



*Delivering exceptional value
to our customers through
credibility, trust, integrity and reliability*

COLSON ASSOCIATES

2018

To Our Associates, Customers, Distributors, Suppliers and Friends

To our Associates,

It is my privilege and great pleasure to share with each of you the gratifying news that calendar 2017 was another year of record revenues and record profitable growth for the Colson Associates Member Companies. Each of the Member Companies made a significant contribution to these achievements.

Most importantly, I sincerely want to thank each of you for the critically important roles you played that led to 2017 being such an outstanding year!

As we look forward, it is very encouraging and comforting to know that each of the Colson Associates Medical Companies, in their own right, are in the strongest positions ever and well-positioned to enjoy continued significant successes!

Profitable growth is essential in order to continue to provide the funds to do what is really important. And, what is really of importance and of great interest to us is the further growth in the investment in creative new product development, the continued strengthening of our wide-spectrum of technological capabilities, the further expansion of our platforms of services to surgeons and other care-providers, and the continued skill-set enhancement of our world class employees through leading edge education and training.

Our inspired goals remain unchanged. Those goals and the core mission of our businesses are simple and enduring and that is to creatively improve the standards of patient care through innovative products and service outcomes and by growing shareholder value to reward our Shareholders for the trust and investments they have placed in each of us.

I am also deeply inspired by our employees around the world who are passionate about what they do, take it seriously, no matter what the project or challenge, and do it extremely well employing their world-class skills and talents! My sincere thanks for your unwavering commitment and dedication to fulfilling each and every day our mission of being the best at what we do in improving patient outcomes and delivering exceptional value. I have been extremely pleased during frequent visits with the companies to see

in action your inspiration and your rally to the call that "achieving average is not an option—we take pride in performing to a much higher standard!" We must always strive to stay curious and continually search for the unexplored, unique and better ways of improving patient care and aiding our surgeon partners who provide that care.



What is important to us:

- Further growth in the investment in creative new product development
- Continued strengthening of our wide spectrum of technological capabilities
- Further expansion of our platforms of services to surgeons and other care-providers
- Continued skill-set enhancement of our world class employees
- Serving surgeons and their patients with solutions and products of the highest quality
- Respect for and committed adherence to doing business the right way

I can assure you that around the world it is very clear that each of our companies are delivering exceptional value to our customers through credibility, trust, integrity, and reliability with highly dependable and exciting products that focus on significantly improving patient care by working collaboratively with surgeons who are leaders in their respective fields.

Our businesses and our employees are respected and admired not only for the quality and innovative aspects of our products but, quite frankly and perhaps even more importantly, because of the ethical way in which we all do

business and because of your intelligence, energy, compassion, integrity and industry knowledge.

Even with the outstanding performance of this past year, the future is even more promising for our companies! I have felt this way each year and have never been disappointed as each year our companies attain new heights and further strengthen their foundations by expanding technological capabilities, growing the range of product offerings, extending geographical presence and enhancing training and education programs. My strong confidence in the future for our companies is based, most importantly, on the talents and spirit of the strong teams we have in place within the companies as well as the exciting products that are in the pipeline for future commercial release coupled with the robust support systems that are in place to facilitate growth. Transforming our capabilities into market growth and into being positioned to even better serve our surgeon partners and the patients who will benefit from our products will be even more exciting as we move forward. The future holds wonderful prospects for each of our companies. I am glad that each of you are part of this great adventure!

Mark Twain was attributed with having said on several occasions, "It is never wrong to do the right thing!" This was also the underlying foundation of how Bob Pritzker did business until his death in 2011 and how he wanted us all to always do business, without exception. We have continued to deeply embrace Bob's approach of "doing business the right way" and must never lose sight of this guiding principle for each of us and for our businesses.

Keeping our work environments a great place for each of our employees to thrive, to be able to contribute and to feel free from any form of inappropriate behavior is of paramount importance each and every day. I want to take this opportunity to remind each of us and to further reinforce the commitment we each share for the respect of one another throughout each of our companies (I direct your attention to the section entitled "Respect for One Another" on page 3).

Respect for One Another

"Father Time" has made his presence known to me in all too many ways and, as many of you know, I will be stepping down as President and Chief Executive Officer at the end of this June. What a wonderful adventure it has been to have been associated for such a long time with the best people in the world—each of you—and to see all of the accomplishments that have been achieved! I will miss you.

