



October 15, 2018

Dear Valued Baby Lock Customer,

Similar to many global businesses based in the US, the leadership team at Baby Lock has been monitoring and assessing the impact of the current and going forward tariffs being levied by the US Customs Department.

These tariffs impact specific classes of products (better described as HTS codes) entering the US market from China. Both finished goods and parts within our manufacturing supply chain have been identified as being a part of the HTS codes impacted by the US Customs actions.

As you may be aware, the preliminary tariffs have already gone into effect, and are presently at the 10% level. Many product categories are being raised to a tariff level of 25% on January 1, 2019.

Naturally the team at Baby Lock and our valued China based partners are making every effort to minimize the impact of these tariffs on the products within our Baby Lock portfolio. Inevitably, the burden of these tariffs will fall on the consumer in the form of higher prices. Where we provide MSRP and MAP pricing information, we will be working to update those figures in a manner consistent with our price increases.

We are informing you today, we will be raising prices in two stages to cover the cost of the tariffs and the associated cost of doing business with goods originating in China. The first price increase will be effective with all orders placed after November 2nd and will correspond with the initial 10% tariff rate that is currently in place. The second price increase will be effective for all orders placed after January 2, 2019 and will correspond to the 25% tariff rate that has been announced for January 1, 2019.

Our commitment is to continue to find product alternatives, and exercise thought leadership to minimize the impact of the Tariffs to the products you purchase from Baby Lock. However given the time required to test, source, and implement new supply chain paths, it is necessary to inform you of our cost increases well ahead of the implementation of any new sourcing arrangements.

In the interim, thank you for your continued support of Baby Lock products; we are committed to remaining competitive and being the best source for the products and services supporting your business.

Best regards,

Andy Touchette
Senior Vice President - Sales
Tacony Corporation



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