

July 16, 2009

To All RiteMade Employees in the following states: California, Washington, Kansas Missouri, Minnesota, Ohio, North Carolina, Virginia and Massachusetts.

Re: Healthcare reform legislation

I think we are all in agreement that some modifications are necessary and appropriate to improve healthcare in the United States. Improved coverage, better delivery of healthcare services and control of costs would benefit everyone. However there is no doubt in my mind that the current legislation that is being considered in the U.S. House of Representatives and Senate are not the answer.

While the details of the plans that are being debated are incomplete, there are certain similarities in terms of the resulting product.

- They are extremely expensive; cost estimates ranging from 600 billion to 1.2 trillion dollars over 10 years. It is very likely in my opinion that these estimates will prove significantly low based on the fact that historically such massive government programs almost always run over the preliminary estimates.
- They will create a massive new bureaucracy that will result in poorer delivery of services and less choice for many people.
- The specifics of how they will be funded are unclear. However you can be sure that taxes will increase both on income and certain consumer goods. While the current proposals limit the income tax increases to those with high incomes, it is highly likely this threshold will be lowered over time and any tax on consumer goods will impact all of us.
- These plans call for a lowering of healthcare costs by some means. The only means by which this can be accomplished on a long term basis is by rationing of care. Simply put, this may mean that any one of us could be declared ineligible for certain healthcare goods and services.
- They all provide for some sort of “public option” as a way to expand coverage to those who do not have access to private healthcare insurance or choose not to take partially funded private coverage that is offered to them by their employer. Based on my understanding of what has been proposed, these plans will absolutely result in some companies now offering fully or partially funded healthcare to their employees to cease offering these plans at some point in the future.



R I T E M A D E P A P E R C O N V E R T E R S , I N C .

2600 Bi-State Drive • Kansas City, KS 66103-2108 • 913-621-5000 • Fax: 913-621-5001 fax

Richmond, California • Kansas City, Kansas • Fredericksburg, Virginia

www.ritemade.com



I think it is highly likely this would include RiteMade. Under the self-insured plan we now have in place, we pay 90% of the costs of employee coverage and 50% of the costs for extended family coverage. The company's portion of the total cost structure is variable based on the total costs of all claims filed during any plan year. Last year this ran about \$565,000 for approximately 100 employees. So far this year it is projecting out to around \$420,000.

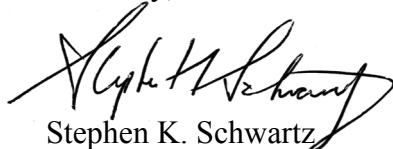
Under the plans proposed, by either providing a fixed “stipend” to our employees to obtain coverage on their own or by opting in to the government directed “public option”, we would not only have a firm budget each year but eliminate the cost volatility associated with our current plan. These public options would also significantly limit the amount of annual increases and afford us some measure of control. The House plan for example provides for an 8% tax on wages. Thus our cost structure would be dictated by the size of our payroll.

It is worth noting that traditional plans (i.e. non-self insured) provide a firm budget for one year but are subject to significant annual increases. During the last few years we participated in a traditional plan, we were absorbing double digit increases annually.

You might think that what appears to be at first glance a lower cost structure offered by providing a stipend or participating in a government run “public” plan would be attractive from the company’s perspective. However that is not the case. If, as I suspect, many or most companies opt into such a plan, the “fixed” costs will rise substantially over time, there will be significant increases in taxes in many forms and we will see our national debt increase to unimaginable levels driving up inflation and interest rates. These will have a dramatically negative impact on the economy, employment, wages and other benefits and ultimately result in reduced quality of life for the vast majority of Americans. In the long term this is counter-productive for the Company and all of its employee / shareholders.

I urge all of you to contact your representative and both of your senators and tell them to vote “no” on these plans. Healthcare needs to be addressed but it should not be rushed through to meet a “vacation” schedule and must be carefully considered to make sure it is adequately and appropriately funded, will control costs on a long term basis, provide choice as well as improve coverage and delivery of healthcare services.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen K. Schwartz', written in a cursive style.

Stephen K. Schwartz
President, CEO