



December 1, 2011

Dear HPFI Business Partner:

This past year has continued to bring change to the commercial furniture industry. We are happy to be at the forefront of many new innovations for our business partners. HPFI® again introduced several new product lines from Unos guest/reception seating to Workcenter casegoods to several new healthcare products such as the Haley Comet. We also introduced Sentinel™ antimicrobial, antibacterial as standard on all wood seating finishes along with adding several new silver ion and Crypton upholsteries.

There are a few product lines that we have elected to discontinue this year. As always, these products will be available only as long as associated materials are available.

We were fortunate to overcome much of the escalating material and transportation costs that occurred during 2011. So with this January 1, 2012 price list, we are instituting **NO** across-the-board increases. Only three product series will have an increase due to material costs that we could not fully absorb. These lines and the associated increases are:

Bravo Line - 3% increase

2200 Line – 5% increase

Accent Chairs – 9.5% increase (4 models – 683, 693, 694, 695)

But the biggest change that you will notice in the 2012 HPFI Price Book is on the graded pricing for upholstered seating. For many years, we have gone to market with only 5 grades of fabric, vinyl, faux leather and Crypton materials plus 1 grade of leather. With this few number of grades, we had very broad ranges in Grades 4 and 5. This penalized patterns on the low end of the range to the price of patterns at the higher end of the broad range.

In the 2012 Price Book, we have moved to 10 grades plus 2 grades of leather. Grades 1, 2 and 3 will reflect no change in price. Patterns formerly in Grades 4 and 5 may be lower, the same or slightly higher in their new grades. We also extended the top of our grade range by nearly 40%. What this means is that more high performance upholsteries growing in popularity and use (particularly in healthcare) now grade in versus being priced as a special or ordered as COM upholstery!

We appreciate you as a valuable business partner and look forward to a successful and mutually profitable new year!

Sincerely,

Mike Wissman

Vice President, Sales and Marketing