



September 20, 2018

Temporary Tariff Surcharge Notification

Dear LEC Customers,

Thank you for your continued support of Living Earth Crafts. With your help, LEC has flourished and has become the spa industry's favorite equipment brand. Working together, we have created lasting partnerships for continued mutual success. We delight in seeing your business grow and expand. Our promise is to reach out to you in both times of success and challenge, to plan for the future and our continued mutual growth.

As you may have heard, the United States Government has issued an official mandate that a 10% tariff on \$200b of product and component imports from China, effective as of September 24, 2018. Some of metal and electric components already have a 25% tariff since August, but we have been absorbing those costs.

Please be aware that our Government has announced additional potential increases (up to 25%) for early 2019. If the increase is put into effect, we will send out an update on tariffs charges at that time.

While we manufacture almost all of our products in the USA with components sourced globally, our primary fabrics as well as steel frames and other metal components that are fabricated in our Qingdao plant are subject to this costly tariff, which we are not able to absorb with our lean cost structure and dealer discounts. Thus, we are required to implement a tariff surcharge, of varying amounts, as described in the Attachment A. **The surcharge will be effective on all orders shipping out on and after November 16, 2018.** Please be aware of production lead time and connect with your account representative as we may experience higher volume of orders prior of November 16. LEC will eliminate or adjust this surcharge when the tariff situation changed per the United States Government.

You, as our valued customers, are free to pass on or absorb this surcharge as you see fit. We intend to provide you with a separate line item accounting of this surcharge for each of your invoices so that you are able to keep track of these amounts.

We understand that the increased costs of these tariffs will be difficult for you and your customers. Your LEC representatives are glad to help you with any questions regarding our line and how you can prepare for supporting your business needs and customers. For any inquiries, suggestions, and concerns regarding these required tariffs, please do not hesitate to call us at 800-358-8292 / 760-597-2155. Thank you for your continued patronage and support.

Sincerely,

J. Brian Paris
Executive Vice President
Earthlite and Living Earth Crafts

LIVING EARTH CRAFTS

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Attachment A: Tariff Surcharge



Product models	Tariff Surcharge
Aspen, Century City, Infinity (including GT series)	\$ 150.00
Pedestal, Cloud9	\$ 100.00
ZG Lounger, Pro Salon, Nuage, Serenity, Napa, Napa La Mar, Tides La Mar	\$ 50.00
Contour series, Club series, 5th Ave, Melrose	\$ 50.00
Sonoma	\$ 20.00
Fusion, Mystia	\$ 12.00
Portable tables and Chairs	\$ 12.00
Trolley (Alpha 2 & 3, Element, Designer, Pedi, Optia) and Nail Desk (Luma, Madison)	\$ 12.00