

November 1, 2018

Dear Valued Baldwin Customer,

The United States government levied a tariff increase across a vast number of goods imported from China on September 24, 2018, significantly impacting the Hardware industry. The tariff is expected to rise from 10% to 25% on January 1, 2019 as part of the most recently published list. While we will continue to relentlessly pursue ways to contain costs in our business, these tariffs are too significant to be absorbed. As a result, we are announcing a 5% price increase effective January 1, 2019.

This increase is independent of any previously communicated pricing adjustments driven by other inflationary factors.

There is also a high probability the US government will capture additional Baldwin products at a future time, as they may reside on what is commonly known as "list 4". When that occurs, these items will also receive a price increase the day the tariffs go into effect. We will communicate to you in advance when additional clarity on "list 4" is available.

We recognize that you may wish to bring in additional stock in December ahead of the price increase. However, to avoid placing a significant strain on our supply chain, all customers will be limited to 120% of the unit volume of your November purchases unless there was a previously scheduled job or event.

We appreciate your continued support and ongoing commitment to Baldwin. If you have any questions, please contact your Baldwin representative.

Sincerely,



Tim Goff
Chief Marketing Officer
Spectrum Brands HHI Group