



June 29, 2016

To: All Erie Materials Customers

First of all, everyone at Erie Materials would like to thank you for your valued business. Being locally owned and operated has allowed us to grow and service you with hands-on ownership. We feel our team of skilled professionals is the best at providing superior service to you. We feel it is also our obligation to keep you informed as to market and price changes.

Reported in our last letter, all roofing manufacturers had a price increase on June 1<sup>st</sup>. We will implement this first increase in July. The factors behind this increase were increased demand, raw material costs, transportation, and most importantly the weather-related damage caused by wind, tornadoes, rain, and especially the unprecedented number of hail storms throughout the country. These storms have created a tremendous demand for roofing products causing as much as a two-month lead time for shipments.

This demand must be getting stronger as all manufacturers have announced yet another increase scheduled for August 1<sup>st</sup>. I would guess that we will implement this increase between September 1<sup>st</sup> and the 15<sup>th</sup>. You can expect an additional \$3-4/ sq. increase at that time.

The volatility of steel prices this year continues. Raw material costs are still rising and supply remains tight due to decreased domestic steel capacity and limited import steel. One of our manufacturers has announced a 5% increase and we expect the same from our other supplier.

Mastic Siding has announced a price increase on all vinyl products effective July 1<sup>st</sup>. I'm sure CertainTeed will follow. This increase will be effective July 20<sup>th</sup>.

The proposed Viwinco vinyl window increase mentioned in our last letter has been cancelled. They do not expect any increase in the near future.

If we see any changes in major product lines, we will try and provide as much information to you as quickly as possible.

As always, price escalation clauses in your contracts are never a bad idea. Thank you again for your continued support of Erie Materials and our dedicated staff.

Very truly yours,

Robert Neumann, CEO