

From: Smith, Charles
Sent: 08/17/2011 04:34:08 PM
To: Jackson, Todd; Kelly, Mike (Marlboro); Vialle, George; Intoccia, Al; Wheeler, Mitch
Subject: RE: update on Option 1 distributor for Marlex from China

Yes , we can cut email chain back at this point, I agree. Here is proposed strategy for us.

1. 4K lbs. here @ Marlboro ASAP. Todd ship by 8-19.
2. 50 lb bag (@ Quincy). 1 lb sample here Friday for current Marlex. Charlie
3. Plan to test # 2 and have results in three weeks (Sooner if possible). Charlie
4. Procure and store 30K lbs @ China. Todd BY 8-19.
5. Report to release 4k lbs. Charlie/Mitch by week of 9/12.
6. Release 30 K @ China. Charlie/Mitch by week of 9/12.
7. Ship 30K to US. George

Please all comment back to me to finalize/adjust this proposed strategy

thks

Charlie

From: Jackson, Todd
Sent: Wednesday, August 17, 2011 4:07 PM
To: Kelly, Mike (Marlboro); Smith, Charles
Cc: Vialle, George
Subject: RE: update on Option 1 distributor for Marlex from China

Charlie,
I would also really challenge whether John Pedersen needs to be included in this lengthy email dialogue. Seems that you and the team would be better served developing a strategy and then informing key people on the leadership team.
-Todd

From: Kelly, Mike (Marlboro)
Sent: Wednesday, August 17, 2011 9:43 AM
To: Smith, Charles
Cc: Jackson, Todd
Subject: RE: update on Option 1 distributor for Marlex from China

I have no responsibility for storage in China.

Mike Kelly

Multi-Site Vice President, Operations
Boston Scientific
100 Boston Scientific Way
Marlborough, MA 01752
508-683-6812

"Defining tomorrow, today"

From: Smith, Charles
Sent: Wednesday, August 17, 2011 7:57 AM
To: Vialle, George; Zhao, Ying (STP); Wheeler, Mitch; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

George

That sounds like the best plan. The material doesn't have to be environmentally controlled beyond normal warehouse conditions.

We can start discussion with Luxilon on how much material they can hold for us.

Mike/Todd

Is George proposal ok, can we buy and hold somewhere in our control?

Charlie

From: Vialle, George
Sent: Wednesday, August 17, 2011 7:51 AM
To: Smith, Charles; Zhao, Ying (STP); Wheeler, Mitch; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Charlie,

Can we purchase at risk and hold the inventory in secure, environmentally controlled storage in China until testing is complete? The shipping costs are more than the material costs so local storage will save us \$ if this material fails testing. Also, I'd like to ship at least 5k lbs additional material directly to Luxilon in Belgium if our testing plan allows. The balance will be sent to the US.

George

From: Smith, Charles
Sent: Wednesday, August 17, 2011 7:10 AM
To: Zhao, Ying (STP); Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China
Importance: High

Mike

Let us review here this AM and get back to you. We do not want to loose the material.

looking still for first bag!!

Charlie

From: Zhao, Ying (STP)
Sent: Wednesday, August 17, 2011 2:10 AM
To: Smith, Charles; Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

hi, Guys:

I talked to the distributor about the extra 15 tons of material today. Here is an update:
2 months hold period is a big risk for him, on this 15 tons amount. He literally needs to buy everything and put into his storage. Since this is not a popular material on the market, he is running risk of holding it longer than 2 months if we decide not to procure at the end. And it's a concern from his cash flow perspective. So his feedback is we need to put down at least 40% of total payment as deposit. This way he will lock in those 15 tons for us. So:
option 1: lock it in, we put down about RMB 123k(about US\$ 20k) for this 15 tons extra material. Risk is we will not get it back if we decide not to procure at the end of 2 months.
option 2: we don't do anything now, wait almost 2 months(shipping and testing), until we know the result of testing. Risk is we can't guarantee whether or not we can still find it on the market.

Please let me know which option we want to pursue.

