

Petite Parker and his management team must immediately **RESIGN** and **COME CLEAN**

Conclusions

1. Petite Parker and his management team are **LIARS**
2. MDXG improperly recognized revenue to AVkare
3. AVkare should have been consolidated and MDXG needs to restate

Key takeaways

1. MDXG numbers and revenue recognition **CANNOT BE RELIED UPON**
2. MDXG has an established pattern of selling to a related party entity and lying that it's separate, lending credence to [Viceroy](#) and [Aurelius](#)' claims
3. Petite Parker should **RESIGN** and an outside investigator brought in

From: Steve Blocker sblocker@mimedx.com
Subject: Federal Fax communication
Date: October 18, 2016 at 9:18 AM
To: Sales Central salescentral@mimedx.com
Cc: Kevin Lilly KLilly@mimedx.com

Sales Central VA account AE's,

The Central Area drives more revenue through our VA's than any other Area in country. To maintain that status within the company, it is important that we get out in front of something.

We need to advise you on certain changes that are taking place in our relationship with AvKare. AvKare has been our intermediary for the Veterans Administration for about 4 years. Approximately one year ago, we were awarded our own Federal Supply Schedule (FSS) contract, and we have been in the process of transitioning our accounts to purchase directly from the MiMedx FSS. During this time we have been supplying our products through our own fax numbers for both AvKare accounts and accounts approved to transition to the MiMedx FSS. AvKare now also represents a small competitor of ours, Derma Sciences. For these reasons we need to continue to reinforce with the VA prosthetics agents that the MiMedx customer service department and fax numbers should be their sole point of contact for faxing POs and ordering products.

To assist you with this message I have attached the following 3 documents:

1. Letter from Pete to all VA prosthetics agents
2. MiMedx VA & DoD Price Grid
3. AvKare VA & DoD Price Grid

On November 15th, AvKare will be sending a communication to the VA prosthetics agents requesting that PO's for their products be sent to a new AvKare fax number. This is not in the best interest of MiMedx or your customers as it will create confusion and potential delays in processing PO's. Our sales organization works closely with the prosthetics agents and should personally reinforce the importance of maintaining the current MiMedx fax numbers on the attached documents.

Account Executives will need to share these documents with the VA prosthetics agents several times over the coming weeks to ensure all POs and orders are properly sent to MiMedx for processing for both MiMedx and AvKare accounts. Repetition is the key in the VA to reinforce the necessary habits to ensure business continues to occur smoothly!

Schedule for delivering these documents and messages:

- 1st delivery - Week of October 24
- 2nd delivery - Week of November 1
- 3rd Delivery - Week of November 14
- 4th delivery - Week of November 28

During this time it is important that no discussions occur with accounts that are purchasing from the AvKare FSS to be converted to the MiMedx FSS contract without prior approval from Lou Roselli. The conversion process will continue over sometime but requires HQ approval and a strategic timeline so that the transition is handled smoothly. If you have not been contacted by myself or Lou Roselli regarding a conversion, your account will remain purchasing as it has until you are notified.

MDXG should consolidate AVkare

- MDXG instructs VA prosthetics agents to fax both MDXG and AVKare POs to MDXG
- VA prosthetics agents send POs, not AVkare, so MDXG CFO **LIED**¹
- MDXG is “sole point of contact” and AVkare does not “re-sell,” so MDXG **LIED** to the SEC²
- AVkare is just an “intermediary”

Thank you,
Stephen Blocker
 Area Vice President, Central

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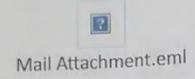
PLACING ORDERS:
 Phone: 866.477.4219
 Fax: 770.590.3552
 customerservice@mimedx.com

AFTER IMPLANT:
 Send Purchase Orders to:
 Fax: 866.967.0134

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 CAGE# 5X6R0
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FSS Pricing Table

AmnioFix® Amniotic Membrane Allograft - SURGICAL		
SKU	Size	FSS Price
APS-5160	16mm Disk	\$335
APS-5230	2 x 3 cm	\$760
AAS-5330	3 x 3 cm	\$1,025
APS-5440	4 x 4 cm	\$1,400
AAS-5460	4 x 6 cm	\$1,800

AmnioFix® Amniotic Membrane Allograft - WRAP		
SKU	Size	FSS Price
TN-5220	2 x 2 cm	\$725
TN-5240	2 x 4 cm	\$1,295
TN-5460	4 x 6 cm	\$2,199

