

Pigs Unlimited International, Inc.

February 15, 2018

Dear Valued Customer,

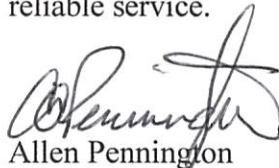
Recent events in the urethane market, including a Force Majeure being issued by all major US suppliers within the last few months, has caused a worldwide shortage in certain chemicals used to manufacture polyurethanes, especially in the MDI market. Global supply constraints on MDI and TDI products, which are used in the production of both foam and solid cast urethane products, have caused a panic in the market and prices have spiked. Due to these unfortunate events, PUI will be increasing prices by 9% effective April 1st, 2018, on all medium and heavy foam pigs, as well as urethane cups, discs, and solid cast pigs.

This will be our first increase on such products since 2006 despite the fact that chemical prices, as well as general overhead costs like labor, have continued to rise throughout through that same period.

Due to the scarcity, it is currently not possible to buy such chemicals in the United States in bulk. PUI has had to reach overseas to secure supply in the coming weeks, and we hope to continue operations throughout the force majeure without interruption.

Please see the hyperlinks at the bottom of this message for information about this situation and pricing trends in the urethane market.

Thank you for choosing PUI as your supplier. We look forward to being able to provide you with reliable service.



Allen Pennington
President

<http://everchem.com/isocyanates-outlook-2018/>

<https://www.icis.com/resources/news/2018/02/07/10191405/us-tdi-prices-rise-on-ongoing-supply-tightness/?redirect=english>

<http://www.pudaily.com/News/NewsView.aspx?nid=69466>

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We create chemistry

February 9, 2018

John Pennington
Vice President
Pigs Unlimited International, Inc.
23802 FM 2978, Suite C1
Tomball, Texas 77375

Dear John:

Effective February 16, 2018, BASF will increase its prices on polyurethane system products by 9%. This is due to tightness in the urethanes market and dramatically increasing raw material costs. I am happy to discuss this with you in detail at your convenience.

Thank you for your continued business and the trust you place in BASF.

Kind Regards,

A handwritten signature in black ink, appearing to read "J Pruneda".

Javier Pruneda
Account Manager
BASF Corporation Performance Materials