

From: Kelly, Mike (Marlboro)
Sent: 07/22/2011 12:05:22 PM
To: Vialle, George
Subject: RE: Uro Polypropylene Resin risk

perfect

Mike Kelly

Multi-Site Vice President, Operations
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"I improve the quality of patient care and all things Boston Scientific"

From: Vialle, George
Sent: Thursday, July 21, 2011 5:24 PM
To: Kelly, Mike (Marlboro)
Subject: RE: Uro Polypropylene Resin risk

The key points are:

- The division did a last Marlex resin buy in '05, purchasing a 7 year supply. This resin is used for all mesh products, \$120M annual sales +/-.
- The plan was to validate a new resin prior to run out at end of '12 - that is run out of finished goods
- New resin validation was delayed until Q1/Q2 this year.
- Fire drill at July PIB based on FG inventory coverage falling short of YE '12 projection, due to loss of product to recall, stolen truck and variation to 2005 plan run out date is early Q3 '12.
- Due to FDA anti-mesh position it is highly unlikely FDA would approve any material change
- Only logical path forward is to get more of the old resin
- Resin consultant found 1300 lbs in US, about a year's worth, and 35K lbs in China
- BSC is sending one of our APAC sourcing employees to the Chinese distributor to verify the pedigree of the Chinese resin
- If the Chinese resin is legit we will but 20K lbs and be all set
- If Chinese resin is no good we will continue to look for other sources
- We are also working to have Philips run another batch, one million pound @\$2 per pound. We would take what we need and resell the rest.

Not sure 11 bullets is cliff notes short but covers relevant points let me know if you need more info.

From: Kelly, Mike (Marlboro)
Sent: Thursday, July 21, 2011 3:31 PM
To: Vialle, George
Subject: RE: Uro Polypropylene Resin risk

Send me the cliff notes on what happened here. Charlie et al have clogged my email with this topic.

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From: Vialle, George
Sent: Thursday, July 21, 2011 3:29 PM
To: Kelly, Mike (Marlboro)
Subject: RE: Uro Polypropylene Resin risk

Thanks, will do once we finalize quantity.

From: Kelly, Mike (Marlboro)
Sent: Thursday, July 21, 2011 3:28 PM
To: Vialle, George
Subject: RE: Uro Polypropylene Resin risk

Regretfully I could store an entire train in there so no problem at all. Let Denis know I ok'd it.

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From: Vialle, George
Sent: Thursday, July 21, 2011 2:28 PM
To: Kelly, Mike (Marlboro)
Subject: FW: Uro Polypropylene Resin risk

Mike,

If we are able to procure a 10-20 year last buy we would like to split up the inventory and store at multiple locations to protect against catastrophic loss. We will have extrusion vendor Luxilon hold some (1-2 yr supply) and I am going to see if Quincy can take some. What are your thoughts on holding resin at Spencer? 1500 lbs = 1 Gaylord (4x4x4). The ask is 5 pallets' storage.

George

From: Smith, Charles
Sent: Thursday, July 21, 2011 9:16 AM
To: Vialle, George; Howe, Bob; Intoccia, Al
Cc: Wheeler, Mitch; King, Tina; Palumbo, Michael; Kelly, Mike (Marlboro)
Subject: RE: Uro Polypropylene Resin risk

Bob/George

For PO, I assume we want the charged to account other than R&D as this resin will be used for production use.

That is what we did in past, I forget how we insuring cost of resin is included in final end item cost.

I can coordinate initial transfer to Luxilon on first few batch(s).

If we get supply from China we should start the discussion again on BSC site(s) for risk mitigation (not all material being at one site).

If we can get 20,000 lbs that should be 15 to 20 years worth. Current usage about 1K lbs /year. With new launches will go up some, being determined.

Charlie

From: McCaslin, Todd
Sent: Wednesday, July 20, 2011 6:57 PM
To: Intoccia, Al; Sherry, John; Wheeler, Mitch; Batz, Helge (STP); Schwartz, Scott (STP); Bhalakia, Sujal; Smith, Charles; Charest, Ann; Vialle, George; Cuddy, Christopher; Kelly, Mike (Marlboro)
Cc: McCaslin, Todd
Subject: RE: Uro Polypropylene Resin risk

Minutes from today's meeting:

Attendees:

- Al Intoccia, John Sherry, George Vialle, Charlie Smith, Chris Cuddy, Scott Schwartz, Helge Batz, Ann Charest

Discussion & Action Items:

