



We are an ISO 9001:2000 Quality System...The Standard for World Class Quality

FREE CATALOG ON CD: Our complete product catalog now available on a Glu Guru™ Catalog CD....Available free to you. Call 1-800-323-5158 or Email gluguru@on-hand.com for your Compact Disk and we will immediately mail it to you free of charge.

FREE Users Guide to Adhesives brochure

Part 1 Assessment of Bonding

Part 2 Essential stages of the Pretreatment Process

Call 1-800-323-5158 or Email gluguru@on-hand.com for your copy.

You can depend on your **Glu Guru™** as your reliable one-stop source for Adhesives and Adhesive Dispensers.

Your Glu Guru™ Resources

- Ad - Tech
- BF Goodrich
- Bostik-Findley
- Camie Campbell
- Ciba
- Comprotec
- Croda
- Cyberbond
- Cox
- Dymax
- Eclectic
- Glue Dots
- Loctite-Hysol
- Frekote
- Henkel
- ITW Dynatec
- ITW Plexus
- Kahnetics
- Loctite
- Sovereign
- National Starch
- Ratio Pak
- Sika
- SIA
- Vantico

- ◆ Acrylics
- ◆ Aerosols-Non CFC's
- ◆ Cyanoacrylates
- ◆ Encapsulants
- ◆ Epoxies
- ◆ Hot Melt & Cool Melt
- ◆ Hot Melt Spray
- ◆ Instant Adhesives
- ◆ Methacrylates
- ◆ PUR Hot Melts
- ◆ Release Agents
- ◆ Sealants
- ◆ Solvent Adhesives
- ◆ Structural Adhesives
- ◆ Urethanes
- ◆ UV Adhesives
- ◆ Water Based Adhesives
- ◆ Adhesive Dispensers

ADHESIVE FOCUS

On-Hand Adhesives, Inc.
Adhesive Tech Center
1850 So. Elmhurst Road
Mount Prospect, IL 60056

First Class Mail
U.S. Postage
Paid
Mission Viejo Ca
Permit No. 514

Winter 2006 Issue



Inside This Issue

- Oil and Oil Product Cost Increases Driving Adhesive Industry Prices Up
- Finding Ways to Reduce Customer Costs

ADHESIVE FOCUS

Volume X11 Issue One

Winter 2006

RISING COSTS OF RAW MATERIALS, PARTICULARLY OIL AND OIL PRODUCTS DRIVES INDUSTRY PRICE INCREASE

SUPPLIER	AVERAGE % INCREASE
Bostik	5 – 12%
Loctite/Dexter	2 – 5%
Henkel (SIA)	5% (exceptions A1273B in quarts 11%; A1177B in gallons – 40%; A1177B in quarts – 24%; A851B in quarts – 17%; S707 – 12%)
Glue Dots	5 – 8 %
Sika	5 – 8%
Loctite/Frekote	5%
Plas-Pak	6%

The revenue generated by the price increases will be used expressly to defray raw material increases. Shown below is an External Cost Data supplied by Henkel Corporation and extracted from Bureau of Labor Statistics Producer price Index dated 10/28/05 which reflects the rising raw material costs.

EXTERNAL COST DATA

Producer Price Index Series Description	Annualized 2003 Index	Annualized 2004 Index	September 2005 P Index	Net Index Change Ann 2003-Sep 2005	Pct. Change Ann 2003-Sep 2005	Pct. Change Ann 2004-Sep 2005
Adhesive mfg	No Data	99.6		N/A	N/A	
Basic organic chemicals	146.7	173.9	208.1	61.4	41.9%	19.7%
Industrial chemicals	141.7	162.8	192.4	50.7	35.8%	18.2%
Light gauge metal container mfg.	105.4	110.1	118.7	13.3	12.6%	7.8%
Chemical mfg.	164.6	172.8	187.5	22.9	13.9%	8.5%
Misc. end use chemicals and other industrial organic chemicals, NEC	149.8	153.9	159.7	9.9	6.6%	3.8%
Paper container mfg.	157.3	161.5	164.5	7.2	4.6%	1.9%
Basic inorganic chemicals	121.1	124.0		2.9	2.4%	
Plastic bottles	123.7	126.3	136.1	12.4	10.0%	7.8%

Note: Inflation in Transportation Cost is not included in this analysis.
Source - Data extracted from Bureau of Labor Statistics (BLS), Producer Price Index (10/28/05)
P: Preliminary. All indexes are subject to revision four months after original BLS publication.

