



The Specialist in Electronic Component Distribution

May 20, 2019

Subject: Increase in Section 301 Tariffs for List 3 Products from 10% to 25%

Dear Valued Customer,

Following a setback in U.S.–China trade negotiations, the United States Trade Representative (USTR) has increased the Sec. 301 List 3 tariff rate from 10% to 25%:

- The increased duty rate applies to 5,745 tariff lines included in the List 3 products that are exported to the United States on or after May 10, 2019.
- List 1 & 2 products are currently experiencing 25% tariffs charged to the importer of record of these products. These tariffs remain unchanged.

Where TTI's suppliers are the importer of record, we will continue our policy of billing customers at a reduced percentage to that of our suppliers, again respecting the fact that our profit margin is included in your price. A table of these charges is available on our website https://www.ttiinc.com/content/dam/MarketEYE/assets/TTI_301_Supplier_Rate_Table_05-21-19.pdf under the heading "Supplier Tariff Rate Table". These rates will be implemented in concert with our suppliers' decisions and updated weekly on TTI's public website.

TTI was the industry leader in communicating our decision not to charge the tariff to our export customers, we will continue that commitment going forward, not to charge tariffs on products delivered outside the United States. Tariff charges will be assessed only on products intended for domestic consumption. Product delivered to Mexico, Canada and other export destinations will either be submitted for duty drawback as allowed under Section 301, or processed as applicable through our Foreign Trade Zone in Fort Worth, Texas, as a duty-exempt export. For parts that suppliers have chosen to increase the piece part price, we have no choice but to pass these increases along in the purchase price.

Our primary objective is to minimize your supply chain disruption and support your requirements at the highest level. We again hope that our billing calculation reflects an equitable approach to this extraordinary situation.

Regards,

Don Akery

President, TTI Americas