

October 14, 2011

Ref: Price Increase Notification

Dear Shat-R-Shield Customer:

Worldwide demand continues to increase for rare earth metals. Many products such as fluorescent lamps, hybrid cars, defense technology and other electronic devices are also experiencing an increase in demand for the same rare earth metals. Accounting for 95-97% of the global production, China currently holds a monopoly over rare earth metals. However, the Chinese government has not only implemented new tariffs against the mining of rare earth metals but it has also drastically cut its amount of exports, creating a severe supply shortage for other countries. As a result, prices of products containing these rare earth minerals have been forced to increase significantly worldwide.

Several of the lamp manufacturers have announced a second price increase averaging 24% on fluorescent products. Effective November 15, 2011, Shat-R-Shield finds it necessary to increase prices an average of 6% on the majority of fluorescent lamps. The increase percentages will vary by fluorescent product family, while the remaining Shat-R-Shield products will stay at current price levels that became effective September 1, 2011. Existing Bill and Rebate and Special Pricing Authorizations will be honored through December 31, 2011.

It is extremely difficult to predict when pricing will stabilize. In an effort to alleviate the problem, mining has resumed in areas of the U.S. where rare earth minerals were previously extracted, but it will take several years before these mines will be fully functional. For now the lighting industry will continue to experience both price increases and product shortages until global rare earth metal production can meet the demand.

The Shat-R-Shield sales organization is updating your pricing files, which will be available in an electronic format by November 1. Your Shat-R-Shield representative will be contacting you in the near future to review the changes to your pricing.

Shat-R-Shield will continue to provide you with high quality safety coated products and the same exemplary customer service that you have come to trust.

Very truly yours,



George C. Mabin  
VP Sales and Marketing