

Faultless® Laundry Products Group

March 1, 2008

TO: ALL DISTRIBUTORS

RE: MARKET SUMMARY & PRICE INCREASE EFFECTIVE APRIL 1, 2008

Dear Distributor -

Enclosed you will find our updated **Product and Price list**. Please take a moment to review our new layout as we have discontinued some outdated items, and included all our new products introduced since our last adjustment. Most importantly, the *Faultless Laundry Products Group* is thankful for the success of 2007 and the national network of Distributors who continue to value the synergy our relationship brings to our mutual customers with products and service customers know and trust.

A review of the new pricing schedule reflects certain items raising significantly, especially our solvents, high-surfactant and caustic based products. As you may be aware, the cost of raw materials and energy has skyrocketed, especially over the last 6 months. National and world economic conditions have resulted in *unprecedented* increases in solvents, plastics, and surfactants as the petroleum market remains at all time highs. This and the value of the dollar have secondary effects on most major components used in the laundry industry. Several of our main raw materials have doubled in the last year and a few are now on allocation. The result is some pricing and packaging changes.

You will also see increases in all our corn-based starches, due largely to the continued increased demand on corn. By the bushel corn is up 25% over last year, and in our political climate and the need for alternatives to petroleum fuels, this demand will continue and probably increase in the near future. Corn starch for laundry usage remains at the bottom of the supply chain and world economic forces continue to affect its price.

These market forces show no signs of settling down and we are steadily exploring alternative strategies. Last year's rollout of **DIMENSION™** - a unique and cost-effective liquid blend of natural and synthetic polymers - was well received and will continue to gain market. We also reworked our **D-Grease™** to create **D-Grease Plus™**, a more versatile degreaser that is also more cost effective. And finally we added **AXIS™** - a unique price point enzyme detergent with oxygen bleach.

Again, we understand the competitive market and will continue to focus on efficiencies internally and through reformulation, new packaging, etc. to counter these increases. As before, these adjustments represent just a portion of the increases we have sustained. Our new price structure reflects a net average increase of 3% on most products.

Be assured we will continue to provide true value to our mutual customers and produce high quality products, backing them up with knowledgeable, first-rate service. We remain fully committed to supporting you, and we encourage you as a Distributor to pass these increases on to the end user as it will only have a minor affect on the overall supply costs of the individual customer.

****VERY IMPORTANT****

Orders received AND SHIPPED prior to April 1st will be billed at our current rates. We encourage you to get your orders in early to avoid month-end shipping delays
Please contact your Faultless representative or our office directly should any questions arise.

Kevin Gavlak

VP - Laundry Products Group



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