Rising Costs of Raw Materials (Continued)

Unfortunately our prices now reflect these increases.

Please know that we at On-Hand Adhesives are always looking for ways to save you money, whether it is with a new product—we can offer alternate products to replace the the current products you are now purchasing , frequently at a price savings, or finding ways to bundle products in an effort to reduce your costs

We will continue with this on-going effort. We do appreciate your business.

Should you have any questions , please contact me personally.

Michael J Cooper, President

WAYS TO CONSIDER TO REDUCE YOUR COSTS

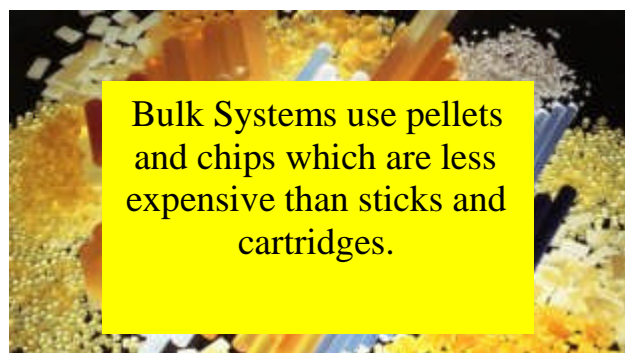
1. Take a look at your adhesive dispensing and see if other dispensing technologies might reduce adhesive consumption such as looking in to a bulk system instead of applicator guns. A good example of this is shown below:



Dynamini™ Dynagun™ System

- Melt-On-Demand Hopper Grid extends adhesive life performance
- Digital Temperature Controller with platinum sensor accuracy
- Available in electric or pneumatic/electric operating configuration
- Compact, lightweight full swivel DYNAGUN™ provides application flexibility
- 7 year Melt-On-Demand warranty
- Independent temperature control of the hopper, hose, and hand applicator permit the precise metering of the adhesive

DYNAMINI™ Adhesive Supply Unit
 Hopper Capacity: 4.5 kg/10.0lb
 Maximum Melt Rate: 8.1 kg/18.0 lbs/hour
 Maximum Piston Pump Rate: 54.5 kg/120.0 lb/hour
 Maximum Gear Pump Rate: 25 kg/55.0 lb/hour
 Maximum Number Hoses: 2
 Maximum Number Applicators: 2
 Electrical requirements:
 110/115 volts, 20 amps
 240 volts, 30 amps
 A Cost Effective Solution to your Adhesive Needs Upgrade the Efficiency of your hot melt system with an ITW Dynatec Unit



Bulk Systems use pellets and chips which are less expensive than sticks and cartridges.

2. Consider this cost reducing option:

Place a blanket order for total quantities to be used over a definite period of time with scheduled releases which would qualify you for large quantity price breaks.

3. Reduce Packaging Costs

Packaging materials have gone up in price, consider reducing packaging costs by replacing tape and staple with hot melt.

We offer a Free-In-House Assesment and Demonstration.

For example, here is a cost analysis of tape and staples versus hot melt in closing cartons. This example was made by Dexter Hysol (Division of Loctite-Henkel Corporation).

A. COST OF TAPE

\$21.00 cost per case of reinforced gummed tape.

375 ft/roll x 8 rolls per case = 3000

\$21.00 divided by 3000 = .007 x 5 ft per carton usage= **\$.035 Cost/Carton**

B. COST OF STAPLES

\$1.63 cost per 1,000 staples divided by 1,000= .00163 Cost/Staple

Usage: 12 staples per carton x .00163= **\$.019 Cost /Carton**

C. COST OF HOT MELT

1/16" bead uses 1568 ft per lb. Each carton uses 4 ft of hot melt.

\$4.00 per lb cost of hot melt divided by 1568 ft = .00255

.00255 x 4 ft = **.010 Cost/Carton**

D. SAVINGS

For example, if usage is 200,000 cartons per year

Hot Melt versus Tape (.035 less .010= .025 Savings x 200,000= **\$5000/year Savings**

Hot Melt versus Staples (.019 less .010 = .009 Savings x 200,000= **\$1800/year Savings**

CALL 1-800-323-5158 and ask for one of our Adhesive Technicians for more information on these costs saving examples as well as more suggestions on reducing your costs.