

Philip Correia

From: Peter H. Stevens [permainc@earthlink.net]
Sent: Friday, July 25, 2008 12:29 PM
To: ceng@perma.com; john@perma.com
Subject: #22 & 26 Epoxy Resin Price Increase

Dear Valued Customer,

I'm afraid this is another notification of a spot increase relating to Perma's #22 Perma Seal II, #22G Gray Perma Seal II and the four colors of our #26 Stat-Crete, Conductive Water-Based Epoxy Coating.

Perma recently placed an order for the Epoxy/Acrylate Resin used in these products and was notified of a retroactive cost increase of 11.5%. This results in an increase of \$2.05 per gallon for all of the products in which this resin is used.

We again, still have an inventory of resin with which we will manufacture at the current prices. Once this inventory is used up we will have to raise our prices.

Also, Perma has recently been notified of impending cost increases for a broad range of plastic containers. Increases in plastic container costs will affect most of the products Perma manufactures.

We are increasing inventory levels in an attempt to delay having to issue broad spectrum price increases, but I anticipate having to issue a new distributor price list by September.

The final bitter pill in this e-mail is that due to the extraordinary cost increases over the last several months, Perma has no choice but to declare force majeure relative to any pending bid/volume discounts for the following floor finishes #11 Lock Gloss, #15 Flash, #20 Landmark, #21 Rock On, #25 Tuff Gloss, #30 Cutting Edge and all solvent-based polyurethane gym and wood finishes, that were quoted based on the December 2007 price list. Because of the hyper competitive nature of the JanSan industry in recent years, Perma has had to maintain pricing that provides no room for absorbing the types of cost increases we have recently received. Generally, volume/bid discounts are quoted relative to a particular volume pricing column.

We will honor the same column price discount from the current (June 16, 2008) price list.

If you have any questions regarding these policies I would be happy to answer any questions you might have. Please aware that I will be on vacation in northern Vermont starting on July 28 and returning August 5. I will have limited cell phone and e-mail access during that time, but will attempt to return to civilization to check both a couple of times during the week.

Sincerely,

Peter H. Stevens
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