



November 1, 2021

RE: Material Cost Surcharge

Dear Valued Customer:

As you are aware, most all segments of the American economy are facing unprecedented strain on the supply chain and Tennsco has been battling these challenges as well. Our greatest concern is steel prices remain at historically high levels, and we do not see relief anytime soon. In addition to high steel prices, we are seeing rising costs and extended lead-times across nearly all our purchased parts and other raw materials. Finding and retaining quality production workers is an ongoing concern and has added to our labor costs. Tennsco, as well as most manufacturers, are facing unprecedented challenges.

Earlier this year, we made the decision to implement a material surcharge to help us react quickly to the rapidly changing steel market prices, as well as other cost drivers. Due to factors mentioned above, we will be adjusting the surcharge to 58.25% on net pricing, effective December 1, 2021. While we need this increase immediately to cover costs, we are delaying the implementation for a month to give our customers time to plan and react. This surcharge will be applied to all orders with Tennsco standard lead times. If an extended lead time is needed, please reach out to our quotes department.

Tennsco fully understands the burden we are placing on our dealer/distributors. It is our belief that the current steel market is an aberration and we do not see how these extremely high prices can be long sustained by the U.S. market. We fully plan to reduce, and eventually eliminate, the material surcharge as prices ease up and market conditions normalize. We will continue to make every effort to control our costs, and therefore, minimize the surcharge.

We appreciate your understanding and truly value our partnership.

Best Regards,  
**Tennsco, LLC**

Stuart Speyer  
President