

APPENDIX to HCMO-1

6. Briefly describe the proposed material change transaction, including:

a. Goals and Objectives

This transaction involves the acquisition of one company (ADS) that distributes and dispenses (but does not manufacture) diabetes-related products by another company (RGH) that similarly distributes and dispenses (but does not manufacture) diabetes-related supplies. Diabetes-related supplies include continuous glucose monitors (CGMs), traditional finger-prick glucose monitors, insulin, insulin pumps, test strips, insulin vials, insulin pens, finger-prick testing supplies, among others.

Although both ADS and RGH distribute and dispense a broad offering of diabetes-related products, they primarily distribute and dispense CGMs. The transaction will enable the combined business to become more competitive to better meet patients' needs. The transaction will enhance the combined company's ability to meet growing demand and lead to workflow efficiencies to better serve patients and payors. Because of the highly fragmented nature of diabetes supply distribution, including CGMs, the transaction does not pose any competition or access-to-care concerns. Additionally, there are no competition concerns with respect to manufacturing or private label branding, as ADS has no manufacturing presence and Cardinal Health's manufacturing presence related to diabetes products and supplies is de minimis. Cardinal Health-branded products in Edgepark's (as defined below) diabetes durable medical equipment ("DME") portfolio represent a very small percentage (<0.01%) of its diabetes-related sales. The combined business will have the capacity to support one of the country's fastest growing patient populations, ensuring Oregon residents obtain access to these important products. The transaction is not expected to result in any changes to the availability of diabetes-related products or any changes in workforce in Oregon.

b. Summary of transaction terms

Pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), dated November 11, 2024, RGH Enterprises, LLC d/b/a Edgepark ("RGH" or "Edgepark"), an indirect subsidiary of Cardinal Health, will acquire ADS for approximately \$1.05 billion in cash, subject to certain adjustments as set forth in the Merger Agreement.

c. Why the transaction is necessary or warranted

The transaction is expected to increase access to in-home distribution of continuous glucose monitors ("CGMs") to patients and consumers, including Oregon residents. Diabetic patients have traditionally monitored their blood glucose levels by manually pricking their fingers with a lancet to get a drop of blood, placing the droplet on a disposable test strip, and inserting the test strip into a blood glucose meter ("BGM"). CGMs allow patients to monitor their blood glucose in real time – early versions required finger pricks for calibration, but current versions do not. By lowering patient involvement and notifying patients if glucose levels reach a certain level, CGMs improve patient adherence to diabetic medication, help patients and providers better manage diabetes and diabetes-related conditions, and lower emergency department visits and hospitalizations.

Technological advancements and an increase in third-party payor coverage have rapidly increased CGM adoption. This transaction will combine Edgepark, Cardinal Health's direct-to-patient supplier business, which has strong back-office and cash collection capabilities, with ADS, which has a strong patient network and user experience, to allow the combined company to better and more efficiently serve patients and payors.

d. Any exchange of funds between the parties, including the nature, source and amount of funds or other consideration (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).

The acquisition is structured as a merger wherein a merger subsidiary of RGH, formed solely for purposes of the transaction, Aztecs Acquisitionco, will merge with ADS. ADS will become the surviving entity as a direct and sole subsidiary of RGH. There will be no arrangement for any discount, rebate, or other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services. The merger consideration comprises the full exchange of funds.

7. Describe the negotiation or transaction process that resulted in the entities entering into an agreement

ADS conducted an auction process to sell its business in August 2024 with the help of an investment banker, Houlihan Lokey. Cardinal Health's Edgepark business evaluated the acquisition of ADS as part of that auction process through multiple rounds of bidding and increasing levels of due diligence. Due diligence involved input and consultation from outside advisors, to assess the complementary capabilities and strengths of both businesses, including the ability to support increased competitiveness and better meet patients' needs. The parties negotiated the transaction at an arm's length, with JPMorgan representing Cardinal Health as the investment banker. Outside transaction counsel for Cardinal Health and RGH was Skadden Arps Slate Meagher & Flom and DLA Piper; outside transaction counsel for ADS was Winston & Strawn.

a. How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)

ADS evaluated a number of potential buyers through a competitive auction process that included Cardinal Health. The auction process involved multiple bids from potential acquirors until Cardinal Health was granted exclusivity to complete its due diligence and finalize negotiation of transaction documents.

b. Describe any due diligence performed by any of the parties to the transaction.

