



April 26, 2011

To Our Valued Customers:

On March 21st, a fatal explosion severely damaged America's main production facility for calcium carbide in Rubbertown, Kentucky. Seventy percent of America's acetylene gas production is dependent on calcium carbide, and the balance is a by-product of chemical manufacturing. With only one U.S. company producing all of the United States' calcium carbide from two plants, the explosion is estimated to have reduced overall Acetylene generation capacity from U.S. sources by 50%. Currently, it is unknown when, if ever, the plant in Rubbertown will restart.

Because most acetylene production facilities maintain several weeks of carbide inventories, the true impact from the explosion is just now being felt. Many of our competitors and vendors have already declared "force majeure" because of the disruption, and this letter serves as notice of "force majeure" from Alliance. All acetylene producers are currently operating under allocations, and have been forced to add surcharges to the acetylene they produce to recover the costs and delays incurred by importing calcium carbide from producers outside of the United States.

Alliance is working diligently with all of our suppliers to ensure that we maximize all available sources of acetylene and minimize allocations. However, the costs incurred by everyone in our industry, including Alliance, have risen dramatically, and we must also announce an acetylene surcharge effective May 1st, 2011 as follows:

MC Size acetylene cylinders	\$ 1.65 per cylinder
B Size acetylene cylinders	\$ 2.68 per cylinder
2A/3 Size acetylene cylinders	\$ 4.96 per cylinder
All other acetylene cylinders	\$ 5.27 per hundred cubic feet

There are several cost effective alternatives to acetylene for many applications. Alliance is the only local filler of Propylene for industrial applications, and we also fill industrial propane. As a prime supplier of both products, we can help you evaluate the proper alternate fuels for your individual application.

Alliance will be regularly updating our website, www.alliance.ws, with the latest news about the acetylene disruption, and the status of surcharges and allocations. If you have any questions about acetylene, or would like to review alternative fuel options, please feel free to call your sales representative, or me, to review your company's specific issues.

Sincerely,

A handwritten signature in blue ink that reads "Marvin Rodgers, III".

Marvin Rodgers, III
President

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