



**FAMILY OWNED
SINCE 1890**

TO: Sutphen Sales Representatives
FROM: Sutphen Corporation
DATE: July 24, 2023
RE: Change Order Pricing and Alternative Parts

Effective immediately, Sutphen will be charging current prices for all Change Order additions regardless of original contract dates. This means any additions after the original contract is signed will be processed using current pricing at the time of the addition.

Under this pricing structure, there is a possibility of a higher-value item being deleted at pre-construction (for example, 3" discharge) and replaced with a lower-value item (for example, 2.5" discharge) at a higher price, due to price increases that have been applied to keep up with higher costs since the contract was signed. This may be a conversation to have with the customer prior to the pre-construction meeting, so they are aware of this possibility in advance. There may also be opportunities to structure the Change Order differently to use credits from other lines to make the above scenario less noticeable if other certain criteria exist to make this possible (won't be possible in all instances). Discuss and collaborate with your Project Manager for more details.

Sutphen will also be charging the difference in cost for any unavailable parts that arise during the construction of the apparatus. This means if Part X was ordered by the customer via the original contract, and the vendor for Part X is not able to supply Sutphen with that part during Sutphen's build process, the difference in cost for the closest-equivalent-alternative for Part X will be passed on to the customer via a Change Order update.

When possible, Sutphen will reach out to the dealer for customer input when alternative parts are required. However, there may be instances when a common part is no longer available, and Sutphen will decide on the most appropriate alternative for that part if it affects numerous orders.

These changes are being implemented to protect Sutphen from ongoing cost increases and parts shortages that are occurring from the point of contract to the finished manufacturing of the apparatus.

Most internal team members across our facilities have already begun using these practices over the past year. We wanted to take the opportunity now to officially align and send out this memo to the dealer network, laying out the changes and explaining their purpose in full as we lock them in moving forward.

As always, we thank you for your continued support and partnership through these unprecedented times for the industry. Please utilize this bulletin as a reference for any related customer inquiries.

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