Cardinal Health performed comprehensive due diligence customary in an acquisition. This diligence included:

1. Numerous meetings and discussions to assess the respective leadership teams, familiarize each party with the other's operations, and fit for a potential go-forward organization
2. A thorough assessment and review of ADS with respect to: (i) corporate matters, including formation, organizational, and governance documentation; (ii) risk management practices, policies, and insurance coverages; (iii) ethics and regulatory compliance, with particular focus on licensure and accreditation, HIPAA, and compliance with healthcare laws and regulations at the state and federal levels applicable to medical device distributors; (iv) tax; (v) IP, IT and data privacy and security; (vi) employee and benefit matters; (vii) billing and coding practices, including an audit of such practices; (viii) financial and accounting matters customary for a transaction of this nature, including a quality of earnings and quality of revenue analysis; and (ix) litigation-related matters.
3. Establishing a clean room to restrict access to competitively sensitive information.
4. Throughout the diligence process, external consultants and legal advisors played an active role in analyzing the implications of the transaction for both parties.

The Edgepark business, whose structure is further detailed in Question 10(a) below, had several objectives in diligencing ADS. These included:

- Enhancing its ability to serve as a supplier of diabetes management products through two elements. First, as further described in Exhibit 7(b)-1 (RGH_000001), ADS offers the ability for Edgepark to diversify its payor mix to reach a greater number of patients. Second, given its complementary CGM product line, ADS provides a means to more efficiently use existing facilities and equipment of the at-Home Solutions business operating segment (described in Item 10(a) below) without the need for additional capital expenditures to improve direct-to-patient capabilities.
- Identifying complementary strengths to Edgepark's strong back-office and administrative capabilities and culture of compliance. As noted in Exhibit 10(f)(iii) (RGH_000163), CGMs represent ADS' and Edgepark's primary products. Physicians and prescribers will often recommend a particular CGM brand or supplier. This transaction is an opportunity for Edgepark to enhance its multi-channel patient acquisition capability and develop a more streamlined prescriber and patient experience.

Overall and consistent with the above, historical experience of both Edgepark and ADS has shown (i) patients prefer personalized services and user experiences with a focus on patient support and (ii) physicians and providers have higher confidence in recommending diabetes-focused DME suppliers given their expertise, patient engagement and programs focused on diabetes care. In turn, the combined Edgepark and ADS business will allow for an improved patient experience enabling

better diabetes management through Edgepark's complementary strengths while increasing Edgepark's ability to support one of the country's fastest growing patient populations.

9. List any applications, forms, notices, or other materials that have been submitted to any other state or federal agency regarding the proposed material change transaction. Include the data and nature of any submissions. This includes, but is not limited to, the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.

In addition to this Notice, the following filings were submitted:

1. Notification and Report Form for Certain Mergers and Acquisitions with the Federal Trade Commission Pre-Merger Notification Office in compliance with the HSR Act (the "HSR Filing") on November 25, 2024. The initial HSR Filing was withdrawn and refiled on December 23, 2024. The waiting period for the HSR Filing expired on January 24, 2025.
2. Notice to the Office of the Attorney General of Indiana, reporting a health care entity merger or acquisition under Ind. Code § 25-1-8.5-1 *et seq.* on November 26, 2024. The parties received a notice of early termination of the waiting period from the Office of the Attorney General of Indiana on January 15, 2025.
3. Notice to the New York State Department of Health, reporting a material transaction under N.Y. Pub. Health Law Art. 45-A on December 17, 2023. The waiting period expired January 23, 2025.

The parties have also submitted filings to licensing boards, including boards of pharmacy, and other regulatory agencies to facilitate the transfer of its pharmacy, DME, and other related registrations in connection with the transaction.

a. If a pre-merger notification was filed with the Federal Trade Commission or U.S. Department of Justice, please attach the pre-merger notification filing along with this notice submission.

See Exhibit 9(a) (RGH_000458 – 743) & Exhibit 9(b) (ADS_283A – 0643A).

