

U.S. EXPORT LAWS

Please be advised that exports, re-exports and transfers of Neptune products are subject to U.S. export laws, specifically, the Export Administration Regulations (“EAR”) administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”).

Under the EAR, most of Neptune’s products are classified as EAR99 and absent of other issues (discussed below) can be exported and re-exported to all destinations, except the countries subject to U.S. trade embargoes, currently Cuba, Iran, Syria, North Korea and Sudan, without BIS authorization using the designator “NLR” (“No License Required”).

However, certain of Neptune’s products are classified by an “Export Control Classification Number” (“ECCN”) 2B350 and require a BIS export/re-export license to the countries controlled for Chemical & Biological Weapons reasons, appearing in the BIS Commerce Country Chart at 15 C.F.R. part 738, Supplement No. 1, in the CB2 column.

The countries below are subject to change, however, the following is a list of the countries where 2B350 licensing continues to be required.

Countries that require 2B350 licensing.

Afghanistan	Chad	Guinea – Bissau
Albania	Chile	Guyana
Algeria	China	Haiti
Andorra	Colombia	Honduras
Angola	Comoros	Hong Kong
Antigua & Barbuda	Congo (Democratic Republic of the)	India
Armenia	Congo (Republic of the)	Indonesia
Aruba	Costa Rica	Iraq
Azerbaijan	Djibouti	Israel
Bahamas, The	Dominica	Ivory Coast (Cote d’Ivoire)
Bahrain	Dominican Republic	Jamaica
Bangladesh	East Timor	Jordan
Barbados	Ecuador	Kazakhstan
Belarus	Egypt	Kenya
Belize	El Salvador	Kiribati
Benin	Equatorial Guinea	Kuwait
Bhutan	Eritrea	Kyrgyzstan
Bolivia	Ethiopia	Laos
Bolivia	Fiji	Lebanon
Bosnia & Herzegovina	Gabon	Lesotho
Botswana	Gambia, The	Liberia
Brazil	Georgia	Liechtenstein
Brunei	Ghana	Macau
Burkina Faso	Grenada	Macedonia (The former Yugoslav Republic of)
Burma	Guatemala	Madagascar
Burundi	Guinea	Malawi
Cameroon		
Camobodia		
Cape Verde		
Central African Rep.		



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Malaysia	Panama	Suriname
Maldives	Papua New Guinea	Swaziland
Mali	Paraguay	Taiwan
Marshall Islands	Peru	Tajikistan
Mauritania	Philippines	Tanzania
Mauritius	Qatar	Thailand
Mexico	Russia	Togo
Micronesia (Federal States of)	Rwanda	Tonga
Moldova	Saint Vincent and the Grenadines	Trinidad & Tobago
Monaco	Samoa	Tunisia
Mongolia	San Marino	Turkmenistan
Montenegro	Sao Tome & Principe	Tuvalu
Morocco	Saudi Arabia	Uganda
Mozambique	Senegal	United Arab Emirates
Namibia	Serbia and	Uruguay
Nauru	Seychelles	Uzbekistan
Nepal	Sierra Leone	Vanuatu
Netherlands Antilles	Singapore	Vatican City
Nicaragua	Solomon Islands	Venezuela
Niger	Somalia	Vietnam
Nigeria	South Africa	Western Sahara
Oman	Sri Lanka	Yemen
Pakistan	St. Kitts & Nevis	Zambia
Palau	St. Lucia	Zimbabwe

Country that required 2B350 licensing as of August 31, 2006

Libya

Australia Group

The following is a list of countries where the export of Neptune goods is not restricted:

Argentina	Greece	Norway
Australia	Hungary	Poland
Austria	Iceland	Portugal
Belgium	Ireland	Romania
Bulgaria	Italy	Slovakia
Canada	Japan	Slovenia
Cyprus	South Korea	Spain
Czech Republic	Latvia	Switzerland
Denmark	Lithuania	Sweden
Estonia	Luxembourg	Turkey
Finland	Malta	United Kingdom
France	Netherlands	United States
Germany	New Zealand	Ukraine

New member of Australia Group as of September 12, 2007

Croatia

Neptune

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Please note that the above lists may change. The countries where export of Neptune goods is NOT restricted can be found in Country Group A:3 at Supplement No. 1 to Part 740 of the Export Administration Regulations (the "EAR"). The countries where export of Neptune 2B350 pumps IS restricted can be found in the Commerce Country Chart, Column CB2, in Supplement No. 1 to Part 738 of the EAR. These charts can be accessed at <http://www.access.gpo.gov/bis/ear/pdf/738spir.pdf>.

Under no circumstances can Neptune product be shipped to the following embargoed countries:
Cuba, Iran, Sudan, Syria and North Korea

Extreme caution should be used in exporting EAR99 pumps to Iraq, as sales to certain endusers and end-users in this country may require licenses (see discussion below).

The products that Neptune has classified as ECCN 2B350 include:

- All pumps with flow rate over 158 GPH and the material of construction is C20.
- All pumps with flow rate over 158 GPH and the material of construction is Kynar.
- All relief valves in C20 or Kynar.
- All back pressure valves in C20 or Kynar.
- All liquid heads in C20 or Kynar for pumps with Simplex or Duplex capacity greater than 158GPH.
- Mixers coated with Kynar or Teflon.
- All heat exchangers in Inconel 600.

In addition to these export controls specific to certain products, please note that there are several lists maintained by the U.S. Government that restrict/prohibit the export/re-export of all items (including EAR99 items) to specifically named entities. The lists include: the Department of Commerce's Denied Persons List; Unverified Nationals List; and the Department of State's Debarred List. The lists may be accessed at: <http://www.bis.doc.gov/Enforcement/knowcust.htm>.

Additionally, you should be aware that all items (including EAR99 items) require a license if the exporter knows, has reason to know, or is individually notified by BIS with respect to a specific transaction that the item will be used in activities related to nuclear, chemical or biological weapons or missile delivery systems. BIS provides the "Know Your Customer" guidance to explain the "knowledge" standard that applies to these license requirements. The "Know your Customer" guidance may be viewed at: <http://www.bis.doc.gov/Enforcement/knowcust.htm>.

Moreover, the new regulation provides that, with respect the chemical or biological weapons, a license to export, re-export, or transfer (in-country) items subject to the EAR if, at the time of the export, re-export, or transfer, the party responsible for the biological weapons activities in or by any country or destination, worldwide. Please note that the new regulation requires a license not only for exports and re-exports, BUT ALSO transfers of an item subject to the EAR within a foreign country, if the transferor



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has knowledge that the transferee will use the item in the design, development, production, stockpiling or use of chemical or biological weapons. Finally, if you plan to engage in exporting and/or re-exporting, it is advisable that you review the ten General Prohibitions outlines in Part 736 of the EAR as part of your overall review of export/re-export requirements. The General Prohibitions may be viewed at: <http://www.access.gpo.gov/bis/ear/txt/736.txt>.

Change to Stocking Order Protocol for 2B350 products:

A change has been made to the protocol for distributors ordering 2B350 classified products. Effective immediately, all distributors, located in or shipping to any controlled countries noted above, must provide the end-users/customer information for all licenses. All orders for 2B350 products for export/re-export to the controlled list of countries above must be accompanied by the known end-user/customer and the intended use.

Processing of the license for these items will take approximately 6-8 weeks from time of order. Please use the attached end-use certification form and BIS 711 form (both forms are required).



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