

05July2011

## **SOUTHCO LEAD FREE PLAN AND IMPLEMENTATION TIME LINE**

Dear Valued Southco Customer,

We would like to take this opportunity to inform you that Southco is embarking on a wide-ranging initiative with the objective of becoming lead-free in all its metallic components by the end of 2012.

This is, in part, to meet the changes to RoHS currently being debated and formalized in the European parliament and is consistent with our corporate environmental policy of continued improvement of the management of the environmental aspects of our business. According to the proposed changes, we fully expect that the following exemptions to the current RoHS Directive (EU Directive 2002/95) will not be renewed and will expire by 2014 .

Exemption 6(a): Lead as an alloying element in steel for machining purposes and in galvanized steel containing up to 0.35% lead by weight.

Exemption 6(b): Lead as an alloying element in aluminum containing up to 0.4% lead by weight.

Exemption 6(c): Copper alloy containing up to 4% lead by weight.

Southco intends to meet these anticipated forthcoming changes in a proactive manner by planning to complete its lead-free program by the end of 2012. Here are the key milestones in our plan to be lead-free:

- |   |               |
|---|---------------|
| 1. Make all new designs lead-free (Complete)                          | December 2010 |
| 2. Identify replacements materials for leaded alloys (Complete)       | December 2010 |
| 3. Complete trials of lead-free materials for technical and cost data | April 2011    |
| 4. Complete qualification of lead-free alloys                         | December 2011 |
| 5. Share price changes with the customers                             | June 2012     |
| 6. Change documentation to reflect the change to lead-free alloys     | June 2012     |
| 7. Complete changeover to lead-free alloys                            | December 2012 |

We have already completed the first two milestones. All new designs after December 2010 will only use lead-free alloys. We have also identified lead-free replacements to the leaded materials used in Southco products. For examples, all components using 12L14 steel are planned to be replaced with lead-free 1215 steel. All 6262 aluminum is slated for replacement with lead-free 6040 or 6061. Similarly all leaded copper alloys are expected to be replaced with corresponding lead-free counterparts.

As you well know, the primary reason for adding lead to alloys is to enhance their machinability. Therefore, the planned removal of lead from the alloy compositions will adversely affect the machinability and component cost, which we will try to limit as reasonably possible.

We plan to give you updates on this important initiative and seek your input on an ongoing manner.

Should you have any further questions on this initiative, please do not hesitate to contact Sharad Raut, Compliance Engineer, at [techsupport@southco.com](mailto:techsupport@southco.com).

We look forward to serving you better.

Sincerely,

A handwritten signature in black ink that reads "Albert J. Frattarola". The signature is written in a cursive style with a horizontal line crossing through the middle of the letters.

Albert J. Frattarola  
Director of Global Technology  
February 9, 2011