



116.945.AB.1

BUY AMERICAN ACT

Substantial Transformation

Questions for Determining Whether Substantial Transformation has Occurred in the U.S.

The following questions are intended to serve as a guide to determine whether a manufactured good to be incorporated into a project being built with ARRA funds was manufactured in America. Substantial transformation has occurred in the U.S. if the answer is yes to either of the following questions - Questions 1, 2, or 3. If the answer to Question 1 is YES, then this is clearly manufactured in the U.S., and the inquiry is complete. If the answer is YES for any of 2a, 2b, or 2c, then answer to Question 2 is YES. If the answer is YES for at least two of 3a, 3b, 3c, 3d, or 3e, then answer to Question 3 is YES.

| QUESTIONS/ANSWERS | YES | NO |
|---|-----|----|
| 1. Were all of the components of the manufactured good manufactured in the United States, and | | Х |
| were all of the components assembled into the final product in the U.S.? (If the answer is | | |
| yes, then this is clearly manufactured in the U.S., and the inquiry is complete) | | |
| While the majority of the components are manufactured in our U.S. facilities, there are components used | | |
| in some products that are sourced offshore. | | |
| 2. Was there a change in character or use of the good or the components in America? (These | | x |
| questions are asked about the finished good as a whole, not about each individual component) | | |
| a. Was there a change in the physical and/or chemical properties or characteristics designed to alter the functionality of the good? | | X |
| b. Did the manufacturing or processing operation result in a change of a product(s) with one use into a product with a different use? | | X |
| c. Did the manufacturing or processing operation result in the narrowing of the range of possible uses of a multi-use product? | | X |
| 3. Was/Were the process(es) performed in the U.S. (including but not limited to assembly) complex and meaningful? | X | |
| The majority of the product manufacturing and assembly process comes from three locations in the United | | |
| States. We cast brass bases, as well as plate and polish bases and components, in our Milwaukee, WI | | |
| foundry. Quaturn cartridges, shanks, handles and other small parts are manufactured at our machining | | |
| facility in Elyria, OH. Our facility in Michigan City, IN uses the components from Milwaukee, Elyria and | | 1 |





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| components sourced offshore in the final assembly of our products. The processes employed at our United States facilities involve substantial time, significant cost, high-level skills and a number of different operations. By taking raw materials and component parts and assembling them into high-quality faucets, these processes add substantial value and result in finished goods that are distinct from the materials and components from which they were transformed. | |
|---|---|
| a. Did the process(es) take a substantial amount of time? | x |
| In order to provide finished products, a substantial amount of time is required in obtaining raw material (ingot, steel rod), foundry, machining, polishing, plating, inspection, testing and final assembly. | |
| b. Was/Were the process(es) costly? | x |
| The combination of high skilled labor, product molds, custom machinery and raw materials involved in U.S. facilities represents a substantial amount of the product expense. | |
| c. Did the process(es) require particularly high-level skills? | x |
| A high-level skill set is required in almost every step of the process, including foundry operators, machinists, polishers, plating operators, product testers and assemblers. | |
| d. Did the process(es) require a number of different operations? | x |
| As described previously, most finished products require obtaining raw material (ingot, steel rod), foundry, machining, polishing, plating, inspection, testing and final assembly. | |
| e. Was substantial value added in the process(es)? | X |
| The processes for the manufacturing and assembly our faucets add substantial value to our products. Through the use of custom molds, proprietary machining, plating and other processes - raw materials and component parts are transformed into a much more valuable and highly useful finished good. | |

Click <u>here</u> to see a video overview of the manufacturing processes utilized at our U.S. facilities.