



AlphaGary Corporation, 9635 Industrial Drive, Pineville, NC 28134 USA

September 23, 2008

## **REACH: Status of AlphaGary Products “Pre-Registration”**

Dear AlphaGary Customer:

The purpose of this letter is to keep you informed about the status of AlphaGary’s products under the European Community’s 1907/2006/EC regulation<sup>1</sup> known as REACH.

Registration, Evaluation, Authorization and the restriction of Chemical substances was enacted with the stated goal of improving the protection of human health and the environment from the risks of chemicals while enhancing the competitiveness of the EU chemicals industry. Earlier legislation was not adequate for assessing the impact of chemicals, especially for “existing chemicals” for which little health and environmental data was available. REACH was adopted in December, 2006 by the European Parliament and later that same month by the Environment Council. It entered into force on June 1, 2007.

One important distinction from earlier chemical regulations is that REACH transferred the burden of assessing chemical safety from government agencies onto the manufacturer or importer of those substances.

REACH affects any legal entity that imports one metric ton or more per year of a chemical substance into the EU. Substances must be registered with the new European Chemicals Agency (ECHA) in Helsinki under a defined timetable. Failure to properly register a substance means that it can no longer be manufactured, imported or marketed in the EU. However, companies can take advantage of a “pre-registration” period that allows them to manufacture, import and market so-called “phase-in” substances (i.e. existing substances) until the required registration deadline. The pre-registration period runs from June 1, 2008 until December 1, 2008, inclusive.

AlphaGary North America formulates thermoplastic compounds, which are defined as “preparations” under REACH. We do not manufacture or produce any basic chemical substances. Our products are physical mixtures of various polymers, basic substances and other preparations. For this reason and, because we are not defined as a legal entity under REACH, we do not plan to register (or pre-register) any substances. However, we recognize that as a member of the supply chain, we have an obligation to ensure that the basic substances in our preparations will be pre-registered or registered as appropriate. We are, therefore, working closely with each of our upstream suppliers, who manufacture the basic chemical substances, and relying on them to pre-register their products in compliance with the REACH requirements.

We have contacted each of our suppliers with a letter and a questionnaire to document where they stand with their REACH obligations. The initial reporting deadline was August 29, 2008 and many of our suppliers complied. We are now working diligently to follow up with all our suppliers to complete the questionnaires. As this information becomes available to us, we will make that known to your company for the AlphaGary products you purchase.

# AlphaGary

*Market Leadership in Specialty Compounds*

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REACH addresses the human health aspects of chemicals, in part, through the disclosure of operating scenarios to cover the uses and applications of those substances. We have notified our suppliers that they must include an exposure scenario for "compounded thermoplastic materials." If you believe that your application or use of AlphaGary products will not be adequately addressed by this operating scenario, please notify us so that we can communicate this through the supply chain.

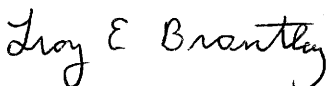
In addition to the pre-registration requirements under REACH, every supplier must make known the presence of "Substances of Very High Concern" (SVHC) in all their products in the supply chain, along with relevant information on its safe use. This includes packaging. These requirements will take effect as soon as the SVHC appear on the "candidate list" to be published by the ECHA in the next few months. The ECHA has already issued a notice identifying the first set of possible substances. It can be found on the ECHA website at:

[http://echa.europa.eu/consultations/authorisation/svhc/svhc\\_cons\\_en.asp](http://echa.europa.eu/consultations/authorisation/svhc/svhc_cons_en.asp).

Once the official list is published, AlphaGary will inform you if any of your products contain these SVHC.

We understand the importance to our supply chain of complying with REACH. Failure to meet the necessary requirements can cause significant disruptions to the whole supply chain. Therefore, we are striving to meet our REACH obligations and prevent such disruptions. If you have any questions, or need assistance in your responses to the REACH requirements, please don't hesitate to contact us.

Sincerely,



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1. Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC