



July 14, 2009

Dear Valued Distributor:

Subject: Product Line Rationalization

It may come as a surprise to you that Nazdar currently has 105 ink lines that are manufactured and inventoried. In addition, we manufacture specials of these ink lines that are produced when requested by our customers. Many of our ink lines have a long pedigree and, in fact, have been superseded by newer technology inks that print and perform better. Low sales of some of these ink lines render them inefficient to manufacture and therefore not a viable contributor to our business.

Nazdar has recently undertaken an in-depth study of our product portfolio. This work has led us to conclude that it is paramount to reduce the number of inks we make and optimize the offering that will meet the needs of our customers.

The ink lines that will be withdrawn by December 31, 2009 are indicated in Appendix I.

When an ink is removed from the range, all efforts will be made to offer an alternative that will not only be a suitable replacement product but will, in most cases, result in a better ink for the job. Your Nazdar technical and sales staff will help with any changeover work necessary and we will be supplying technical literature to accommodate such changes.

The ink lines 3200, N1200, 3900 and 3800 fall into a special category. While these inks have superior replacements and are candidates for rationalization, we still sell a substantial quantity and will continue to do so to current customers. We will remove these items from price lists, our website and all sales collateral. Therefore, do not sell these inks to new customers; rather, promote the newer technology Nazdar alternative inks as indicated below. These products will be targeted for rationalization at some point in the future, so proactively converting current customers to the newer ink lines would be wise.

The alternatives are:

<u>Current</u>	<u>Alternative</u>
3200 Series	1600 Series
N1200 Series	1800, 4000 Series
3900 Series	1900, EC3600, 4000 Series
3800 Series	1900, 1800, 4000 Series

In summary, to facilitate this rationalization program, we suggest the following course of action:

- Review Appendix I and identify customers who are using the inks that are to be removed.
- Communicate the news to your customer and offer the alternative.
- Contact Nazdar Technical Service if any extra technical input is necessary.
- Sell the alternative.

Nazdar will make every reasonable effort to supply customers with the inks in Appendix I until December, although practically speaking this may not be possible. For example, if one of the inks uses a raw material for which the manufacturer demands an excessive minimum quantity, it would be unreasonable for Nazdar to continue to manufacture and institute a price increase sufficient to cover the cost of production. We will endeavor to keep you informed of these instances.

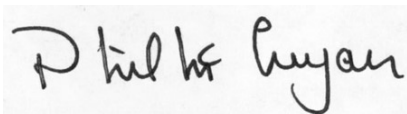
In an exercise of this nature, there may be problems, questions, and concerns; it is our intention to work with you to minimize any loss of business.

Nazdar is striving to become a more efficient and better supplier to our distributors and to ensure your customer purchases the most up-to-date Nazdar ink for their application. I hope you understand the rationale for this course of action and you can be assured of our continuing drive to improve and enhance the offering of our partners.

Thank you for your continued support of Nazdar.

Sincerely,

Phil McGugan



Vice President, Global Sales & Marketing

Appendix I

<u>Class</u>	<u>To Be Discontinued</u>	<u>Alternative Ink</u>
VP	SV VINYL PLUS	S2 SERIES
PP	SV PLASTICS PLUS	9700 SERIES
81	SV 8100 SERIES	5100 SERIES
EB	SV EB BAKING EPOXY	ADE SERIES
MP	SV MP MULTI PURPOSE	9700 SERIES
ER	SV ER SERIES	ADE SERIES
17	UV 1700 SERIES	4000 SERIES
HP	SV HIP SERIES	VF SERIES
4U	SV PE POLY ENAMEL	n/a
77	SV 7700 SERIES	9700 SERIES
RG	SV RAGE	8800 SERIES
LV	SV LOV-GLOSS VINYL SERIES	GV SERIES
33	UV 3300 SERIES	1600 SERIES
BE	SV BE SERIES	ADE SERIES
DG	MISC DECAL GRAPHIC	3500 SERIES
SP	SV SATIN POSTER	5500 SERIES
44	SV 44-000 SERIES	S2 SERIES
1T	SV 10TS TRAFFIC SIGN (2P)	n/a
H3	UV H3100	4100 SERIES
4H	SV EL EPOXY LEADLINE	n/a
71	SV 7100 SERIES	n/a
FL	RESALE INK 5590 SERIES	n/a
4B	UV MISC CANADIAN PRODUCT	n/a
PL	SV 4900-PANLAM SERIES	n/a
AV	SV ADVANCE SOLVENTS	n/a
EC	SV ECSP SERIES	5500 SERIES
FG	UV FG SERIES	n/a
WN	PLASTISOL WIN-NYLON WINDB	n/a
UP	SV UNIPOL	5100 SERIES
4Q	RESALE MISC CANADIAN POWD	n/a
C6	UV CANADIAN POP	n/a