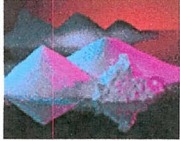


Rare Earth Phosphors

Rare Earth Phosphors



For over a hundred years, OSRAM SYLVANIA has strived to provide our valued customers and partners with the highest quality and most energy-efficient products while remaining at the forefront of lighting innovation. This certainly holds true for our fluorescent technology where OSRAM SYLVANIA has continually introduced successful products, delivering quality and value to the end user.

As a leader in the lighting industry, we must inform you of an issue facing every fluorescent lamp manufacturer that will have an impact on pricing worldwide. rare earth metals are elements vital to the manufacturing of our energy-efficient fluorescent lamps as they are a crucial component of the light-producing tri-phosphors inside the lamps. Currently, 95% of the world's rare earth metal mining and oxide production comes from China where the manufacture and export of these compounds is heavily taxed and controlled.

The Chinese government has implemented new tariffs and mining regulations on rare earth materials. These actions, coupled with increasingly strict export quotas, have caused the price of these compounds to substantially increase – as much as 3500% since January of 2010 in some cases. Due to regulation, exports of rare earth materials were reduced 40% from 2009 to 2010 and another 35% during the first half of 2011 compared with prior year. It is clear that the China policies regarding rare earth materials must be addressed with multiple strategies in order to stabilize pricing and supply of these critical minerals.

OSRAM SYLVANIA has and will continue to take steps to combat these rising costs. We have continued to strengthen our supply chain while spurring our research and development teams into action. We are investigating the ability to reduce the weight of powders used in fluorescent lamps while evaluating alternatives to the current phosphor combinations. However, despite our best efforts, the rising cost of Rare Earth oxides has outpaced our ability to absorb them.

In order to combat the steep rising costs of these raw materials, OSRAM SYLVANIA will increase pricing on our fluorescent lamps, including our T8, T5, Deluxe T12 and all CFL pin and self-ballasted lamps. These increases will go into effect July 1, 2011; August, 2011; and then monthly until the cost of rare earth materials are stabilized.

We appreciate your cooperation and understanding during these changing times. New pricing schedules will be available for download on mySYLVANIA.com If you would like more detailed information regarding the Rare Earth oxide shortage, please contact your local OSRAM SYLVANIA sales representative who will be able to provide you with the most current status on pricing and availability.

[Rare Earth Crisis Presentation](#)

Sincerely,

Rick Leaman
President and CEO
OSRAM SYLVANIA Products INC.

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