



Request for Contract Update

Pursuant to the terms of contract number R191802 for Allsteel Inc. Contractor must notify and receive approval from Region 4 ESC when there is an update in the contract. No request will be officially approved without the prior authorization of Region 4 ESC. Region 4 ESC reserves the right to accept or reject any request.

Allsteel Inc. (Contractor) hereby provides notice of the following update on this date July 29, 2021.

Instructions: Contractor must check all that may apply and shall provide supporting documentation. Requests received without supporting documentation will be returned. This form is not intended for use if there is a material change in operations, such as assignment, bankruptcy, change of ownership, merger, etc. Material changes must be submitted on a "Notice of Material Change to Vendor Contract" form.

Authorized Distributors/Dealers
 Addition
 Deletion
 Supporting Documentation

Price Update
 Supporting Documentation

Products/Services
 New Addition
 Update Only
 Supporting Documentation

Discontinued Products/Services
 Supporting Documentation

States/Territories
 Supporting Documentation

Other _____
 Supporting Documentation

Notes: Contractor may include other notes regarding the contract update here: (attach another page if necessary).
Allsteel is requesting to update pricing for each of the Allsteel, Gunlocke, and HBF product brands.

Submitted By: Cindy Hermann

Title: Public Sector Contract Analyst

Email Address: allsteelgovcontracts@allsteeloffice.com

Approved by Email: Date 7/29/2021 | 2:10 PM CDT

Denied by Email: Date _____

DocuSigned by:

Region 4 ESC: _____
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July 29, 2021

ATTN: Robert Zingelmann
Chief Financial Officer
Region 4 – Education Service Center
7145 West Tidwell Road
Houston, TX 77092

RE: Allsteel Inc. request for price adjustment for Region 4 Furniture, Installation and Related Services
Contract R191802

Dear Mr. Zingelmann:

Allsteel remains focused on controlling costs, maintaining product availability, and furnishing the industry's best product lines at the most competitive prices to you. However, today's inflationary environment is broad-based, dynamic, and interrelated with the nationwide labor shortage.

- The Producer Price Index has seen the largest increase on record while the Consumer Price Index has seen the largest increase since the 2008 recession.
- Steel prices have increased by more than 125% over prior year and 2022 prices are forecasted to remain higher than at any time in the last three years.
- Inflation on aluminum is 30% over prior year.
- Packaging prices have increased over 10% over prior year.
- Ocean-freight container rates have been experiencing weekly increases of more than 3% and increases of more than 300% over prior year.
- Freight-carrier rates have climbed 30% over prior year and availability concerns are also increasing.
- Diesel prices are 34% higher than prior year, the highest level since November 2018.
- Other commodities including foam, plastic, wood, and glass have also experienced above-average inflation.
- Reduced workforce participation is driving a worker shortage of approximately 10 million jobs.
- In the manufacturing sector specifically, the hires-per-opening ratio is at a 20+ year low.

Allsteel Inc. is formally requesting a price adjustment effective September 1, 2021, based on its August 2021 price lists. Allsteel will implement a 12% commercial price adjustment to furniture product lines, including previously approved specifically engineered products. All seating products will receive a 9.5% increase and all other products will receive a 12.5% increase. Allsteel will also implement an 8% commercial price adjustment to architectural product lines, including previously approved specially engineered products, which applies equally to all products. Orders at current pricing will be accepted until 9pm CDT 30 days after the August 2021 List Pricer goes into effect.



Additionally, we request to update the Gunlocke pricing to their August 1, 2021 price lists and HBF to their September 1, 2021 price lists. The Gunlocke price adjustment is 8% and HBF price adjustment is 5%.

The Allsteel 3.125% tariff-related surcharge and Gunlocke 1.5% tariff-related surcharge will be eliminated effective July 31, 2021. These net charges will no longer be applied as a line-item charge on orders entered under the R191802 contract beginning August 1, 2021.

Overall, we remain focused on assuring our pricing practices allow us to compete successfully in the market.

Thank you for your continued business and opportunity to provide Region 4 customers quality Allsteel, Gunlocke, and HBF products.

If you have any questions, please do not hesitate to contact me at allsteelgovcontracts@allsteeloffice.com.

Sincerely,

A handwritten signature in black ink that reads "Cindy Hermann". The signature is written in a cursive, flowing style.

Cindy Hermann
Public Sector Analyst

Allsteel List Price Adjustment Update

July 1, 2021

List Price Adjustment Effective August 1, 2021

Allsteel remains focused on controlling costs, maintaining product availability, and furnishing the industry's best product lines at the most competitive prices to you and our shared customers. However, today's inflationary environment is broad-based, dynamic, and interrelated with the nationwide labor shortage.

- The Producer Price Index has seen the largest increase on record while the Consumer Price Index has seen the largest increase since the 2008 recession.
- Steel prices have increased by more than 125% over prior year and 2022 prices are forecasted to remain higher than at any time in the last three years.
- Inflation on aluminum is 30% over prior year.
- Packaging prices have increased over 10% over prior year.
- Ocean-freight container rates have been experiencing weekly increases of more than 3% and increases of more than 300% over prior year.
- Freight-carrier rates have climbed 30% over prior year and availability concerns are also increasing.
- Diesel prices are 34% higher than prior year, the highest level since November 2018.
- Other commodities including foam, plastic, wood, and glass have also experienced above-average inflation.
- Reduced workforce participation is driving a worker shortage of approximately 10 million jobs.
- In the manufacturing sector specifically, the hires-per-opening ratio is at a 20+ year low.

