



The Office of the United States Trade Representative (USTR) recently proposed and enacted a series of tariffs for specific goods imported into the United States with the country of origin being China. The way in which these tariffs are being enacted is extremely complex and fluid. RDI is currently working on finding solutions to these tariffs which will result in minimal disruption to our customer's supply chain.

One of the questions we receive from our customers is if the products they purchase from RDI are affected by the tariffs and if so, what is the impact. Basically, that all depends on the classification of the product. Since the tariffs are specific to only certain types of commodities, some of the items purchased might not change. On the other hand, some might be subject to a 25% tariff and others to a 10% tariff, which might later be increased to 25%.

RDI is committed to minimizing the impact of any tariff imposed by taking the following actions:

- Review of the components subject to tariffs to provide clarity to our customers.
- Offer possible alternatives when possible.

RDI has also instituted several changes to the way components quoted and sold are identified so our customers know upfront what the impact of the tariff will be. Below is the manner in which we will handle the tariff charges going forward:

- **New quotes:** We will advise if the component quoted is subject to/or might be subject to the tariff at the time of quotation. We will, when possible, provide the applicable tariff percentage [subject to change].
- **New orders:** We will confirm if a tariff is applicable to the items ordered and confirm the percentage at the time of order placement.
- **Existing backlog (orders):** We will provide the latest tariff information for existing customer backlog, with the understanding our customers will acknowledge acceptance.
- **Collection of Tariffs:** Any tariffs assessed for components purchased will be invoiced as a separate line item on invoices for the components affected. Please note the payment terms for tariffs are not subject to any discounts offered/taken for components.

RDI will periodically provide updates on the tariff situation as more information becomes available. Please note that as of today, Aug 17, 2018, additional meetings between Chinese and US trade representatives will resume in Washington D.C. at the end of August. We are hoping these meetings are productive and will reduce the likelihood of further escalation.

Thank you for your continued trust in RDI. We are doing everything possible to help navigate the tariff situation to offer solutions and minimize its impact on your business.

Best regards,
Barry Miller

President