10. Describe Party A

RGH is a 100% owned indirect subsidiary of Cardinal Health. Cardinal Health is a global healthcare services and products company providing customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories, physician offices, and patients in the home. RGH is a national mail order direct-to-consumer supplier of medical products, including products for incontinence, wound care, diabetes, ostomy, urology, breast

pumps, and respiratory support. RGH holds home medical equipment, pharmacy, and wholesaler licenses in Oregon.

*a. **Describe Party A's business, including business lines or segments***

RGH's ultimate parent company, Cardinal Health, is a holding company for its various business segments. Please see below for more information related to each of Cardinal Health's business segments. Additional information on each business segment as well as the primary legal entities in each business segment can be found below in responses to Question 10(f).

1. **Pharmaceutical & Specialty Solutions**—distributes branded and generic pharmaceutical, specialty pharmaceutical and over-the-counter healthcare and consumer products in the United States. This segment also provides services to pharmaceutical manufacturers and healthcare providers for specialty pharmaceutical products; provides non-clinical management services to physicians; provides pharmacy management services to hospitals and operates a limited number of pharmacies outside of Oregon, including pharmacies in community health centers; and repackages generic pharmaceuticals and over-the-counter healthcare products.
2. **Global Medical Products and Distribution**—manufactures, sources and distributes Cardinal Health brand medical, surgical, and laboratory products, which are sold in the United States, Canada, Europe, Asia, and other markets. In addition to distributing Cardinal Health brand products, this segment also distributes a broad range of medical, surgical, and laboratory products known as national brand products to hospitals, ambulatory surgery centers, clinical laboratories, and other healthcare providers in the United States and Canada.
3. **Nuclear and Precision Health Solutions**—operates nuclear pharmacies and manufacturing facilities, which manufacture, prepare, and deliver radiopharmaceuticals for use in nuclear imaging, theranostics, and other procedures in hospitals and physician offices.
4. **OptiFreight Logistics**—provides integrated technology solutions that support the shipping and logistics needs of healthcare providers by optimizing direct shipments. This segment serves hospitals, pharmacies, labs, and surgery centers.
5. **at-Home Solutions**— composed of two primary businesses involved in the distribution of medical supplies for home use:
 - a. **Edgepark**: Direct-to-patient medical supplies provider that serves patients with chronic conditions in the home, including products for incontinence, wound care, diabetes, ostomy, urology, breast pumps, and respiratory support.

- b. **at-Home:** Business-to-business distribution service that delivers medical supplies and OTC products to home medical equipment providers, home health and hospice agencies, and e-commerce providers.

Broadly, at-Home Solutions is the only Cardinal Health business segment focused on support of patient care directly in the home. Cardinal Health's four other business segments are business-to-business services focused on supporting providers that serve patients outside the home, such as hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories, and physician offices.

Specific to the at-Home Solutions business segment, Edgepark is focused on direct-to-patient in-home product supplies. The at-Home business line (which also falls under the at-Home Solutions business segment), supports other home medical equipment providers, home health and hospice agencies, and e-commerce providers. While Edgepark supplies other products unrelated to the treatment of diabetes, the ADS acquisition specifically relates to Edgepark's direct-to-patient in-home diabetes management offerings, which primarily involves CGMs and related supplies. As background, diabetes is a chronic health condition that may cause many other ancillary health conditions or may result from other health conditions that customers of Cardinal Health's non-at-Home Solutions business segments (e.g., hospitals, pharmacies, surgery centers, etc.) may choose to treat with drugs or other medical supplies distributed by Cardinal Health's non-at-Home business segments. However, direct-to-patient distribution of CGMs and related supplies is separate and distinct from treatment of ancillary health conditions by customers of Cardinal Health's non-at-Home Solutions business segments.

b. Describe Party A's governance and operational structure (including ownership of or by a health care entity)

