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July 8, 2009

Subject: "Buy American" Provision of the American Recovery and Reinvestment Act (ARRA) of 2009

National Pump Customers,

Please be advised that National Pump Company is in compliance with the new provisions of the BUY AMERICAN Act in the ARRA (Statutory Requirements Summary [Title XVI, Section 1605]) – which was effective April 3, 2009.

The BUY AMERICAN ACT contains the following requirements (Pub. L. No. 111-5) and said Act published OMB Guidance (2 CFR Part 176, Appendix 9):

"None of the funds appropriated or otherwise available by the Recovery Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless (1) the public building or public work is located in the United States; and (2) All of the iron and steel, and manufactured goods used in the project are produced or manufactured in the United States.

- (i) Production in the United States of the iron and steel used in the project requires that all manufacturing processes must take place in the United States, except metallurgical processes involving refinement of steel additives. These requirements DO NOT apply to iron and steel used as components or subcomponents of manufactured goods used in the project.
- (ii) There is no requirement with regard to the origin of the components or subcomponents in manufactured goods used in the project, as long as the manufacturing occurs in the United States."

The only area that represents non compliance issues are vertical high thrust motors that do not ship assembled on vertical turbine or propeller pumps. Both GE and USEM, the only NEMA vertical thrust motor manufacturers; build almost all our Vertical Hollow and Solid Shaft Motors:

- On 40 HP Motors and below, they are built outside the US and do not comply with ARRA without a waiver.
- All 40 HP and above "Modified" NEMA vertical motors meet ARRA requirements
- All 100 HP and above Standard or Modified vertical Thrust NEMA style motors meet ARRA requirements.

Attached please find a recent letter from Mr. Richard A. Heppe, President of USEM providing their interpretation of compliance on their motors.

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To insure compliance on any Federally Funded Project under the American Recovery and Reinvestment Act of 2009, we request that the following procedures be followed:

1. When specifying a project, please send all project documents to Patrick McNulty, Customer Service Manager, National Pump, Glendale, AZ for review - Tel: (623) 979-3560 ext. 203 Fax: (623) 979-2177. Patrick will complete the paperwork and bid documents and return same to you.
2. When an order is secured, please clearly note that it is a ARRA project, and forward it to Patrick McNulty for order processing.

Should guidelines under ARRA change, National Pump will communicate these at our earliest convenience to you.

Should you have any questions please do not hesitate to contact us.

Sincerely,



Ken Kochamba  
National Sales and Marketing Manager



**Position Statement of Emerson Motor Company Concerning the  
"Buy American" Provision of the  
American Recovery and Reinvestment Act of 2009**

On February 17, 2009, President Obama signed Public Law 111-5 referred to as the American Recovery and Reinvestment Act, or ARRA. Section 1605(a) of the ARRA contains a "Buy American" provision mandating that all iron, steel and manufactured products used in ARRA-funded public building and works projects be produced in the United States (subject to certain exceptions). However, in several key respects, the interim rule issued by the Civilian Agency Acquisition and the Defense Acquisition Councils and the guidance issued by the Office of Management and Budget (OMB) have provided for application of the Buy American provision in a somewhat restrained manner.

While the Buy American provision of the ARRA requires all iron and steel for use as construction material to have all manufacturing processes take place in the U.S., the guidance states that this requirement does not apply to iron and steel used as components or subcomponents of other manufactured construction materials. Further "manufactured goods" are considered produced in the United States when it results from processing into a specific form and shape or combining of raw material into a property different from the individual raw materials, and that processing/combining occurs in the United States. Even more important, the interim rule and OMB guidance further state there is no requirement with regards to the origin of components or subcomponents in manufactured goods, as long as the manufacture of the goods occurs in the United States. Thus, for purposes of the ARRA, construction material will acquire domestic origin status when manufactured in the United States without regard to the origin of its components.

Emerson Motor Company, a division of Emerson Electric Co., St. Louis, Missouri, is proud to let you know that motors manufactured by our Mena, Arkansas facility sold and shipped within the United States comply with the Buy American requirements of Section 1605 of the ARRA. More specifically, this includes vertical motors 100 HP and above and modified production Vertical Hollowshaft and Vertical Solid Shaft motors 40 HP and above. In addition, based on the guidance issued to date, imported motors sold by Emerson Motor Company can be included in a "manufactured good" in the United States without effecting compliance with the Buy American requirement of the ARRA.<sup>1</sup>

As of this date, the final rule has not been issued concerning the Buy American provisions contained in Section 1605 of the ARRA. Thus any final determination regarding the ARRA must necessarily wait for the issuance of Final Rules.<sup>2</sup> Emerson Motor Company will continue to monitor the guidance on the ARRA to support customer's requests for motors used in ARRA-funded public building and works projects.

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<sup>1</sup> Customers interested in purchasing a specific Emerson motor for use in an ARRA funded project should contact their Emerson Motor Company representative for confirmation that the final "manufactured good" falls within the requirements of Section 1605.

<sup>2</sup> Certain U.S. government agencies may also impose further requirements on the distribution and use of their ARRA funds.

Should you have any questions regarding the application of the Buy American requirement of the ARRA to your motor purchase or how this requirement may affect your transactions with Emerson Motor Company, please contact your Emerson Motor Technologies representative.



Richard A. Heppes  
President, Industrial Motors & Systems  
Emerson Motor Company

17 June 2009  
Date