



To our valued customer:

Over the past several weeks there has been a tremendous amount of confusion in the market as the industry has had to deal with the immediate implementation of the Government imposed provisional gypsum tariff. In addition to the tariff, as a way to try and offset the astronomical amount of the duty, there have also been Manufacturer prices increases and additional freight charges levied against non-tariff product. I include the numerous letters we have received over the past few weeks for insight into the complete chaos this situation has led to as it relates to us as a distributor trying to understand and communicate pricing to the market.

We are all now forced to wait several more weeks before knowing the results of the CITT process. This process will determine the go forward status of the tariff. As you may know, this determination could have 3 outcomes;

- 1) The provisional tariff amounts as we know them today are put in place for 5 years.
- 2) The provisional tariff amounts are altered up or down and put in place for 5 years.
- 3) The tariff will go away.

Clearly all 3 of the above options have very different impacts on the market place and until we have final determination, once again we sit without the ability to conduct business in any sense of ordinary course. It is in light of the foregoing, that we as SDS are going to forge our own path forward and bring clarity to our pricing model and not wait for the outcomes of Government matters to move forward with a business as usual approach.

As of **October 3rd, 2016** we will be replacing all previously announced tariff amounts, surcharges, and gypsum prices increase with one single strategy as outlined below.

- **All gypsum products (excluding 54") - 30% over and above pre tariff pricing.**
- **54" gypsum no change to pre tariff pricing.**
- **Glass mat products no change to pre tariff pricing. (announced increase postponed until further notice).**

In no way is this an indication of the tariff amounts having changed or the legal obligation for importing manufacturers to charge, collect, and remit the tariff, it is simply a SDS strategy that we hope simplifies and clarifies a path forward and allows us to be competitive in the market place.

If you have any questions or concerns surrounding this announcement, please do not hesitate to reach out to me, or any one of our team members. We thank you for your continued loyalty through this tumultuous period.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Shoemaker", is written over a light blue horizontal line.

Ryan Shoemaker