



ATTENTION: PLEASE READ

Date: December 2, 2021

Bulletin #: Bul-Pri-1221-006

Subject: Neapco Materials and Transportation Surcharge

To: All Neapco Drivelines Aftermarket Group Customers

To Our Valued Customers,

As we ALL continue to navigate the ever-changing and unprecedented market disruptions facing the entire global supply chain, it has become necessary to implement a Materials and Transportation Surcharge. We are not changing the product price because we are witnessing great cost fluctuations and are hopeful that at some point these fluctuations will plateau and eventually decline as conditions improve. Therefore, the surcharge will allow us to be far more reactive (up and down) much more quickly, thus providing a quicker response and savings for you when the markets recover and costs come back in line with some degree of normality. This decision was not quick, nor was it taken lightly. We always do what we feel will best benefit our customers and we believe this gives us the best opportunity to be fair and equitable to you.

Neapco continues to experience relentless headwinds in several segments of our operations, including but not limited to those listed below. This continues to result in higher costs beyond normal circumstances and previously anticipated levels:

- Raw material increases
 - Aluminum 64.2%
 - Steel 199.5%
 - Grease 33.1%
 - Packaging (Corrugated) 17%
- Domestic transportation increases 20++%
- Air Freight increase 60%
- International transportation increases 5X-6X

As such, and as noted above, Neapco, must implement a surcharge. The current surcharge will be 15.1% and will be listed as a surcharge on the invoice. When reviewing the increases listed above it becomes easier to understand why we cannot continue to absorb these increase internally. We tried! This will NOT affect the current product pricing on the invoice. This will be effective December 6, 2021. We also understand this is being implemented without giving our normal notice. However, the current situation is unprecedented in affect and magnitude. Following the December 6, 2021 implementation, any necessary adjustments to this surcharge in the future will come with a 30-day notice. Neapco will continue to work to optimize our efficiencies in areas that will provide additional value and competitive position for our customers.



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Please contact your Neapco Sales Manager with any questions you may have. Thank you for your continued support of Neapco products.

Regards,

A handwritten signature in black ink, appearing to read 'Tim Goode', is positioned above the printed name.

Tim Goode
Vice President Sales and Marketing
Neapco Driveline Aftermarket Group

Important Bulletin from Neapco® Drivelines Aftermarket Group