

December 3, 2010

In the late 1990's the EPA received information that perfluorooctyl sulfonates (PFOS) were widespread in the blood of the general population with related concerns about persistence, bioaccumulation, and toxicity. This led to the termination of the production of these chemicals.

Based on these findings, similar chemicals were evaluated for similar potential problems. The investigations showed that perfluorooctanoic acid, abbreviated as "PFOA" or "C8", presented the same issues as PFOS inclusive of adverse developmental and other effects on laboratory animals. PFOA is used as a monomer in production of a very large array of polymeric and telomeric chemicals for non-stick surface properties for cookware and other high temperature applications, imparting oil, water, grease, and stain resistance to fabrics and other fibers, fire resistance, and many other applications.

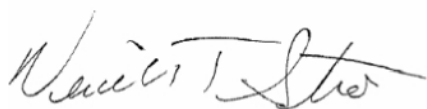
While a determination has not been made that PFOA poses an unreasonable health risk to the public, in January 2006 the EPA and the eight major C8 producers entered into the PFOA Stewardship Program. The goals of this program are to reduce emissions and product content of PFOA 95% by 2010 and to completely eliminate these by 2015. Most of the eight companies have been working to achieve these goals prior to the target dates. More information on this topic is available at <http://www.epa.gov/opptintr/pfoa/pubs/pfoainfo.html>.

This has led to the supply of raw materials based on C8 used in the StarChem line of oil and water repellents and soil release agents to become both unavailable and more expensive over the last year. We have now been informed by our primary suppliers that they will no longer provide C8 raw materials effective April 2011. StarChem has anticipated this and has been evaluating the recommended shorter chain length products based on C6 and C3 chemistries from the various suppliers. These raw materials are now readily available, and the offset products for the current C8 products are listed below. Unfortunately, these raw materials are at higher cost than the C8 equivalents, explained by our suppliers as due to differences in the manufacturing processes and yields. It is unclear at this time whether there will be pricing relief as C6 volumes increase.

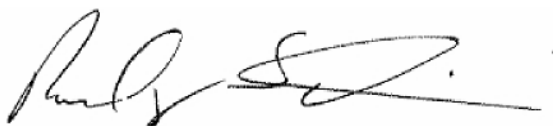
The following page gives the StarChem C6 offset products to current C8 based chemistry. Generally, the C6 products will require slightly different application rates than the offset C8 product, please consult your StarChem sales or technical service representative for technical assistance or pricing.

StarChem appreciates your continued interest and support, and we will continue to work to provide the best possible products to replace the C8 chemistry now and in the future.

Sincerely,



Vince Stine  
Director of Product Management  
StarChem, LLC



Randy Schneider  
V.P. Sales Commercial Development  
StarChem, LLC

## StarChem C6 Based Fluorocarbon Product Line

<u>C8 Based Product</u>	<u>Application</u>	<u>C6 Offset Product</u>
Baygard UFC-01	oil and water repellency	StarPel FC 2570
Baygard RBR	oil and water repellency	StarPel FC 2581
Baygard FSO	oil and water repellency	StarPel FC 2582
Baygard LCF	oil and water repellency	StarPel FC 2583
Baygard ISR	soil release	StarRelease FC 2584
Baygard SOC	soil release	StarRelease FC 2566