



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

September 23, 2008

REACH “Pre-Registration” Requirements – ACTION REQUIRED IMMEDIATELY

Dear AlphaGary Supplier:

Historically, the European Community’s legislative framework for addressing chemical substances developed into a patchwork of Regulations and Directives. Eventually, it was recognized that this approach was inadequate, especially with regard to generating information about the effects of chemicals on human health and the environment. This was particularly true about “existing chemicals” covered under early regulations, for which little health and environmental data was available. To overcome this and other shortcomings, the European Union created a comprehensive chemicals policy known as REACH. Officially, this regulation is known as 1907/2006/EC¹ and was adopted in December, 2006 by the European Parliament. REACH was adopted by the Environment Council that same month and then entered into force on June 1, 2007.

REACH is an acronym derived from the major elements of this regulation: **R**egistration, **E**valuation, **A**uthorization and the restriction of **C**hemical substances. Its two most important stated goals are to improve the protection of human health and the environment from the risks of chemicals while enhancing the competitiveness of the EU chemicals industry. One important distinction from earlier chemical regulations is that REACH places the burden of chemical safety on the manufacturer or importer and not on regulatory agencies.

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 newly-established European Chemicals Agency (ECHA) 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 will allow 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.

Effectively, this “pre-registration” is simply a preliminary documentation of the basic substances that are ultimately contained in products sold into Europe. If your chemical substance/product is NOT pre-registered, then your product will be subject to costly evaluations and compliance testing as though it were a new substance.

AlphaGary North America does not manufacture or produce any chemical substances and our products are defined as “preparations” under REACH. Accordingly, we do not plan to pre-register or register them. However, as with other members within our supply chain, we have an obligation to ensure that the basic substances in our preparations will be pre-registered. Thus, we are relying on our upstream suppliers, who manufacture the basic chemical substances, to pre-register these substances so that we can continue to use them.



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Your company has been identified as a supplier to AlphaGary North America. In July, we sent your company a letter and REACH Supplier Survey to be returned by Friday, August 29, 2008. If you have not yet responded, **it is important that you do so immediately**. Return the survey to Ms. Dale Anderson by email (REACH@alphagary.com) or by fax (+1-704-889-7851).

It is important to note that failure to pre-register your products will effectively terminate the approval for their use directly or indirectly in downstream products sold into Europe. Even though your products may not be sold directly into Europe, it is essential that they are pre-registered for continued sales to AlphaGary. This is necessitated based on the premise that ANY of our compounded materials might end up in finished goods that are ultimately sold into Europe, even if manufactured in other parts of the world.

To pre-register your substances per the REACH requirements, you or your suppliers must be represented by an entity in Europe. Also, during the pre-registration process, you will be asked for the applications/uses for these products to assure their continued approval for sale into these types of finished goods. To cover the uses/exposure scenario for your product(s) by AlphaGary, we recommend you make sure these products are stated to be used in “compounding of thermoplastic materials.”

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 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.

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

We cannot overstate 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 for certain chemical substances. The original DEADLINE of AUGUST 29th has come and gone and we must be able to assure OUR customers that all of our AlphaGary compounds are in compliance with the REACH requirements.



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We appreciate your part in helping us to meet our obligations under REACH. If you have any questions or need assistance in this pre-registration process, please don't hesitate to contact us. Our AlphaGary North America REACH Coordinator is:

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Sincerely,

David B. Pfahl
Director of Purchasing

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