

From the desk of Dean F. Shulman

## AN OPEN LETTER FROM DEAN F. SHULMAN, SENIOR VICE PRESIDENT OF BROTHER INTERNATIONAL CORPORATION: Celebrating our Industry's Success

**B**rother International Corporation is proud to say that 2009 was yet another strong year for the Home Sewing Division. The fact that we continue to grow in an economy where many other businesses are struggling is especially impressive, and we would like to invite others to join in our success.

What are the reasons for our success? Most of the credit goes directly to our growing family of Authorized Brother Dealers. These dealers, both veterans and newcomers, have placed their trust in Brother products and services to help their own businesses achieve success. Their loyalty and understanding of how we are working to change the face of the home sewing and embroidery market in the U.S. creates the foundation of our success.

Change is difficult for many dealers. But the industry and the economy have forced all of us to be more aggressive, more innovative and more understanding that our sewing and embroidery customers are like any other consumer. In difficult times, they want more than just a good price. They want value, training, support and innovation. Those are qualities and responsibilities we take very seriously at Brother. We continually **support our dealers** by producing **state-of-the-art** products at virtually every price point, undertaking the **most innovative marketing** in the industry, and offering **financing and aggressive rebates** (subject to restrictions and limitations). Our experienced sales team understands this business, and works hard to help our family of dealers succeed. Brother's global reputation for reliable products is evident in our entire line of sewing and embroidery machines. Our machines work "out of the box" in more ways than one. Our products are designed and engineered for "plug and play" capability (while other companies rely on "plug and pray").

We realize that what dealers want most from their manufacturers is to expand the marketplace and drive customers into their stores. Brother has committed to

do this with innovative marketing, like the integration of 'Project Runway' to create awareness and excitement in a new generation of consumers. The days of manufacturers offering "deal of the day" or "truckload sales" is old school, and does nothing but place dealers in overstocked positions, creating artificial cash flow issues. Today, with credit lines tightening and inventory management being the key to success, Brother's commitment to helping the dealer sell their product is the key to success for a healthy industry.

Brother continues to set the standard for dealer support and innovative products, such as:

- Co-op fund programs
- Dealer incentive trips
- Financing opportunities
- Unique marketing programs to drive customers to stores
- Free marketing support
- Localized event marketing
- High quality, out-of-the-box products
- Disney®, Nickelodeon™ and 'Project Runway' licensed products

We recently attended the 2010 Consumer Electronics Show (CES)—the largest consumer electronics show in the world—to showcase our innovative, high-tech sewing and embroidery products and software to technology gurus. We participated in the Mommy Tech Expo, a lifestyle-centric exhibit that showcased the technology and products that empower moms in their multiple roles in life. We showcased our new Entrepreneur™ PR-650 embroidery machine and the Quattro™ 6000D 4-in-1 sewing, embroidery, quilting and crafting machine. With more than 120,000 attendees at CES, Brother was able to attract new high-end, technologically savvy customers looking to start their own businesses.

Many were impressed to see a machine that had the potential to provide a home-based business opportunity with easy-to-use technology. The ability to customize virtually anything and everything was a crowd pleaser. Others were fascinated by watching embroidery grow into a beautiful design—as the machines were demonstrating the Printing with Thread™ capabilities. A crowd stopper was the PhotoStitch™ feature of PE-DESIGN® 8.0 software—which showed how a photo could be digitized and turned into picture perfect embroidery. Attention from the press and everyday consumers support the fact that the sewing industry has a lot of interested people, beyond the usual sewing and embroidery enthusiasts already invested in the craft. The opportunities are truly endless for the expansion of our customer base. Our booth at CES was covered heavily by the press for TV, newspapers and the Internet. Honestly, who would have ever thought that a sewing and embroidery machine with such unique technology could be so interesting to both sewing and non-sewing customers?

Although Brother will continue to look for new dealers to help us expand the market, we will also be at the side of dealers who have supported us over time. However, we cannot develop this industry alone. We are asking all dealers to change their way of looking for new customers and create excitement in their stores. Customers want to buy a new product. They want to learn what is new. Ask yourself, “What am I doing to reach out to customers, as well as encourage new customers to visit my store?”

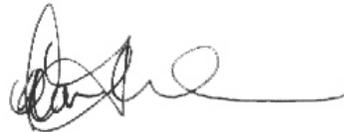
I am continually amazed how many dealers say they don't have an email list or don't contact their customers by phone on a regular basis. If you are a dealer and are not communicating with your customers at least twice a month by email, then don't be surprised if your business decreases over the next 12 months. When you do connect with your customers, what message do you give them? Do you talk about manufacturers' events and promotions, or do you simply talk about a new technique and show off new projects? Emailing is the cheapest form of advertising. Advertise yourself, your company, but more importantly—advertise why customers should buy from you today. You have to create a sense of urgency and a place of interest for your customers. There is a famous saying about advertising from philanthropist Lord Leverhulme, who said, “50% of all advertising is wasted, but I don't know which 50%.” Dealers sometimes confuse advertising with simply listing the name of their store and the brands they carry. This is not advertising. This is branding your store information. Advertising is giving a consumer a reason to get off the couch, grab their coat and checkbook, and visit your store with the sole intention of buying something from you. Email is the least expensive way to do this and the easiest, so take advantage of it. As dealers, you need to continually seek new customers. You cannot

expect them to come to you. Reach out to them. Be creative. Consider hosting events to sell products. By showing your enthusiasm and positive attitude, you will convey a sense of security that they are buying at the right time and getting the best deal. Sell the customer what they are willing to buy now, while providing them the opportunity to trade in and upgrade at any time. Make sure your store is bright, clean, and a place people want to come to. It doesn't need to be expensive. A simple spring cleaning and changing the lighting may make all the difference.

If you don't carry Brother products yet, consider joining the company that breaks tradition, drives customers into your store with innovative marketing, brings you a full product line embodying state-of-the art technology and is part of the global Brother family; led by Brother Industries Ltd., a global and diverse company nearing \$5 billion in worldwide sales.

The world is changing and so is the industry, but Brother International Corporation is committed to setting the trends to grow business. We would love to speak to you about joining our family of dealers. Please call 908-252-3036 and ask to talk to a Brother Representative, or stop by Booth #215 at VDTA, March 25-27, to discuss how we can help grow your business.

Sincerely,



Dean F. Shulman  
Sr. Vice President  
Brother International Corporation



Dean F. Shulman  
Senior Vice President,  
Brother International Corporation

Dean has been involved in Brother's consumer electronics division for 20 years and the home sewing division for the past 4 years.