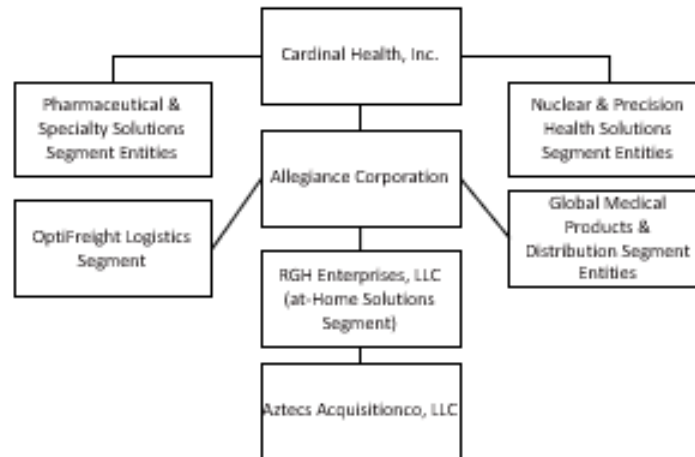
Cardinal Health, the ultimate parent company of RGH, is a publicly traded company, overseen by a Board of Directors. Exhibit 10(b) (RGH_000744 – 766) contains the organizational chart, inclusive of ownership structure. Cardinal Health is the parent organization or holding company for each of the business segments listed in response to Question 10(a) and below in the responses to Question 10(f). Each business segment is comprised of multiple individual legal entities. There is a high degree of commingling and integration of resources and operations between these legal entities since they all have the same ultimate parent. Therefore, the various subsidiaries that make up each business segment should generally be viewed as one business, rather than individual legal entities representing distinct businesses.

Cardinal Health entities that have a nexus to Diabetes Products: See responses to Question 10(f) below for business segment and entity-specific details. Please note, the responses to Question 10(f) also identify the Cardinal Health entities and businesses that have a nexus to purchasing, distributing or manufacturing CGMs, diabetes testing supplies (e.g., glucose meters, lancing devices, test strips, lancets, and control solutions), insulin, insulin pumps, insulin pump supplies, insulin pens, insulin pen needles, smart insulin pens, and insulin syringes as well as products

supplied by ADS (“Diabetes Supplies”), and continuous positive air pressure devices and generic pharmaceuticals (collectively with Diabetes Supplies, “In Scope Products”).

c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

Please see Exhibit 10(b) for the full organizational chart. For an abbreviated organizational chart, please see below:



d. List all of Party A’s business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

Please see HCMO-1b form attached (RGH_000782 – 786).

e. Provide financial statements for the most recent three fiscal years. If Party A also operates outside of Oregon, provide financial statements both for Party A nationally and for Party A’s Oregon business.

Cardinal Health’s financial statements are included in its annual report on Form 10-K, available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000721371/33880469-bbc3-4cf0-99c7-e5fb50d4bf4f.pdf>, and attached as Exhibit 10(e)-1 (starting at RGH_000023). Financial statements specific to the businesses segments identified in response to Question 10(a) can be found in Note 14 to the financial statements at page 81 (RGH_000104), including financials for the at-Home Solutions operating segment, which includes Edgepark.

Please note, Cardinal Health prepares financials statements on a consolidated basis based on the segments noted in Response to Question 10(a). Financial statements on a legal entity by legal entity basis are not maintained or prepared. As discussed above in response to Question 10(a), the ADS

acquisition relates only to Cardinal Health's Edgepark business line and its direct-to-patient in-home diabetes management product distribution. While the Edgepark business line falls under the broader at-Home Solutions operating segment, whose activities are tied primarily to RGH, please note that Cardinal Health does not maintain or prepare stand-alone financials limited to RGH or the Edgepark line of business. However, please see Exhibit 10(e)-2 (RGH_000162), which shows Edgepark's total revenue and its revenues specific to Oregon. Please also see responses to Question 10(f)(viii) below for additional financial information specific to Oregon for the applicable entities in each of Cardinal Health's business segments.

f. Describe and identify Party A's health care business. Provide responses to i-ix as applicable

As noted in Question 10(a), Party A's ultimate parent company, Cardinal Health, Inc., is a holding company for its various business segments. Please see Attachment A for complete responses to subparts (i)-(ix) for each of the business segments listed in Question 10(a), inclusive of a description of the business conducted, the primary legal entities for the respective business segments, and details regarding the respective nexus to purchasing, distributing or manufacturing In Scope Products.