Best Regards,
Michael Zhao
Supplier Management Asia
Cardiac Rhythm Management
Boston Scientific Corp.
Email: ying.zhao@bsci.com
Office: 86-21-61419708
Cell: Redacted
Unit 4701, Raffles City,
No. 268 Xizang Middle Road,
Shanghai, China 200001

From: Smith, Charles
Sent: Wednesday, August 17, 2011 2:00 AM
To: Zhao, Ying (STP); Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Mike

That time period should be fine.. Let me know when material is shipping.

Is there any tracker for the first bag?

thks

Charlie

From: Zhao, Ying (STP)
Sent: Tuesday, August 16, 2011 1:11 PM
To: Smith, Charles; Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Yes, I have been using 2 months as our option period. I believe I can work out with the distributor if longer-than-that is needed.

Best Regards,
Michael Zhao
Supplier Management Asia
Cardiac Rhythm Management
Boston Scientific Corp.
Email: ying.zhao@bsci.com
Office: 86-21-61419708
Cell: Redacted
Unit 4701, Raffles City,
No. 268 Xizang Middle Road,
Shanghai, China 200001

From: Smith, Charles
Sent: Wednesday, August 17, 2011 1:07 AM

To: Zhao, Ying (STP); Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Mike

That sounds good. Testing/report may take 4 to 6 weeks. Is that going to be ok with the distributor?

Charlie

From: Zhao, Ying (STP)
Sent: Tuesday, August 16, 2011 12:23 PM
To: Smith, Charles; Wheeler, Mitch; Vialle, George; McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

hi, Charlie, George and Mitch:

Based on your inputs, I will do followings:
I will ship out the 2 tons we have procured by air tomorrow. (cost is about US\$ 10k)
I will lock in the 15 tons(30k lbs) by signing a contract with the distributor. I will put down a deposit to secure it and hold the 15 tons here while we test out the 2 tons back in Natick. Once we confirm it is the right material, I will procure the 15 tons and we can discuss about what shipment to use by then; If it is not the right material, we will have option not to procure.
Please let me know if you have any concern or question.

Best Regards,
Michael Zhao
Supplier Management Asia
Cardiac Rhythm Management
Boston Scientific Corp.
Email: ying.zhao@bsci.com
Office: 86-21-61419708
Cell: Redacted
Unit 4701, Raffles City,
No. 268 Xizang Middle Road,
Shanghai, China 200001

From: Smith, Charles
Sent: Tuesday, August 16, 2011 10:26 PM
To: Wheeler, Mitch; Vialle, George; Zhao, Ying (STP); McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

George

Mitch/I are meeting later this AM on testing regiment.

If the cost by air for \$10K for first 4K lbs is accurate, I would plan to air freight all to insure we get to US safely. Sound like an additional \$100K to complete this? We can confirm pricing and optimize shipment once we procure.

thks

Charlie

From: Wheeler, Mitch
Sent: Tuesday, August 16, 2011 10:16 AM
To: Vialle, George; Smith, Charles; Zhao, Ying (STP); McCaslin, Todd; Charest, Ann; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Still awaiting the plan for this and more details to determine our chain of custody and purity documentation needs.

Shipping by sea can introduce contamination from salt water, shipments are also more likely to get lost (10,000 containers lost at sea each year). I would at least break up the 30K lbs order into two shipments if it went by sea.

From: Vialle, George
Sent: Tuesday, August 16, 2011 10:07 AM
To: Smith, Charles; Zhao, Ying (STP); McCaslin, Todd; Charest, Ann; Wheeler, Mitch; Gardner, Donna
Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John; Horton, Peter
Subject: RE: update on Option 1 distributor for Marlex from China

Charlie,
Peter and I have reviewed the HGX-030-01 requirements to cover 10 years of demand, including a 60% yield loss, change over loss, and an 11% CAGR for new products and market growth. Based on these inputs the analytic requirement is 15K lbs. Due to low resin cost/high sales & margin value I'd recommend a 2X factor, 30K lbs, to allow for storage loss, etc.
Do we have all the needed functional feedback, particularly from Mitch and Donna, regarding the pedigree, chain of custody, reg considerations for the distributor product? Also, what is the sampling plan for the purchased material? By batch, bag?

