

THROUGH THE ROOF!

May 2, 2006

I am certain anyone who has recently purchased copper water service tubing is painfully aware of what is happening to the cost of copper-based products. These unprecedented escalations are having a significant impact on every consumer of copper-based products.

Products like water meters, service line materials, and water main valves contain large amounts of brass, which is a copper alloy. What is driving up the global price of copper-based goods?

Trying to explain why copper prices are escalating so quickly is like trying to figure out why it costs so much to fill our gas tanks today. It is a classic case of supply and demand. On the supply side, the number of companies mining copper has declined, and unfortunately, several major mines are located in countries experiencing political unrest. On the demand side, the world is building at an extraordinary rate. Demand (housing starts) in the United States has been at a record high pace, while emerging nations on the other side of the globe are growing at unprecedented levels as well. It is the basic formula you learned in economics class: reduced supply versus increased demand equals higher prices.

The Ford Meter Box Company, Inc. has done everything practical to absorb these rising costs. Regrettably, a price increase is necessary as the market prices of copper and brass scrap escalate. Unfortunately, unless we experience stability in the global copper and scrap markets, I cannot assure you there will not be more price increases in the near future. We can only hope the current market conditions are a short-lived dilemma. I regret painting such a bleak picture. Ford Meter Box has never experienced such a dramatic rise in our raw material costs, and it is impossible to forecast what the future holds.

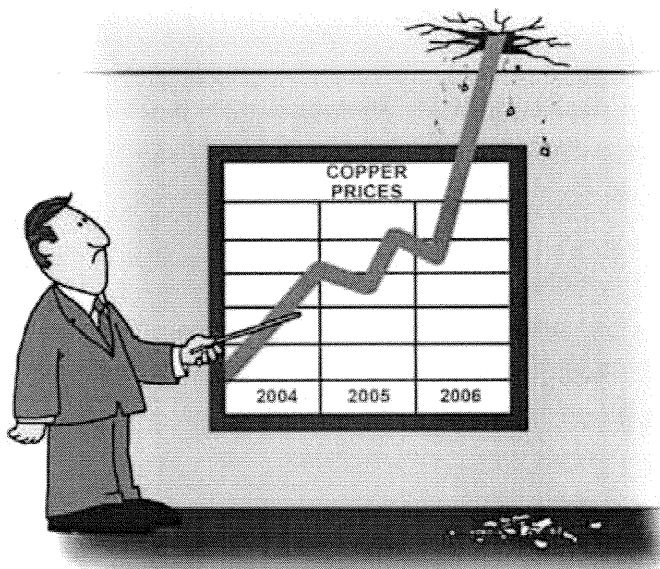
Best regards,

THE FORD METER BOX COMPANY, INC.



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