

8/27/04

ANNUAL MEETING SUMMARY LETTER TO KELLER SHAREHOLDERS

On behalf of the Keller board of directors and our management team, I would like to thank all shareholders who attended our Annual Meeting on August 18th. We had approximately 100 shareholders in attendance. I would like to take this opportunity to recap the Annual Meeting, especially for those who could not attend. The second purpose of this letter is to bring all shareholders up to date as far as any new information covered at the Annual Meeting that was not contained in the Shareholder Letter and Proxy Statement sent out on July 26th.

The Annual Meeting was called to order at approximately 10:00am on August 18th and a quorum was declared by the Chairman of the Board, Ron Humin. Reading of the minutes from the 2003 Annual Meeting was waived by the Shareholders. Keith A. Williams, David T. Richardson, Kenneth B. Fonville, John C. Schenkenfelder, Ronald W. Humin, Bradford T. Ray, and Larry M. Roy were nominated to serve as directors for a term of one year. The nominated individuals were elected by a majority of the votes cast at the meeting. The business portion of the meeting was then adjourned.

After conclusion of the business portion of the meeting, I made a presentation to those in attendance. Three primary topics were covered.

The first topic consisted of an overview of the current state of the furniture industry. This topic covered the trend to import case goods in place of domestic manufacturing, the effect on the industry of the recent tariff on bedroom furniture manufactured in China, and the industry consolidation of distribution.

The second topic covered was the state of Keller. This topic covered the evolution of Keller's business model as it relates to customers, employees, financial performance, and risks that face the company going forward.

The third topic explained what steps are necessary to restore Keller to a sustainable and profitable company. This agenda dealt with Keller's core value proposition, our company goals, our core competencies, and our strategy for growth.

As you are aware, most of the information relating to these topics was covered in our Shareholder Letter mailed on July 26th. I would like to communicate new information at this time, to ensure all shareholders, whether they attended the annual meeting or not, have the same information. The updates are as follows:

- In the Shareholder Letter of July 26, 2004, there was considerable discussion concerning the tariff on bedroom furniture and our two plants in China. At the time of the letter, both plants had received an initial ruling for a tariff of 198.02% on bedroom goods. On July 30, 2004, one of our two plants received an amended tariff rate of 10.92%. This plant represents approximately 80% of our projected revenue from China. The

10.92% tariff allows us to import and sell goods to our customers at a competitive price.

- Our second plant in China is currently only shipping dining room furniture to us. Their bedroom furniture is still under the 198.02% tariff. They have petitioned the Department of Commerce to be amended to 10.92%, and the ruling should be made between late October and late November in Washington, D.C., by the United States Department of Commerce.
- At the time of my initial letter, Keller had not received any imported product into our warehouse. Keller began receiving product in early August from both plants in China. We displayed six units (four bedroom and two dining room) at the Annual Meeting for our shareholders to view.
- Keller is now working with a third plant in China. Production from this third China facility should be received in our facility before the end of 2004. This plant has a tariff rate on bedroom furniture of 10.92%.
- We informed shareholders at the meeting that the New Salisbury, Indiana facility, where the Company currently resides, is listed for sale. The Company plans to lease property in the Southern Indiana / Louisville area.
- The need for working capital to fund the purchase of imported product was discussed with the shareholders. The Company reported that as of June 30, 2004, the Company still had no debt and approximately \$2.2 million dollars of cash. It was also reported that financing would be required to meet our projected inventory purchases and revenues in 2004. The Company is currently in discussions with banks to provide an asset based and/or factoring facility but as of the date of this letter no such credit facility was in place.

In closing, I would again like to thank all of our shareholders for their investment in Keller. I can ensure all of you personally that every effort is being made by the management team, our employees, and our Board of Directors, to responsibly manage your investment in our Company.

Regards,

Keith Williams

Chief Executive Officer