

August 8, 2008

Dear Valued ES Products Customer,

Over the past year, the steel market has risen to unprecedented levels. We have received, and continue to receive, price increases from our steel suppliers on the raw materials we use to manufacture our products. Every type of steel we purchase is affected and all have experienced record setting price increases. Unfortunately, the news on the horizon is no better.

We are very concerned that a hurricane could potentially cause long backorders for fasteners. The lead-time between purchase order and delivery of steel is currently a minimum of 3 months.....and delivery is not a sure thing. We have had confirmed purchase orders cancelled and confirmed pricing disregarded in favor of "take it or leave it" spot pricing. In short, the weakness of the dollar and the appetite for steel in Asia has made sourcing the specialized thin gauged steel we require both difficult and costly.

ES Products continually strives to be ever more efficient, but the meteoric rise in raw material cost far and away exceeds our abilities to absorb those costs. We are forced to raise prices effective September 1<sup>st</sup> and unfortunately will likely be forced to raise them again October 1<sup>st</sup>. September's increase will be 20% across the board; October's should be less but we need to land more steel into our factory before I can give you an honest and firm commitment on pricing. We are hoping to avoid "hoarding", but the reality seems to be that everyone is stocking up on fasteners to avoid the next price increase. I cannot guarantee to you that our prices will not go up before the dates outlined herein.

All of the other fastener manufacturers have been obliged to raise prices. Our prudent raw material purchasing and manufacturing efficiencies have allowed us to hold off on increases, but we now find ourselves paying a price for our successes, the end result being the current rush to purchase our fasteners. This unfortunately comes before we can give you reasonable time to notify your customers of new pricing. As we go into hurricane season, please be sure you have fasteners in stock; I can assure you the market does not have the inventory to support you in the event of a major wind event.

On behalf of everyone at ES Products, we greatly appreciate and thank you for your business. Rest assured, we will continue to provide you the best possible pricing and outstanding customer service that you have come to expect. I will personally do my best to assist you in these difficult times; feel free to call me directly on my cell 904-923-3353.

Best regards,



Fred Hall, President