



# Arnthane

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October 9<sup>th</sup>, 2014

Dear Valued Customer,

I want to start by saying "Thank you!" for making Arnthane one of the fastest growing SPF foam & coatings manufacturers in the US and tell you how much we appreciate your business. We look forward to continuing to provide you with the same world-class products that make your life easier at prices that make you more profitable.

According to the latest reports the SPF insulation industry is expected to reach \$1.1B in the US in 2015 with growth expected to be over 13% annually throughout the rest of this decade. That rate is over 3x the current growth rate of the US economy as a whole, making our industry one of the fastest growing and most exciting industry segments to be a part of at this time in history. This staggering growth is exciting to us as a manufacturer and should also be very exciting to you, our MVP customers.

The unfortunate side effect of this industry growth is that raw material prices continue to increase due to this increased demand for SPF products.

As your Arnthane representative has communicated with you, we anticipated it would be necessary to implement a price increase effective October 15<sup>th</sup>, however we have held off on naming the amount in the hope that we could work internally and with our suppliers to off-set increases. Strictly based on raw material cost our initial estimates for the October 15<sup>th</sup> increase were between 6%-7%. We are happy to report that we were able to cut the anticipated increase by more than half.

Effective October 15<sup>th</sup>, 2014, or as contracts allow, Arnthane Inc. will increase the price of our ThermalGuard Spray Foam Insulation, WaterShed Spray Foam Roofing products, and IronHide Spray Polyurea Coating products by 3%.

While we recognize that an increase of any kind is not good news, we anticipate that this increase will be well below the industry standard and, like you, we continue working diligently to keep internal costs down wherever possible in order to continue to be a good manufacturer, supplier, and partner for you and your business.

Please feel free to contact me directly, or one of my team if you have questions and please don't hesitate to let us know how we can help you and your business be more successful throughout the rest of 2014 and beyond.

Kind Regards,

Matthew R. Hugg  
Vice President Sales & Marketing  
Arnthane Inc.