



Kraus Enters Modular Carpet Market, Previews Three Styles at Surfaces 2007

City Life Series™ Aims at High-Style, Rapid-Response Segment

WATERLOO, ON | 6 February 2007: "We developed our carpet tile program to address two competitive voids in the modular market space," explained David Fyfe, Kraus' Director of Marketing responsible for Kraus' entry into the modular carpet business. "Our customers are looking for better service on in-stock programs, with rapid-response based on deeper and more consistent inventory. And there's a styling void at the lower end of the price spectrum. The Kraus Modular program aims to fill these voids with products that are more stylish, more affordable, more consistently in stock and available for immediate shipment"

"There are the so-called 'quick-ship' tile programs. But it really depends on what you mean by 'quick', commented Kraus VP of Sales, Jim Larsen. "Dealers are shocked when a broadloom carpet is back-ordered for three weeks, but in the modular business, 4-6 week production dates barely raise eyebrows. And the inventory levels in many of the so-called 'express' programs aren't very consistent. At Kraus we're not really into the made-to-order, custom carpet business, but we sure know how to replenish inventory. We focus like a laser on reorder points, and our customers regard our order-fill rates as among the best in the business. Now we're going to apply that approach, the reputation we earned in performance broadloom, to the modular business. We're kicking off the program with over 20,000 square feet per colorway of quick-ship inventory. We plan to set the standard for filling tile orders from stock. We're providing floors with more service based on more inventory."

"The other competitive void is styling," opined Kraus Senior VP Walter Eckhardt. "At the high end of the price spectrum, there is no shortage of great-looking carpet tiles. But though there are plenty of cheap carpet tiles out there, when you look at them, the styling really lags what you'd get in comparably priced broadloom. Our *City Life Series™* is priced very approachably, retailing well under US\$3 per square foot, but the styling really turns heads. The wow factor is included. Three cool patterns come in 18 fashion colorways, and feature extra-fine multi-color barber-pole yarns of our Ultrel™ solution dyed nylon, to define texture and contrast. Though we initially aimed at the quick-ship, dealer-driven segment, when we showed the prototypes to our design community focus group, they really perked up, and when we told them the price they nearly feel off their Herman Miller chairs."

About Kraus: Kraus is an integrated global manufacturer of carpet and fiber, and a leading North American distributor of flooring products. Kraus' 1000 employees serve global markets from manufacturing facilities at Waterloo, Ontario; Dalton, Georgia; and Queensland, Australia and from more than twenty distribution centers across North America. Kraus carpet products are best known for their premium performance features such as the proprietary ZipperLock® backing system.

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