



Sunex Tools
100 Roe Road
Travelers Rest, SC 29690

Dear Valued Sunex Tools Customer,

In the past year, the Office of the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 into the government of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. As a result of this action, a 25% ad valorem duty on products of China were imposed beginning July 6, 2018. On July 6, 2018, China responded to the initial action by imposing increased duties on goods of the United States.

In light of China's decision to respond to the investigation by imposing duties on U.S. goods, the USTR proposed a second action to impose a 10% tariff on a much broader range of product that unfortunately includes a range of Sunex Tools products. This second action has been finalized and made effective as of September 24, 2018.

Further, the USTR has determined to modify the action being taken in this Section 301 investigation by increasing the rate of additional duty from 10 percent to 25 percent. The rate of additional duty will increase to 25 percent with respect to products covered by the September 2018 action on May 10, 2019.

Sunex Tools recognizes the significant impact these new tariffs will have on our customers and we are actively exploring all options to minimize the impact.

As a result of the Section 301 tariff, Sunex Tools is implementing a 10.36% price increase, referred to as the "Section 301 Price Increase" effective **June 17, 2019** for all items that are listed under the Section 301 tariff HTSUS Subheadings.

This Section 301 Price Increase is directly related to the actions of the USTR, and therefore, any further action by the USTR will be addressed in the same manner.

Further details and price files will be provided by your sales representative. Thank you for your understanding and cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lance A. Desmarais". The signature is fluid and cursive, written over a light blue horizontal line.

Lance A. Desmarais
Vice President of Sales
Sunex® Tools