

Sales Bulletin: 2010-21DDC

March 26, 2010

Price Increase

May 3, 2010

Geography: US Commercial & Retail

Steel Industry Trends

Steel costs continue to escalate rapidly and impact our manufacturing costs. U.S. Spot market prices for steel have risen dramatically since January and are expected to climb further. Some of the factors influencing the rising costs include:

- Steel scrap prices have risen over 30% since January
- Current iron ore spot prices are 81% above last-year's contract benchmark
- Coke prices resumed their climb. Prices for the April-June period will increase 55% versus the prevailing benchmark
- The devalued dollar continues to dampen imports of steel
- Zinc prices doubled during 2009
- US steel Capacity Utilization rose to 71% in March 2010, compared to 43% one year ago. US steel capacity is at its highest level since October 2008.

Pricing

In light of these events, **prices on Armstrong Commercial and Retail Suspension Systems including Drywall Suspension will increase 10% effective with shipments on Monday, May 3, 2010.** Axiom and Serpentina products are not included in this increase.

We suggest the following guidelines for the balance of 2010:

- 3% increase – October 1, 2010

Service

Based upon our experience with the rapid escalation in grid pricing during 2004, 2006 and 2008 we will analyze historical grid order rates. Effective immediately, we will service order volumes based upon the historical purchases by customer.

Quotation Policy

Our policy remains:

- Armstrong will only quote for shipment six months beyond the date of initial quote
- We will quote only projects of 100,000 SF or greater
- Quotes will be issued for specific, identifiable projects
- Quotes will NOT be automatically extended beyond the initial six month period
- Orders must be placed with 90 days of the initial date of quote
- The order must ship within six months of the initial date of quote

We are examining all aspects of our operations to minimize the impact of these rapidly changing developments. We thank you for your business and appreciate your support as we work through this steel market together.