



Gexpro Services  
9500 N. Royal Lane, Suite 130  
Irving, TX 75063

March 17, 2020

Dear Valued Customer,

Gexpro Services remains committed in doing everything within our control to maintain a robust and full supply chain capable of supporting our customer demands through these fluid times. First and foremost, we are focused on the health and safety of our employees, customers, and suppliers. Gexpro Services has implemented several temporary policy changes regarding travel, visitors at our sites, and telework to mitigate the associated risks of COVID-19.

Since the end of January, we have been diligently working with key suppliers to evaluate impact at the factories in the highly affected regions of China and South Korea, Italy, and most recently the San Francisco Bay Area in California. We are also continuously evaluating any constraint on intra-country logistics, ocean shipping lanes, and air cargo as these restrictions can impact shipments in the affected regions and other regions, such as Taiwan, Vietnam, and the EU. Below is a summary of the current supply chain impacts and status of our key supplier partners.

- Gexpro Services Sub-Supplier's Current Production Rate in Impacted Regions
  - China – 90%
  - Taiwan – 100%
  - South Korea – 100%
  - Italy – 0% (2 Suppliers impacting 3 Items)
  - San Francisco Bay Area – Under Evaluation (33 Suppliers)
- Delivery Services in the Bay Area remain operational.
- China's intra-country logistic services rate is around 90% and the interstate traffic restriction has been released, except Hubei Provinces.
- Air Cargo is severely constrained in China and the EU. Obtaining space can be a challenge and air freight costs have increased 3-4X typical rates. Gexpro Services has Sea-Air options available for shipments originating in China that may help to reduce cost and ensure space.
- Ocean carriers canceled some sailings from APAC to the US as demand was low throughout February and early March. Gexpro Services has not seen any delay or impact due to canceled sailings as space was available on other vessels. With factories back to normal production volumes, more vessels are being added to the schedule, but freight forwarders are cautioning that space may become restricted as demand spikes rapidly. We are working with our freight forwarder to reserve space on future vessels to avoid impact.

We have been monitoring inventory levels and open order reports with all suppliers in the affected regions since the end of January. In collaboration with our account managers and customers, we have prioritized critical items and maintained delivery schedules by working together with each customer to evaluate stock levels and upcoming forecasted demands. As any potential disruption is identified, we are using reasonable endeavours to recommend alternate expedited shipping methods, manufacturers or comparable parts if necessary, that will keep any additional costs related to this force majeure event reasonable for our customers.

This continues to be a dynamic situation and we will strive to keep you informed as more information becomes available. Your local Program Manager or Inside Sales contact will have the latest information on any parts potentially impacted.

Best regards,

A handwritten signature in cursive script that reads "Megan L. Rios".

Megan Rios  
Director, Sourcing & Procurement

A handwritten signature in cursive script that reads "Jeff Cline".

Jeff Cline  
Vice President, Quality