

# News Release



December 2007

Dear Valued Customer,

In March 2007, Southco announced a restructuring plan to accelerate the rebalancing of our global operations. This move was made to better serve the needs of our global customer base and in recognition of the continued shift in the world's manufacturing footprint. Our guiding objectives for the plan are as follows:

1. Provide outstanding service to customers with local facilities and supply chains
2. Leverage Centers of Manufacturing Process Excellence
3. Eliminate waste and reduce cost

The purpose of this communication is to provide you with an update on our progress.

**North America:** By the end of 2007, we will be over 50% complete with the product and technology transfers associated with the closing of our Brandywine Manufacturing facility in Concordville, PA. Products and technologies will be transferred to Southco's facilities in Honeoye Falls, NY, Rockledge, FL, Chihuahua, Mexico and Fu Yong & Shanghai, China.

⇒ **Corporate Headquarters:** Southco's Corporate Headquarters will remain on our Concordville, PA campus.

⇒ **Concordville, PA Manufacturing:** We are creating Rapid Prototype and Injection Molding Center of Excellence at Concordville. The Rapid Prototype Center will provide fast response to customers for CEMA Positioning Control and Captive Fastener solutions. The Injection Molding Center will be created by the transfer of our Bridgeport, NJ injection molding facility to Concordville, including all of our existing employees. The Bridgeport facility is 17 miles from Concordville and we expect the product, technology and people transfers to be complete by the end of 2008. In addition, we are retaining the production of Southco rivets in Concordville.

⇒ **Mexico:** In December 2007 assembly and distribution will begin at our new facility in Chihuahua, Mexico.

**Europe:** An Assembly Center has been established and is operating in the Czech Republic. Capital and technology investments have been made in our Worcester and Farnham facilities to help drive continuous improvement in quality, delivery and productivity.

**China:** Output from Southco's four mainland China operations is up over 40% this year. Capital, technology and training investments have been made to enable improved quality and increased output.

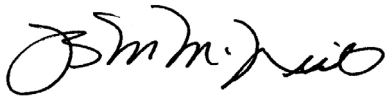
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**India:** In January 2008 assembly and distribution will begin at our newly built and owned facility in Pune, India.

**Global Supply Chain:** Southco's new Director of Global Supply Chain, Paul Smith, began this year and has made tangible progress in strengthening and building upon our global network of professionals, suppliers and processes.

We greatly appreciate your continued support and business and remain confident that these rebalancing investments will enhance our responsiveness and enable us to drive additional value for you. We look forward to continuing our work with you to build a stronger and more responsive business together.

Sincerely,



Brian M. McNeill  
President & CEO



Corporate &  
North America

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