Negwer Materials, Inc.

March 1, 2010

To state the obvious, the construction industry is in a very challenging time. Many of us have had to adjust our businesses in ways we never had to in previous downturns. Many experts believe we are still not out of the woods and 2010 will be another declining year in the industry. The distribution business is no different; many factors are affecting the ability to cover costs.

In the February 16th edition of *The Wall Street Journal* an article titled *High Lumber Prices Threaten Housing Market* references that lumber futures have escalated 32% so far this year. It tells how an unexpected surge could force builders to swallow added expense. The reason, the reporter mentions, is that factories have cut their production down since the highs and wholesalers depleted their inventories, which created “little slack in the supply chain” to handle a spike in demand.

I reference this article to draw a parallel in the gypsum supply business. All manufacturers have had to reduce capacity. Any type of spike will cause tight supply and a surge in price. Adding to the fact that some manufacturers have lost money for multiple quarters, the same result will happen with gypsum board as mentioned with lumber. We have received notice from all manufacturers of an aggressive 20% price increase for the middle of March. On the steel front, all buyers of steel are experiencing higher prices from the mills. We have already experienced two price increases this year and roll formers implemented a 10% increase March 1. The ever-increasing cost of raw materials and scrap steel needed to make prime material, along with the weak dollar, which limits imports, combine to force higher prices for all steel products.

It is with the climate described above that **we are forced to announce price increases for gypsum, steel framing and acoustical product lines.** Additionally, we feel price escalations could be substantial moving forward due to these newly realized industry capacities.

Gypsum
Increase – 20% (estimate $25 to $35 per msf) Effective April 5, 2010

Acoustical Tile & Grid
Increase – 5% Effective March 15, 2010

Insulation (Fiberglass & Foam)
Increase – 5% to 10% Effective April 5, 2010

Steel Framing
Increase – 15 to 20% Effective April 5, 2010

Negwer Materials, Inc.

As a reminder, all quotes must be signed as an instrument of intent within 30 days of issuance. The metal stud industry has continued to say that they will stand by their quotes, but are very stringent on procedure, verification of job awards and monitored shipment volumes on quoted projects.

For planning purposes we have included with this letter a pricing outlook and fuel surcharge policy for the remainder of 2010. These are simply industry forecasts and are not implemented at this time. We will send price increase bulletins should these forecasts come true. As you and your business climb out of this "industry depression", we believe it is better to have an indication where the industry experts are forecasting costs to be through 2010 before you have signed contracts on future jobs.

As you can see, our industry is undergoing new challenges and dynamics that we have not experienced before. We understand that with increased costs to your business, our commitment of providing productivity-enhancing products, knowledgeable product specialists, and competitively priced materials needs to be stronger than ever to assist you in your ultimate goal of overall job profitability. We appreciate the confidence you have shown in Negwer Materials through the years and thank you for your support.

Please feel free to contact me should you have any questions.

Sincerely,

Peter G. Wilhelms
Vice President, Marketing & Product Development

Negwer Materials, Inc.

March 1, 2010

RE: Fuel Surcharge Policy

Diesel fuel and energy prices have been fluctuating at an increased rate of variation. With this increase we have seen the manufacturing community cover their fixed freight costs by historical means and handle the “new” variable costs by having a fuel surcharge schedule.

Negwer Materials will add the applicable fuel surcharge on invoices according to the schedule below. The surcharge will be based on the average monthly US #2 Diesel Retail Price published by the Energy Information Administration. **http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp**

If the average price per gallon for the previous month exceeds $3.25 per gallon we will apply the fuel surcharge for the current month as shown below.

Flat Rate Fuel Surcharge Per Delivered Invoice

Average #2 Diesel Retail	**Price For Prior Month**
Price Per Gallon	USD$
$3.26 to $3.75	$12 per delivery
$3.76 to $4.25	$18 per delivery
$4.26 to $4.75	$24 per delivery
$4.76 to $5.25	$30 per delivery

The February 2010 average US #2 Diesel Retail Price was $2.784 per gallon.

We understand the impact on your business fuel surcharges can cause when you have multiple trips to the same site. We have announced this schedule to help you plan for projects or clients that require a higher number of deliveries to achieve project success.

Please feel free to contact me should you have any questions.

Sincerely,

Peter G. Wilhelms

Peter G. Wilhelms
Vice President, Marketing & Product Development

Negwer Materials, Inc.

Pricing Notice / Forecast Outline
March 1, 2010

Manufacturers' Current Increases

Gypsum	
Increase – 20% (estimate $25 to $35 per msf)	Effective March 15, 2010
Acoustical Tile	
Increase – 5%	Effective March 1, 2010
Acoustical Grid	
Increase – 5%	Effective March 1, 2010
Insulation (Fiberglass & Foam)	
Increase – 5% to 10%	Effective March 29, 2010
Plaster Goods (Bags)	
Increase – 5%	Effective March 15, 2010
Steel Framing	
Increase – 10%	Effective January 2, 2010
Increase – 10%	Effective March 1, 2010

Manufacturers' Projected Increases

Gypsum	
Projected Increase – 10% to 15%	Expected ~ June 15, 2010
Acoustical Tile	
Projected increase – 3% to 5%	Expected ~ July 1, 2010
Acoustical Grid	
Projected increase – 5% to 10%	Expected ~ July 1, 2010
E.I.F.S.	
Projected Increase – 2% to 6%	Expected ~ May 1, 2010
Steel Doors, Frames and Access Doors	
Projected Increase – 7%	Expected ~ April 2, 2010
Finish Hardware (Door Related)	
Projected Increase – 5%	Expected ~ May15, 2010
Steel Framing	
Projected Increase – 5%	Expected ~ July 1, 2010
Projected Increase – 5%	Expected ~ October 1, 2010
Projected Increase – 5%	Expected ~ January 1, 2011