

EXHIBIT 1

From: Mick Hillman
Sent: Tuesday, July 19, 2011 12:02 PM
To: Officers Group
Subject: FW: Lowe's Minute Key Notes

I have attached Chip's note to me and my note to the board on the recent loss to Minute Key at Lowes. I suppose there is a fair amount of blame to be shared by many of us but I personally view the lack of progress on reducing miscuts as the root reason for the door being held open MK. In addition in spite of how much time we spend at Lowes we did not get a "heads up" call on a competitor. As CEO these were (are) clearly my responsibility and I will be more focused on better execution moving forward. Little sense moaning about what happened..we now need to focus on improving and protecting what we have.

From: Mick Hillman
Sent: Tuesday, July 19, 2011 9:39 AM
To: 'Bob Caulk'; 'Jones, David'; Maurice (Florida) Andrien (MPANDRIEN@COMCAST.NET); 'Wolfram, Tyler'; Mailender, Kevin; Alan Lacy; Green, Michael
Cc: Chip Church; Jim Waters; Dan Smercina; Rick Hillman
Subject: FW: Lowe's Minute Key Notes

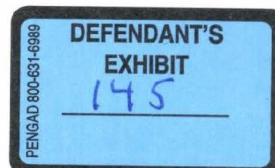
Gents,

I am forwarding on to you Chip's notes from his phone conversation with Mike Tummmillo (Lowes MVP-Merchandising VP) this past Friday evening. As you can well imagine all of us took this news hard and for most of us ruined our weekend. We needed to keep our game face on as we had 220 field salesmen in town preparing them to kick ass selling builders hardware to independent hardware stores. The entire sales and marketing team put on the best new product introduction I have ever witnessed at Hillman (the results will be the ultimate judge). My read on the Lowes situation is that we were REALLY never in the game once the Minute key folks got the test. On that note I am disappointed the way we have been handled as a vendor who has a stellar record with Lowes. No sense crying over spilled milk!!

I wanted to take the weekend to have the team here decide next steps before I shared our thoughts and would ask for your thoughts and directions from this point forward. This morning we decided on the following action items:

1. Push for additional locations to place our "state of the future" key center with particular hope in getting into Huntersville and Mooresville (Charlotte) locations. This has produced a 30% increase in Hillman comps.
2. Push our technology team to deliver a solution for providing a "no miscut Hillman key". Quite frankly we are 10 years late on this deliverable.
3. Communicate the specific increase in his key cost which we will implement as a store receives the Minute Key machine. This could also increase or decrease as the volume changes. Early estimates are this could be 10c per key.
4. We have an open option to place 50 machines in Lowes locations. As a team we are mixed as to whether we should pick this up or move on. One factor could be if we can select the store for placement (presumably high key use stores) which Chip will investigate.

In addition terry received a call yesterday that our key buyer (Oscar) has been promoted at Walmart and no replacement has yet been appointed. We seemed to be making traction here so will need to double back our efforts here as well. Rick, Terry and I have a top to top meeting on the 27th to push our relationship further up the chain. Sorry to convey what may on the surface appear to be bad news but quite frankly the prospects of spending large amounts of capital on a product with limited test results kept me up at night. Suffice it to say we ALL understand the importance of protecting our key business and are working hard to deliver a competing solution. In case you are not aware the Hillman management and employees are all "quiet and sore losers" and as a team we will bounce back from this news. More to come later. Dave and Tyler we will discuss this and other agenda items at our call this afternoon.



From: Chip Church
Sent: Monday, July 18, 2011 11:55 AM
To: Mick Hillman
Subject: Lowe's Minute Key Notes

Hi Mick,

The following are some of the important takeaways from my Friday afternoon conversation w/ Mike Tummlillo:

- FP&A (Financial Planning and Analysis) came back to him with full analysis of the Minute Key test. Results proved program was accretive to Lowe's even with cannibalization of hardware key units. Details:
 - Test stores averaged 23 keys per day with 8-9 of those coming from "decreased utilization" in hardware
 - Analysis took into consideration: Store acceptance of self service, customer acceptance, incremental sales lift, miscuts as relates to customer satisfaction, labor savings, inventory savings, impact on gross margin \$, impact on hardware comps (Mike said they are still "working through"), impact to avg. ticket in hardware.
- Hillman was in "no win situation" once Minute Key showed up with retail ready solution since criteria for success was determined at the time test was approved and commitments (not contractual) were made to MK based successful outcome. This created a "moral dilemma" for him when he learned that we were actively pursuing a similar test with our solution.
- Said we were really in a "no win" situation from the day MK showed up and test was granted, FP&A analysis would either prove that self-service vending was not a success (in this case machines would be pulled and Hillman would never be allowed to test anything) or it would prove successful (in which case Lowe's would have to follow-through on commitment / investment from MK who "got there first".)
- Understood all of the value adds of our program.
- Is willing to follow through on any test commitment that was made, however "test would only be symbolic".
- Other quotes: Was not looking forward to call, Does not want this to hurt our partnership, Understands this will cause pain, Wants to know what kind of pain this will create for Hillman, Hopes we will not respond in a negative way that impacts other programs, Put this in perspective to total Hillman business, Understand this is not the only opportunity in front of us, Can't take FP&A fact based data and do anything other than recommend expansion, Test has created allot of interest & momentum from store operations. Someone should have considered all aspects (results & impact) of the test to Hillman if test was successful. Some he said, she said, but no denying that MK got there first with a self service solution that worked. Referenced marketing summit and that Lowe's was moving fast to implement their new retail strategies.
- Spent 30 minutes total on phone. Covered all bases including our lack of opportunity to compete head to head in true "bake off" best program wins contest.

I'll send anything else I can think of that's relevant to our discussion at 2:30.

Thanks,

Chip Church | Sr. Vice President, National Accounts Sales & Service | The Hillman Group Inc. 10590 Hamilton Ave| Cincinnati, OH 45231-0012 | tel (513) 851-4900 x2051 | fax (513) 851-5531 email Chip.Church@hillmangroup.com

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