



Powering Business Worldwide

Eaton Lighting Business
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Date: August 21, 2018
To: Distributor and Agent Partners
Subject: Price increase and USTR tariff

The lighting industry continues to face cost increases across several key categories including electronics, metals and other commodities, transportation and wage inflation. In addition, the U.S. Department of Commerce and the U.S. Trade Representative (USTR) have implemented tariffs impacting the costs of many products and components. As a result, we are announcing the following:

A price increase averaging 6% on the majority of lighting and lighting control products will be effective October 1, 2018. Orders for immediate shipment placed on or before **September 30, 2018** will be invoiced at current prices. Previously quoted projects are valid through **September 30, 2018**. Quotation requests received after **October 1, 2018** will reflect the new price levels.

Applicable Lighting Division price sheets will be available in both spreadsheet and PDF form on or before **October 1, 2018**. Price sheets will be made available from your local Eaton Lighting Division product manufacturer's representative or salesperson.

Government-imposed tariffs impacting Chinese components and finished goods will require us to pass on these costs through additional, proportional price increases on impacted products sold by Eaton Lighting.

- Section 301 tariffs covering more than \$34B in Chinese imports subject to a 25% tariff went into effect on July 6, 2018 and an additional list for \$16B of imports subject to a 25% tariff went into effect on August 23, 2018. These tariffs are expected to impact the cost of future material supply.
- Additional tariffs on approximately \$200B in Chinese-produced components and finished goods are planned, which will have a significant cost impact if implemented.

We are currently evaluating the impact of these tariffs across our product offering, and we will continue to keep you updated in the coming weeks on additional tariff-related increases. We are committed to our business partners and will continue to invest in developing and delivering innovative, cost-effective lighting solutions. We value your business and thank you for your continued support as we navigate through these market challenges.

Sincerely,

Joe Melchior
Vice President, Sales