

General Pricing Announcement To All MBS Customers:

It appears that pricing of commodities affecting raw materials will be extremely volatile in 2011 and will be much like a combination of 2008 and 2005 when Katrina hit the Gulf of Mexico. Just as in 2008, many of the price increase announcements that we have received so far this year have been with very little advanced notice and affect virtually every building product that you use and MBS distributes.

The frequent increase in pricing stems from a number of factors and affects not only petroleum based products such as roofing, but steel, fiberglass and PVC based products. A perfect storm of a weak dollar, speculators, unrest in the Middle East, the catastrophic earthquake and tsunami in Japan causing a major PVC resin manufacturer to claim *force majeure*, a surging commodities market, and most notably oil. The price of oil has surged 33% since April of 2010 to today. The price of oil is considered a remote or market factor in that it affects most businesses across many industries. Like many others, our industry has felt the negative impact of these surging prices, this impact is felt by everyone including the manufacturer, distributor and you, the contractor.

With the market volatility in mind, it is very important that you quote jobs with caution.

- **Be sure that you have updated pricing from your MBS sales representative.**
- **Do not extend quote dates beyond 30 days.**
- **Include materials price increase clauses in your quotes to ensure you do not lose money on a job.**
- **We receive price increases with little notice, so be sure to keep in constant contact with an MBS branch representative to be sure that you have up-to-date, accurate pricing. Other rumblings that we are hearing is that a possibility exists, in some product categories that prices may be quoted at the time of shipment...not order placement!! Needless to say, we are in very volatile times.**

We understand it is our job to help you succeed and to give you every advantage possible in the marketplace. In an effort to do so we will make certain that we do everything we can to effectively manage our inventory and promptly inform you of price changes.

As of this writing, oil is trading at about \$115.00 a barrel. We are not in the business of financial analysis and the truth is that not even the "experts" really know what will happen to commodities and the price of oil over the next few months.

History has shown that markets like this will fix and stabilize over time. ***Where it will end up and when it will happen we have no way of knowing, so until then, we encourage you to take steps to monitor your business closely.***

- **Again, quote accurately, work more cautiously to avoid wasting material, work to reduce your operating costs and keep close contact with your MBS sales representative to get updated pricing.**

We will continue to do everything we can to help your business grow and succeed. We thank you for your business and your understanding of these difficult times. Please note chart below.

COMMODITY	1 MONTH CHANGE	12 MONTH CHANGE
Commodity Price Index	5.07 %	33.63 %
Commodity Fuel (energy) Index	9.53 %	35.31 %
Commodity Metals Price Index	-4.69 %	22.73 %
Crude Oil (petroleum), Price Index	11.04 %	37.25 %
Diesel	10.25 %	45.02 %
Gasoline	10.95 %	32.62 %
Russian Natural Gas	-0.22 %	20.16 %
Aluminum	1.60 %	15.60 %
Cold-rolled Steel	5.88 %	16.13 %