11. Describe Party B

ADS is a national direct-to-consumer diabetes medical supplies provider headquartered in Carlsbad, CA. ADS serves approximately 500,000 patients annually nationwide. ADS does not manufacture any products and does not operate any brick and mortar pharmacy locations. ADS operates through its licensed subsidiaries, including North Coast Medical Supply LLC d/b/a ADS, US Med LLC, and United States Medical Supply LLC. These entities hold Medical Device/Equipment/Gases-C registrations and Retail Drug Outlet licenses from the Oregon Board of Pharmacy.

a. Describe Party B's business, including business lines or segments

ADS, through its licensed subsidiaries, distributes and dispenses to patients diabetes-related products including continuous glucose monitors, insulin pumps, diabetes testing supplies, and other diabetes supplies. While ADS includes multiple operating entities (North Coast Medical Supply LLC d/b/a ADS, US Med LLC, United States Medical Supply LLC, and US Med Direct, LLC) each holding applicable licenses, it does not have multiple business lines or segments. Each ADS operating entity engages in the same business – dispensing to patients diabetes-related products—and generally dispense the same products to patients. Each of the remaining ADS entities do not have any operations, e.g., they are holding companies or pass-through entities. A listing of the products dispensed by ADS is attached as Exhibit 11(a) (starting at ADS_0192). ADS does not manufacture any diabetes supplies (traditional blood glucose monitors, continuous glucose monitors, insulin pumps, test strips, insulin vials, insulin pens, etc.). Instead, it acquires

its diabetes supplies from separate manufacturers or other entities and dispenses the products to patients.

b. Describe Party B's governance and operational structure (including ownership of or by a health care entity)

ADS is owned by CSC ADS Holdings, L.P., Oak Avenue Partners, Inc., and other minority investors. It operates as a limited liability company, and it is overseen by its Board of Directors. ADS provides services through its wholly owned subsidiaries North Coast Medical Supply LLC d/b/a ADS, US Med LLC, and United States Medical Supply LLC.

c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

Please see Pre- and Post-Closing RGH Enterprises Organization Charts in the Supplemental Materials (RGH_000778 - 779). This shows that, currently, ADS is 58.44% owned by CSC ADS Holdings, L.P., 23.96% owned by Oak Avenue Partners, Inc., and 17.6% owned by a number of smaller investors consisting primarily of ADS management. Each ADS subsidiary is wholly owned (100%). Post-merger, ADS (and indirectly each subsidiary) will be a wholly owned subsidiary of RGH, as shown in the Pre- and Post-Closing RGH Enterprises Organization Charts in the Supplemental Materials (RGH_000778 – 779).

d. List all of Party B's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See HCMO-1b form attached for ADS (starting at ADS_0173).

e. Provide financial statements for the most recent three fiscal years. If Party B operates outside of Oregon, provide financial statements both for Party B nationally and for Party B's Oregon business.

ADS financial statements are attached as Exhibit 11(e) (starting at ADS_0213). No other ADS entities have financial statements. ADS does not have separate financials for Oregon.

f. Describe and identify Party B's health care business. Provide responses to i-ix as applicable.

ADS distributes and dispenses to patients nationally diabetes-related products including CGMs, insulin pumps, diabetes testing supplies, and other diabetes supplies. ADS operates through its licensed subsidiaries, including North Coast Medical Supply LLC d/b/a ADS, US Med LLC, and United States Medical Supply LLC. These entities hold Medical Device/Equipment/Gases-C registrations and Retail Drug Outlet licenses from the Oregon Board of Pharmacy.

i. Provider type (hospital, physician group, etc.)

Direct-to-consumer distributor of durable medical equipment.

ii. Service lines, both overall and in Oregon

Both overall and in Oregon, ADS distributes and dispenses diabetes supplies, including CGMs, insulin pumps, and diabetes testing supplies.

iii. Products and services, both overall and in Oregon

Both overall and in Oregon, ADS distributes and dispenses diabetes supplies, including insulin pumps, continuous glucose monitors, and diabetes testing supplies.

iv. Number of staff and FTE, both overall and in Oregon

965 FTE overall; 1 FTE in Oregon.

v. Geographic areas served, both overall and in Oregon

ADS serves all of the United States, including Oregon.

vi. Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form

See attached HCMO-1c: Facilities and Locations form (starting at ADS_0178).

vii. Annual number people served in Oregon, for all business, not just business related to transaction

Please see Exhibit 11(f)(vii) (ADS_0262).

viii. Annual number of services provided in Oregon See response to Section 11(f)(vii) above.

See response to Section 11(f)(vii) above.

ix. For hospitals, number of licensed beds N/A.

