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March 13th, 2018

To: Our Valued Customers

Subject: Price Increase – May 2018 Bailey Metal Products

Countervailing duties enacted in 2016 by the US Commerce Department against some countries, and pending discussions of tariffs on steel imported from all countries have increased US mill pricing by over 30%. The US President's recent declaration under Section 232 of 25% duties on imports from all countries, effective March 23rd, has driven mill prices up immediately.

Canada has a temporary exemption from these tariffs. Regardless of this tariff being lifted, or not, Canadian mills will ship more steel than ever to the United States at higher prices than ever before. We have received notice from Canadian mills of immediate and ongoing price increases. We can no longer absorb these increases nor can we expect our distributors can. We have no choice but to pass these significant raw material increases on to end users. Please alert your Contractors and Builders of these rapidly occurring increases coming from the Mills!

Please be advised that effective May 1, prices of all Bailey Metal Products will be increased by 15%.

This increase will be in addition to the previously announced April 2nd, 2018 increase. We expect this volatility to continue resulting in further raw material cost increases and tightened supply.

Bailey Metal Products is committed to provide a reliable and uninterrupted supply of quality, code compliant products to meet your needs. Please contact your Bailey representative with any questions or if we can be of service in any way.

We appreciate your business and thank you for your continued support.

Sincerely,

Derick Vinthers
Vice President of Sales

CC: Angelo Sarracini, Ken Meinert



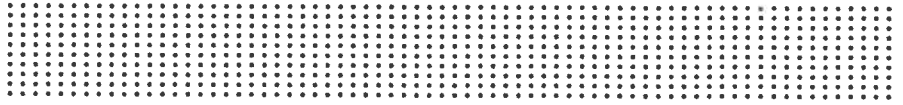
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MEMORANDUM

TO: Bailey Associates

DATE: March 8, 2018

FROM: Corporate Communication

SUBJECT: US Steel Tariffs – Internal Communication

UPDATE: Ongoing trade disruptions

With all the news on the subject of steel duties and trade impact, we thought we would provide our perspective:

The following are some relevant facts:

1. Countervailing duties of up to 300% were imposed by USA against China, Vietnam, and others in late 2016. Since this time, imports to the USA from these countries have stopped.
2. Pricing from US and Canadian steel mills increased 33% since these countervailing duties were imposed.
3. Recent duties recommended by the Commerce Department and approved by President Trump as a matter of National Security are an additional 25% on ALL importers.
4. The United States and Canada are very connected as it relates to steel trading:
 - Canada imports are 6 Billion dollars annually from USA.
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 - Canadian steel mills send 45% of production to USA.
 - USA will continue to be a net importer, as it CANNOT produce all of its own requirements.

We can conclude that the Canadian mills will continue to ship steel into the USA. (We believe this will be true whether the 25% duty is applied in full or not.) All US producers will all raise their prices 25% to take advantage of the protection. Canadian regulators may or may not impose import duties into Canada.

All these factors are putting upward price pressures and increased volatility onto Canadian markets. Disruptions and reallocations will also cause supply uncertainty.

For these reasons, we expect the volatility, supply issues, and run-up of our steel input costs will continue. Our April 2, 2018 price increase on Bailey products will likely not be the last in 2018.

We will continue to manage our steel purchasing, inventories and supply practices appropriately and diligently. Our goal is to be a reliable supplier of quality Canadian produced products.

Please plan accordingly!