


SAINT-GOBAIN
ABRASIVES

1st November, 2008

Dear Distributor,

Inflation Price Increase Effective 1st December, 2008

Significant increases in raw material costs were highlighted in our price change announced earlier this year. Supplier cost increases have continued at historic high levels whilst we continue to do all we can to minimize the impact that these inflationary cost increases have on you, our valued customer.

flexovit

In addition, the recent substantial weakening of the A\$ in the face of the collapse of commodity prices is an un-welcome and added negative impact on the costs of imported raw materials and finished products – impacting our entire range.

The size and frequency of the raw material cost increases, and the negative currency movement, has forced us to institute another price increase—which will be effective from December 1st, 2008, the increase will be an average of 6%, however, there will be some exceptions as detailed below.

clipper

Saint-Gobain Abrasives continues to take steps to offset these increases, by continued focus on improved productivity, R&D and expansion in worldwide sourcing drawing on the global procurement network of the Saint-Gobain Group. As a result, there are a small number of exceptions to this general inflation-driven price increase therefore, please note that there will not be any changes to the following:

NORTON

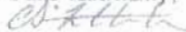
- the Flexovit ranges of Flap Discs and
- the extensive ranges of Clipper, Flexovit & Atlas Diamond Blades & Equipment.

On the reverse-side of this letter are details of the major inflation-impacts on costs that we are experiencing.

The new Price Book is available in electronic form for your convenience when uploading the new prices into your system. These Excel-based files reflect the new List Prices, the discounts to which you are entitled, and the new Net Prices from 1st December, 2008. Within the next 5 – 8 working days you will receive in the mail a CD version of the new price list.

Alternatively, please contact your Saint-Gobain Abrasives account manager or Catherine Calo Catherine.calo@saint-gobain.com if you have any immediate questions about the new Price List or to arrange for a pdf version if preferred, this version will then be e-mailed to you.

Yours faithfully,



Chris Flipp

General Manager, Sales & Marketing - Pacific Region