



Re: Section 232 Steel Tariffs

March 21st, 2018

To our Valued Customers:

Even as the full impact of the current administration's decision to impose tariffs on steel products is still being understood, we feel it is a good time to explain how we plan to mitigate the impact of any price increases from our global steel suppliers. As I'm sure you know, we purchase the highest quality steel mill products to ensure that our product performs in accordance with the many customer, industry, market and military specifications to which we manufacture. We source our raw material from the global marketplace, although from a limited number of suppliers, and we never buy on price alone. The recent imposition of tariffs on global steel providers does not change our philosophy on sourcing, but it could have an impact on the pricing that we pay for the product we provide.

Given the strong, long term relationships we have maintained with our suppliers, we plan to negotiate the added costs and determine a cost sharing agreement. We hope to mitigate as much of the adverse cost effects as possible. To the extent that we can do so, we will absorb increased costs to honor any outstanding pricing agreements in the near future. If we reach the point at which we cannot absorb additional costs associated with raw material purchases, we will ask that you share some of these to ensure we can continue to produce the quality products and meet the performance commitments we have made to you, your products, and your customers.

Thank you for your past business and we look forward to continuing our mutually beneficial relationship. Should it become necessary to make changes to pricing, we will advise you as soon as possible, and with a reasonable transition period to help lessen the impact on your planning, production, and customers. If I can be of service please feel free to contact me directly.

Sincerely,

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

Robert Davis
Vice President, Sales & Marketing

