short selling. I do not however agree with the bullying practices of MM where decent people have had their lives impacted by Mr Petit's legal threats and campaigns. I still see some former staff who haven't been sued but have been threatened if they speak out. Some of these staff know about the relabeling of product to incentivize physicians from distributors. Some still live in fear, employed or not.

What I do know is the company knows the allegations made internally and publicly are mostly correct, internal employees from at least July 2012 onwards can prove emphatically what has been alleged. I have these for my own safety. Those of us that work here at MM know its true many won't ever speak out because of Mr Petit's aggression. Whether illicit practices continue or not is I suspect down the regulators as Mr Petit and the board will never change. I live in hope those responsible for the sales practices leave.

People stopped putting in the letters of concern (Dear Pete) when they became a trend of report a problem get fired, even friends of mine. I and a few others have kept their mouths shut and do as we are told. If you have tried living in fear it's awful, being middle aged and with commitments its awful. Going to a place of work where if you spoke your mind you would be intimidated, this should not be happening.

Management have set about to financially ruin people and destroy their careers. What I will say is, there is a direct link between those that file complaints and those that have left MM everyone still there knows it. We have stopped questioning things. By trend, I know the employees were thought of well with no issues before a complaint or raising a concern, but after that's a difference story. Some who left got paid off because they left quietly. I am sure an investigation of payments will prove that. I have avoided contacting those in the law suits with MM because I don't be considered a threat and intimidated myself. I do feel for them though and have included their attorneys in this email as we are prohibited from supporting their case despite knowing it's true. Yes the former employees litigation claims are true and many know it, but sadly if any of us give evidence we'll be 'destroyed' to use Mr Petit's words.

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Anyone who works in the industry knows it's very competitive but what is going on is very bad. I had hoped the regulators would remove those doing the bad things and this company can just start doing what it does best. This has not come. I have asked an IT firm to back up my records and phone messages in case I was fired dismissed or threatened. I have not the resources for the legal threats that MM make against people. So appeal to those that know good from bad to take up our cause before the company is ruined by a few individuals.

What I can validate is a lot of the items raised in the reports are verifiable with the VA and various Dept.Def facilities and podiatrists. In some cases physicians have been disciplined for how blatantly they've ordered or been bias towards MM. In discussions with another MM employee at the Eisenhower facility there was a major problem there Dr Martin. There's more as well but they are mainly VA related. Mr Petit would be a dishonest if he said he didn't know of the shelf stuffing in the VA's. Please ask the VA don't ask him.

There's an elite few that have arranged systems to bypass the laws that prevent payments and that includes sending more product than ordered and relabeling product/invoices to enable the physician to make money. The reports did not mention the 30X30 sent as 10X10 this I have direct evidence of. I know of reps with other companies that struggle because the practitioners are incentivized so significantly using MM product. MM don't disclose payments to Dr's on the web site <https://openpaymentsdata.cms.gov/> apparently because of a loophole or small fine, all our other competitors report it. The distributors don't report it either that is now the focus of the incentive.

I must make you aware that I have not been involved in the reports that have appeared on the internet nor do I want to be. I have not reached out to those involved nor do I want to. A lot of us just want to work and get paid, we don't want the worries and side issues.

MM runs a fear operation I have witnessed people raise concerns and be fired. I have witnessed cover ups where the sales seem odd. I am not an accountant but I do know how the product is consigned was definitely contrary to the customers. They then adapted to distributors with conflicting interests with the physicians/practitioners. I have copies of text messages instructing me to coordinating a sales pursuit at least over the end of the last 3 quarters. I was specifically told it would be ironed out we just had to hit the quarter. I personally have been instructed to do the same and this involved the XL products (high value) most of the VA/anyone don't use. I know of around 300 XL fake orders I can prove that Mr Petit and his senior's know about.

There are a number of llcc some of which have been identified in these reports, but there are many others. These incentivize the physicians to buy/order MM stock. Mr Petit is fully aware of all this and the aggression he shows to anyone that speaks out is to create fear. Former coworkers actually know they have been followed. If people are investigating MM people are then threatened.

The information is all publicly identifiable. When I read the Aurelius and Vicroy Reports they are sadly accurate. They miss lots of things that I can personally testify to some of these alleged former employees being in the office and training new staff in how things are done. One specific person is Jerrold Morrison (Jerry). The relationship with MM is odd and why is he involved in training? He's meant to have left us? Jerry is key to MM and involved in the bad practice.

I have no doubt that Mr Petit will consider this fiction. When I first came to MM, I had great respect for him, this has been eroded by senior conduct over the years. Sadly I have to stay until I can get out of the industry or another job, many are looking for other jobs, they/we hate it. Do as you are told or pay for it.

Rather than just make this about hindsight, I should make people aware of the following. I have purposefully not included short sellers in this email as its not about the stock, it's the despicable conduct and aggression of certain individuals, including Mr Petit. Attorneys would be prudent to check the investigation that occurred in December/January 2017 and the cover up that continued after the lawsuits. There was no investigation only a cover up, but most staff know the VAand hospitals kept

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records.