At our Shareholders' request, I will continue to be associated with Colson Associates in an advisory role for some time, which will hopefully still give me the opportunity to say hello from time to time.

Also, effective July 1, 2018, Becky Spooner, after almost thirty years of outstanding and unmatched service with Bob and me will be reducing her hours in her role as Vice President Administration. Becky will continue to handle several of the more important headquarters matters on a part-time basis. Please join me in extending the highest level of gratitude and appreciation to Becky for her outstanding professionalism, continuous cheerful approach, and her many significant contributions over the years in building the stature of our businesses.

With my full support and the full support of our Shareholders and the enthusiastic encouragement of our employees throughout the world, Chris Smith will become President and Chief Operating Officer of Colson Associates July 1, 2018. We are all blessed to have someone of Chris's caliber, experience, values and knowledge of the businesses to take on this role. Please provide to Chris the same wonderful support, friendship and candid counsel that you have given me and that I have enjoyed and appreciated over the many years.

I will simply leave you with these sincere and heart-felt best wishes—*"Happy trails to you, until we meet again!"* (these are the beginning lyrics of the closing song sang by the cowboy hero Roy Rogers as he and his wife Dale Evans closed each of their television shows in the 1950s—when time permits, go to the web and listen to the song—the lyrics do a wonderful job of capturing my feelings of appreciation and the future best for each of you).

To our Customers, Distributors, Suppliers and Friends,

On behalf of all of the employees of the Colson Associates Member Companies throughout the world, we want to express our greatest thanks for the confidence you have in our products, our services and in us—we greatly value each of you. Through integrity, honesty, creativity, uncompromising product quality, the highest levels of service, innovative new products and compelling competitive pricing, we will continue to direct our talents, skills, resources and energies in understanding your needs and the needs of the patients we all ultimately serve by providing creative solutions. We fully realize we must earn your business each and every opportunity we have, and we will do so—it's our greatest way of saying thanks for the privilege of serving you as our customer!

Through a deeply embedded culture of accountability, our businesses are continually achieving great successes, creating and building wonderful and mutually beneficial relationships at all levels throughout the industry and bringing to market products that dramatically improve the standard of patient care. This is all being done within an environment where diversity is respected and protected and where innovative thinking is enthusiastically encouraged and rewarded.

We wish all the best to our surgeon partners and to our other care-givers with whom we serve and our continued full and unwavering support to our distributors as well as to our suppliers and friends for great success during the coming year.

Throughout the following report, you will clearly see our companies' commitment to the development of innovative new products, the commitment to the continuum of patient care, our principles of doing business and our commitment to social responsibility. You will see that our on-going commitment to the highest level of quality and the adherence to compliance is clear and uncompromising.

Thank you for the trust and reliance you place in our products and in us each day.

Louhon Tucker
President and Chief Executive Officer
Colson Associates, Inc.
Chicago, Illinois
March, 2018

Colson Associates continually strives to insure that the workplace environment within each of the Member Companies provides the opportunity for each employee to thrive, to be able to contribute based upon your respective skills, education, experience and initiative and to feel free from any form of inappropriate behavior. If you see or encounter any form of harassment or any inappropriate behavior or suspect any such behavior, you must report these matters to your immediate supervisor and to your company's human resources department or through the Colson Associates Confidential Reporting Hotline. Colson Associates can't address matters on your behalf and in your interest if we are not made aware. So, please do not hesitate to inform us should any such situations arise or exist so we can help you. We will not tolerate any retaliation and you will be protected at all times. You have a responsibility to report such situations. Colson Associates has the will, desire, responsibility and commitment to fully investigate and address any such situations and will aggressively do so to protect each of our Employees, our culture of trust and respect for one another, and to protect our environment of ethics and accountability to "doing business the right way."

We value and respect diversity within our employees and we will continue to work to insure that no employee or group of employees experiences any form of harassment.

