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Important Announcement

February 20, 2018

Dear Valued Customer:

As a purchaser of Vermed's Medical Chart Paper, we must bring an important issue to your attention. As you might be aware, leuco dye is an essential component in the production of thermal paper. With that, the world's largest supplier of leuco dye was recently shut down as part of the Chinese government's crackdown on anti-pollution. This company supplies approximately 40% of the global dye demand to thermal coaters. Alternative leuco dye suppliers have also seen plant shutdowns due to the same environmental reasons. As it now stands, approximately 80% of the world's leuco dye supply has been totally shut off. This has resulted in leuco dye now selling up to 15 times more per pound, significantly impacting the entire global thermal paper market and supply and demand is quickly driving up pricing to unheard of levels.

The downstream supply chain effects of these shortages have been immense. Many thermal paper suppliers are on allocation until further notice. We have done our best to assure uninterrupted supply and absorb these market pricing pressures, only passing down a small percentage of the total price increases to our customers.

Effective immediately, Vermed will be implementing a temporary surcharge across a total of 182 Medical Chart Paper part numbers (see attached, "Exhibit A") due to this decreased worldwide availability of leuco dye.

Market analysts estimate that even once the leuco dye suppliers are back in full scale operation, the pricing pressures will remain in effect due to additional macroeconomic factors and higher import costs for raw materials. Vermed will continue to work hard to provide you with the highest quality products at the lowest possible cost.

For questions regarding this change, please contact your customer service or sales representative at 1.800.669.6905 or info@vermed.com. Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael A. Gaglio'.

Dr. Michael A. Gaglio
Executive Vice President & General Manager, Vermed