



September 23, 2009

Congressman Ross,

Below is the information you requested from our purchase of Holly's Health Mart.

1. **Inventory.** We agreed to use Washington Inventory Services to perform a third party physical count on the night of closing. The inventory instructions were for all pharmacy inventory to be counted at net acquisition cost. Any inventory that did not have 120 days of remaining dating was excluded. Gift items were inventoried at 50% of retail, OTC was inventoried at 90% of retail, DME at 66% of retail, greeting cards at 50% of retail and all other at 80% of retail. The total inventory was \$450,565.40. Inventory instructions are attached.
2. **Land and Building.** The land and building were purchased for \$420,000. A closing statement is attached.
3. **Non-Compete.** A Non-Compete agreement was signed by Ross Pharmacy, Inc, Michael A. Ross and Holiday H. Ross. The total consideration for the non-compete was \$110,000 with \$1,000 allocated to Ross Pharmacy, Inc, \$1,000 to Michael A. Ross and \$108,000 to Holiday H. Ross. This is also reflected on the attached closing statement.
4. **Compensation.** Holiday Ross's hourly rate for 2007 was the same amount as the other pharmacist who works with Holiday in Prescott in both 2007 and 2008. The pharmacists both received a 3% raise in 2008.
5. **Lease.** We currently also lease a 2,300 square foot warehouse facility from you in Prescott. Our initial monthly rent is \$300. There is a 5% increase on June 1st of every year making our current monthly rent \$330.75. A copy of the lease is attached.

This should certainly clear up any misunderstandings the press may have about our transaction.

Cordially,

Joe Courtright, R.Ph
President & CEO
USA Drug

Computation of Purchase Price and Closing Statement
Asset Purchase Agreement by and Among
Super D Drugs Acquisition Co.,
Ross Pharmacy, Inc., Michael A. Ross, and Holiday H. Ross
Closing Date: May 31, 2007

Purchase Price for Assets:

| | |
|---|---------------|
| Inventory Value | \$ 450,565.40 |
| Fixed Asset Value | \$ 38,930.00 |
| Prescription Files | \$ 154,886.25 |
| Accounts Receivable (2 nd Party) | \$ 33,651.59 |
| Goodwill – DME Business | \$ 25,000.00 |
| Pharmacy Supplies | \$ 1,000.00 |
| Invacare Lease Buyout Payment | \$ 17,199.14 |
| Reimbursement for Petty Cash | \$ 1,500.00 |
| Will Call Inventory | \$ 1,478.48 |
| Reimbursement for Postage | \$ 209.24 |

TOTAL PURCHASE PRICE: \$ 724,420.10

Noncompetition Agreement Payments:

| | |
|---------------------------------|---------------|
| - Seller – Ross Pharmacy, Inc. | \$ 1,000.00 |
| - Shareholder – Michael A. Ross | \$ 1,000.00 |
| - Shareholder – Holiday H. Ross | \$ 108,000.00 |

TOTAL NONCOMPETE PAYMENTS DUE AT CLOSING: \$ 110,000.00

Wire Transfers and/or Cash Payments at Closing:

| | |
|---|---------------|
| (1) Payment of Certified Funds to Ross Pharmacy, Inc. | \$ 725,420.10 |
| (2) Payment of Certified Funds to Michael A. Ross | \$ 1,000.00 |
| (3) Payment of Certified Funds to Holiday H. Ross | \$ 108,000.00 |

TOTAL PAYMENTS: \$ 834,420.10 40

Approved as of May 31, 2007

Ross Pharmacy, Inc.

By: *Holiday H. Ross*
 Holiday H. Ross, President

Super D Drugs Acquisition Co.

By: *J. Robinson*
 Name: Gain Robinson
 Title: Vice President of Real Estate

SHAREHOLDERS:

Michael A. Ross
 Michael A. Ross

Holiday H. Ross
 Holiday H. Ross