Socially Responsible and Actively Involved

The member companies of Colson Associates are committed to social responsibility and community involvement. Such commitment is of fundamental importance to Colson Associates and to our Shareholders and has been and continues to be evidenced in many ways by our companies and employees throughout the world. Our companies are encouraged to reaffirm these values in a tangible manner through support for humanitarian, educational and charitable activities locally and on a global basis. Colson Associates and our member companies firmly believe that we also have a deep responsibility, which we have embraced, to aid the afflicted through improving the standards of patient care. We continue to discharge this responsibility through our extensive new product research and

development programs and through providing training, supplies, modern equipment and other support to non-profit organizations. The mission of some of these organizations is to support surgeons in developing countries in order to offer immediate orthopedic surgical treatment to individuals who otherwise would not have access to the benefits of advanced medical treatments.

In order to help others, we must first always insure that our employees are provided with an environment of the highest levels of safety and care, that we have the greatest respect as an environmental custodian for the world in which we live, that our companies are strong financially so that we have the resources both for reinvestment and to be able to identify and fund

activities where assistance is meaningful.

But to make these socially responsible activities meaningful, all of our businesses around the world and all of our activities must be sustained globally by a continued focus on maintaining highly ethical business practices. We take this extremely seriously and continually devote significant attention to further strengthening our business practices and controls so that we might better insure the future of our companies, our employees, our business relationships, our ability to improve the standards of care, our compliance with government and industry regulations, and our abilities to continue to fulfill our desires for innovative social responsibility.



Acumed LLC	Apex (Guangzhou) Tools & Orthopedics Company	MicroAire Surgical Instruments LLC	OsteoMed LLC	Precision Edge Surgical Products Company LLC	Skeletal Kinetics LLC
www.acumed.net	www.apexitool.net	www.microaire.com	www.osteomed.com	www.precisionedge.com	www.skeletalkinetics.com
Hillsboro, Oregon Beijing, China Andover, England Madrid, Spain	Yonghe, Guangzhou, China Suzhou, Jiangsu, China (Shanghai area)	Charlottesville, Virginia	Addison, Texas	Sault Ste. Marie, Michigan Boyer City, Michigan	Addison, Texas
487 employees 168,235 square feet	120 employees 122,000 square feet	161 employees 97,000 square feet	227 employees 61,000 square feet	266 employees 74,900 square feet	5 employees 2,850 square feet

Code of Business Conduct

The Colson Associates Member Companies are dedicated to the advancement of medical science, the improvement of patient care, and in particular to the contribution that high quality, cost effective health care technology can make toward achieving those goals.

In pursuing this mission, the Colson Associates Member Companies recognize that adherence to ethical standards and compliance with applicable laws are critical to their ability to continue the collaboration with health care professionals. The Colson Associates Member Companies insist upon ethical business practices and socially responsible conduct related to their interactions with health care professionals, as well as with any other parties with whom our companies do business.

Our companies also respect the obligation of health care professionals to make independent decisions regarding the Colson Associates Member Companies' products. Consequently, a Code of Ethics has been adopted to facilitate the Companies' ethical interactions with those individuals or entities that purchase, lease, recommend or use prescribed Colson Associates Member Companies' medical technology and products.

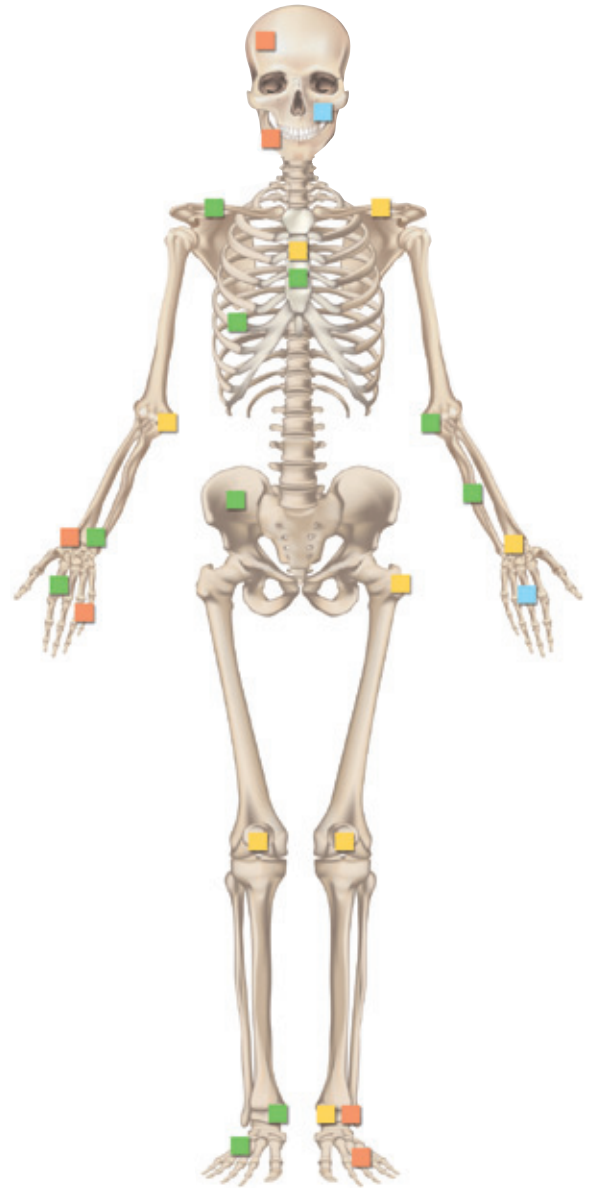
With the foregoing in mind, Colson Associates has a Confidential Reporting Hotline in place to provide a confidential and, if desired, anonymous avenue for employees to report any real, perceived or potential matters of ethical concern to Colson Associates.

