



29797 Beck Road • Wixom, MI 48393 • 248-668-6400 • www.theTapcoGroup.com

March 4, 2011

Dear Tapco Tools Customer,

As we come out of the winter months and approach spring we at Tapco Tools have a positive feeling about this year's siding season. Remodeling continues to lead us out of the soft construction market and new construction is starting to show some signs of life. The siding market appears to be rebounding slowly as homeowners "right-size" their homes in this new economy. The short and long term trend for siding accessories is definitely positive.

The following pricing change is necessary due to the growing global demand which has pushed raw materials used in our manufacturing process upward. Over the last 60 days we have absorbed multiple price increases and while our intention was to bear the full burden of these increases and wait to see if this was a short term spike, it has become apparent that this is going to be a sustained increase.

We do believe that prices seem to be stabilizing but will level off somewhere between the current high and where prices were prior to December. Additionally, we are being hit by increased freight and increased corrugated prices. It has become apparent that even though we continually improve our manufacturing efficiencies that these savings are not enough to offset these upward prices and the pressure that inflation is now applying to our business.

As a result we are announcing a price increase of approximately 4% effective April 4th, 2011. All orders placed prior to April 4th will receive current pricing while any order placed beginning April 4th, will receive our new pricing. Additionally, any product ordered by April 4th must ship by April 29th, to qualify for the current pricing as all product shipped on or after April 29th, 2011, will automatically be billed at the new price. This increase will not only include finished product but also accessories and parts.

Based on the time of year, the positive tone in the market and pent-up demand we expect March to be a large shipping month and strongly encourage that you place orders in the early March timeframe. Your local sales representative will be visiting you in the following days to walk you through the new pricing. We understand that this letter has mixed news but please understand that we appreciate your continued support of our Tapco Tools products and look forward to increased sales as we come out of this economic downturn.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Wierengo", written over a horizontal line.

Jonathan Wierengo
Director of Marketing
The Tapco Group

