

March 23, 2022

Dear Valued Dealer Partner,

Over the course of the last year, we have seen unprecedented events unfold within our markets, including one of the tightest labor markets and highest inflation rates in a generation. The dramatic cost increases within our supply chain for almost all components that we use in our production processes have accelerated into this year. Most of these cost increases have taken immediate effect, with little-to-no advanced notice, and were not subject to negotiation.

Given our extended current lead times, these increases have adversely impacted the cost of producing our current backlog. To date, Federal Signal's efforts to try and mitigate these factors have been limited to pricing actions on new orders. Unfortunately, after extensive discussions and weighing all the factors, we find ourselves in the unenviable position of having to adjust the price of Vactor, Guzzler, TRUVAC, Westech, and Elgin units that are not yet shipped and, in our backlog, as outlined below:

1. **All** Elgin, Vactor, TRUVAC, Westech, and Guzzler units **not designated with an end-customer name** (i.e., dealer stock, demo, or rental units) will be moved to January 1, 2022, pricing. Given the challenges of passing on price adjustments to named end-customers, this pricing change **will not apply** to named end-customer units and **Federal Signal will absorb this amount**.
2. Beginning on April 4, 2022, **all** shipments (including named end-customer units), will receive a Material Surcharge per the chart below:

		Material Surcharge for all shipments beginning April 4, 2022
Elgin	All Products	\$2,500
Vactor	2100i	\$3,500
	Jetter, iMPACT	\$2,500
TRUVAC	HXX, QX, FLXX, Prodigy, Wolf, Coyote	\$3,500
	Paradigm	\$2,500
Guzzler	All Products	\$3,500
Westech	All Products	\$3,500

3. **All** quotes issued, or orders accepted, after the date of this memo will be subject to the applicable Material Surcharge per the chart above.
4. Due to the large current backlog of 2100i units, in lieu of the \$3,500 Material Surcharge, all quotes issued, or orders accepted, after the date of this memo for **2100i units only** will include a 6% increase from January 1, 2022, pricing.

Additionally, PACCAR has recently announced certain "Model Year 2023 Pricing Surcharges" that will be applied to all chassis firm scheduled by PACCAR on or after April 1, 2022. The details of these surcharges include:

- \$5,000 Heavy Duty pricing surcharge on all Model Year 2023 orders.
- \$3,500 Medium Duty pricing surcharge on all Model Year 2023 orders.
- Surcharge will be rolled into "Total Surcharge/Options Not Subject to Discount" line on PACCAR's invoice.

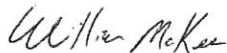
As a result, effective immediately, Elgin, Vactor, TRUVAC, Guzzler, and Westech will be updating chassis pricing to incorporate the Model Year 2023 Pricing Surcharges by model for all PACCAR chassis (Kenworth and Peterbilt).

**Several things to note:**

- You will receive a revised Sales Order Acknowledgment for all existing orders impacted by the pricing actions outlined in this memo.
- A dealer stock, demo, or rental unit does not qualify as a "named end-customer" unit. The unit must have had an end-user customer name attached to the order prior to the release of this notification.
- Due to the unusual circumstances, these actions are non-negotiable. We will be happy to speak with you on the subject, but no discounting will be allowed to relieve an order of these pricing adjustments.

Federal Signal does not take these actions lightly and acknowledges the challenges that this represents for you, our valued dealer partners. However, in order to maintain the high standards of product quality, product support, and innovation that you expect from us, we feel that these actions are warranted, now and for our collective future. At every level within our organization, we remain committed to you, and your dealership's success.

Best regards,



William "Mickey" McKee | Vice President of Sales, Environmental Solutions Group

630-338-3075 Mobile | [wmckee@federalsignal.com](mailto:wmckee@federalsignal.com)

Federal Signal | 1415 West 22nd Street | Suite 1100 | Oak Brook, IL 60523

