

1-January-2016

To Our Most Valued Customers,

Magnet-Schultz of America, Inc. is using processed copper magnet wire in coils, which are an integral component of the solenoids we produce for you. The price for copper can be volatile and is therefore not predictable.

Rather than adjusting the individual piece price of the product(s) we manufacture for you, Magnet-Schultz of America, Inc. includes a copper surcharge to the invoice amount for each shipped order.

The copper surcharge is calculated as follows:

- On the day the product is shipped and invoiced, Magnet-Schultz of America, Inc. determines the price of raw copper by using The Wall Street Journal COMEX price as reference:  
<http://quotes.wsj.com/futures/COPPER>.
- The base line for the copper surcharge is 1.20 USD per pound and will be subtracted from the raw copper price. This approach continues until the base price stabilizes below 1.20 USD per pound.
- In order to cover the costs associated with processing the raw copper into processed copper magnet wire, Magnet-Schultz of America, Inc. reserves the right to add a processing fee.

Depending on current market conditions, this surcharge approach is subject to change. A copper surcharge will not apply if this calculation results in an amount of less than 1.00 USD per invoice.

We appreciate your help and understanding in this regard. Should you have any questions, please do not hesitate to contact us.

Sincerely,



Greg Roskuszka

President and CEO, Magnet-Schultz of America, Inc.