



PRECISION PLUMBING PRODUCTS

802 SE 199th Avenue, Portland, Oregon 97233
PHONE: (503) 256-4010 FAX: (503) 253-8165

March 22, 2022

Re: Price Increase ClearFlow nipples

Valued Precision Plumbing Products Customers,

Below, please see language supplied by sourcing department on PPP Clearflow nipples. At this time, PPP will be forced to pass along these costs.

REF.: NOTIFICATION OF FORCE MAJEURE AND ASSOCIATED PRICE INCREASE

Due to the evolving geo-political events, the increasing costs of commodities, specially the overall cost of different base metals, freight costs heavily impacted by the extensive increase in the cost of fuel linked to high oil prices, supply chain disruption in connection with Covid-19, the rapid increases in global demand and historical low inventories throughout the supply chain, the extreme limitations with respect to raw materials, labor shortages, extended lead time and delivery delays from suppliers and related services, we must invoke force majeure.

Suppliers continue to experience labor shortages and absenteeism in their workforce, having great difficulty filling both skilled and unskilled positions, limiting capacity levels to well below demand. These labor shortages, particularly skilled machine operators and welders, continue to limit recovery efforts. High turnover rates in unskilled labor are also proving problematic in maintaining production plans. The consensus among fabricators is to expect the shortages to extend into 2023. Based on current forecasts, prices and lead-times remain elevated for the foreseeable future as inventory levels remain well below market demand.

Given that the current geo-political events, coronavirus situation and its consequences were unforeseeable, extraneous to PPP's Supplier(s) and beyond our control, we hereby are declaring a force majeure event with respect to your products and have to implement an increase in prices to cover a portion of the increased costs we are experiencing across all platforms.

All purchase orders need to be updated with the new pricing and will be invoiced through a revised or separate invoice. You agree to pay the applicable price increase pursuant to the standard payment terms in the agreement **and adjust your existing PO to reflect this price increase**. If a dispute arises with respect to this price increase and that dispute remains open for more than fifteen (15) days after the date of submission of this letter, PPP's Supplier(s) may withhold performance and future shipments or combine any other rights and remedies as may be provided by contract or permitted by law until the dispute is resolved.

Kindly acknowledge your agreement by signing a copy of this letter in the space provided below and return it no later than March 31, 2022 to ensure we can maintain your production slot. We appreciate your business and understanding in this evolving situation as we navigate jointly this unprecedented and rapidly shifting environment.





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Unlike the verbiage above, PPP will honor all pricing on current Purchase Orders to the extent our inventory allows. However, any new ClearFlow purchases will be at the new pricing.

This increase will include all SKUs on ClearFlow product and will be 20.6%.

Please visit PPP's website: www.PPPinc.net in the near future to download an updated price guide. As always, feel free to contact me with any questions or concerns.

Brandon Gunnell
VP
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