

July 2, 2010

SUBJECT: Product Support for PGPL & PG-Dial Governors

The PGPL and PG-Dial product lines are very important to Woodward and its turbine market portfolio. Since the early 1950s, Woodward has shipped thousands of PGPLs and PG Dials for use on small steam turbines. Woodward is still shipping these mechanical governors today although not at the same quantities as in the past. As a result these product lines are expected to be actively sold for many years to come. As long the product is successful in the market place, Woodward will fully support it with active sales. It is currently envisioned that this product line will be successful and actively sold for at least the next 10 years.

As with all products, there will come the time when Woodward will need to discontinue production. Recognizing that customers use these products on critical equipment with extended lifetimes, Woodward has implemented a post-life support plan to support our customers for the life of the equipment. When the time comes to rationalize a product Woodward will follow its standard rationalization plan as we have for other electrical products. The typical notification prior to rationalization is one year. Upon notification of the end-of-production life for a specific product the following support plan applies:

1. Notification of product end-of-production life (typically 1 year before end of production date):
  - Unlimited new sales
  - Unlimited spares
  - Unlimited repairs
  - Replacement exchanges with available service stock
2. End of product production life date and **Years 0-2** post production:
  - Unlimited spares
  - Unlimited repairs
  - Replacement exchange with available service stock
3. **Years 2-5** post production:
  - Limited spares based on parts availability
  - Unlimited repairs
  - Replacement exchange with available service stock
4. **Years 5-10** post production:
  - Repairs based on parts availability
  - Replacement exchange with available service stock
  - Replacement product utilizing same algorithms and logic where applicable
5. **Years 10-20** post production:
  - Replacement exchange with available service stock
  - Replacement product utilizing same algorithms and logic 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")



Parts obsolescence from manufacturers can present a challenge to post-life support plans. Woodward strives to hold inventory, or look for alternative parts when components are obsoleted. 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 that we can maintain the rationalization support plan.

Regards,

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