



8 June 2006

To our Suppliers:

Subject: Low Cost Country Management

A key initiative within Johann A. Krause, Inc. in 2006 is to understand the origin of our products and focus on cost savings. One of the opportunities that can greatly assist JAK with this task is looking for suppliers based in low cost regions having the same product quality levels, but lower cost structure. As one of our valued suppliers, we are asking you to assist us in understanding what you have sourced in these regions today and what potential there is for additional future sourcing.

The following countries are considered low cost countries:

Argentina, Brazil, Bulgaria, China Columbia, Croatia, Czech Republic, Dominican Republic, Estonia, Honduras, Hungary, India, Indonesia, Israel, Korea, Malaysia, Malta, Mexico, Morocco Nicaragua, Philippines, Poland, Puerto, Rico, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, Thailand, Taiwan (R.O.C.), Turkey, Ukraine, Uruguay, Venezuela and Vietnam.

Please complete the attached spreadsheet and return to me within the next two weeks. The information can be e-mailed or faxed. For questions feel free to contact me either through email or by phone.

Thank you for your cooperation in this project.

Sincerely,

Jeffrey A. Hurst

Purchasing Assistant

Johann A. Krause, Inc.

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