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Prefabricated Wall Panels
Prefabricated Floor Systems
Commercial Metal Stud Framing
Drywall Acoustical Ceilings

April 4, 2008

Dear Valued Customers and Friends,

As many of you know Proffitt & Sons, Inc. has been the target of a well financed and sophisticated smear and character assassination campaign by the Carpenters Union (“Union”). Several of you have received correspondence from the Union and we have written to you in the past to address those issues, but the Union’s campaign has now reached levels of dishonesty and underhanded tactics such that we now feel compelled to explain what we have discovered in trying to address the Union’s underhanded and deceitful propaganda campaign – not just to those who have received direct correspondence from the Union, but to all our customers and friends. Accordingly we’ve compiled this summary of the events related to the Union’s activity over the last several months. As you can see from the events transpiring and the timing of those events, it appears the Union is engaging in an amazingly deceitful campaign against Proffitt & Sons.

On the morning of January 7, 2008, the Union began picketing our headquarters in Knoxville and a job site on the Tennessee Tech campus. During the afternoon of January 7, 2008 we received a letter from Robert Helton of the Union stating the Union was going to picket and stating that they would like us to advise them if their allegations were incorrect – which was definitely the case. Had their letter been mailed the day it was dated we should have received it in advance of the commencement of picketing. The fact we didn’t receive it until after the picketing began was our first indication the Union was completely insincere in their alleged concerns.

After reviewing the letter and engaging counsel experienced in labor union matters, we began attempting to contact the Union in earnest. Our first attempted contact was January 11, 2008. Despite our repeated attempts, the Union refused to return our calls or discuss their allegations with us in any respect. In fact, we heard nothing from the Union until we contacted the local media to explain our repeated attempts to contact the Union and their failure to respond. Amazingly, or perhaps not so amazingly, just hours after we spoke to the local media, the Union finally called. However, instead of the Union contacting us, they had their lawyer in Memphis, TN contact us by telephone. In that initial call we immediately requested that they meet with us face to face to discuss their allegations, which we also advised them were untrue. We requested an immediate meeting, but they advised they would have to get back to us. Over a week passed

and despite calls to the Union's attorney we had to write a letter again requesting them to respond as they had promised and set a meeting. The Union's attorney finally responded and said the Union would not meet until March 5, 2008 and that the meeting must be in Memphis, TN.

It was our hope that the meeting in Memphis would lead to some lessening of tensions but it quickly became apparent that the Union was and is committed to the continued defamation of our company. The Union maintained that they had advised us in writing well before the picketing commenced that they wanted to discuss the allegations, but they could not produce any such writing. In fact, subsequent to that meeting we wrote them to address the matters discussed at the meeting and explicitly explained the correspondence we had received and specifically requested that they immediately advise us if their records reflected otherwise. Not surprisingly, they have not responded to our request. However, they do continue to persist in spreading amazingly misleading propaganda regarding our company.

Shortly after the Union's campaign began in early January, on January 17, 2008 we were visited by the Tennessee Department of Labor ("TDOL"). They indicated they had received an "anonymous" complaint we had workers working for us thru temporary labor providers and that those workers were not covered by workers' compensation insurance. Although we showed the TDOL the certificates of insurance indicating the workers were covered by workers' compensation insurance they advised that the insurance certificates could have been forged or otherwise fraudulent. Accordingly, we immediately called the insurance companies and were advised the insurance certificates were valid and the insurance was in full force and effect. The TDOL again visited our office to request information about the amounts we paid to the two temporary labor providers who we contracted with for labor on various jobs and we fully complied with their request. Apparently one of the two temporary services providing labor to us is working with the TDOL to provide the information they are requesting, but we understand the other temporary labor provider has refused to comply with the TDOL's request. Accordingly we have severed all business relations with that temporary labor provider. As is usual and customary for the TDOL in matters such as this, they have now attempted to assert that the employees of the temporary labor provider who will not cooperate with them are employees of Proffitt & Sons and are seeking unemployment compensation from us. Although there is absolutely no difference between the underlying facts between the two temporary labor providers, the TDOL is not alleging the employees of the temporary labor provider cooperating with them are employees of Proffitt & Sons. Almost immediately after we received the assessment from the TDOL, the Union began publicizing that we were under investigation by the State of Tennessee. Again, these matters are totally frivolous and without merit and appear to be instigated by the Union in its attempt to harass us and mislead our customers and friends. We will vigorously contest this matter with the TDOL and we have every indication that we will again prove the matter without merit. One other issue

related to this matter is the fact that local union subcontractors have used and are using the exact same temporary labor providers that we use and we understand they are not being investigated by the TDOL.

