

August 26, 2021

**RE: Tennessee Standard Glass Bead Plant  
Oxygen Force Majeure Notice**

Dear Valued Customer,

Today we received a letter from our oxygen supplier claiming a “Force Majeure Event” regarding their supply of oxygen to our Tennessee Standard Glass Bead Plant. The letter announced our monthly supply would be cut by 70% until further notice. We are including an excerpt of the notice we received.

Portions of Tennessee, Kentucky, Indiana, Arkansas, Missouri and Illinois are experiencing a significant escalation of hospitalizations due to the spread of COVID-19 variants. Hospitals and other healthcare facilities in the area are urgently caring for patients with essential medical treatments such as high-flow oxygen therapy and ventilator support. As a result, medical usage of oxygen has increased dramatically.

Over the past several weeks there has been a surge in demand for medical oxygen, and XYZ Company has been able to balance your industrial needs with demands for medical oxygen. However, due to the escalating medical situation, we must now reduce the amount of oxygen we supply for industrial use in order to ensure sufficient life-saving oxygen is available for medical use.

We regret the inconvenience this may cause to your business but we trust that you are supportive of our commitment to meet the demand for medical oxygen during this unprecedented health emergency.

As a result, effective August 26, 2021 at 12:01 a.m., XYZ Company declares an Excuse of Performance/Force Majeure Condition (“Force Majeure”) due to circumstances beyond our reasonable control. Presently, we are unable to estimate the duration of the Force Majeure (the “Force Majeure Period”).

Their announcement comes without warning and seems to follow recent national trending of oxygen producers realigning the supply of oxygen from industrial customers to critical medical needs to support the national pandemic..

What does this mean for our customers ? The daily production output from our plant has been impacted significantly and our ability to fulfill orders has gone from an estimated leadtime of 10 to 14 days to an estimated 21 to 25 days. We are already exploring alternative oxygen supply options to remedy this situation, but as noted, the supply to the medical markets is taking precedent. In addition , we are diligently examining internal production processes to maximize our production output despite this significant hurdle.

Swarco, will not be implementing any price increases on standard bead products despite the significant cost impact and will continue to honor our pricing for our contractor customers and government agencies while we work diligently to minimize delays in delivery.

**Swarco values your business and sincerely appreciates your support and understanding. We hope this situation is short lived and that the health of our country returns to a level of normalcy soon.**

Sincerely,



Jon Sproul, VP

Swarco Roadmarking Systems NA