

Karat[®] BY LOLLICUP[™]

Manufacturer & Supplier of Premium Beverage and Disposable Food Service Products

Memorandum

To: All Customers

From: Operations

Date: 5/16/19

Re: **Section 301 Tariffs & Price Increases**

Dear Valued Customers,

In January, Karat Packaging had announced a price increase on some of its products in response to the 10% tariff increase announced by the Office of the United States Trade Representative (USTR). This past Sunday, 5/5/19, President Trump announced plans to modify the action being taken in Section 301 by increasing the tariff rate from 10% to 25%.

Due to such short notice, we do have a large volume of incoming cargo/containers that will be affected by higher duties & cost. We understand how this will impact your business and overall cost. Thus, to ensure we provide our customers with quality products despite any industry changes, Karat intends to absorb much of the costs and subsequently impose minimal price increases.

Therefore, Karat Packaging is hereby announcing a 4-18% increase effective 6/1/19 on the following categories:

Product Categories	
Bagasse Tableware	Napkin
Paper Shopping Bag	Paper Towel
Tissue Roll	OPS Lid for Foil Container
Deli Wrap	PET Lid for Bagasse Bowl
Paper Portion Cup	CPLA Lid for KE Hot Cup
Paper Short Bucket & Lid	CPLA Lid for KE Food Container
Ripple Hot Cup	Enclosure Lid for Paper Hot Cup
Insulated Hot Cup	
All PLA material goods – including Cold Cups/Lids, Bowls, Containers & Soufflé Cups/Lids	

We thank you considerably for your understanding and continued support of Karat Packaging. If you have any questions regarding price increases, please contact your Sales Representative.

Best Regards,



Joanne Wang
Chief Operations Officer