As another example of the Union's under handed tactics, several of you may have received a letter from the Union alleging that "a Federal Agency is currently investigating charges against Proffitt & Sons...", and specifically me, for intimidating the Union. In fact, the Union even passed out handbills saying we were under investigation by a Federal Agency. Since some of you who received that letter requested a response from us, we advised you the Union had filed an "unfair labor practice charge" with the National Labor Relations Board ("NLRB"), but that their complaint was totally frivolous and completely without merit, but as with all allegations made before a federal agency, it had to be "investigated" regardless of its obvious lack of merit. The NLRB did in fact investigate the Union's charge and found it to be totally without merit and instructed the Union to withdraw the charge or be faced with the embarrassing likelihood that the NLRB would throw it out entirely. As a face saving measure, the Union withdrew the charge. In fact when we contacted the NLRB to see if they needed any information from us, we were advised not to waste any time on the matter since they (the NLRB) felt confident the matter was without merit. Although we didn't explain the underlying facts, we feel now would be an appropriate time to do so. The Union's complaint came after I approached the picketers at our headquarters to photograph their signs as requested my legal counsel. At that time one of the picketers inquired who I was and when I told him he responded that he knew of me. I simply stated that I didn't think he did because if he knew me he would know that we run a quality operation and take care of our employees. I also advised him that it really didn't matter since we all would answer to the Lord in the end, and in the meantime I would pray for him. Apparently the Union feels the threat of prayer constitutes intimidation because they immediately filed the NLRB complaint. Although the Union was quick to publicize the filing of their charge we have seen no comment or even acknowledgement by the Union regarding their withdrawal of their charge. Obviously they only filed the charge in order to utilize it for knowingly misleading propaganda. Regrettably, this does not prevent the Union from filing additional merit less and frivolous unfair labor practice charges against us but the tactic has been revealed for exactly what it is – a harassing technique.

Since that incident we have also gained considerable insight into what appears to be motivating the Union to go to these lengths to attempt to harass and embarrass us. We now know that one of our competitors, Odom Construction Systems ("Odom") entered into a collective bargaining agreement with the union in August of 2007 and since that time we have heard Odom has lost sizeable drywall systems bids. We do not know what specific promises the Union made to Odom and its employees in the course of their organizing drive and subsequent contract negotiations. We have heard recently that Union representatives are attempting to assure Odom employees that they will be getting more work

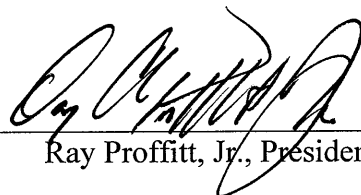
because the Union intends to run Proffitt & Sons out of business. Attempting to discredit competitors is a tried and true tactic unions often use when companies they represent are not competitive due in some cases to the burdensome requirements of their union contract. We also believe the Union's outrageous conduct we have recently observed, including cursing workers with bull horns on job sites, attempting to prevent workers from entering and exiting job sites, beating on trucks attempting to enter job sites and in general trying to impede work on job sites, is not well received in our community and assume that may well be a factor in Odom's losing bids. We should point out here that we have always considered Odom a respected and competent competitor but since they entered into a relationship with the Union we are not sure what to think.

As we have stated many times during this ordeal, we do not have a labor dispute with anyone. We have no issues or disagreements with the Union. We are a good employer and provider of jobs in East Tennessee. We treat our employees well. In fact, we have employees who could work anywhere and they have chosen to stay with Proffitt & Sons for over twenty-five years. We enjoy an excellent reputation in our industry and with our customers. The Union has chosen to mount a smear campaign to discredit us in the eyes of our customers and the community. The Union has made unfounded allegations against us and filed frivolous unfair labor practice charges against us in an effort to take business away from Proffitt & Sons, Inc. and direct it toward their preferred contractors and subcontractors. We regret that this has happened and we deeply regret that many of you have been dragged into it. None of this will deter us in any way from continuing to provide the best drywall systems and customer service in our area.

If you have any questions or concerns relating to these matters, please feel free to contact me at your convenience. I will be happy to try to explain these matters further, and I would also be happy to let you contact our representatives who are assisting us in these matters so they can address any concerns you may have. I sincerely thank you for allowing me to address these issues and look forward to working with you in the future.

Sincerely,

PROFFITT & SONS, INC.

By: 
Ray Proffitt, Jr., President