



**SUBJECT: CUSTOMER ORDERS SURCHARGE**

**DB # 22-12**

**DATE: 3-4-22**

The Transportation industry continues to be challenged by unprecedented and escalating economic conditions. This prolonged environment has resulted in cost increases that have far exceeded original expectations. These raw material and component cost increases are driven by, but not limited to, excessive price increases for microchip processors, steel, aluminum, oil, resins, and rubber. Factors further contributing to cost increases include the impact of industry wide labor shortages, inbound freight surcharges, the expediting of components to keep the factory running, and the highest production inflation in nearly 40 years.

Recognizing the impact to our dealers and customers, Peterbilt and PACCAR have worked to mitigate these increases while continuing to maintain factory production and customer deliveries to meet unprecedented levels of demand. However, because of this continued volatile and inflationary environment, it is necessary for Peterbilt to implement a pricing surcharge on 2023 MY trucks.

#### **Customer Orders**

- \$5,000 Heavy Duty pricing surcharge
- \$3,500 Medium Duty pricing surcharge

#### **Timing**

- Surcharge will be applied to chassis not offline as of Close of Business 3/31/22
- Offline trucks as of 3/31/22 not subject to surcharge

#### **Other**

- Surcharge will be rolled into “Total Surcharge/Options Not Subject to Discount” line on invoice.
- Peterbilt Dealers are responsible for notifying customers of the surcharge immediately.
- HD and MD trucks may be cancelled at no charge by March 14<sup>th</sup>, 2022.
  - Cancelled trucks that are firm sequenced will be built as specified and placed in the offline for future sale. Pricing is subject to change depending on the new customer.
  - Cancelled trucks that are tentatively scheduled will be moved out in the schedule for specification and pricing changes, and re-scheduled based on constraints.
- Standard cancellation policy rules will apply starting March 15<sup>th</sup>, 2022.

These are unprecedented times to navigate. Peterbilt respects and honors the partnerships that have been built with both dealers and customers. Together we will manage through these challenges.

Robert Woodall  
Assistant General Manager – Sales & Marketing