

November 15, 2017

Dear Customer,

We are pleased to give you new pricing information and share with you some thoughts from our corner of the leather world. Hide prices are down. On October 16<sup>th</sup> we placed a 3% discount on all of our leathers. While the hide market remains down we plan to continue this hide discount. How long will hide prices stay down? It's anybody's guess, but we are expecting them to hold for the New Year. Your invoices will reflect this discount. Our card prices for 2018 will remain the same as 2017. We hope this discount will be helpful to you.

Every year we continue to invest in our personnel, our plant, and our equipment. Our employees are building the technical tanning skills necessary to continue improving both our process and the leather we produce. New equipment in the finishing department includes a new buffing machine and a roller press. In the tannery, we have replaced 3 drums and are getting ready to install a new scudding machine. This month we will select and begin switching over to a new information system. These investments are necessary to improve our quality, offer better service and keep our costs in line.

We attended a meeting celebrating the 100<sup>th</sup> Anniversary of the Leather Industries of America. We learned about the amount of negative press tanners are receiving from animal rights and environmental interest groups. News reports are claiming that the production and use of leather is cruel to animals (that cattle are killed for their hides). These groups are boycotting leather products in an effort to stop the use of animal skins. U.S. tanners have joined the fight and are pushing back against these false claims and misinformation. You need to be aware of this battle. You can learn more by looking up the [LeatherNaturally.org](http://LeatherNaturally.org) website.

Thanks to everyone for your overwhelming support for Shep over the last couple of years. We couldn't close without an update on his health. He is feeling blessed and continues to receive excellent check-ups. His untiring commitment to this industry is an inspiration to us all, and he continues to identify new ways in which we can better serve you. Together with everyone at Hermann Oak, we remain thankful for the opportunity to be one of your suppliers and look forward to seeing you at your shop, at a show, and you are always welcome to visit us at the tannery.

Best Regards,

Jeremy Thoene  
Sales Manager

Tom Eberle  
General Manager