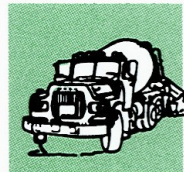


Everything in Concrete

ARROWHEAD Concrete Works, Inc.

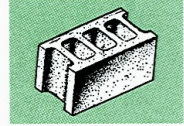
5572 MILLER TRUNK HIGHWAY • DULUTH, MINNESOTA 55811

Telephone 218/729-8274 • Fax 218/729-6724



GERALD CARLSON

DOUGLAS CARLSON



To our valued customers,

December 5, 2008

We've anticipated some questions that may arise as we implement the environmental charge relating to the new Minnesota Pollution Control Agency (MPCA) regulations. Please call us with any additional questions on this issue. We will do our best to answer them and if unable we will use our resources to find someone who can.

Q: Why are you installing the self contained washout systems on all trucks?

A: We need to have a legal solution for washing down on ALL jobsites. We have found that though some job sites have provided these wash areas for us, a larger number have not. Our equipment is difficult enough to keep clean even with the ability to wash down immediately after pouring. With the self contained washout, we are always able to wash our equipment on any site.

Q: Why are you looking at adding equipment at the plants now versus waiting until the agencies enforcing these rule start cracking down?

A: We cannot afford to be fined for non compliance on this issue. It is the law and we are going to do our best to comply with what is required of us.

Q: Who is paying this fee? Everyone can't be paying it, right?

A: The \$40 per load charge will be on ALL deliveries in the state of Minnesota whether it is residential, commercial, or industrial. There will be NO exceptions to this policy whether it is a 1000 yard pour or a 1 yard pour.

Q: How am I supposed to pay for this?

A: We are letting you know now so you can plan for your upcoming work. Any previous quotes will be honored to their expiration dates, but please plan accordingly and build this increase into your prices for any work not already bid. There will be no exceptions made on this charge so everyone will be paying it equally.

Q: Why can't you wash onto the ground when we are already pouring concrete on the ground?

A: The concrete that is poured in the forms of slabs, footings, walls, etc hardens into a durable product. The concern that the MPCA is addressing is the different chemicals in the wash water that will run off into creeks or lakes and absorb into the ground.

Q: What if for some reason the truck doesn't wash down chutes. Do I have to still pay the \$40 per load?

A: Yes, the fee is for more than just the self contained wash systems. It is also for the cost of equipment at our plants to process returned concrete and wash water. Our drivers will be required to use the self contained washout system at ALL times on jobs in Minnesota when washing down.

Q: Why am I paying this fee now when your plants are not yet equipped to handle wash water and returned concrete?

A: The fee is being charged so that we can begin finalizing the plans we have for our plants as well as pay for the self contained washout systems that we are continuing to install on all of our mixers. We cannot afford to pay for the up front costs associated with these systems without charging for them.

Q: Why am I paying the \$40 on a load delivered out of Superior to Minnesota when your plant there is not going to have a system to process the wash water and leftover concrete?

A: We have looked at our cost to comply and averaged it over our entire company. We do not have immediate plans to equip our Superior plant with a washout system. However, if/when we are required to install such a setup, we will begin to charge the \$40 per load fee on deliveries made in Wisconsin as well.

Q: \$40 per load seems like an excessive amount of money.

A: \$40 per load is the number that most producers around the state are charging to comply. Many of the other producers have significantly higher sales volume than we do as well as longer working seasons. Our cost per yard to comply with these regulations is significantly higher than these producers. However, we are going to charge the same fee and we are hopeful it will cover all our costs.

Q: How long will we have to pay the \$40 per load fee? Won't your equipment be paid off after so many years?

A: The \$40 per load fee will continue on as long as the MPCA regulations require these types of controls. The cost not only pays for the equipment, but also for the increased labor and maintenance involved with owning and operating these systems

Q: I'll just provide a lined area for the truck to wash in so I don't have to pay \$40 per load, is that ok?

A: Our drivers will be required to use the self contained washout system at all times when washing down. The \$40 per load charge is to cover all the costs related to the new environmental regulations. In addition to paying for the self contained washout systems on the trucks, it is also paying for the substantial investment we have to make at our plants in order to handle leftover concrete and wash water from pours.

Q: What am I supposed to do in order to rinse off my tools and equipment on the jobsite?

A: We will still have water from our trucks available to contractors. However, our drivers will only wash tools in a manner that will not allow wash water to contact the ground. This would most often mean washing tools over the chutes and into the self contained washout system. We will also be happy to fill 5 gallon buckets and wheelbarrows with water for use after the truck leaves the site. The contractor will be responsible for proper disposal of this water

Q: How can I figure out my cost per yard when this is charged on a per load basis?

A: You can expect us to haul full legal loads with our trucks in order to minimize the number of loads required to complete your project. Typical full loads are 9-10 yards. If you would like to know what your average load size has been in past years we can do some research and let you know so that you can better calculate what your costs might be. (The average load size for all of our deliveries in a year is typically 6-7 yards) Similarly, if you are not sure how many loads a particular job will take, we will be happy to help you estimate your material costs.

Thank you for taking your time to educate yourself on this issue. Again, we would be very happy to answer further questions you may have.