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To: Connexion Customers

Subject: Impact of USTR Tariffs

Over the past months, our industry has been greatly impacted by cost increases from commodities, electronic components, rising transportation costs, and wage inflation. Additionally, we have and continue to receive price increase notifications from our manufacturers that stem from tariffs implemented by the U.S. Department of Commerce and the U.S. Trade Representative (USTR), under Section 301 on Chinese components and finished goods. These tariffs will ultimately result in additional price increases. An exhausted list of imported products can be found in the USTR press release <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200>.

Connexion is working hard with our manufacturers to honor secured project pricing agreements. We have been successful in most cases but with projects that have a longer duration, the results of our efforts have been mixed. The USTR has indicated that tariffs on Chinese produced products will increase by 25% effective January 1, 2019.

We understand the challenges caused by the price increases that are a result of the tariffs. We want to be supportive toward our clients and the industry during this time. Please check our website for price increase notifications <https://www.connexiones.com/Price-Increases>. We are committed to helping our partners as we navigate these difficult market challenges.

Thank you for your ongoing support,

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