



December 20, 2010

Enclosed:
GROHE 2011 Price List
2011 Distributor Support Program
New Products Flyer

Dear Stocking Distributor,

We recognize that while 2010 has heralded a turn-around in the U.S. economy, this year has continued to challenge our industry and your business. It is in these extraordinary times that GROHE has renewed its commitment to persevere with vigor and creativity to maintain a leadership position. Your continuing support of the Grohe brand is highly valued and appreciated. Thank you.

As discussed in earlier communications, the prices of raw materials have risen sharply over the past months, with a particularly strong increase recorded in the past several weeks. The global market prices of copper, the primary metal used in the production of brass, have nearly tripled and the price of zinc virtually doubled this past year. Market analysts agree that this trend can be expected to continue. We are absorbing most of the added costs through efficiency measures shouldered throughout our organization and shall pass on only a part of the increased price of raw materials as we remain committed to offering our high-quality products at competitive prices.

Please review the enclosed documents carefully. If you have any questions contact your local GROHE representative directly.

Key Points:

- There are significant additions to the Distributor Support Program booklet, especially within the Co-op Advertising Program. Your GROHE representative will contact you directly regarding the electronic showroom sign-up/qualification form which is required to be completed by March 15, 2011.
- Prices are effective January 1, 2011. Cover date of the 2011 GROHE Price List is January 1, 2011.
- The average overall price increase, where there is an increase, is 5%. As stated above, this is a reflection of the dramatic increase in the cost of raw materials.
 - ⇒ Approximately 4% of this increase reflects the inflated prices of copper.
- Seabury and Talia widesets (20 800, 20 122, and 20 892) enjoy a price reduction of nearly 20%. We are passing on manufacturing cost reductions achieved through the elimination of complexity in the fabrication of these faucets.

- Prices on all PBV rough valves and the 34 331 (½" thermostat) rough valve are unchanged from 2010.
- The Arden line will see an overall average price increase of 14% due to the cost to fully transition this line to AB1953-compliant materials.
- Items marked with a "star" are scheduled for phase-out in 2011.
- A complete listing of discontinued/sell-out items will be published in a separate flyer to be distributed in January.
- Shower heads and hand showers have now been organized as a single presentation in the Price List (as well as included with their respective "families") to facilitate product selection and specification.
- All new products making a first appearance in the GROHE Price List are included in the New Products flyer.

NOTE: Price List error. The Eurosmart Cosmopolitan wideset (20 199) is available now. Please disregard the "Available Second Quarter" call-out marked on that product in the 2011 Price List.