Effective Sunday, August 1, 2021, Allsteel will implement a 12% (8.9% net) commercial price adjustment to furniture product lines, including previously approved specially engineered products. All seating products will receive a 9.5% increase and all other products will receive a 12.5% increase. Allsteel will also implement an 8% commercial price adjustment to architectural product lines, including previously approved specially engineered products, which applies equally to all products.

Additionally, with this increase the 3.125% surcharge related to the ongoing tariffs will be eliminated.

Orders at current pricing will be accepted until 9pm CDT on Saturday, July 31, 2021.

An equivalent government list price adjustment will follow with an exact date to be announced. Until further notice, you should continue to quote current pricing to GSA customers.

The new list pricing for furniture will be available by August 1, 2021 on Synergy, Allsteel Brand Connect, and allsteeloffice.com in PDF format and in Allsteel's CET extension. The new pricing will be available for

download in CAP 2020 and Project Matrix on August 1, and in the August DVD for CAP 2020 users. The new list pricing for architectural products will be available in Allsteel's CET extension on August 1, 2021.

Thank you for your continued support of Allsteel. For additional commentary surrounding this list price adjustment, please contact your local Allsteel regional manager. For questions regarding timing or the electronic catalog ordering process, please contact Allsteel Customer Support at 888-255-7833.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Ames".

Adam Ames
Vice President, Product & Marketing



July 2, 2021

RE: List Price Adjustment Effective August 1, 2021

Gunlocke remains focused on controlling costs, maintaining product availability, and furnishing the industry's best product lines at the most competitive prices to you and our shared customers. However, today's inflationary environment is broad-based, dynamic, and interrelated with the nationwide labor shortage.

- The Producer Price Index has seen the largest increase on record while the Consumer Price Index has seen the largest increase since the 2008 recession.
- Steel prices have increased by more than 125% over prior year and 2022 prices are forecasted to remain higher than at any time in the last three years.
- Inflation on aluminum is 30% over prior year.
- Packaging prices have increased over 10% over prior year.
- Ocean-freight container rates have been experiencing weekly increases of more than 3% and increases of more than 300% over prior year.
- Freight-carrier rates have climbed 30% over prior year and availability concerns are also increasing.
- Diesel prices are 34% higher than prior year, the highest level since November 2018.
- Other commodities including foam, plastic, wood, and glass have also experienced above-average inflation.
- Reduced workforce participation is driving a worker shortage of approximately 10 million jobs.
- In the manufacturing sector specifically, the hires-per-opening ratio is at a 20+ year low.

Effective Sunday, August 1, 2021, Gunlocke will implement an 8% (6.5% net) commercial price adjustment to furniture product lines, including previously approved specially engineered products, which applies equally to all products.

Additionally, with this increase the 1.5% surcharge related to the ongoing tariffs will be eliminated.

Orders at current pricing will be accepted until 9pm CDT on Saturday, July 31, 2021.

An equivalent government list price adjustment will follow with an exact date to be announced. Until further notice, you should continue to quote current pricing to GSA customers.

The new list pricing will be available by August 1, 2021 on GunlockeAdvantage.com and gunlocke.com in PDF format and in Gunlocke's CET extension. The new pricing will be available for download in CAP 2020 and Project Matrix on August 1, and in the August DVD for CAP 2020 users.

Thank you for your continued support of Gunlocke. For additional commentary surrounding this list price adjustment, please contact your local Gunlocke regional manager. For questions regarding timing or the electronic catalog ordering process, please contact Gunlocke Customer Support at 800-828-6300.

Sincerely,

Adam Ames
Vice President, Product & Marketing



HBF
TEXTILES

HBF List Price Adjustment Update

7/01/2021

List Price Adjustment Effective September 1, 2021

As HBF remains focused on controlling costs and furnishing the industry's best product lines at the most competitive prices to you and our shared customers, we continue to experience several external market factors that impact our pricing. This includes economic and commodity inflation and general labor cost increases.

These corresponding price increases are primarily due to the resurgence of industries impacted by COVID19. As the US economy grows, the demand for materials have increased across a variety of industries, resulting in higher material prices. Raw materials and ocean freight are the biggest drivers of commodity inflation. Additionally, we are faced with labor shortages. For reference here is some supporting data:

- Cost increase since April 2020
 - Steel - 90%
 - Aluminum - 50%
 - Lumber – 25%
 - Plywood – 35%
 - Foam – 20%
 - Packaging - 7%
 - Glass - 6%
 - Ocean freight - 225%
 - Diesel - 9%

To keep pace with base inflationary pressures, HBF will implement a 5% commercial price adjustment on furniture and a weighted average increase of 2% on textiles, varying slightly by pattern, effective Wednesday, September 1, 2021. Note, *Everyday Textures* will not receive an increase at this time.

Orders at current pricing will be accepted until 9pm EST on Tuesday, August 31, 2021.

Thank you for your continued support.

Sincerely,

Casey Baxter
VP, General Manager
HBF | HBF Textiles