



VST & Veeder-Root EVR Product Availability Update

March 11, 2009

As California's April 1st EVR upgrade deadline rapidly approaches, CA PEI distributors are preparing to provide equipment to stations that have not yet completed their EVR installations. Current figures from CARB indicate as many as 5,000 stations still need to purchase and install equipment to achieve compliance. Numerous estimates of contractor capacity indicate that the market can only achieve peak monthly installation rates of 600-800 stations. Given the acceleration we are seeing in balanced permits, we do not anticipate permit issuance to be a significant bottleneck in the months ahead.

Both VST and Veeder-Root have been preparing their supply chains and manufacturing facilities to exceed peak EVR equipment installation levels. Current distribution inventory levels and increased production capacities, coming on line for their respective components (VST and Veeder-Root); will enable the upgrade of 800 – 1000 (balance EVR) stations per month.

Due to the uneven nature of anticipated distribution orders (they tend to come in large stocking quantities), both companies have put in place mechanisms to balance time sensitive customer shipments with shipments for distributor stocking to ensure that true market needs are met during the upcoming peak demand period.

We appreciate your continued support of our balance EVR solutions. Please do not hesitate to contact us with questions or concerns.

Best regards,

Glenn K. Walker
President
VST

Mark Maybee
Vice-President Vapor Recovery Business
Veeder-Root