



February 4, 2022
DEALER MEMO 22-07

To: Blue Bird Dealers
From: David Bercik, SVP Sales & Marketing
SUBJECT: Pricing Announcement

Across all industries, raw material increases, supply chain disruptions, freight demand, labor shortages, and chip shortages continue to drive levels of inflation not ever seen before. The school bus industry is not exempt from these inflationary pressures. We are working diligently to control these cost increases, but ultimately market conditions control these costs.

In 2021, pricing actions were taken to partially recover the rising costs we had already seen. Unfortunately, costs continue to escalate across the board in all the above-mentioned areas. According to a recent Labor Department report, inflation grew by 7% in 2021, the fastest 12-month increase in nearly 40 years. In response, we are increasing our prices effective **Tuesday March 1st** an additional **4.0%** on base prices and options on all model Type C and Type D.

We will honor existing prices for all customer named orders at quoted volumes until **Monday, February 28th or until the original quote expiration date, whichever comes first. In any event, any quotes not ordered before February 28th must be resubmitted for pricing.**

Production slots and promise dates for units ordered prior to the price increase will be chosen at Blue Bird's sole discretion. As you have discussions with your customers, please let them know that we are filling **June production slots**.

Due to the uncertainty in our supply chain and inflationary pressures, we will be conducting ongoing quarterly reviews. If inflationary pressures prove to be transitory, we will act to reduce pricing accordingly. If costs continue to persist upward, we will need to take further price increases. Our goal is to be transparent in this process and keep the dealer network informed as the situation changes. The Blue Bird team continues to work around the clock with our supply partners to secure a more stable future in these critical areas.

Any questions you may have around the details of this please contact your RSM.

Stay safe,

David Bercik
SVP, Sales & Marketing