A Word About Colson Associates

Colson Associates, Inc. and each of its member companies are privately owned by certain direct family members of Robert "Bob" Pritzker. Mr. Pritzker, who passed away in October 2011, created Colson Associates in early 2002 for the purpose of providing management and certain administrative services on a more efficient basis to the member companies of Colson Associates. Subsequent to the creation of Colson Associates, a number of medical-related companies were acquired and those companies now include Acumed Holding Company, Inc. and subsidiaries, Apex (Guangzhou) Tools & Orthopedics Company, MicroAire Holding Company LLC and subsidiaries, OsteoMed Holding Company, Inc. and subsidiaries, Precision Edge Holding Company LLC and subsidiaries, and Skeletal Kinetics Holding Company LLC and subsidiaries. Each of these member companies are independently operated and managed but with certain support services provided by Colson Associates.

While the member companies around the world operate independently, Colson Associates, Inc. (a professional organization in Chicago, Illinois) manages and invests the member companies' non-operational financial resources and advises the companies on accounting, international and state tax, finance, legal, insurance and risk management, regulatory, real estate, acquisitions and other matters.

It is the objective and intent of the management of Colson Associates and that of the Shareholders of Colson Associates and of the respective member companies, that each of the companies operate with the highest level of ethics, full compliance with governmental and industry regulations and with a keen sensitivity toward social responsibility.



Acumed LLC

Orthopedic implants, instrumentation and bone biologics for upper and lower extremities and trauma

MicroAire Surgical Instruments LLC

Aesthetics, carpal tunnel and power equipment

OsteoMed LLC

Oral maxillofacial, neuro, plastic reconstructive, otolaryngology, upper and lower extremities

Skeletal Kinetics LLC

Bone cements, sternum closure, spine, joint and craniofacial reconstruction and the attachment of soft tissues to bone

Apex (Guangzhou) Tools & Orthopedics Company

Implantable plates, screws, instruments, and a range of other medical products

Precision Edge Surgical Products Company LLC

Blades, burs, drills, reamers, rasps and instruments for orthopedic procedures used throughout the body

Acumed LLC

Designs, manufactures and markets orthopedic implants, instrumentation and bone biologics for the upper and lower extremities and trauma markets. The company is dedicated to the development of indication-specific products that provide superior fixation, anatomic restoration and early patient rehabilitation.