The reports miss significant items including MM employees knowingly breaching other company rules offering commission to competing sales reps if they sell MM product. They get paid a higher commission. This involves reps at Wright Medical I have purposefully included them in this email as if it was the other way round, they would be swamped with law suits cease desist and various public hangings. I am sure a deposition about Mr Frank Braly and others including some wives who have set up companies to bypass the laws prohibiting payments. One of the reports identified some companies there are a lot more including by one of the Donovan Schmit currently employed.

There is a cover up underway in MM to this day. Even down to the inventory on shelves and winding down some llc

As to evidence the significance of the conduct, investigators would be wise to look into specific employees. These employees and there are many advise practitioners how to code the injectable (EPifix) to make money. Without willing to name others, Mr Braly is one of these and last time I heard, Thornton and/or his wife was looking into creating llcs. Up until recently it's been rather public, now it's almost like there is a secret organization operation within MM. People are told very little. I know that some doctors are avoiding MM for fear they get caught for what they have done. We've missed numbers but this won't be disclosed either. I know of an investigations relating to two Drs that were incentivized to buy MM product, 100s of thousands of dollars worth a month qtr. Mr Petit is also aware of this, there was some gossip that he paid one physicians legal bills but don't know how true this is, so please don't be distracted by this issue.

Frank has set up with Mr Petit's awareness PODS MSOs and the doctors to receive payments via this to do injections. How I am unsure I'm not an accountant, companies that have not been identified in the reports are amniotic solutions or similar spellings. The invoices will show the direct association. There were MM records up to recently of receipts and payments and orders to the companies Mr Petit denies are involved.

When Frank arrived it was clear his job was to take nutech business, in fact it was bragging initially. He did just that, the accounts he converted we all expected nutech to sue or do something. I will also send this email to Organogenesis as I hope they will be able to stop Mr Petit from carrying on this campaign. They will be able to match loss of sales.

Other people that have not been mentioned in the reports include Sam Ball and Richard Palmer, one of my associates has all the information. There's a few that seem to be favorites, Sam and Rick are two. You could argue its jealousy, but its not, I just want to make a living that is without fear. Sam has a company called PELOTAS VI INC also sells competitor product and management are aware. Also registered with his wife as well. If they weren't I wouldn't be.

My concern is, that I may not have a job anyway by the time those at MM are held responsible. If the bad apples in MM can be stopped I hope something is salvageable for the company, that's the consensus of most of us.

To show I am an employee I include an email section we all as employees received in Sept.

Subject: Short Selling Activities Affecting Our Stock

I am sure many of you are wondering why our stock price decreased so dramatically over the last few weeks. I would like to provide some insights to help all of you understand what happened and why it happened. MiMedx was the subject of a coordinated short sell attack by a number of entities. I believe a news release from an organization in Washington, D.C. by the name of The Capitol Forum was a major part of this event. This is the second news release they have made regarding MiMedx in the last few weeks, and both releases contained negative innuendos and non-factual information about the company. Despite the Company providing them with factual information that discredited their negative data, they still published the reports with their false and misleading narratives. In addition, we believe

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two other organizations, Viceroy Research and Aurelius Value, have now contributed to this short sell attack.

Yours desperately one of many good guys that need the help of a few. It will no doubt cost me and others their day and jobs. I hope someone comes to our assistance before its too late. Please help us before all evidence is deleted and more people threatened.

About Us

Alder Lane Farm LLC publishes periodic, time sensitive, fact-based financial news and analysis to the public and its readers. Our reporting is designed to help the public interpret and understand publicly available information about the economic health of particular companies and their share value, and to understand the impact that a fuller disclosure of information may have on share prices. We publish when there are newsworthy items relevant to the companies analyzed.

We rely on public disclosures of the companies under review and other companies in the same or similar sectors. We also conduct interviews with employees, former employees, officers, and others associated with the companies we analyze, when possible. We review national and international news services, internet reporting, and social media and may rely on reporting by others to prepare our report. We discuss the companies with other analysts who may have positive or negative information and opinions about the companies under review and then analyze the information and opinions received to determine whether the information and opinions are based on available factual information or disclosures. We also may obtain information from, and rely on, information from sources who wish to remain confidential and whose information, but not identity, may be included in this report.

We welcome comments from the companies we review, from other newspapers or analysts, and from the public. We will publish corrections or explanations submitted if those are found to be based in fact and are credible. We conduct most of our analysis without active participation by, or with limited input from, the subject companies and thus we recognize that those companies may disagree with our conclusions or may believe there are facts that were not available to us when we published our report. We make efforts to obtain accurate and complete information in preparing this report. However, we do not warrant that the information and analysis is correct.

Comments or requests for corrections are therefore welcomed.

Any requests for corrections to this report should be directed to the publisher at PO Box 578, Pengrove, CA 94951. The request for correction should identify the statements challenged and a demand that the statements be corrected.

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