NEW LOOP MOP POLICY

After much discussion and analysis, our company has to redefine our policy regarding loop mops. In the past, we have made quantities of one dozen of a type and priced it at high Tier levels. We will no longer be able to do this because of the challenges intrinsic with such an approach. Each time a yarn or a size is different, the loop machine must be adjusted or the current yarn replaced with a different yarn. All of these changes contribute to delays in production and result in increased cost. We studied this issue quite thoroughly in an attempt to determine the fairest, but most proficient way to address the problem. What we have concluded is that we need to institute minimums for each different SKU to reduce the delays encountered in production. We have decided on the following policy:

*Effective September 1\(^{st}\)*, we will require a minimum of three (3) dozen of each specific loop mop head in order to maintain current pricing. This is a reasonable solution to the issue, in our opinion, because that is not an excessive amount. But, for those accounts that cannot order three or more cases, we will still make one or two cases of a specific loop mop head but we will add a $3.00 per dozen surcharge for orders of less than three dozen of a type.

This is a common sense solution to a problem that not only contributes to increased production costs but also slows down production, resulting in longer lead-times. If this is explained to customers, I am sure they will understand the rationale behind this policy. Please convey this policy change to all your accounts so none will be surprised when they enter an order that incurs additional costs or time delays. As a reminder, this change is effective on all orders shipped after September 1\(^{st}\), 2014.

August 7, 2014