

Date: [Insert Date]

[Recipient Name]

[Recipient Title]

[Company Name]

[Address]

Subject: Offer Letter with Maximum Cap Price Escalation Clause

Dear [Recipient Name],

We are pleased to submit our proposal for [Project Name/Contract Name]. Our total bid price is [Insert Amount].

Due to current market volatility regarding [mention specific materials, e.g., steel, lumber, fuel], this offer includes a Price Escalation Clause. This clause ensures fairness to both parties by allowing for adjustments based on documented market increases, while protecting your budget with a definitive maximum cap.

Escalation Terms:

- **Base Price:** The prices quoted are based on the [Insert Index Name, e.g., Producer Price Index] as of [Insert Date].
- **Adjustment:** If the cost of [Material Name] increases by more than [Insert Percentage, e.g., 5]% from the base date to the date of purchase, the contract price shall be adjusted to reflect the actual cost increase.
- **Maximum Cap:** Notwithstanding any market increases, the total price escalation for this contract shall not exceed [Insert Percentage or Dollar Amount] of the original contract value.

We believe this approach provides the necessary transparency and financial security to proceed with the project effectively. This offer is valid until [Insert Expiration Date].

We look forward to the opportunity to work with you.

Sincerely,

[Your Name]

[Your Title]

[Your Company]