

MEMO

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TO: All Karnak Customers

FROM: Chris Salazar / Vice President Sales & Marketing
KARNAK CORP. Phone: 800-526-4236 Fax: 732-388-9422

DATE: February 11, 2011

RE: Karnak Price Increase Announcement – Effective March 1, 2011

Dear Valued Customer:

Raw-material price increases are once again forcing us to increase our selling prices for all products by 6% effective March 1, 2011. Asphalt Saturated Cotton will be increased by 20% as a result of steep increases in the cost of cotton. In addition, reduced availability of certain raw-materials such as TiO2 and others that have been put on allocation continue to be a challenge for our industry forcing costs and selling prices further up. Because of the situation in the Middle East, and the possible volatility of oil related raw-material prices we may be forced to invoke force majeure.

Karnak continues to do everything possible to maintain a steady supply of high quality raw-materials, and to keep cost increases down to a minimum. We remain committed to providing the industry with the highest quality products and service. Karnak will never cut costs by reducing the quality that contractors and distributors have come to expect from Karnak products.

Please plan your product requirements in advance and place your orders prior to the March 1, 2011 deadline to receive the current price. Current prices will only be honored on orders placed prior to March 1, 2011 for immediate release.

Karnak Sales Representatives will distribute updated price-lists as soon as they are available. In the meanwhile if you need immediate pricing assistance, please contact our toll-free Customer Service Department – 800-526-4236.

Thank you for your continued loyal support.

Sincerely,



Chris Salazar