



June 4, 2019

Dear Valued Customer:

This past May 15, SATCO sent out a statement advising that although the additional tariffs represent a significant increase in cost, on top of the original 10% tariffs we have been absorbing; we believed the most responsible action we could take would be to step back and gauge what was occurring economically between the U.S. and China. We have been cautiously watching this volatile situation and unfortunately it appears that the tariffs will be in place for the foreseeable future.

As a result of the ongoing trade war and increased tariffs, SATCO will be implementing a 15% price increase on shipments starting July 1, 2019. This increase will affect only the products that have been impacted by the tariffs, which were increased from 10% to 25% by the U.S Department of Commerce and the U.S. Trade Representative (USTR).

Prior to this notice, SATCO has not issued any price increases due to the tariff situation. We have absorbed the cost of the initial 10% tariff and will continue to do so. SATCO will hold our current published distributor net pricing until July 1, 2019; providing our customers with advanced notice of this increase, as we originally stated we would.

The products impacted by this 15% increase on July 1st, include the following:

- Halogen Lamps
- Linear Fluorescent Lamps
- CFL Lamps
- HID Lamps
- All Lighting fixtures, inclusive of LED downlights and retrofits
- All Lighting Components

We will continue to hold prices on LED & Incandescent lamps:

Incandescent and LED replacement lamps were not on the original tariff lists but are now on a new list, which is currently published for review and impacts the balance of imports from China. The tariffs on these products will be increased from 0% to 25% any time after June 24th. Should this go into effect, we will send an additional notification confirming this by July 1st and will provide an additional 30 - day notice advising that a 15% increase on this group of products will go into effect on August 1st. SATCO will continue to absorb the



first 10% of the tariff as we have done with the current group of products impacted by tariffs.

We remain committed to reducing this financial burden for all concerned and look forward to a positive resolution in the very near future.

With appreciation of your continued support,

Bill Gildin
President
SATCO Products, Inc.

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