



General Illumination

Timothy J. Lesch

**Senior Vice President – Sales, Service, Logistics – NAFTA
Executive Committee Member - OSI**

June 28, 2011

To OSRAM SYLVANIA customers:

By now you may have seen the numerous articles and industry communications regarding how the scarcity of Rare Earth oxides combined with the hyper-inflation of prices, is having a serious adverse impact on the lighting industry. Since our May 23, 2011 price increase announcement, China has dramatically reduced the amount of rare earth oxides available for export and the cost continues to increase beyond our ability to compensate.

The lighting industry consumes less than 10% of the Chinese export quota for these oxides, putting the lighting manufacturers at a competitive disadvantage as the supply of these materials shrinks. Even when it is possible to obtain the oxides, the costs have continued to skyrocket in recent weeks.

Due to these continued cost increases, OSRAM SYLVANIA is revising our previously announced September 1st 10% price increase on all Fluorescent Lamps to include Compact Fluorescent lamps to an overall average increase of 25% to be effective August 1, 2011. Actual price increases will vary by fluorescent product type. Please note that all other products will not be impacted by this increase.

In addition, OSRAM SYLVANIA will be implementing increases on a monthly basis until the global rare earth oxide market has stabilized. Future price increase announcements will be posted to www.mySYLVANIA.com.

New pricing goes into effect for new orders on August 1, 2011 (11-2 book) and is over and above the July 1, 2011 (11-1 book) price increase previously announced.

New price schedules will be available for download on www.mySYLVANIA.com. We will continue to post announcements and detailed information regarding the Chinese rare earth situation to mySylvania. Our sales professionals will continue to provide you with our current pricing status and they also will notify you in advance of any availability issues.

I appreciate your continued cooperation and understanding during this global shortage.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Lesch".

Timothy J. Lesch

OSRAM SYLVANIA, Inc.
18725 N. Union Street
Westfield, IN46074
United States
☎ 1-888-677-2627

www.sylvania.com