



January 26, 2011

Dear Partners and Friends:

Thank you very much for your business, support and friendship over the years. All of us at Air Vent appreciate the relationships we enjoy with you. I am writing to advise you of growing cost pressure within our business. We have worked hard to resist and absorb many raw material and other related cost increases throughout 2010. While we dislike raising prices we find ourselves in a position where we must do so.

Please consider the following:

- Crude Oil – has been steadily rising during 2010 and is projected to reach \$100 a barrel by May 2011. This has led to much higher fuel costs as freight carriers have increased our rates dramatically and are indicating further increases to come.
- Resin – Polypropylene has increased 25% since December of 2010. Light crude oil feedstocks have been favored by refinery cat-crackers throughout 2010 which results in lower production volumes of polypropylene and other monomers produced. This dynamic has been further complicated with several refinery issues over the last few months (ex. recent interruption in Alaska pipeline) has further reduced polypropylene supplies. As a result, refiners have implemented increases in January of \$0.15 - \$0.17 cents per pound and are discussing further increases to come. Recent notification from suppliers indicating an additional \$0.15 cents per pound on polypropylene in early spring should be expected.
- Steel – prices have sky rocketed 30% since the fall of 2010 and are continuing to climb. Lead times have been extended out to 6 – 10 weeks already and manufactures are indicating further increases are likely. These trends have been developing over the past year as mill capacity has become constrained around the world and recent floods in Australia have further stretched the global steel supplies.
- Aluminum – global production continues to decline as daily output in China has fallen to a 15 month low. This is tied to growing pollution concerns in China as well as rapidly rising utility costs. This has reduced the primary aluminum supply to a 17 month low and resulted in rising prices.

Primarily because of these issues, we are announcing price increases in the 5-7% range on all of our metal and plastic ventilation products effective with shipments beginning on April 1, 2011. More details will follow as we approach that date.

Please contact your local Air Vent representative with any questions or concerns. Once again, we appreciate your business and we will continue to work hard to supply high quality ventilation products at competitive prices with the high level of service and support you have come to expect from our company.

Sincere regards,

A handwritten signature in dark ink that reads 'Donnie Anderson'.

Donnie Anderson
Vice President of Sales
Air Vent, Inc.