Acumed Headquarters, Hillsboro, Oregon



Brookwood facility, Hillsboro, Oregon



Acumed Learning Center for surgeon and employee bioskills training



Acumed Learning Center for surgeon and employee bioskills training



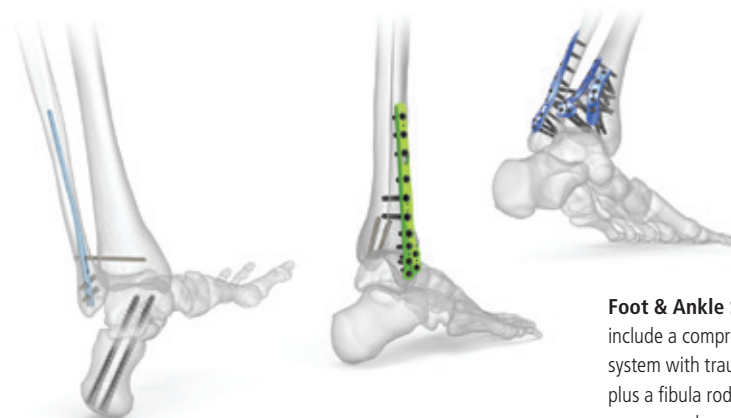
Shoulder Solutions – Acumed’s portfolio includes industry-first clavicle and scapula plating systems plus a comprehensive plate-and-nail solution for simple to complex proximal humerus fractures.



Elbow Solutions – A range of solutions for a variety of fractures includes headless compression screws, a comprehensive plating system, and an anatomic radial head prosthesis.



Hand & Wrist Solutions – A complete distal radius plating system, headless compression screws, and a comprehensive hand fracture system anchor our vast range of hand and wrist offerings.



Foot & Ankle Solutions – Products include a comprehensive ankle plating system with trauma-focused options, plus a fibula rod, headless compression screws, and approach-specific solutions for calcaneal fractures.

APEX iTool[®]

Helping People to a Better Life

Apex (Guangzhou) Tools & Orthopedics Company

Designs and manufactures a wide array of medical devices for surgeons and OEM buyers including surgery drill bits, k wires, taps, reamers, rasps, saw blades, screw drivers, medical instruments including skin staplers, knee positioners, and bone mills for the North American, European and Asian Markets.



Apex (Guangzhou) Tools & Orthopedics,
Headquarters, Guangzhou, China



Manufacturing facility



Cleanroom tubing extrusion capabilities



Apex's avascular necrosis core decompression (AVN) kit. In this innovative design, the expandable decompression blade tip can be easily replaced.

ApexWoundCare Pulse Lavage is designed with a thinner tip choice and a sliding switch.



Apex brand surgical handles.



For Surgery, For Life.™

MicroAire Surgical Instruments LLC

Designs, manufactures and markets powered surgical instruments for total joint replacement surgery, orthopedic surgery of the extremities, aesthetic and reconstructure surgery, endoscopic carpal tunnel release, and sterile orthopedic blades.



MicroAire Surgical Instruments, Headquarters, Charlottesville, Virginia



Manufacturing facility and warehouse, Charlottesville, Virginia



BioSkills Training Center with 24 surgeon capacity



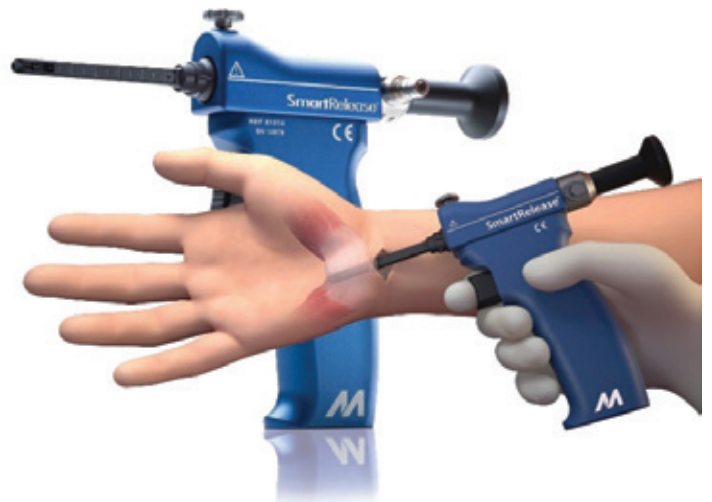
Operations facility, Charlottesville, Virginia

The PAL™ Liposuction System is the only U.S. patented liposuction instrument using a reciprocating motion (rather than rotating) to better facilitate the movement of the cannula within tissue. In support of Breast Cancer Awareness, MicroAire manufactured a limited edition pink PAL.



MicroAire is developing solutions for TPLO (Tibial-Plateau-Leveling Osteotomy), a common veterinary surgical procedure. These current prototypes are designed as modular attachments to the company's SmartDriver™ powered handpiece platform.