George

From: Smith, Charles
Sent: Tuesday, August 16, 2011 7:06 AM
To: Zhao, Ying (STP); McCaslin, Todd; Charest, Ann; Vialle, George; Wheeler, Mitch

Cc: Batz, Helge (STP); Ciulla, Ron; Intoccia, Al; Kelly, Mike (Marlboro); Pedersen, John
Subject: RE: update on Option 1 distributor for Marlex from China

Mike

1. I will get with George to confirm determine by end of day today on amount.
2. Thks, We will have to run Lot number to confirm that Phillips made then.
3. **Go by air** on this first shipment. We need it here to complete evaluation and know we have right material.

Charlie

From: Zhao, Ying (STP)
Sent: Tuesday, August 16, 2011 6:20 AM
To: McCaslin, Todd; Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

hi, Todd and Charlie:

The distributor said he can get another roughly 15 tons if we need. Let me know once you guys find out how much more we need to lock in.

He can't locate the CoA for this lot. No luck on that. We have to use the lot # to trace if you can. All of the material, including 2 tons we have and the other 15 tons are all from same lot: 6120105.

Air bill for 2 tons is pretty expensive: 64K RMB(about US\$ 10K). By sea is a lot cheaper: about RMB 10K. My recommendation is to ship: 4 bags(100 kg) by air, about RMB 3200, then ship the rest 1.9 tons by sea.(it takes about 5 weeks).
Let me know what shipment you prefer and we will start working on the logistics tomorrow.

Best Regards,
Michael Zhao

From: McCaslin, Todd
Sent: Monday, August 15, 2011 10:28 PM
To: Zhao, Ying (STP); Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

The Phillips Sumika Lot Number for the resin is a 7 digit number. On the picture you sent it would be 6120105.

Do you know how much more material is available? If this works out, we may want to reserve several more tons.

Very nice work! Thanks

Todd

From: Zhao, Ying (STP)
Sent: Monday, August 15, 2011 10:14 AM
To: McCaslin, Todd; Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

Todd:

Could you let me know what a lot # looks like? I can ask them to check each bag. I have pushed them on daily basis to locate CoA. They have to count on someone else, so it is not directly under control. I should know better tomorrow. This material has changed hands multiple times, and this 2 tons is just a small portion of the whole lot, I was told they will do their best, but can't promise. I think regardless we will still need to perform our testing.

Thanks,
Michael

From: McCaslin, Todd
Sent: Monday, August 15, 2011 10:07 PM
To: Zhao, Ying (STP); Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

Michael,
If you could try to push a bit on getting the C of A this would be a big help. Is there is anything else he needs to get these?

Could we get a list of the manufacturing lot #'s that are in the 2 tons? Maybe we can get them from another source...

Thanks!

Todd

From: Zhao, Ying (STP)
Sent: Monday, August 15, 2011 9:59 AM
To: McCaslin, Todd; Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

Todd:

These 4000 lbs are locked in, we have paid, they are ours, physically in the distributor's office right now, he just received, I have checked on site.

So I will work with the shipping company tomorrow and arrange to ship all of them out to Charlie ASAP.

Please let me know if you have any question or concern.

Regards,
Michael

From: McCaslin, Todd
Sent: Monday, August 15, 2011 9:55 PM
To: Zhao, Ying (STP); Charest, Ann; Ciulla, Ron; Smith, Charles
Cc: Batz, Helge (STP)
Subject: RE: update on Option 1 distributor

We need to lock in all 4000 lbs right away. How do we get payment to insure this is reserved for us? We can decide on how to ship after we get control of it.

We need to work on getting the C of A. Ann, is this something AK plastics may have a path to get for us based upon the lot #'s?

Todd

From: Zhao, Ying (STP)
Sent: Monday, August 15, 2011 9:46 AM
To: Charest, Ann; Ciulla, Ron; Smith, Charles; McCaslin, Todd
Cc: Batz, Helge (STP)
Subject: update on Option 1 distributor

hi, Guys:

I have checked the stock our Option 1 distributor just brought in. It seems the right material. Please see the pictures attached. It was produced in Texas, it is Phillips Sumika, and it's HGX-030-01. He is trying to find CoA, but has not been successful so far.

Our original plan is to get 2 bags first, test them before we get the rest of 2 tons.

But now I feel we have high confidence of this material, please let me know if we should just ship all 2 tons at the same time. I am personally more confident on this material than the one I got from the Option 2 distributor.

We can pick them up at any time, we have 2 tons right here ready.

Regards,
Michael Zhao