

July 25, 2011

Subject: Rare Earth Minerals Effect on Fluorescent Lamp Pricing

Dear Valued Customer:

The purpose of this letter is to inform our customers of an unprecedented situation that is occurring with the pricing of fluorescent lamps, such as standard linear lamps, including T8, T5, and T12 lamps and all compact fluorescent (CFL) lamps.


Here is an excerpt that appeared in the SmartEnergyPortal.Net issue of July 12, 2011. *"The Chinese government and its recent restrictions on rare earth element exports have caused the problem. Rare earth oxides are a critical component in the making of the phosphors used in linear and compact florescent lamps. China controls more than 95% of the global market for these rare earth oxides. The Chinese government has imposed taxes for environment clean up and imposed limitations on the amount of oxides available for export. The combination of limited production and imposed taxes to mine and produce these elements has led to unprecedented cost increases that started in January of this year."*

All major lamps manufacturers have announced price increases with a minimum increase of 25%. Effective August 1st, 2011 GE, our major lamp supplier will be increasing their lamps to reflect the above situation. In addition, specific customer and segment Special Price Agreements (SPA's) now will be on a price in effect pricing arrangement.

Our sales associates stand ready to work with you on any hold for release orders already in the system. Please refer to our web page, under the tab *Advance to Green* for more information on this matter.

Thank you for your understanding during this time of significant price volatility.

Sincerely,



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