



March 22, 2022

To: Robert Zingelmann
Chief Financial Officer, Finance and Operations Services
Region 4 Education Service Center
7145 West Tidwell Road
Houston, TX 77092

RE: KI Material & Commodity Surcharge

Dear Valued Customer,

It's never easy to ask a customer to pay more for our products and services. However, given the ongoing economic and political disruptions taking place here in the United States and across the globe, we unfortunately must increase our surcharge to maintain the level of high-quality products and services you've come to expect from KI.

More specifically, KI will increase its surcharge from 5% to 10%, effective April 25th, 2022, or upon the terms of the agreement. This is to include all orders pertaining to the current contracts and agreed upon terms between KI and Region 4, contracts R180402 and R1914808. This change to the surcharge will go into effect thirty (30) days after approval and written notification from Region 4 ESC for both Region 4 Contracts. We opted to increase the surcharge rather than implement a price increase as we are committed to monitoring market conditions regularly and will adjust our surcharge if/when market conditions moderate.

This surcharge applies to products, options, and surface materials only. It will not be added to separate freight or installation charges. The surcharge is temporary. It protects our customers from having to permanently realize those cost / price increases which are transitory.

We are highly sensitive to the pressure this surcharge puts on you and your business. KI has never – and will never – enact a surcharge unless it's absolutely necessary. The reality is that current market conditions continue to drive up the cost of raw materials and freight*, a trend that is expected to continue for the foreseeable future. *We hope that by providing a 30-day advance notice, you will have an opportunity to place your orders prior to the surcharge becoming effective.*

*KI is committed to complete customer transparency. The below items detail the additional cost increases experienced since our surcharge was first implemented in the summer of 2021.

Truck Load Freight: 28%

LTL Freight: 21%

Import Containers: 167%

KI would like to thank you for your time and continual partnership.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Van Straten'.

Andrew Van Straten
Contract Manager
Krueger International, Inc.

KI
1330 Bellevue Street
P.O. Box 8100
Green Bay, WI 54308-8100

Tel 920-468-8100
Fax 920-468-0280