- Phillips Sumika:
 - BSC had requested a "special" run of the Marlex PP resin. Phillips stated that they would have to do a separate run of the reactor, min order would be 1,000,000 lbs, priced at \$2/lb.
 - Al Intoccia stated that the Division would be willing to fund this purchase if successful with Phillips. BSC does have options to sell the excess material through resin distributors. This quantity of material would also eliminate the need to do any further resin development for these products.
 - BSC received feedback today from Phillips Account Mgr that they would not be willing to perform this run. Ann Charest obtained and is setting up meeting with the next level of sales management.
 - *Meeting being set up with the Phillips Sales Director ASAP - Will continue to elevate. Ann & Todd*
- 3rd Party Search:
 - RTI (Resin Technologies Inc) was successful in locating 2 lots of material. 1 lot of 700 lbs - virgin material - open gaylor, 1 lot of 600 lbs - contains colored flecks - could be easily be sorted per distributor.
 - *Meeting with Rick from RTI tomorrow to get details for initiation of PO with Distributor - Ann & Todd*
 - *Details will be directed to Charlie Smith for execution of PO*
- China Sourcing:
 - Identified several distributors/brokers in China that claim to have or get the Marlex PP. One has listed 33,000 lbs in stock.
 - BSC Sourcing person located in Shanghai has been contacted to help work with China resin brokers.

- *Charlie Smith to obtain digital pictures of the bags of Marlex HGX-030-01 that we currently have at Luxilon. These will be E mailed to Ann Charest for coordination with Mike Zhao. Target complete 1 - 2 days*
- *Mike Zhao to schedule trip to Guangdong Province to meet with distributor and view inventory (~3 hr flight) prior to purchase. Sourcing team to coordinate with Mike ASAP - 1 - 2 days*

Quality Requirements:

- Since this is a "deviation" from our normal process of buying sheaths from Proxy & extrusion from Luxilon, we need to understand what quality concerns and impact (if any) there are.
- *Chris Cuddy & Mitch Wheeler to develop a response/plan ASAP - target end of week*

Next Update to be sent out Friday afternoon - Meetings to be arranged if a team decision is needed or significant new is available

Let me know if you have any questions
Todd

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Redacted (cell)

From: McCaslin, Todd
Sent: Wednesday, July 20, 2011 4:54 PM
To: Intoccia, Al; Sherry, John; Wheeler, Mitch; Batz, Helge (STP); Schwartz, Scott (STP); Bhalakia, Sujal; Smith, Charles; Charest, Ann; Vialle, George; Cuddy, Christopher; Kelly, Mike (Marlboro)
Subject: RE: Uro Polypropylene Resin risk
Importance: High

Folks,
I have attached a summary of the actions taken and current status of the search for additional resin for our meeting today at 5 PM EST.
A few key bullets are also below.
Please contact me if you have any questions or comments.
Thanks,
Todd

Objective:

- Find & procure additional Marlex HGX-030-01 Polypropylene resin to provide additional time for completion of resin replacement activities.

Methods:

- Use a multi pronged approach. 1) Contact Chevron Phillips directly - elevate to Exec level as necessary 2) Use 3rd party resin experts (RTI) 3) Contact BSC resin distributors 4) Use BSC sourcing personnel located in China 5) Contact BSC component manufacturers 6) Use Internal BSC Polymer Science & Engineering network

Status:

- Have taken action on all approach methods.
 - Phillips Sumika: Discussed ability/willingness to produce additional material (\$2M cost). Currently unwilling - will elevate up their management chain.

- Have positive results through use of RTI (3rd party resin experts) - found 700 lbs virgin material at Domestic distributor - initiating PO. Have additional 600 lbs at same distributor that may be usable.
- Have information from BSC Sourcing in China that several distributors say they have or can acquire the material. We are investigating.

Next Steps:

- RTI to provide contact information to BSC to initiate PO - 7/21
- BSC Asia Sourcing to get details for purchase of China based material

<< File: Phillips Summika Marlex HGX_030_01 July 20.ppt >> << File: Marlex Uro Resin Search.xls >>

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From: McCaslin, Todd
Sent: Wednesday, July 20, 2011 8:05 AM
To: McCaslin, Todd; Intoccia, Al; Sherry, John; Wheeler, Mitch; Batz, Helge (STP); Schwartz, Scott (STP); Bhalakia, Sujal; Smith, Charles; Charest, Ann
Subject: Uro Polypropylene Resin risk
When: Wednesday, July 20, 2011 5:00 PM-5:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Con Call

Please plan to call in to review the status on our efforts to mitigate the resin supply risk.

I will send out a summary before the meeting.

Call in information:
877-663-6338
Code: 520661