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Dear Valued Customer,

The new "Conflict Minerals" rule ("the rule") finalized on August 22, 2012, by the Securities and Exchange Commission (SEC) as directed by Section 1502 of the Dodd-Frank Act of 2010. The rule requires companies manufacturing products containing tin, tantalum, tungsten or gold to determine if any of these "conflict minerals" originated in the Democratic Republic of the Congo or surrounding countries (the "covered countries") and to report to the SEC on its efforts to make this determination. The first reports will be due May 31, 2014, covering products manufactured during calendar year 2013.

The rule only applies directly to companies required to report to the SEC under Sections 13(a) or 15(d) of the Exchange Act. We have determined that the rule does not apply directly to PBM, Inc., however, we recognize that we will be indirectly impacted by the rule and that we share a responsibility with our customers to comply with the rule's requirements. Therefore, we intend to follow the rule's requirements on conflict minerals to provide our customers with the information necessary for them to comply.

The rule applies to products containing any of the four conflict minerals (tin, tantalum, tungsten and gold) if the minerals are "necessary to the functionality or production" of the product or products manufactured. In a significant departure from its original proposal, the SEC ultimately determined that "intentionally adding" a mineral to the product was a measure of whether the mineral was necessary to the functionality or production of the product. We are advised that alloys containing trace elements of a conflict mineral as contaminants and impurities do not cause that product to fall under the requirements of the rule. Therefore, only alloys with chemical composition specifications requiring a conflict mineral be present as a minimum or a range are within the scope of the rule.

The SEC in its original proposal would have required a Conflict Mineral Report (CMR), due diligence and third-party audits for all recycled or scrap sources of conflict minerals. In the final rule, we will be required only to conduct a "reasonable inquiry" procedure to determine whether the conflict minerals come from scrap sources. If so, it is considered DRC Conflict Free.

Also of great interest, the SEC has declared that the rule will not apply to conflict minerals outside the supply chain prior to January 31, 2013. This means that any conflict mineral mined and smelted prior to that date is outside the scope of the rule.

As a privately held company our commitment is to support the aims and objectives of the U.S. legislation on the supply of "conflict minerals". We do not knowingly procure specified metals that originate from facilities in the "Conflict Region" that are not certified as "conflict free". We ensure compliance with these requirements, and ask our suppliers to undertake reasonable due diligence with their supply chains to assure that specified metals are being sourced only from mines and smelters outside the "Conflict Region" or mines and smelters which have been certified by an independent third party as "conflict free" if sourced within the "Conflict Region".

Thank you for the opportunity to address your concerns regarding the SEC's Conflict Mineral Rule, and most importantly, for the opportunity to be your supplier. We appreciate your business.

Sincerely,

Wendy Eglhaut 2-11-16

Wendy Eglhaut
Assistant Quality Assurance Manager, PBM, Inc.

