



Buenos Aires , 28 March 2018

We are addressing to you in our position as Presidents of the three representative entities of the pharmacies in Argentina, The Pharmaceutical Confederation of Argentina (COFA), the Federation of Pharmaceutical Chambers of Argentina (FACAF) and the Association of the Union and Mutual Society Pharmacies in Argentina (AFMySRA), to let you know the improper situation that has been settled when renewing the contract with the state body for the medication coverage of the retired, PAMI, that your laboratory ----- has accepted. The mentioned contract concerns directly to the profitability of all pharmacies of the country. It is important to stand out that these three associations group together more than 15,000 pharmacies that give service to the whole country.

The expiration date of the present agreement for the medication coverage to PAMI was on the 31st of March, and your laboratory took part of the negotiation of the renewal of that contract. On 22nd of March they agreed its continuity setting a special price that is the result of the 5% reduction over the retail price of the medicine to the 28th of February, 2018, allowing a quarterly updating that



is the 70% of the official inflation index and the setting of the highest prices for the different therapeutic groups.

This agreement between your enterprise and the state body PAMI, which sets an especial price below the retail price, doesn't take into account the total economical compensation to the pharmacies. They have to buy medicine at the retail price to dispense later at a lower price according to the agreement, which was agreed between you and PAMI without any consent on behalf the pharmacies.

This decision reduces directly the profitability of more than 15,000 pharmacies that give service to PAMI in the whole country. It is the result of an arbitrary decision, so we require an urgent revision of it, instructing your subsidiary in Argentina to agree compensation with our organizations.

Undoubtedly, the decision of agreeing a special price with PAMI is part of a legitimate commercial decision of your organization. However, that decision concerns directly the economical sustainability of the pharmacies without taking precautions to compensate in its entirety the rising loss. It becomes a commercial practice that feels entitled and decides over other's economical interests. For that reason, you should take over the responsibility.



It really attracts our attention your Argentinian subsidiary's behavior when acting in such a thoughtless way, without taking into account the good practices of negotiation. This attitude is still more remarkable when it is very well – known that we are the market gate of your products, the sales channel to more than 5 millions retired in the country.

Therefore, we turn to your intervention to correct this decision and straighten out this disagreement to come back to the ordinary and friendly relation between your laboratory and the thousands of pharmacies which sell your products in the country. For that reason, we require the disposal of the total compensation of the difference between the retail price and the special price agreed on the contract with PAMI, as well as a similar compensation would be disposed in the future updating prices that are convened in the aforementioned agreement.

We are looking forward to your reply and being at your complete disposal to extend the content of this letter.



Carlos Raúl Villagrá
Secretario General
República Argentina



Farm. Miguel Angel Lombardo
Presidente



Farm. María Isabel Reinoso
Presidente