



September '08

Dear Supplier Partner:

Over the past month, prices in China have gone up significantly. The increases are due to a variety of reasons such as the price of oil being up (polyester is a derivative of oil), Chinese government subsidies are being abolished, the US dollar is weaker vs. the RMB, and the biggest hike is due to "peak season" water freight rates from China. Although we anticipate prices to come back down, at this point it is hard to say how much and when.

The good news is we had the foresight to predict these rate hikes and placed our orders with our factories early enough that we are able to keep our "in-stock" prices unchanged throughout the end of the year. The bad news is that all new overseas orders will be affected by the price increase.

For your convenience, we have put together a price list of the most commonly asked for *Direct Import* fleece blanket qualities. These prices reflect all of the "peak season" rate hikes. Use these prices as a guideline but please reconfirm as prices are extremely volatile at the moment and could be slightly higher or lower when you are ready to place an overseas order. PLEASE CONTACT US IMMEDIATELY TO RECEIVE THE UPDATED "*DIRECT IMPORT*" PRICE LIST.

On a side note, we have not begun negotiating our purchases for our 2008 "in-stock" program. We are watching the market conditions closely and will make every effort to keep your cost the same or as close to 2007 as possible.

Thanks for your continued loyalty. We look forward to supporting you during the upcoming fall/winter seasons.

Sincerely,

Andrew Lesser  
President

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