

December 20, 2009

SUBJECT: Compressor, Steam Turbine & Gas Turbine Product Line Support

Woodward recognizes that excellent and long term product support is critical to customers in our compressor, steam turbine and gas turbine markets. Woodward continues to invest heavily in product lines for these markets to ensure our market success and longevity. As long as our customers are buying significant quantities of any product line, they will continue to be fully supported. Due to the success of our current product lines, we do not anticipate any rationalization of our compressor, steam turbine, or gas turbine based product lines in the foreseeable future (**10 years at a minimum - likely beyond**).

Woodward has a long and successful track record of keeping product lines available for 10-15 years and longer, even though many of the original electronic components have gone obsolete in that same time period. In many cases we introduce new models with additional functionality to extend the life of a product line. In other cases we invest in inventory of obsolete parts or minor product redesigns to use alternate components.

There are times when Woodward will eliminate certain product line part numbers. This may be due to the availability of higher performance alternatives, or simple unavailability of electronic components. In these situations, Woodward supports its customers with either direct replacements or functional replacements. Direct replacements drop into older systems with no modifications. Functional replacements offer similar functionality but may require additional modifications such as software updates or replacement of additional modules.

When a product is "Rationalized" (end of life for new applications) with no direct replacement, Woodward provides an extended support plan for its customers. Typically Woodward announces the Rationalization a year in advance to give time to design the new component into new applications. Upon this notification, the following support plan will be followed:

Years 0-1 = Unlimited product line sales, spare units, related components/modules, and repairs

Years 1-5 = Unlimited spare units, related components/modules, and repairs

Years 5-10 = Limited repairs based on parts availability, product Replacement/Exchange with available service stock units

Years 10-20 = Replacement/Exchange with available Service Stock units (no repairs), Replacement product utilizing same core control algorithms, logic and hardware subsystems "where applicable" Availability of design drawings such that customer can produce the part themselves (with signed "Proprietary Drawing and Assumption of Liability and Release Agreement")

Due to the nature of electronic components, Woodward is often notified of last time buys for various components. Woodward strives to hold inventory or find alternative parts when electronic components are discontinued. However, there are times when components can simply not be obtained and where sufficient last-time buys cannot be made. In these cases, Woodward cannot always guarantee the rationalization support plan.

Best Regards,

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