

4/1/10

Dear Distributor:

Thank you for your continued support. There has been a lot going on in the last year and we hope you are satisfied with the quality of products and customer service that we work hard to provide.

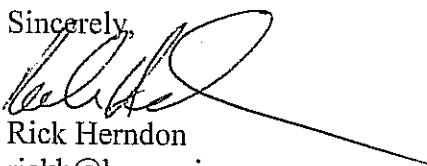
We are happy to report that our *new* Lot Control system is up and running. It wasn't easy but we are now working hard (including overtime) to expand our line to include not only multi-color rolls but high numbers, solid colors, tail-wind compatible, stripes and custom styles. More information will be provided to you in the coming weeks.

Back in December, we had announced a price increase to go into effect 2/1/10. Fortunately, we were able to delay this increase. During this time, we worked every angle to keep the cost down as much as possible. This negotiating has helped but the end result was a significant price increase that affects every aspect of production which includes boxes, thermal, cores, bond paper, shrink film, NCR and TAG PAPER. The tag paper was the most dramatic because it was a double digit increase.

Therefore we have no choice but to announce an approximate 4% price increase effective 5/3/10. This increase will be across the board and affects most items. The exception would be reduced prices on Piece Pads (5%), Shirt Pads (5%) and Lot Control (9%). These reductions are designed to keep you competitive.

A new price sheet will be sent on April 16th. If you have any questions or concerns please don't hesitate to give us a call or send us an email.

Sincerely,


Rick Herndon
rickh@leemagicpen.com