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Novel Coronavirus (COVID-19) Weekly update to our Customers and our Sales Team:

The novel Coronavirus (COVID-19) is spreading quickly across the globe with confirmed cases continuing to rise. As we see an increased outbreak in the U.S., we are especially prioritizing actions to stabilize the supply chain and help healthcare providers stay fully operational. Below is the current status on our global view of COVID-19, its impact on supply chain and our actions:

1. After almost two months of a manufacturing hiatus, China re-opened manufacturing operations in the Hubei Province on March 10 as hoped. This is important because the province is where a large percentage of PPE is manufactured for the entire industry, and it also is the home to Wuhan where the first outbreak occurred. With the re-start of manufacturing, we are one step closer to loosening supply chain constrictions. The production ramp-up at these factories is expected to be significantly slower than normal as current work attendance is around 50% of normal. As a result of this, we anticipate further delays in shipping products from the Hubei Province.
2. Given the ongoing healthcare impact in China, its government continues to prioritize facemasks and PPE production for the domestic China market. The result is a reduction in capacity and delayed shipments from our factories.
3. We've also observed that many factories are still catching up from the January extension of the Chinese New Year holidays, which caused production workers to return to work later than planned. To date they are still not nearly fully staffed.
4. This combination of events – coupled with the escalation of coronavirus cases in the U.S. -- is unprecedented. We have no accurate data as to when the Chinese government may let exports resume to previous volumes, and we anticipate patient volumes and the need for additional supplies to continue to increase in healthcare systems at home.
5. Industry wide categories potentially impacted by the current situation in China are listed below:
  - a. Facemasks – Surgical and Isolation
  - b. PPE – Isolation Gowns and Coveralls
  - c. Traditional Wound Care
  - d. Surgical Drapes and Gowns
  - e. Components for Standard and Custom Packs

Through this all, our top priority continues to be ensuring existing customers have the essential supplies needed to protect both patients and staff. To safeguard inventory and lengthen the supply chain, allocations have been in place on the impacted categories and will continue until the supply chain is stabilized and inventory levels return to normal. Medline has multiple production locations for the items impacted in our global supply chain and has ramped up production in all areas possible, while diligently monitoring the situation in Southeast Asia.

We know this an extraordinary time for you, and we are dedicated to working with you through everything that comes your way in the coming weeks and months. While we ramp up production where we can, Medline also will continue to monitor the situation both locally and on at our supply locations to manage and bolster inventory as much as possible. Please know we have team members working around the clock to support your needs and mitigate supply interruptions. Our promise to you is frequent, transparent communication of the current status of the supply chain. As always we will make sure we are conservative in our approach and under promise and over deliver.

If you have any questions on either how we are managing the supply chain or how we are working with our own employees at this time, please feel free to reach out. I'm happy to speak with you on any important matter, and most especially this one.

Thanks,

**Jim Boyle**

EVP

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