



REX MANUFACTURING

DIVISION OF TRANSFACTOR INDUSTRIES INC.
25 BAYWOOD ROAD, REXDALE, ONTARIO M9V 3Y8
TELEPHONE: (416) 747-7818 - FAX: (416) 747-1956

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From: REX Manufacturing

To Our Valued Customers:

Over the past five years REX Manufacturing was successful in providing stable prices for its products without any price increases by effectively offsetting the unavoidable cost increases in labor and materials with sustained manufacturing productivity and efficiency gains.

In recent weeks our industry witnessed rapid and unprecedented increases in prices of copper and rolled sheet steel. In addition, the North American steel industry has announced surcharges on all products shipped starting January 2004. These sudden increases compound an already difficult situation created with significant increases in the cost of energy, insurance and freight. Unfortunately, we are unable to absorb such sudden and dramatic cost increases.

Accordingly, REX Manufacturing has announced an average 3% price increase on all of our products effective April 2, 2004 and will implement a "copper" surcharge only on transformers with copper windings, to offset the sudden increase in copper prices effective immediately. This "copper" surcharge will be in effect until copper prices stabilize. The amount of the surcharge will be reviewed regularly and adjusted to reflect changes in copper prices.

We appreciate your continued support and reconfirm our commitment to you, our customer, to do our very best to remain your source of reliable quality, responsive service and value for dry type transformers and power magnetic products.

Please contact your REX Manufacturing Sales Representative should you have any questions.

Sincerely,

Rory Thomson
Manager, Sales and Marketing