



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

April 20, 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.

Gexpro Services has reviewed and continues to monitor national, state, and local Executive Orders and United States Government guidance related to the COVID-19 pandemic. As indicated in the United States Department of Homeland Security's Cyber and Infrastructure Security Agency ("CISA") April 17, 2020 publication, Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response Version 3.0 (updating the March 28, 2020 Version 2.0 and the March 19, 2020 Version 1.0), CISA defines workers needed to maintain the continuity of critical manufacturing functions and their associated supply chains as essential workers. Gexpro Services, in the performance of its production inventory management systems and supply chain services, supports critical manufacturing infrastructure business sectors that include medical, transportation, energy, communications, food & agriculture, and the defense industrial base. Therefore, per CISA's Guidance, Gexpro Services' supply chain services business is deemed an essential critical infrastructure business, and its employees supporting these functions are exempt from national, state, or local mandates to shelter in place or stay at home or other similar restrictions, in the performance of its business activities.

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. 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 – 100%
 - All other Asia – 100%
 - Hungary – 90% (3 Known Supplier Closures)
 - Italy – 100%
 - France – 50% (6 Known Supplier Closures)
 - All other Europe – 99% (1 Known Supplier Closure)
 - US – 98% (2 Known Supplier Closures)
- China's intra-country logistic services rate is back to normal, including Wuhan City.
- Some Asia countries have implemented strict travel restrictions for foreigners. Thailand is restricting travel in/out of the country and has restricted cargo ships and airplanes for commercial cargo through April 15th.
- Europe's intra-country logistics are not currently impacted 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,



Megan Rios
Director, Sourcing & Procurement



Jeff Cline
Vice President, Quality