MicroAire's SmartRelease™ is a single-portal, endoscopic carpal tunnel release system that uses a small incision at the base of the wrist as the entry point for a disposable blade procedure. A new low-profile, high-contrast blade has been designed to specifically address surgeons' concerns around neurapraxia (a temporary loss of sensation). In addition, the new black color allows for much clearer visibility during the procedure.





***Rethinking Possibilities,
Reshaping Lives***

OsteoMed LLC

Develops, designs and manufactures products for small bone reconstruction, distraction osteogenesis and trauma surgical devices targeted primarily to the oral maxillofacial, neuro, plastic reconstructive, otolaryngology (ENT), podiatry, upper and lower extremities, and small bone orthopedic surgical specialties.



OsteoMed Headquarters, Addison, Texas



BioSkills Lab and training facility



BioSkills training center

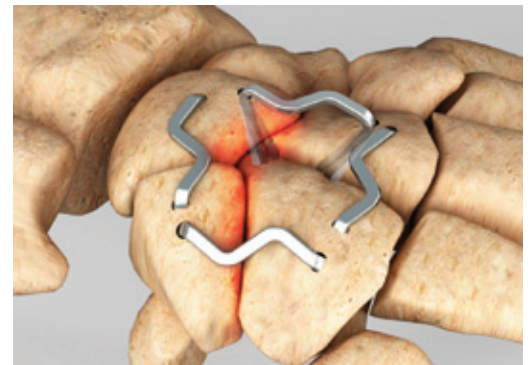


Manufacturing facility



OsteoMed provides comprehensive upper and lower extremity solutions for simple to complex fractures and fusions.

The InstaFix shape memory staple implant is activated by body temperature and offers a simple and effective solution for fixation of the upper and lower extremities.



The Quick-Fix Hybrid Maxillary Mandibular Fixation (MMF) combines the effectiveness of interdental wiring with improved patient and surgeon safety during teeth wiring procedures.



**World Class People...
World Class Product**

Precision Edge Surgical Products Company LLC

An industry leading contract manufacturer of precision surgical components, cutting tools and instrumentation for use in the orthopedic industry.



Precision Edge Surgical Products Headquarters,
Sault Ste. Marie, Michigan



Sault Ste. Marie, Michigan manufacturing facility



Boyne City, Michigan manufacturing facility



Boyne City, Michigan manufacturing facility



From front: Swivel Quick Release
Assembly, Compression Drill Guide,
Depth Gauge (230mm).



Concave Face Reamer Assembly.



Small Joint Tensioning Assembly.



*Engineering the Future
of Osteobiologics™*

Skeletal Kinetics LLC

A pioneer in orthopedic biomaterials, the company develops, manufactures and markets bone cements and related biologic products for total joint revision, sternum closure, oncology, orthopedic trauma fracture fixation, spinal, joint and craniofacial reconstruction and the attachment of soft tissues to bone.

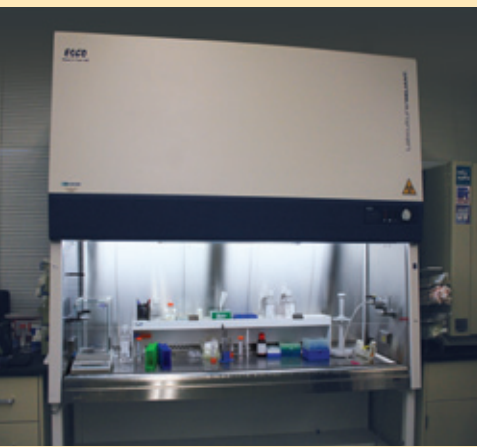


Skeletal Kinetics Headquarters, Addison, Texas



Calcium phosphate bone cement products (bone void filler) manufactured by Skeletal Kinetics.

Skeletal Kinetics' Callos™ Mixing and Delivery System mixes a proprietary powder and liquid in a consistent cement mix in one minute. Callos Inject adds an easy-to-use plunger for extruding Callos Inject directly into the syringe, while Callos Impact can be scooped out with the provided spatula.



Testing lab



Furnaces used in production of biologic products





Colson Associates, Inc.

One North Franklin Street, Suite 2400 Chicago, Illinois 60606-3452
Telephone 312.980.1100 Fax 312.980.1111 www.colsonassociates.com

© 2018 Colson Associates, Inc.