



A Message from Mike McGann

Dear valued customer,

The global economic recovery from the pandemic is underway, driving a surge in demand for goods across many industries—particularly those that require electronic components. Demand is outpacing supply and prices of products, services and transportation are rising. Suppliers are changing their delivery forecasts while companies globally compete for high-demand components.

No one is untouched by the current state of affairs, including Xylem. The unavailability of component parts, a fire at the facility of a key supplier and the global disruptions brought on by the pandemic are all contributing to changes in lead times. In addition, multiple suppliers are de-committing our open orders on short notice. All of these factors are having an impact on our ability to deliver what you need, when you need it. As a result, please consider this letter a notice of force majeure.

Impact on Current Orders

Our colleagues are working hard to resolve the unavailability of component parts, which currently includes electronics and resins. However, given the dynamic situation, we are unable to estimate how long the challenges will persist. We will update you periodically as we learn more about the impact and duration of the component shortage on our ability to fulfill your order.

Impact on Future Orders

In parallel, we are extending our production and delivery lead times for future orders on a product-by-product basis. We will recommit orders on a regular basis and provide you with visibility to your shipments three (3) weeks ahead of time, based on the then-current view of product availability. If there is a change in the availability of parts, products may get to you faster.

Impact on Future Pricing

We are closely monitoring the impact of inflationary pricing from component suppliers, transportation companies and others as it may affect future pricing for new orders on some of our products.

How You Can Help

The phrase, 'we're in this together' has probably been spoken more in the past 14 months than in any other time in recent history. Simply put, we need your help to navigate the uncertainties. Here's how you can contribute to the solution:

- Place your firm orders as far out as possible (provide a 12 month view, if you can)
- Use order-entry tools, such as ship flag early no, to prevent significant pull-in of orders
- Most importantly, please avoid the urge to inflate your demand or exaggerate the date you need products to arrive

Our commitment to you remains steadfast. We will provide updates in a timely manner and will continue to explore all options to address issues that are in our control and to combat those that are not. If you have questions, please reach out to your sales representative.

Sincerely,

A handwritten signature in black ink that reads "Michael McGann". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Mike McGann

VP, Sensus Americas, Global Engineering and Assessment Services