



August 8, 2008,

Dear Valued Customer:

Skyrocketing oil prices have hit the imaging supplies industry hard. Like other companies whose raw material and other costs are closely tied to petroleum, we at Nukote have absorbed sharp rises in the cost to produce and distribute our products over the past year.

With oil prices more than doubling over the past year, Nukote has been forced to pay our own vendors higher prices for virtually everything we use to make our products, including such oil-derived materials as plastics, packaging materials, paper, resins, nylon and inks, as well as higher freight prices for obtaining these materials.

While we have absorbed these cost increases for many months, we find ourselves at the point where we cannot continue to absorb the full brunt of these energy cost increases. We have no choice but to pass along to our customers at least a portion of the price increases that we have been incurring.

As a result, we are announcing a price increase on selected products effective September 1st, 2008. This price increase will range between 3% - 12%. We believe that this will be a modest and reasonable price increase as our costs continue to escalate.

We sincerely appreciate your business and are confident that you will understand the economic necessity of this price increase. As always, we thank you for being a valued Nukote partner.

Sincerely,

John E Thomas
Vice President