



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

March 30, 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 that include suspension of business travel, restriction of visitors at our sites, and telework for our employees 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 in Asia and Europe. 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. Most recently, several US states, counties, or cities have issued Executive Orders restricting or closing non-essential business operations. In the March 19, 2020 and updated March 28, 2020 publication of its Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response, the U.S. Department of Homeland Security's Cyber and Infrastructure Security Agency ("CISA") identifies Transportation and Logistics as an essential critical infrastructure sector, and as such, employees supporting or enabling transportation functions, including dispatchers, maintenance and repair technicians, warehouse workers, and workers that maintain and inspect infrastructure as exempt from the Executive Order's mandate to stay at home. Further, employees of firms providing services that enable logistics operations, including storing, packaging and distributing products for wholesale or retail sale or use are also exempt. Therefore, per CISA's Guidance, Gexpro Services' warehousing, logistics, and distribution business is deemed an essential critical infrastructure business, and its employees supporting these functions are exempt from the related Executive Orders.

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%
  - All other Asia – 100%
  - Hungary – 90% (3 Known Supplier Closures)
  - Italy – 0% (4 Known Supplier Closures)
  - France – 50% (8 Known Supplier Closures)
  - All other Europe – 100%
  - US – 95% (6 Known Supplier Closures)
- China's intra-country logistic services rate is around 90% and the interstate traffic restriction has been released, except within Hubei Province.
- Europe's intra-country logistics are not currently impacted as there are no traffic restrictions for commercial cargo.
- Air Cargo remains severely constrained and air freight costs have increased 3-4X typical rates. Gexpro Services has Sea-Air options available that may help to reduce cost and ensure space.
- Ocean carriers canceled some sailings from Asia to the US, however, Gexpro Services has not seen any delay or impact due to canceled sailings as space was available on other vessels. We are working with our freight forwarder to reserve space on future vessels to avoid impact.

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 mitigating the disruption 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".

Director, Sourcing & Procurement

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

Vice President, Quality