

October 11, 2018

Dear Valued Customer:

As part of the Section 301 Investigation of China, the U.S. Trade Representative released three lists of goods imported into the US from China in which to add additional tariffs. Tolco was largely unaffected by Lists 1 & 2, but many of the items that we manufacture in China were included on List 3. List 3 was finalized on September 17, 2018 and went into effect on September 24, 2018. The items included on List 3 are subject to an additional tariff of 10% - 25% and will all be raised to 25% in January of 2019.

Effective October 15, 2018, Tolco will implement an increase of 9% on affected items imported from China and an increase of 5% on items that contain component pieces of affected items from China.

We understand many of you require specific notifications due to various agreements and contracts. Due to the unexpected and unprecedented nature of these increases, Tolco is declaring Force Majeure to allow for the immediate implementation of these increases.

Attached is a complete list of Tolco catalog items affected by these tariff changes. We have also attached updated pricing for your records.

We are searching for manufacturing and supply chain solutions to mitigate the effect of these tariffs, but in the meantime, we are forced to raise our prices to our distributor partners. Be assured that if we find alternate supply chain solutions or if these tariffs are changed or repealed, Tolco will adjust your costs accordingly.

We appreciate your continued support and patience as we work through this challenge together. Please contact your local representative, your Tolco Sales manager, or me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Alberto", written over a white background.

Alberto Martinez
Director of Sales & Marketing