ADS is not a hospital.

12. Describe all mergers, acquisitions, and joint ventures that closed in the ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities.

For Party A, see Exhibit 12 attached (starting at RGH_000166). Please note, this includes all acquisitions, mergers or joint ventures in the prior 10 years that have a nexus to diabetes care. Diabetes is a chronic health condition that causes many ancillary health conditions, and thus ordinary drugs and medical supplies distributed by businesses acquired by Cardinal Health are

indirectly used by customers of Cardinal Health to treat diabetes. However, this transaction is focused primarily on continuous glucose monitors.

For Party B:

1. Stock Purchase Agreement, by and among Timothy Cady, Mark Howard, Oak Avenue Partners, Inc. and ADS Buyer, Inc., dated as of November 31, 2020. This was the acquisition of ADS by Court Square. It closed on December 31, 2020.
2. Stock Purchase Agreement, by and among US Med Buyer, Inc., US Med Acquisition, Inc., and US Med Ultimate Holdings, LLC, dated as of May 31, 2021. This was the acquisition of the US MED business. It closed on July 21, 2021.
3. Asset Purchase Agreement, by and between US MED, LLC and Strive Medical LLC, dated as of February 28, 2022. This was a divestiture of certain assets of the US MED business. It closed on February 28, 2022.

13. Describe any anticipated changes resulting from the proposed material change transaction, including:

a. Operational Structure

- i. **Provide a chart or diagram showing the pre- and post-transaction organizational structure and relationships between entities.**

Cardinal Health, through RGH, is proposing to acquire all outstanding equity of ADS through a merger of ADS with a wholly owned subsidiary of RGH, formed solely for purposes of the transaction, with ADS as the surviving entity. See Pre- and Post-Closing RGH Enterprises Organization Charts in the Supplemental Materials (RGH_000778 – 779), which also includes Cardinal Health’s other business segments for reference.

b. Corporate governance and management

Corporate governance of the surviving entity will remain the same post-merger as it was pre-merger. See also Agreement and Plan of Merger (starting at RGH_000180); Aztecs LLC agreement (starting at RGH_000412) and related documents (continuing to RGH_000457).

c. Investment or initiatives

Investments or initiatives of the surviving entity will remain the same post-merger as they were pre-merger.

d. Type and level of staffing

Integration planning for type and level of staffing remains underway. Currently, other than customary changes to corporate directors and officers for the acquired entities, no material changes are expected.

e. Type and level of services provided

The surviving entity will continue to provide the same type and level of services as the pre-merger entity provided. It is anticipated that the surviving entity will be more efficient and better able to serve patients due to the complementary nature of the acquisition as described above in Question 6.

f. Number and type of locations

The surviving entity will retain the same number and type of locations as it did before the merger, noting that the surviving entity does not have any brick-and-mortar pharmacy locations.

g. Geographic areas served

The surviving entity will continue to serve the same geographic areas as the pre-merger entity served.

h. For providers, payer contracts and payer mix

Edgepark and ADS are not providers, which will not change; they are direct-to-patient suppliers of medical supplies for patients with chronic conditions. Edgepark's and ADS payer contracts are not expected to change post-transaction, except due to ordinary and regular contract negotiations. The proposed transaction will, however, enable Edgepark to diversify its payor mix by adding more Medicare volume, enabling the combined business to competitively support one of the fastest growing population segments.

i. For insurance carriers, provider contracts and networks

The entities are not insurance carriers.

j. Other contractual arrangements, including contracts with suppliers, partners, ancillary service providers, PBMs, or management services organizations

Because this is structured as a merger, contractual arrangements will continue.

14. Describe how the proposed material change transaction will impact the public and people served by the entities in Oregon.

The proposed transaction will improve the home delivery of, and access to, diabetes supplies, including CGMs. The CGM space is growing quickly, and the combination of Edgepark and ADS will enhance their ability to meet the expected growth of demand for CGMs. Diabetes supplies distribution is highly fragmented with at least 3 other national broadline suppliers, numerous regional and specialty suppliers, and mail-order and retail pharmacies. As CGM sales have grown, regional and specialty suppliers have entered to meet the growing demand. The transaction will not inhibit this ongoing robust competition at all. Further, the transaction will have no effect on private label or manufacturing competition.

