



October 21, 2011

Letter To Our Key Stakeholders

As a key stakeholder of David C Cook and Kingsway, we want you to be among the first to hear news of some changes we have recently made to our UK operation, Kingsway Music and Distribution.

In way of background, we developed a five-year strategic plan earlier this year which laid out specific strategies required to increase our ministry impact and best advance our mission: "To equip the Church with Christ centered resources for making and teaching disciples who obediently transform today's generations."

The plan included, among other things, establishing one global worship ministry unit as we see worship music as one of the greatest tools we have to equip the global church. We have long had a vision to utilize music as a key tool for creating disciples around the world, especially as over half of the world's population entered the new millennium unable to read. Our recent acquisition of Integrity Music has made it possible for us to accelerate our goal and take another important step forward.

The five-year plan also included the strategy of leveraging the expertise in our Canadian distribution business to support growth. Over the past several years, we have made significant investments in both our Canadian distribution operation and our United Kingdom distribution operation. We now have a new warehouse management system in place in both locations coupled with a new ERP system that has proven to be highly efficient and world class. Together with our experienced and knowledgeable team, we are in the advantageous position of having processes and systems that are highly effective, and allow us to offer our current and potential publishing and music partners a strong and stable distribution service in both Canada and the United Kingdom.

Since the development of the plan, we have been closely evaluating our organizational structure to determine how to best leverage our strengths and assets. This evaluation allowed us to see that structural changes were necessary in order to achieve our long-term objectives.

Specifically, we determined that separating the UK Kingsway music business from the UK Kingsway distribution business would best utilize the expertise we have in people and systems. It would also allow us to create and support two sustainable business models that will serve to subsidize our ministry efforts in other parts of the world and more effectively accomplish our mission to serve God and transform lives through local churches.

By separating our UK operation, we will now have one music ministry unit with two labels (Kingsway and Integrity Music), which represent the world's largest catalogs of worship music (which include the Integrity Music catalogs and the Thank you Music catalog which we co-own with EMICMG). In addition, we will have one global distribution ministry unit with facilities in the United States, Canada and the United Kingdom.

As a result of this restructuring, there will be some changes to our team. The global music ministry unit will be led by Ryan Dunham with the UK music operation led by Jonathan Brown, who will report directly to Ryan. John Paculabo, who has done a tremendous job as the Managing Director of Kingsway, will serve as Managing Director of Global Song Development. In this role, he will be responsible for seeing that our songs are being sung in local churches around the world, while working to nurture and develop indigenous writers and artists in other nations. John is without a doubt, the best person for this role as he has a passion and an anointing for this. John will report directly to Cris Doornbos, CEO of David C Cook.

Our distribution ministry unit, with locations in Canada and the UK, as well as our warehouse operation in Elgin, IL, will be led by Greg Tombs, Managing Director of Global Distribution. Jonathan



Brown will continue to lead the sales and marketing efforts for the UK distribution operation until a new Director of Sales and Marketing is appointed. A search for a Director of Sales and Marketing, is currently commencing in the UK.

Unfortunately, these changes do mean that 18 positions in the UK will be eliminated due to new operational efficiencies and redundancies in roles. This outcome is necessary, but heartbreaking.

We greatly appreciate your continued support and partnership and look forward to keeping you apprised of our progress under this new structure in the months and years ahead.

In His Service,

The David C Cook Family