



March 25, 2020

Dear Valued Customer,

I hope this reaches each of you and your families in good health and spirit. I have spoken to many of you over the last few weeks, working hand in hand to ensure your orders were filled, shipped and delivered to you in the timely manner you have come to expect from Rose's Southwest Papers. As we are all aware, the volume of orders has been unprecedented and unforeseen. To date, we have filled every order received, while also supporting FEMA efforts, our local community and your local community. At the same time, we're continuing to juggle regulatory enactments mandated at various levels of our governments.

Unfortunately, the fulfillment of this unforeseen volume and the additional compliance burdens have come at a substantial increase to our operational costs. Therefore, effective Wednesday April 1, 2020, Rose's will implement a temporary surcharge of \$2.95 per case for all Bath Tissue and \$1.95 per case for all Jumbo Roll Tissue (JRT) and Kitchen Roll Towels (KRT) shipped. This is a temporary surcharge, and we will work to reduce or eliminate this additional cost as quickly as possible.

In addition, effect immediately Roses will limit Bath Tissue production to 2 ply 3.9 x 3.1 x 500 sheets only production of all private label bath tissue placed on hold. Roses will work with each of you individually on pricing if needed. This action will allow for increased production to assist us in meeting your needs and the needs of the nation.

Please don't hesitate to contact me or your Sales Manager with any questions.

*Al Sambrano*

Director of Sales



March 26, 2020

**Re: Notice of Force Majeure**

Dear Valued Customer

I am writing in reference to COVID-19 to advise our customers that the impacts of this pandemic have caused disruptions in our sales channels, our supply chain, our workforce, and, as an unfortunate consequence, our continued ability to support our customers with the timeliness which you deserve and have come to expect. It is therefore with much regret that I am canceling all confirmed purchase orders with a scheduled delivery date after April 1, 2020 pursuant to Section 12, "Force Majeure", of the Rose's Southwest Papers, Inc. – Sales Order Terms and Conditions. Pursuant to that provision, Rose's is excused from liability for any delay in the production, procurement or delivery of its products to its customers caused by acts of God, fires, war, terrorism, riot or insurrection, strikes or differences with or among workmen, government interference, inability to secure transportation, weather conditions, timing of deliveries from Seller's vendors or suppliers, or other contingencies beyond Rose's control, and the company is thereby authorized to cancel any Sales Order Confirmation without penalty.

By way of explanation and in hopes of providing some measure of context and understanding, I'll attempt to elaborate on the radically opposing forces causing turmoil within our industry and our company. As most of our customers are undoubtedly aware, Rose's services two primary away-from-home market segments, janitorial/sanitation and foodservice, that can generally be tied to our company's tissue and napkin sales, respectively. Before COVID-19, these distribution channels provided our company with an enviable position in the marketplace, bringing balance to our product offerings and allowing us to pursue restaurant and jan-san customers alike. Internally, costs were shared across multiple equipment lines, and we remained competitive in both marketplaces as a result.

Each of these segments has felt the repercussions of the COVID-19 pandemic, but in markedly different ways. While bath tissue is perhaps the scarcest commodity in our stores, driving orders from roughly one half of our customer base that are far in excess of our production output, the abrupt collapse of the restaurant industry has had an equal but opposite effect on customer napkin demand. The chaos in these markets has had a devastating and transformational effect on our company's cost, operational and labor infrastructures, and so long as these business interruptions persist, Rose's must respond to this new reality. Unfortunately, that necessitates changes in the terms and conditions under which we're able to offer our bath and jumbo roll tissue products for sale.

Rose's is working to marshal any and all additional resources available that will allow us to continue servicing our customers under the most reasonable of terms given the crisis before us. Elizabeth Pimentel, our Customer Service Manager, or a representative from our Sales Department will be contacting in you in the hours and days to come to make alternate arrangements for the delivery of the product or products which were previously confirmed.

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Please accept our sincerest apologies for the inconvenience this change is sure to cause to your operations. Please rest assured that Rose's is taking all reasonable steps to mitigate the impact of this terrible situation on our organization, our supply chain and the distribution channels we service in hopes of returning to normal performance of our business as soon as possible.

Thank you for your understanding and please do not hesitate to contact me with any questions or if you would like to discuss this matter further.

Respectfully,

**Rose's Southwest Papers, Inc.**

**Robert S. Espot**

Digitally signed by Robert S. Espot  
DN: cn=Robert S. Espot, o=Rose's  
Southwest Papers, Inc, ou=President,  
email=robepat@rosesnm.com, c=US  
Date: 2020.03.26 17:42:35 -0600

Robert S. Espot  
President