



## MEMORANDUM

**Date:** 12/18/12  
**To:** All Liberty Team Members  
**From:** Frank Harvey, President  
**Re:** Announcement

Dear Liberty Team Members,

With a sad heart I am writing this email to communicate changes in the Liberty organization. As we evaluate each of our product areas we are faced with making tough decisions about which products to continue to sell, which products to stop selling, which markets to focus more attention on and which to focus less attention on. To ensure the long term viability of our business and to ensure that we are able to serve our patients at the level that both we and they expect we have made the decision to focus our attention on four key areas of our business. These are areas where we can serve the needs of our patients at a high level, that we can grow and expand the services that we provide and that we can operate profitably in. These key areas include the Commercial Insurance Market both fee for service and Med Advantage, the Insulin Pump Center of Excellence, Home Care Services and Pharmacy. As a result of these decisions we will be focusing our resources and efforts to grow in these areas. As we grow and expand in these areas we will naturally have to exit other markets that will not be key to our future success. It is clear that we need to contract in size, in scope and in focus, before we start to grow again in our key areas.

As a step in this direction, our intent is that early in the first quarter Liberty will cease taking orders from Medicare fee for service patients for diabetes testing supplies. In addition, our intent is to work with a partner company in the diabetes supply space, Arriva Medical, to transition our Medicare fee for service patients to their company later in the 1<sup>st</sup> quarter.

This is not a decision that we make lightly. Medicare fee for service has been our bread and butter since our company started, however with reduced levels of reimbursement due to competitive bidding we are not able to serve these patients at the level that we desire.

We know that this decision, while in the best interest of the company, will have a significant impact on our employees and our patients. This decision is being made to ensure that we are able to continue to serve the patients that will remain with Liberty at the level they deserve to be served.

We made a promise to you to communicate a future direction as soon as possible and in keeping with that promise this email is going out today. While some of you may question

the timing, before the holiday, we felt that it was more important for you to know this future direction as soon as possible. Many of you were notified today that your employment will be eliminated in two months. Some of these individuals will have an opportunity to stay on for another six months to assist in the transition of our Medicare patients to Arriva and other employees jobs will not be effected by this change.

It is important to us that as difficult as this transition will be, it is done with the utmost respect for our employees and our patients. And part of that, we believe, is being upfront and giving people as much advance notice as possible for planning purposes. As you are aware we are handling this employee action differently than they have been handled in the past. Many folks that will be leaving Liberty two months from today will continue to work at Liberty for that time period and this will give us all the opportunity to say our work goodbyes and to continue to provide our patients with the best possible service.

We remain committed to the open communication that we promised, and will continue to make you aware of changes that impact the future of Liberty, our employees and patients. Thanks to each of you that have played a part in building Liberty over the years, and thank you all for your continued support of Liberty and our patients in the coming months.

Sincerely,

A handwritten signature in black ink that reads "Frank A. Harvey". The signature is written in a cursive style with a large, sweeping "F" and "H".

Frank A. Harvey