

KAY-METZELER

EXPERIENCE & RESEARCH

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Mr John Williams
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2nd May 2008

Dear

As you are aware the UK is going through a very difficult economical period. High oil prices and the current weak exchange rate have had a massive and immediate impact on our business. The vast majority of raw materials used in our foam manufacturing process are oil based and purchased in Euros.

At our last pricing review the Pound Sterling was trading at 1.39 /1.42 Euros. Recently that rate has nosedived to 1.24 Euros per Pound Sterling. We hope that the current exchange rate will recover in the long-term; however we cannot sustain such a situation ongoing.

In view of the above we will be applying a currency surcharge on all our slabstock foam items of 11% with effect from Monday 2nd June 2008.

This surcharge will remain static until such time as there is a recovery in the pound or the rate falls further. A movement up or down in excess of 3% (Euro @ 1.277 or 1.202) will trigger a relative increase / decrease. This situation will be reviewed on a monthly basis.

We fully appreciate that, following the recent raw material increases we have previously passed on, this is inevitably an unwelcome development.

We will continue to work with our suppliers and customers to explore ways of reducing costs for mutual benefit, and keep you fully informed of any developments and thank you for your understanding at this particular time.

We remain
Yours sincerely

G. Wilson

GRAHAM WILSON
DIVISIONAL SALES DIRECTOR
VITA CELLULAR FOAMS

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