



STELLAR MATERIALS INCORPORATED



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April 15, 2008

Dear Valued Customer,

The refractory industry, including Stellar Materials, is once again hit with significant price increases on key raw materials. In addition to the price increases, interruptions in raw material supply and raw material shortages are real possibilities in the coming months. Our technical and purchasing groups are working diligently to find ways to minimize the long term impact these issues could have on our valued customers.

Some of the factors impacting raw material prices and availability:

- Raw material price increases from the source
- Limited sources of refractory grade raw materials and few alternative raw materials
- Policy changes by the Chinese government regarding exports
 - Limited number of export licenses issued
 - Near monopoly position on key refractory raw materials
 - Increased export taxes
 - Limited production during months leading to Summer Olympics
- Currency exchange issues complicated by the weak U.S. Dollar
- Skyrocketing freight costs

Because these factors have raised raw material prices so high Stellar Materials announces a refractory price increase effective May 1, 2008.

During these difficult times Stellar Materials remains committed to manufacturing the highest quality products that consistently deliver superior value to our customers. We are hopeful that by working together the challenges facing us all will be minimized.

Sincerely,

Tom Atkins
Vice President- Worldwide Sales
Stellar Materials, Incorporated