

Dear Valued Customer,

After successfully starting into the New Year with encouraging news from our end, I would like to update you on further progress at the factory in Germany. Most of you should have seen significant improvements throughout the month of February.

- Dornbracht's manufacturing facility had another high output month driving down retail backorders by an **additional 32%** since my last communication in early February. On March 15th – with the beginning of the ISH fair in Frankfurt, Germany – there should basically be no more back orders from 2010 in our system, i.e. 99.5% of orders with a confirmed delivery date in 2010 that we missed, will have been delivered!
- At the end of January we started producing the **black & white finishes** again.
- As of February 2011, we are meeting our initial order confirmation dates 70% of the time (up from 65% beginning of this year). This means 70% of the time we ship on or before the date that we confirm.
- Improved communication: as mentioned in my last update, we will introduce 4 delivery categories that give you exact lead-times on our products. These categories will be printed in the new price book valid on July 1st 2011. However, we have elected to show you those categories on Dornbracht Professional already to demonstrate our progress, and to show you that our lead times are significantly reduced from last year. In Dornbracht Professional you will need to hover over the category letters (X, F, S, O) with your computer mouse to see the actual lead-times.

Delivery Category	Lead time (as of today)	Lead time (Goal)
X - Express	1 week	1 week
F - Fast delivery service	5 weeks	2 weeks
S - Standard delivery service	7 weeks	4 weeks
O - Made to order	11 weeks	7 weeks

The above categories state the lead time from the confirmation of order to the actual delivery to your location (including the time in transit from Germany to North America).

Next steps for the factory

1. June 30th : Regular delivery times for the 4 delivery categories as stated in above tables' right (Goal) column. Max. lead-time 4 weeks on back orders
2. July 1st Full X-tra services. Right now we are only taking special service orders for products to solve specific customer problems (e.g. extended shanks, larger flanges). No customized finishes at present.
3. Dec 31st 90% delivery reliability, i.e. we are meeting our initial confirmation date (which is significantly better than **prior** to the fire).

Things keep moving in the right direction. **Please tell your customers about our reduced delivery times that will continuously improve from week to week!**

I will keep you updated as new information becomes available.

Best Regards,

Ingolf D. Matthée
CEO

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