



Quality: Our return rate is 3/10ths of 1% on our LED Drivers, Best in Class.

9/24/18

Dear AC Electronics Customer,

On July 17, 2018, the U.S. Trade Representative announced the proposal of an additional 10% tariff on 6,031 tariff lines which is approximately \$200 billion worth of imports from China. The USTR finalized the tariff with an effective date of September 24th, 2018.

AC Electronics applauds efforts to improve our competitiveness in the world markets, however, these increased tariffs change the cost landscape for our products. In an effort to alleviate the increased tariff, we are moving most of our production to Taiwan. While this move will take care of the higher tariff rates, it will cause a 3% price increase on all of our products effective 10/1/18 as well as longer lead times for production.

In addition, on any products that do not lend themselves to Taiwan production, i.e. Matchbook Drivers, a Tariff Charge will be added as a separate line item on each PO as these will continue to be produced and shipped from China.

We appreciate your partnership and look forward to providing quality products to you. If you have any questions, please do not hesitate to contact your AC Electronics representative.

Sincerely,

Dwayne Hillman,
President
AC Electronics