



Manufacturer of PIPE NIPPLES & Master Distributor of Quality PIPE FITTINGS, VALVES, FLANGES & SPECIALTIES
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FREIGHT TERMS ADJUSTMENT

April 30, 2021

To Our Valued Customers:

For the last 25+ years, Edmund A. Gray Company has offered a \$750 FFA (Full Freight Allowance / Prepaid Freight Target) to our customer partners in the "Southwestern" Region of the US.

During that time, we have seen the economy swing wildly in both directions, and during all these years we have seen continued increases in the cost of doing business (energy, labor, insurance, cardboard, expendables, etc...) Also, during the same time period, our transportation costs have risen consistently, year over year, with the most significant increase coming in the first four months of 2021.

In addition, Edmund A. Gray Company has implemented multiple price increases on our products (four of them during the last decade) which means the sizes of orders have gotten DRAMATICALLY smaller to reach the same dollar target for Prepaid Freight.

Proportionately, we could (and probably 'should') have been adjusting FFA target numbers accordingly, meaning you'd still be getting prepaid freight for similar order volumes, at the increased prices. However, we did not do that because we've been able to consistently negotiate with our carriers to keep the FFA stable. Currently however, freight costs have exceeded all expectations.

Because of the conditions outlined above, Edmund A. Gray Company must increase our Full Freight Allowance, (aka "FFA" or Prepaid Freight target) to \$1000 per order for shipments to all customers previously at the \$750 level. This will go into effect on orders received beginning Monday, May 17, 2021.

Customers outside this region will be contacted individually, to discuss any necessary changes on a case-by-case basis.

If we see any kind of sustained relief from these record-high transportation costs we will gladly look into adjusting this back downward, but we cannot continue to provide the existing allowance level for the foreseeable future.

We also are happy to work with you to help you analyze and find opportunities "buy more, less frequently".

We appreciate the relationship we have with you, our valued customers, and look forward to a time when all aspects of our businesses return to a more stable level.

Thank you for your time, consideration, and continued support.

Cordially,
Edmund A. Gray Company

Lawrence C. Gray, III
Vice President

"IF IT'S A PIPE NIPPLE WE HAVE IT"