

June 29, 2018

Mr. Ty Blankenbaker
Independent Stationers
250 E 96th Street, Suite 510
Indianapolis, IN 46240

Dear Ty,

We appreciate your continued partnership with Pilot Corporation of America, bringing our best-in-class products and Consumer's favorite pens to the market. Thank you for representing our brands.

We pride ourselves on being the leader in technology and innovation in the pen category. Over the last four years, we have experienced significant increases in costs across many aspects of our business - ranging from labor and labor related costs, to corrugated paper board, to plastics and chemicals. The blended increase has totaled over 12.0% since our last price increase. These cost trends are projected to continue.

Although we have diligently implemented efficiency initiatives to absorb cost inflation, we will be unable to fully absorb these increases moving forward. Therefore, we will be implementing a price increase in the range of 2 - 5% on select product lines in our Writing business effective January 1, 2019.

We have analyzed the price elasticity of our brands and the Consumer's price/value perception. We are confident that with your partnership, the proven strong sales and growth rate of our brands will be unaffected by this nominal price increase. In 2019, we will continue to lead the market in innovation and to drive highly effective brand-building initiatives designed to drive sales growth for you.

The SKU level detail will be available shortly, and your sales representative will be happy to address any questions that you may have. We look forward to continuing to grow our businesses together.

Sincerely,



James P. Matese
Vice President of Sales

