



Applied Motion Products, Inc.
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July 16, 2018

Dear Customer,

Recently, the United States announced a series of tariffs on goods and materials that are manufactured in China. Most of the motors, drives, gearheads and other essential components within Applied Motion's product offering are included on the lists of goods that will incur new tariffs of 25%. The United States Customs authorities have begun to collect these new tariffs since July 6, 2018. Information about the tariffs can be found on the US Trade Representative website link: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

While Applied Motion Products is taking steps to mitigate the impact of these new tariffs on our customers, compliance necessitates that we pass along some of the increased tariff burden to our customers.

The steps we are taking to mitigate the impact of the new tariffs are to maintain our current prices, absorb some portion of the increased tariff burden, and petition the US government to remove the new regulations.

We do not want to raise prices on any of our products. Our number one goal is to continue providing cost-effective motion control solutions to our valued customers. However, we cannot completely absorb the increased tariff burden and still hope to maintain inventory levels at optimum levels and continue to supply products to our customers in a timely, effective manner.

Effective July 16th, 2018, Applied Motion will apply a 15% surcharge to all products affected by the new tariffs. This surcharge will help to offset a portion of the increased tariff burden.

We believe there is uncertainty in these new regulations and we are not confident that the China tariff situation will not change again soon. Accordingly, if the tariff situation changes we may increase, decrease, or eliminate the surcharge applied to our products.

Applied Motion Products is actively engaged in seeking exclusion of impacted products and essential components from the tariffs. However, our best efforts may not be enough to obtain relief. Respectfully, any support you could offer in the form of written comments requesting relief to the Commerce Department and local Senators and Congressional Representatives would be greatly appreciated and could well be the essential support that results in relief from these tariffs that we would all benefit from.

Regards,

Don Macleod
President
Applied Motion Products, Inc.