



Legal Bulletin

July 1, 2009

To: Siliken Customers

From: Scott Sporrer, Vice President and General Manager

Subject: Siliken Manufacturing Operations Under the American Recover and Reinvestment Act Buy American Requirements

The ARRA and Office of Management and Budget ("OMB") initial implementing regulations mandate that financial assistance award projects with an estimated value of less than \$7,443,000 use manufactured goods that are produced or manufactured in the United States (often equated with "substantial transformation" in the United States). If a project has an estimated value of \$7,443,000 or more and the manufactured goods are covered under one or more international agreements, the manufactured goods must be "substantially transformed" in the United States or in certain designated countries. The origin of components and subcomponents used in manufactured goods generally is not relevant, as long as substantial transformation of the goods occurs in a qualifying location. Substantial transformation occurs when the goods are transformed into a new and different article, acquire their distinct name, character, or use, and become functional or "come to life." Similar interim regulations have been implemented in the Federal Acquisition Regulation covering ARRA-funded projects awarded through the federal procurement process, a distinction being that the term "manufactured in the United States" is substituted for "substantially transformed" in the United States.

Siliken sources the components and sub-assemblies for its photovoltaic modules from various locations throughout the world (including the United States, Spain, Germany and other countries) to ensure the highest quality at the lowest cost. For ARRA-funded projects, Siliken imports these products in an incomplete condition into the United States and substantially transform them into completed photovoltaic modules at facilities in San Diego, California.

Manufacturing Siliken modules in the manner described above qualifies Siliken under the Buy American provisions of the ARRA.

Should you have any specific questions, please feel free to contact Siliken directly to discuss.