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XFMRs STATEMENT ON SECTION 301 TARIFFS
Updated September 18, 2018

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To XFMRs' Esteemed Customers:

Recently, the Office of the United States Trade Representative (USTR) released a new list of imports from China that will be subject to a 10 – 25% percent additional tariff as part of the U.S. response to China's unfair trade practices related to the forced transfer of American technology and intellectual property.

The additional tariffs under Section 301 are going into effect on September 24, 2018 at 10%. As of today, the additional tariff rate will change from 10% to 25% effective January 1, 2019. These additional tariffs do fall under categories for XFMRs products and will be assessed for products manufactured in China and shipped from Camby, Indiana. The additional tariff will only be placed on parts received after the tariff goes into effect and at the effective tariff rate applied by USTR. Any parts in stock prior to September 24, 2018 will not be assessed any tariff charges.

Once the additional tariffs are assessed XFMRs will be adding a line to each invoice to cover the additional tariff charges of 10 - 25%, these charges will be to both open and new orders. If any invoice sent by XFMRs does not include the tariff amount, or the tariff amount changes, after the additional tariff goes into effect, XFMRs reserves the right to amend any invoice to include the additional tariffs.

XFMRs must pay all duties when product is received. If a purchase order will be sent in multiple shipments, all duties for the purchase order will be included on the first invoice for that order.

If the tariff charges are increased or reduced from the stated 10 - 25%, XFMRs will adjust any charges to the customer by sending a corrected invoice, new invoice or credit memo.

Any customer that currently has product shipped directly from our Hong Kong office and on their account will not have the tariff charges added to their invoice as tariff charges will be paid by the customer. If these tariff charges are charged to XFMRs, an invoice will be sent to the customer for these charges.

A customer can have products shipped directly from our Hong Kong facility on their account. Please update your purchase order and provide shipping instructions with account number to facilitate this change.

XFMRs does regret having to add tariff charges; however, these additional charges are from the USTR and not a result of any actions from XFMRs.

Thank you for your understanding.

XFMRs, Inc.