



December 20, 2011

To our valued customers

Dear Friends:

We are submitting our 2012 Distributor Price Guide for your reference. Prices are effective on orders placed as of 1/19/12

As the largest manufacturer of wool skin dusting and care products in North America, Lambskin Specialties remains committed to manufacturing and sourcing the finest in building maintenance products, while providing exceptional service, selection and value.

With 2011 coming to an end, we have continued to experience volatility in the prices of shearing and long-wool sheepskins utilized for a variety of our cleaning products. Combined with increased costs in component parts, manufacturing and shipping, it has become necessary to implement a price adjustment. Though these are among the first adjustments on our dusters in many years - in fact, there has been virtually no price changes on many duster models since 1989!— we recognize that any increases are an inconvenience. Similar issues have also impacted on pricing of some feather duster models.

Following are a few excerpts from articles in industry journals concerning skin pricing:

- *Prices for pelts from new-season sucker lambs now at their highest levels for more than five years.*
- *Buyers said a shortage of product had pushed the market to new highs, with overseas tanneries in China and Russia having to focus more attention on lambskins due to limited supplies of sheepskins.*
- *Lack of supply due to the sheep kill being at historically low levels was the main reason lambskin prices had risen*
- *....with the way the dollar is acting, a weak economy, shortage of material, rising costs of labor, freight, and gas...combine that with the New Zealand floods that killed millions of sheep and the extreme popularity of the UGG. Well, there is an extreme shortage of supply. The prices will go up, sometimes as high as 40%. Just no way around it. Black Swan Blog October 16, 2011*

We are hopeful that the market will stabilize, and we will enjoy some cost consistency over the next year or two.

Thank you for your understanding and for your commitment as a Lambskin Specialties/DUST WAND distributor. If you have any questions, please do not hesitate to contact me.

Sincerely

LAMBSKIN SPECIALTIES

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