

L.A. COMES TO MEADVILLE

For millions of tool users across the country, Channellock is an icon of American quality and durability. So it's not surprising that viewers of several popular TV series want to know more about their favorite brand of hand tools.

In recent months, production crews from three TV shows visited Meadville to get the inside story on Channellock.

“We're thrilled to be a part of these programs. It's obviously great exposure for Channellock and our products – which stand for the utmost in quality and reliability. We're happy that people are taking notice, and realizing what tradesmen and prosumers everywhere have known for decades.”

— Scott Jonap, vice president of sales and marketing for Channellock



“Made in America” shows how it's “Made in Meadville”

“John Ratzenberger's Made In America,” broadcast on the Travel Channel,™ will be showcasing Channellock in 2008. Ratzenberger, the everyman from TV's “Cheers,” honors the men and women who work with their hands and skillfully make products that are the backbone of the American economy.

Channellock worked closely with the show's producers to put together a compelling segment detailing the company's history and importance in western Pennsylvania – an area we've called home since 1886. The piece will also show historic photographs, footage and materials.

Find out when “Made in America” airs in your area at www.travel.discovery.com.

Ever wonder “How It's Made”?

A “How It's Made” film crew from the Discovery Channel visited our manufacturing plants in late August 2007 for an inside look at the way we build our famous CHANNELLOCK BLUE® hand tools. The episode will air on March 7th.

Viewers will see many of our tool manufacturing processes including forging, annealing, laser heat treating and polishing. You may even spot a few of our associates starring in the episode. Check www.science.discovery.com to see when “How It's Made” airs in your area.

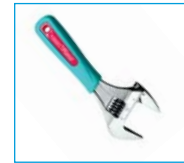


Channellock Inc.
1306 South Main Street
Meadville, PA 16335 USA

WORK HARD. SWEAT BLUE.



From the CEO's Desk
Channellock CEO Bill DeArment offers thoughts



The New WideAzz® Model Gets a Grip
Newest adjustable wrench tackles big jobs



The Channellock Channel?
Three TV shows feature Channellock this season

BLUE NOTES

This is American Blue™, our quarterly newsletter. If you have a story idea you'd like to see in American Blue, please submit it to:

Randy K. Ferguson
Director of Communications
1306 South Main Street
Meadville, PA 16335
(814) 337-9278
rferguson@channellock.com

Kevin Firestone
SBC Advertising
707 Park Meadow Road
Columbus, OH 43081
(614) 891-7070
kfirestone@sbcadvertising.com

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IN THIS ISSUE...



AMERICAN BLUE™

NEWS FROM CHANNELLOCK OF MEADVILLE, PENNSYLVANIA • WINTER 2008

DIY Network launches “Cool Tools” with Channellock



“Cool Tools,” a brand new television show on the DIY Network, premiered this past Thanksgiving Day – and Channellock was featured front and center.

“Cool Tools” took viewers behind the scenes and showed what makes a Channellock® a Channellock®. The episode also concentrated on recent products including the #480 BigAzz® tongue-and-groove plier and the Code Blue® line of tools.

Rich Kebert, Meadville-area plumbing contractor, stands on a pair of Channellock pliers gripped tight to a pipe to illustrate the product’s quality and durability. Kebert also demonstrated how to use the pliers in various plumbing and electrical applications.

NEW PRODUCT: ADJUSTABLE WRENCHES AS WIDEAZZ® YOU NEED THEM.

This month, Channellock launches another new addition to its Code Blue® product line – the WideAzz® 6" adjustable wrench (6WCB). The 6WCB joins its big brother, the 8WCB, as the flagship adjustable wrenches of the line. But don't mistake these wrenches as little – the 6WCB opens up to 1 3/8" – rivaling many standard 10" wrenches.

“The WideAzz® adjustable wrenches have the widest jaw capacity of any comparable-sized wrench,” says Scott Jonap, vice president of sales and marketing for Channellock. “The large jaw capacity allows users greater versatility and control in a wrench that is compact and easy to carry – and not to mention comfortable in the hand.”

When you compare it with a standard 6" adjustable wrench, the WideAzz® 6WCB...

- is 50 percent lighter weight
- accesses confined spaces easier because of its slimmer, extra-long jaw
- is made with chrome vanadium steel for strength and corrosion resistance
- adjusts smoothly using the precision engineered adjustment
- delivers increased comfort and durability from Code Blue® grips

Check out the complete specs on the new 6" WideAzz® at www.channellock.com.



WHO IS OUR REAL COMPETITOR?

by William S. DeArment
President and CEO, Channellock, Inc.

All the talk about China and India would lead one to believe that they, with low labor rates and fast growing economies, are our real competitors.



I beg to differ. As a five generation, family-owned, medium-sized specialty hand tool manufacturer, located in Meadville, Pa. USA for more than 120 years; I have come to the conclusion that our own U.S. government is our major competitor.

Think about it. For their part, the Chinese are doing whatever they must do to survive. In their case, it is not about that third television or second family car. It's about putting food on their tables.

They own over 1.3 trillion – that's with a 'T' – U.S. dollars, and the U.S. is the largest customer of China. With all due respect to the U.S. Administration, and all those high-minded, hot-winded congressional officials, the Chinese could care less what we want them to do, nor do they have to. I submit the only reason that their currency has strengthened – about 8% over the last 16 months – is to try to control the furious growth in their home economy. They will continue to strengthen their local economy and garner more international market share in spite of any and all dialog, visitations, demands and jawboning from Washington, D.C.

I believe the solution is for our government to stop worrying about the Chinese economy, to stop worrying about Chinese currency rates and to stop worrying about their labor laws. Our government should be taking certain and immediate steps to make U.S.-based manufacturers more globally competitive.

What certain and immediate steps do I support?

1. **Revise or eliminate the Pension Protection Act of 2006. It is killing all defined benefit pension programs as I write this.**
2. **Provide 0% or very low interest loans to those domestic manufacturers retaining existing jobs through major process improvements and lean manufacturing initiatives.**
3. **Get rid of the federal tax code as we know it. It is outdated, ambiguous and highly anti-competitive. The Chinese do not have depreciation charges. The Chinese do not have estate taxation. The Chinese do not have dividend taxation. The Chinese do not even have an alternative minimum tax. In addition, they do not need to take the time and the money to try to figure out how to comply with the United States tax code – as those of us strapped with this code in the United States must do.**

The tax code is philosophically flawed in that it penalizes success, growth and savings. It should reward success. It should reward growth. And it should reward savings. Conversely, it should tax consumption. Abandoning the tax code and replacing it with a consumption tax, such as a national sales tax, does just that. And yes, you can make it progressive by placing higher sales tax rates on luxury items.

Take the tax code off the back of American industry and just watch the great job-generating engine of the small and medium sized businesses go to work, and well – save our standard of living. Remember that small and medium sized businesses drive the U.S. economy.

So, if you believe that the federal tax code ties one hand behind the backs of U.S. manufacturers trying to compete internationally and if you believe that our government just doesn't “get it” or is unwilling to do anything about it, then **YES**, our own government is our real competitor.