



A Division of The Board Room, Inc.

Dear Valued Customer:

September 24, 2018

On July 6, as mandated by the U.S. Trade Representative under Section 301, a 25% tariff was imposed on a subset of electronic components manufactured in China and imported into the United States. TBR made the decision to delay billing our customers for these new tariffs until the details were complete and the impact could be better understood – since July 6 TBR has absorbed all Section 301-related tariffs incurred.

The complexity of the situation is still overwhelming and changing on a daily basis. TBR's suppliers are struggling with a fair and equitable method to assess the tariffs. Some suppliers have opted to mitigate the effect of the tariff by charging TBR as a separate line item on the invoice based on our current purchase price. Some are invoicing TBR on a monthly basis for the tariffs for all invoices in a given period. Those charges are 25% of our purchase price. Other suppliers have elected to assess the tariff by increasing the TBR individual component purchase price without any indication a tariff has been applied. And we have suppliers who have neither identified the components impacted nor how they will pass through the tariff.

Consequently TBR has also been struggling with an equitable method to assess these tariffs. TBR will begin to pass on the tariffs that have been assessed to TBR, and that are clearly identifiable to your assembly, as a separate invoice for tariffs. The exact form of the invoice and frequency has not been determined as yet. The method we will use to calculate the amount of the tariff is as follows. The US Imposed Tariff, for China sourced components, to build your product is 25% of the Cost of Identified Components.

Example: If your assembly has an Identified Chinese component cost of \$10.00 and a tariff has been assessed to TBR, then we will invoice, on a separate line item, for \$2.50 (25% x \$10 = \$2.50) for every assembly shipped. There is no Tariff assessed on Overhead, Labor, Freight, or Profit Margin.

Please see the links below if you wish to review the listing of components that are subject to the tariffs to determine the potential impact to your assembly

Thank you in advance for your understanding on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Lynch'.

Paul Lynch
President / CEO

List 1: <https://ustr.gov/sites/default/files/enforcement/301Investigations/List%201.pdf>

List 2: <https://ustr.gov/sites/default/files/enforcement/301Investigations/List%202.pdf>