**Revision(11/14/2012):**

**MEMO**

**TO:** Nanstar Managers

**FROM:** Hong Zhang, Accounting Manager

**DATE:** September 27th, 2012

**SUBJECT:** Change in Expense Allowances for Employees

I have received confirmation from the Comptroller that there is a change in the expense allowances for employees using their own cars. Since April 1st, 2008, one rule has applied to all employees; there will now be a different computation for regular and non-regular drivers.

**Action:**

As of October 1st, 2012, regular drivers will receive $1.00 per mile for the first 650 miles driven per month, and 25 cents for each additional mile. Non-regular drivers will receive $0.80 per mile for first 150 miles per month, and $0.25 for each additional mile.

Managers of each department should consult Accounts Payable, and notify them of all the employees that will be assigned as regular drivers. Accounts Payable will reimburses non-regular drivers based on the document enclosed.

Here are the descriptions of Regular and Non-Regular Drivers

* Regular drivers are those who use their own cars frequently on the job to drive to their sales territories.
* Non-regular drivers are those employees who only occasionally use their cars on business.

**Short Notice:**

There will be a meeting held on September 28, 2012 in the No.2 meeting room at 9 a.m. for explaining this change.

I am looking forward to seeing everyone at the meeting.

**MEMO**

**To:** All U.S. Employees

**From:** Steve Ballmer, Chief Executive Officer

**Date:** September 27th, 2012

**Subject:** Closing four plants

In response to the realities of a deteriorating economy, Nanstar will close the plants in Camden, NJ, Chrisfield, MD, Smyrna, TN, and Bolder, CO in this December to improve Nanstar’s financial performance. This is an important step which we are taking to realign our business.

**Reason:**

This Monday we announced third quarter revenue of $1.6 billion. This number is a decrease of just 0.5 percent compared with the third quarter of last year, and is approximately $ 56 million below our earlier expectations.

The fact is we are not immune to the effects of this poor economy. Consumers and businesses have refused in spending, which is affecting truck shipments and parts expenditures. Most of our plants were running at about half or two-third their capacity.

**Solution:**

Our response to this environment must combine a commitment to long-term investments in innovation with prompt action to reduce our costs.

Since we have two plants making the same products, we decide to consolidate them into one plant, close four plants, and eliminate up to 5,800 positions in support, operations, billing, and manufacturing.

**Positive effects:**

* The consolidations will cut the operating cost more than $450 million.
* Closing four plants will utilize other plants’ capacity more efficiently. The plants in Columbus, OH, Houston, TX, Boise, IA, and Ashville, NC will expand to 24-hour operations and no doubt require at least 1,800additional personnel in next two years.

**Conclusion:**

Although making this decision difficulty and painful, we believe this is right step to adjust the company's cost structure so that we have the resources to drive future profitable growth.

For employees who are directly affected, I know this will be a difficult time for you and I want to assure you that we will provide help and support during this transition. We have established an outplacement center in the Naperville region and provide outplacement services in many other locations to help you find new jobs. Some of you may find jobs internally. For those who don't, we will also offer severance pay.

Thank you for your attention to this very important matter.

Steve

Beidelman Furniture, Inc.

239 S. Washington Street

Naperville, IL 60540

Phone: 630-355-5770

September 27, 2012

Ms. Kathy Kliebert

1234 Wildflower Circle

Naperville, IL 60540

Subject: Beidelman Furniture, Inc. reopens!

Dear Ms. Kliebert,

Have you taken a good look around your house lately? Does your furniture look drab and shabby? Does your house give the appearance of warmth and make your guest feel welcome? Or does your home shout “Disaster Zone—Do Not Enter”?

Now is a very good time for you to reconsider Beidelman Furniture, Inc. It will reopen on September 29th, 2012. We know you stopped shopping in our store because of some unhappy purchasing experiences which included overcharging customers, not stocking the latest merchandise, and not standing behind what the store sold. We promise if you come in again, this kind of situation will never happen. To prepare for our reopening, we have really made a lot of changes in many aspects.

Most important change is our management. Our new manager Peter Dong is a practical man with considerable expertise in furniture industry. He has the ability to repair and alternate much furniture. The most important is he is good at dealing with customers’ complains and claims. Once finding any mistakes in the store, he can correct them in 24 hours.

Secondly, the whole store is totally remodeled; now, there are three floors of showroom space showcasing the finest and newest selection of furniture in a variety of styles.

Thirdly, we have contracted with several new vendors, such as Bermex, England, Spring Air and Capel Rugs. Hence, the different manufactures which you can select are over 50, ranging from brand names to local and exclusive lines. Our selections include everything from traditional to contemporary styles. Most pieces are available for immediate delivery.

Fourthly, if you haven't found what you are looking for, our consultants can help you select appropriate matching furniture, rugs, and draperies--and the advice is free. With thousands of custom fabric and finish combinations, you can design that look that you have always dreamed about.

Finally, to celebrate our reopening, every item in our store is 20 percent off through the month of October as part of the beginning of a series of promotional activities. You will be under no obligation to make your purchases from us, but you can't beat our low prices and large selection anywhere else in Naperville.

Please call me at (630) 355-5770. I will be happy to schedule an appointment with you to help you with your redecorating needs.

If you do some shopping in Naperville downtown this weekend, drop in our store and have a rest to enjoy these household furniture and furnishings. Our address is 239 S. Washington Street, Naperville, IL 60540.

It is without hesitation to call or come in to see us now for fashion style, expert free advice and substantial savings!

Sincerely yours,

Hong Zhang

Owner