- a. **If there are any anticipated negative effects, describe how the entities will seek to mitigate negative impacts.**

There are no anticipated negative impacts of the transaction on cost, quality, access health equity or competition in Oregon.

15. Explain how the proposed material change transaction will:

- a. **Impact health outcomes for people in Oregon. Provide applicable data, metrics, or documentation to support your statements.**

The proposed transaction will combine Edgepark, Cardinal Health's direct to patient distributor business line, which has strong back-office and cash collection capabilities, with ADS, which has a strong patient network and user experience, to allow the combined company to better and more efficiently serve Oregon patients. Access to CGMs is associated with improved health outcomes in diabetics through, among other benefits, improved blood sugar monitoring and reduced hospitalizations. By improving CGM access, the proposed transaction will positively impact health outcomes for Oregonians. See also Exhibit 15(a) (RGH_000168).

- b. **Benefit the public good by reducing the growth in health care costs. Provide applicable data, metrics, or documentation to support your statements.**

The parties do not anticipate additional cost growth nationally or statewide as a result of the transaction. Moreover, the two parties offer complementary strengths: back-office support and compliance with multi-channel availability of products for patients and an effective user experience. Additionally, the combined more diversified payor mix with additional Medicare volume enables the combined business to support one of the fastest growing patient population segments.

- c. **Benefit the public good by increasing access to services for medically underserved populations. Provide applicable data, metrics, or documentation to support your statements.**

The transaction will enable the combined business to better meet expected growth in demand for diabetes products. Further, in light of the complementary strengths noted in response to Question 15(b), bringing these two suppliers together will enhance cost savings and workflow efficiencies. While we have no specific data or projections, we expect that improved direct, in-home access to CGMs will benefit patients seeking to effectively manage their diabetes. In turn, better diabetes management can lead to better health care outcomes for patients and lower long-term system-wide costs of diabetes complications and related comorbidities.

- d. **Benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services. Provide applicable data, metrics, or documentation to support your statements.**

CGM systems have proved valuable for individuals to more effectively manage their diabetes, leading to better health care outcomes for patients and lower long- term system-wide costs of diabetes complications and related comorbidities. Cardinal Health has lobbied to expand access to CGM systems for Medicare beneficiaries. Combining the complementary businesses will enable continued growth in access to CGMs, including by Medicare patients, promoting improved health outcomes.

- e. If the transaction will not benefit the public good as described in b-d, explain why this proposed material change transaction is in the best interest of the public.**

The parties are unaware of any material detriment to the public good or consumers in Oregon that will occur as a result of the proposed transaction.

16. Describe any competitive effects that may result from the proposed material change transaction.

By combining the complementary strengths of Edgepark and ADS, the proposed transaction will allow the combined company to more effectively compete by lowering costs and applying the learnings and systems that ADS has developed to improve customer service to Edgepark. The combined company will also continue to face strong and growing competition for diabetes-related product distribution.

Competition is highly fragmented with at least three other national broadline durable medical equipment suppliers, numerous regional and specialty DME suppliers, and mail-order and retail pharmacies. Pharmacies today already account for a majority of CGM sales and, with the exception of traditional Medicare, payors include them in the vast majority of their networks. As the Medicare population eligible to receive CGMs continues to expand, the number of distributors supplying CGMs to Medicare patients also continues to expand. As CGM sales continue to grow, this competition is likely to only continue to strengthen, which this transaction will only help.

With respect to manufacturing, ADS does not manufacture any of the products it supplies or have any proprietary branded products. Similarly, Cardinal Health-branded products in Edgepark's diabetes portfolio are de minimis and represent a very small percentage (<0.01%) of Edgepark's supplies. For these reasons, the proposed transaction will have no impact on competition for diabetes supplies.

- a. Will the proposed material change transaction result in a decrease in competition? If yes, describe any anticompetitive effects that will result from the proposed transaction. If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.**

No, the parties do not expect the transaction to result in decreased competition. Please the response above in Question 16 with respect to competition.

b. Provide applicable data, metrics, or documentation to support your statements.

N/A

17. Describe the proposed material change transaction's impact on the financial stability of any entity involved in the transaction.

The proposed transaction should have no negative effect on the financial stability of any entity involved in the transaction. After the merger, ADS will be the surviving entity.