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**Pepi®**

**Portage Electric Products, Inc.**  
*Thermal Control Specialists*

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**PEPI® Silver Surcharge Note:**

Gold and silver are widely traded commodities on the world markets. As traded commodities, they are subject to the forces of supply and demand. These forces cause the price of these commodities to change over time. Typically, in times of international insecurity (for example; wars, changes of governments in world powers, pandemics) the prices of gold and silver will increase as people tend to prefer to purchase gold and silver for use as a trading medium in lieu of paper currency. Additionally, the price of gold and silver paid by industry is higher than the published bullion rate. This is because users of the metals must pay a fabrication, storage, and distribution charge, which is added to the bullion price. As precious metals costs change, this is reflected in the price of the precious metal components that Pepi® utilizes in its products.

The silver prices typically change on a daily basis and are noted on Pepi® Order Acknowledgments as a zero-value line item due to the surcharge not being known until the date of shipment. This line item is to alert the customer that a surcharge will be assessed when the order is shipped and invoiced. Upon shipping and invoicing, the surcharge line item will reflect the surcharge applied based on reported market prices on the day previous to the invoice date. If the market price is at or below the factor included in current base material pricing, the surcharge will show a zero value. Silver is the main component of our contacts and are a main point of our costing structure.