



IMPERIAL SCHRADER CORP.

July 29, 2004

Dear Imperial Schrade Corp. Employee:

We regret to advise you that Imperial Schrade Corp. (the "Company") will be ceasing operations and closing its manufacturing plant. Unfortunately, the circumstances presented to the Company at this time permit only limited advance notice of this event. As you may know, the Company's business has struggled following the terrorist attacks of September 11, 2001 and the Company has encountered sluggish sales and a loss of customers. More recently, the Company has experienced difficulties in its relationships with suppliers and financial institutions, and those difficulties have contributed to the decline of the Company's business.

Until very recently, however, the Company's management believed that a plant shut down could be avoided. For the past several months, the Company's management has been pursuing different options which would have provided for continued Company operations, including securing alternative sources of financing and the selling the Company. As a result of those efforts, earlier this month the Company agreed to the terms of a proposed sale of its business.

Very recently, the Company learned that the potential buyer would not complete the acquisition, and that the sale would not occur. Given the Company's lack of funds, and the unwillingness of the Company's primary lenders to advance additional funds to the Company to meet operating expenses, the Company has no choice except to cease all operations permanently, and as quickly as possible.

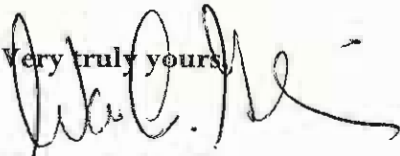
The actual plant closing will commence on July 30, 2004.

Your last day of employment will be July 30, 2004. Because the plant located in Ellenville, New York is the Company's only plant, no "bumping" rights exist.

For more information on the closing, or any other information related to your separation from employment, please contact Dawn Blades, the Company's Human Resources Director, at 647-7601, extension #8229.

We thank you for your years of service with Imperial Schrade and wish you luck in your future endeavors.

Very truly yours,



Walter A. Gardiner
President

WAG:ms