



To: All Rowmark Distributors  
From: Rich Zydonik  
Date: March 29, 2010  
Subject: Global ABS Resin Markets/Price Increase

As a result of the 2009 recession, many of our distributors and suppliers substantially cut inventories to offset the lack of revenue and global profitability. While Rowmark has certainly tried to maintain adequate inventories, the slow business climate as a result of the recession has caused a global retraction in total finished goods and raw materials inventories within the marketplace.

Last year, in an effort to offset recessionary conditions, Rowmark implemented a price reduction early in the year to minimize the business impact for our customers. However, the raw resin material suppliers cut their production based on weak demand and implemented approximately a 7-10% price increase to maintain adequate operating margins. Rowmark chose to absorb these price increases as we didn't want to apply additional pressure on the fragile marketplace at the time.

During the first quarter of 2010, we have all experienced the steady price increases of gasoline at the pump. According to energy reports, "seasonal influences are strong this time of year and account for much of the expected increase that many analyst say will push gasoline prices to a nationwide average of at least \$3 per gallon this spring". Adding to these pressures, Rowmark has seen a rapid raw material price increase in the last two months as well, and a strong tightening of supply. This is a direct result of limited production in the monomers that make up our raw material resins. In particular, butadiene and Acrylonitrile that make up ABS (one of our primary resins) are significantly higher in the worldwide raw feed stock markets. Spot butadiene increased another .06/lb just this past week. Additionally, due to the recession, compounding production plants were shut down and mothballed due to limited demand and the necessary cost cutting efforts. This has caused a huge supply disruption, and as you will see in the attached article, two large suppliers out of the three major companies are in either "force majeure" or demand management conditions. These suppliers have implemented a mandatory price increase again to us in the same range as 2009.

As a direct result, we have no alternative but to implement a minimum 7.6% price increase on all ABS products, **effective Monday, April 19, 2010**. Additionally, we will have to limit any pre-buying of materials due to the extreme tight conditions in the supply of raw materials. There are various alternative blends available, but they are not satisfactory for the engraving market and not all suppliers make equivalent material grades. Please be aware that this is a worldwide condition that impacts all suppliers.

We will be forwarding new pricing to you on or before April 5 so that you can plan your sales and marketing efforts accordingly.

Unfortunately, we are going through unprecedented times with our vendors and the worldwide supply market. We will do our best to keep you informed of these conditions, and we thank you for your patience and understanding.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Rich Zydonik". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Rich Zydonik  
Vice President of Sales & Business Development

Attachments: Plastics News Article