AmnioCord - SURGICAL		
SKU	Size	FSS Price
AC-5230	2 x 3 cm	\$1,150
AC-5350	3 x 5 cm	\$1,750

AmnioFix® Injectable - INJECTABLE		
SKU	Size	FSS Price
AI-5050	40 mg	\$725
AI-5125	100 mg	\$1,395
AI-5200	160 mg	\$1,995

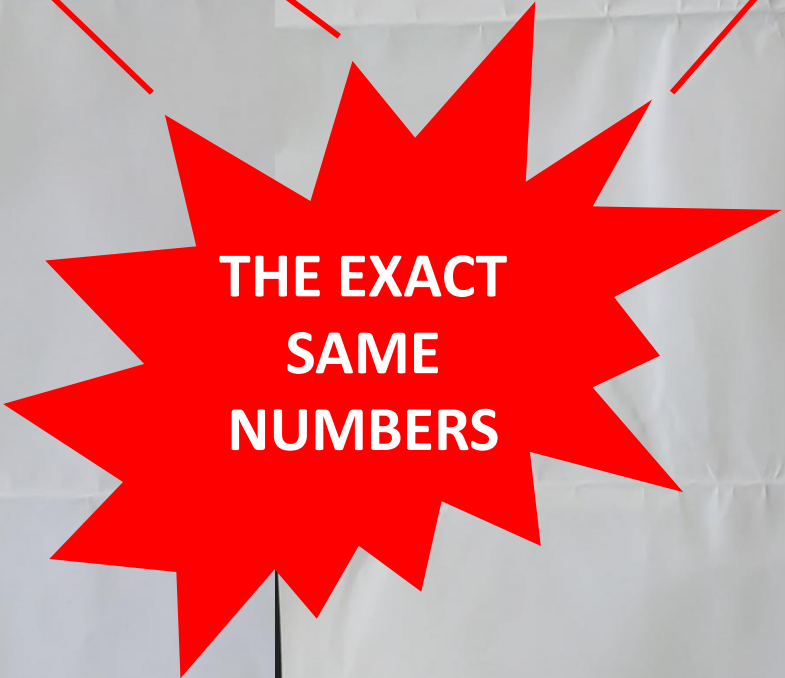
EpiFix® Amniotic Membrane Allograft - WOUND CARE		
SKU	Size	FSS Price
GS-5160	16mm Disk	\$895
GS-5230	2 x 3 cm	\$1,144
GS-5440	4 x 4 cm	\$2,595
GS-5560	5 x 6 cm	\$2,995
GS-5770	7 x 7 cm	\$6,685

EpiFix® Micronized - MICRONIZED POWDER		
SKU	Size	FSS Price
EI-5050	40 mg	\$725
EI-5125	100 mg	\$1,625
EI-5200	160 mg	\$2,334

EpiXL Fenestrated Amniotic Membrane Allograft - WOUND CARE		
SKU	Size	FSS Price
EH-5410	4 x 10 cm	\$3,295.01

EpiXL Amniotic Membrane Allograft - WOUND CARE		
SKU	Size	FSS Price
XL-5615	6 x 16 cm	\$7,695
XL-5915	9 x 15 cm	\$9,695
XL-5920	9 x 20 cm	\$11,635

EpiCord - WOUND CARE		
SKU	Size	FSS Price
EC-5230	2 x 3 cm	\$1,195.01
EC-5350	3 x 5 cm	\$2,895.01



FSS Pricing Table
 Effective January 1, 2016

AmnioFix® Amniotic Membrane Allograft

SURGICAL		
SKU	Size	MiMedx List
APS-5160	16mm Disk	\$335.01
APS-5230	2 x 3 cm	\$760.00
AAS-5330	3 x 3 cm	\$1,025.01
APS-5440	4 x 4 cm	\$1,400.00
AAS-5460	4 x 6 cm	\$1,800.00

AmnioFix® Amniotic Membrane Allograft

WRAP		
SKU	Size	MiMedx List
TN-5220	2 x 2 cm	\$725.01
TN-5240	2 x 4 cm	\$1,295.01
TN-5460	4 x 6 cm	\$2,199.01

AmnioFix® Injectable

INJECTABLE		
SKU	Size	MiMedx List
AI-5050	40 mg	\$725.01
AI-5125	100 mg	\$1,395.01
AI-5200	160 mg	\$1,995.01

