



TACONY CORPORATION

September 15, 2008

Tacony Corporation of St. Louis, Missouri and SCS, Sewing Center Supply Co., Inc. of Portland, Oregon have entered into a Memorandum of Understanding for Tacony to acquire the assets of SCS on September 30, 2008.

Under the agreement, Tacony will become the exclusive importer in North America and direct all the distribution of the varied SCS brands and products, including Madeira Thread, Klasse needles, Hemline luggage and notions, and Suzy's bags and baskets. Tacony will also control and direct the design, manufacturing and worldwide distribution of the premier line of Koala Sewing and Craft furniture and studios.

Tacony and SCS are working together toward meeting the exceptionally large demand for American manufactured Koala cabinets and are in the process of expanding manufacturing for the Koala cabinet line. There will be a transition period of delayed Koala production in order to gear up for the high demand and the expectation is to resume shipping in early 2009. For any existing back orders and new orders placed before the end of the year, we will include at no charge a Koala Sew Comfort Chair.

Ed Moore, Chief Executive Officer of SCS, will join Tacony Corporation and re-locate to the St. Louis, Missouri area in the immediate future.

For years, Tacony and SCS have served many of the same customers in the sewing industry. It is our hope and expectation that the integration of SCS' operations into Tacony will be seamless for our customers. SCS customers can continue to use either their SCS customer number or Tacony Corporation account # for ordering. Any SCS customers who are new to Tacony Corporation, may place orders without delay, but will be asked to provide customary account information and/or complete needed paperwork. The phone #'s will remain the same for both companies at this time with the SCS calls being transferred to Tacony Corporation on October 1st.

SCS has serviced customers from its distribution facility in Portland, Oregon. As part of this acquisition, the Portland facility will be closed and the inventory will be moved to Tacony's facilities in Fenton, Missouri, Beaver Dam, Wisconsin and Fullerton, California. We anticipate some delays in shipping while we take inventory and transfer the merchandise. For that reason, we encourage you to place orders for Madeira, Klasse, Hemline and other SCS merchandise before September 26th to avoid experiencing those delays.

Over the last 12 months, hundreds of you have become sponsoring dealers of the Sewing and Craft Club web site. We are excited about the opportunity to continue to develop this innovative site, that through education and demonstration has generated success for retailers both

in-store and online. We do not anticipate any immediate changes to that site and will continue to use it to display merchandise that you may not be able to include in your stores; encourage consumers to visit your stores; and provide rebates to participating independent retailers for all sales through the site.

Starting October 1st, you can purchase SCS products as you currently do by calling Tacony Corporation's Sewing Central sales division in St. Louis Missouri.

If you have any additional questions, please refer to the FAQ's included with this letter or please feel free to contact your SCS salon-lines specialist through September and/or your Tacony Sewing Central sales specialist after September at 800-537-8891.

Ken Tacony
Chief Executive Officer
Tacony Corporation

Ed Moore, Chief Executive Officer
Rick Hunt, President
SCS, Inc.