



May 20, 2019

To Our Valued Distributors:

American Water Heaters is announcing a price increase on residential and commercial orders placed after July 31, 2019 to offset cost increases and as part of its process to move towards national pricing.

We continue to see rising freight costs, additional tariffs, and higher wages impacting our business.

In addition to cost increases, we are observing significant changes in the water heating business. Channels and segments are blurring, and E-commerce continues to expand at a rapid pace and often evolve into different business models. Customers are also growing through expansion and acquisition and are reaching larger geographic areas throughout the country.

These, and other factors, have led to tremendous pricing complexity and confusion. To mitigate this disruption and administrative burden to our businesses, American Water Heaters is beginning a process to move to national pricing. We believe doing so will make us easier to do business with and will make both our companies more efficient.

As a result, we will be applying up to a 4% price increase on residential and commercial orders placed after July 31, 2019.

ORDER POLICY AND GUIDELINES

- New zone sheets will be distributed by June 7, 2019.
- Orders must be placed by July 31, 2019 for immediate shipment
- All orders received after July 31, 2019 will be invoiced at the new price levels.
- **To insure all customer product requirements are met, American Water Heaters reserves the right to limit orders to an incremental 2 weeks of your normal monthly demand**
- **Orders placed to take advantage of the incremental 2 weeks leading up to July 31, may receive lead time of up to 25 work days for residential product and up to 30 work days for commercial product**

To aid in your ordering process, your average weekly demand amount (based on May ytd orders) will be sent in early June.

Please contact your Local Representative, Regional Sales Manager, or me with any questions.

Sincerely,

James Margoni
Sr. Vice President Wholesale Sales