EpiFix® Amniotic Membrane Allograft

WOUND CARE		
SKU	Size	MiMedx List
GS-5160	16mm Disk	\$895.01
GS-5230	2 x 3 cm	\$1,144.00
GS-5440	4 x 4 cm	\$2,595.01
GS-5560	5 x 6 cm	\$2,995.01
GS-5770	7 x 7 cm	\$6,684.68

EpiFix® Micronized

MICRONIZED POWDER		
SKU	Size	MiMedx List
EI-5050	40 mg	\$725.01
EI-5125	100 mg	\$1,625.01
EI-5200	160 mg	\$2,334.00



PLACING ORDERS:

AFTER IMPLANT:

Evidence **DIRECTLY CONTRADICTS** claims that MDXG sales people were “left out” of AVkare

MDXG’s “Short Selling Commentary”

Cohodes’ Claim: “MiMedx is moving product around between hospitals without their knowledge”

MiMedx: We assume that “their” means our local sales person. This can happen very straight forwardly when we communicate directly with hospitals in terms of the AvKare distributor “wind down” project which completed itself at the end of 3rd quarter. **We left our sales people out of the administration of the wind down process as much as possible in order not to take away from their selling time**

MDXG internal email to the AEs of the area that “drives more revenue through our VA’s than any other Area in country (sp):”

Far from taking “away from their selling time,” it is **IN ORDER** “to maintain [the highest selling] status within the company [that] our sales organization ... should personally reinforce the importance of maintaining the current MiMedx fax numbers on the attached documents. Account Executives will need to share these documents with the VA prosthetics agents several times over the coming weeks...”

How can MDXG reduce inventory that AVKare purchased in the past if they are separate entities and AVkare owns the inventory?

“ Over the last year, we’ve continued to rapidly reduce the inventory that AvKare’s purchased, which is located at approximately 100 VA facilities around the country. ”³ – CEO Parker “Pete” Petit

MDXG CFO admits they are not separate entities, calling AVkare inventory “ **OUR INVENTORY** ”

“ Now speaking to the timing of this, we attempted to estimate as best as possible what we thought was in the AVkare inventory prior to that prerelease of revenue. But as Pete mentioned earlier, our inventory is in 100 different facilities and a number of different departments within those facilities. ”⁴ – CFO Michael “Mike” Senken

updates to come at any time

petiteparkerthebarker.com

Footnotes

1. MDXG FQ4 2016 Earnings Call

“ So in our relationship with AVkare, **AVkare issues us a purchase order**, and we ship products. So AVkare takes possession of it at the time we ship it. ” – CFO Michael “Mike” Senken

2. MDXG SEC correspondence on April 18, 2017

The size of AVkare revenue is a material at 1/4 of revenue in 2015, which is even after starting Apr 2015 “ AVkare and MiMedx would support each other in creating an inventory level more consistent with AVkare’s reduced role in distributing MiMedx products. ... ”

Footnotes

2. MDXG SEC correspondence on April 18, 2017 (continued from previous page)

“ ... Third party representatives are agents who market our products as well as other manufacturers’ products to potential customers. As such, they do not purchase product from the Company and do not take title to or hold any of the Company’s inventory. These agents are paid a commission which is a percentage of the selling price if and when the Company sells product to a customer that they have procured. **By comparison, our independent stocking distributors purchase product from the Company at a price which is a discount off of list price, contractually take title to the products when they are shipped, and then re- sell the products to their customers. Independent stocking distributors are obligated to pay us regardless of when, if ever, they sell the products. The Company considers AvKARE an independent stocking distributor and, as such, the disclosed revenue recognition policy for independent stocking distributors generally applies.** However, as described in our response to Staff comments dated January 9, 2017, AvKARE has a future right of return in the event of expiration or termination of our agreement with AvKARE which all other independent stocking distributors do not possess.”

3. MDXG FQ4 2016 Earnings Call

4. MDXG FQ4 2016 Earnings Call

Please file an SEC whistleblower complaint
It's time to push back on the **BULLY**

If you work for or used to work at MDXG, please file a [whistleblower complaint](#) with the SEC to make sure you're protected.

There is no reason not to report wrong-doing on this scale, and
There is no reason to be scared anymore.

If you write "Dear Pete" letters, you get fired. Go to the authorities.

Use your personal email and phone. Pete is watching your every move.

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