

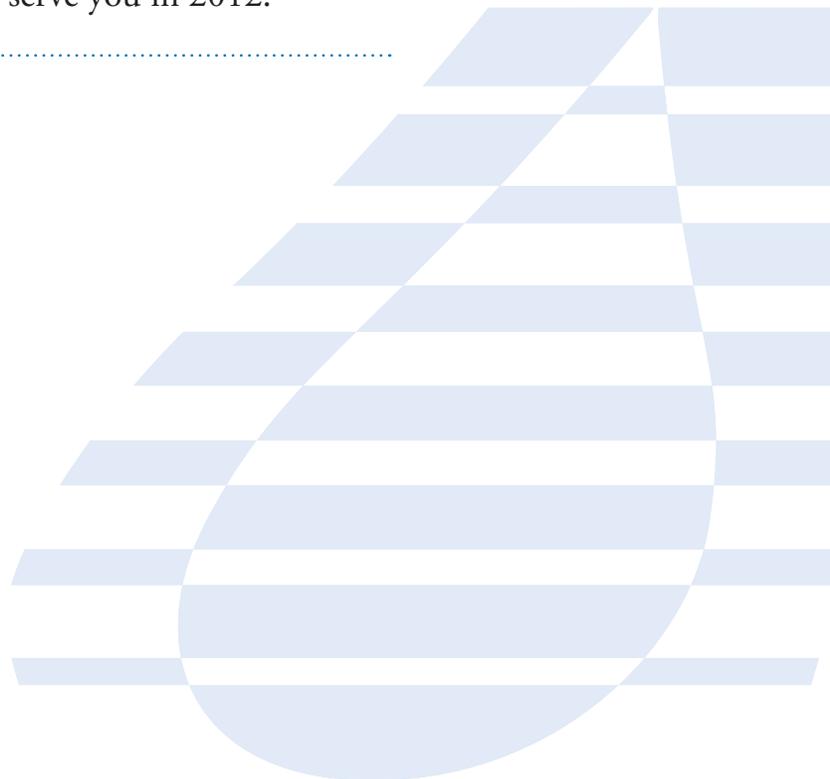
2011 Accomplishments

In the Hydraulic Institute's 94-year history, 2011 was arguably a very significant year. In January the United States Department of Energy announced its intent to explore a rulemaking on pump efficiency. This announcement set in motion our year-long effort to establish and communicate the pump industry's position while serving as a catalyst for accelerating other related initiatives of the Institute.

During the year, HI remained grounded in its mission "to serve our member companies and pump users by providing comprehensive industry standards, enhancing pump and systems knowledge, and serving as a forum for the exchange of industry information."

We are committed to helping you, our members and standards partners, advance your business interests, while helping the individuals who make up your organizations achieve their professional goals.

As you consider all that we have jointly accomplished this year, know that your efforts are deeply appreciated. We look forward to your active involvement as we continue to serve you in 2012!



2011 Meeting Participation



HI and Europump delegates at the Annual Meeting

Annual Meeting

Nearly 200 pump industry leaders and Europump colleagues gathered in Scottsdale, Arizona, for vital committee work, peer networking, and learning from expert speakers on topics such as pump efficiency, global supply chain management, economic forecasts, and management lessons to be learned from the way fighter pilots operate in a combat environment. The Supply Chain Network was launched and ten companies participated in the successful Tabletop Display program for associate members, standards partners, and PSM utility/NGO sponsors.

Technical Meeting

More than 80 members convened in Louisville, Kentucky, to continue significant standards-writing work. Members were briefed by several technical experts at pump knowledge workshops and also were briefed on the U.S. Department of Energy's rulemaking on pump efficiency.

Market Outlook Workshop

A total of 50 pump industry participants joined another 60 valve industry colleagues in Boston, Massachusetts, to hear 12 market-specific updates and economic forecasts. The HI Market Intelligence Committee also met and covered a diverse agenda, including a review of ongoing statistics reports and the possible impact of proposed Department of Energy pump efficiency regulations on HI's data collection processes. The annual Market Outlook Workshop serves as an invaluable forum for pump and supplier OEMs to gain insights for future business planning.

Fall Meeting

Nearly 120 members gathered in Dallas, Texas, to address industry-critical issues, including standards development, guidelines, electronic data exchange protocols, performance management, and more. The HI board of directors and several of HI's key technical committee chairs met with a delegation of nine energy efficiency non-government organizations (NGOs) to explore common ground on the U.S. Department of Energy's proposed rulemaking on pump efficiency.

Europump Meeting

A delegation of HI member companies and executive staff participated in the Europump Annual Meeting in Amsterdam, Netherlands. HI and Europump continued to exchange delegates at the meeting and explore common issues as part of the HI-Europump Mutual Cooperation Agreement. All pump OEMs are eligible to participate in such meetings.

Future HI and Europump Meetings

To help avoid corporate meeting conflicts, HI has confirmed meeting dates through 2013. For the current schedule, see www.Pumps.org/FutureMeetings.



Education and insights inform pump industry leaders



Tabletop displays add business networking value for associates

Membership, Member Services, and Marketing



Leverage Your HI and PSM Relationships

- Use the logos on your corporate website
- Include the logos in product brochures
- Add the logos to your e-mail signature
- Purchase a custom standards cover
- Remember to link to Pumps.org and PumpSystemsMatter.org!

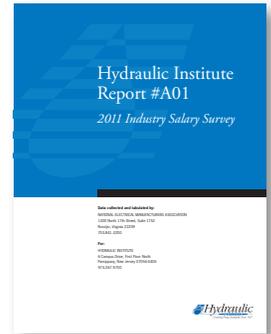
New Members and Standards Partners

- HI welcomed four new members:
 - AESSEAL Inc.
 - WEG Electric Corp.
 - All-Flo Pump Co.
 - Baldor Electric Company
- HI welcomed one new standards partner:
 - Flo-Dynamics Systems Inc.

Member Surveys and Economic Reports

- Results of the 2011 member survey showed that 80% of HI members are either satisfied or extremely satisfied with HI member services. This survey is repeated annually to gather member feedback about the Institute and its programs and services.
- HI completed the transfer of administrative responsibility for the statistics program to NEMA Business Information Services. Members can now submit data and receive compiled reports for the market data surveys — *Monthly Pump Orders Booked* and *Quarterly Global Pump Bookings* — through a secure online website.
- Two human resources reports were made available free of charge for participating HI members. All pump manufacturer members are encouraged to participate in the *Industry Salary Survey* and the *Hourly Rated Wage & Fringe Benefit Survey: Factory/Foundry*.

- Participation continued to increase in HI's *Annual Operating Ratios Report*; data from 36% of eligible members was included in the 2011 report.
- HI's *Quarterly Global Pump Bookings Report* gained several new participants in 2011. This free report was enhanced to include market-specific breakdowns as well as bookings by destination world region.
- In the fall HI members received the *2011 European Industrial Forecasting World Pump Market Report* — a comprehensive view of the global pump market; a European market update was shared in May. Report author and EIF President Vivian Woodward updated members during an HI-hosted webinar in November.



Other Membership Benefits

- HI hosted two webinars for subscribers and members interested in its HI/ITR Economic Report Services. In addition to receiving the *Quarterly Economic Report*, subscribers conferenced with Alan Beaulieu, ITR's chief economist, to hear about emerging market trends and discuss views on the latest ITR economic forecasts.
- Staff conducted a review and redesign of all HI printed literature to more effectively promote HI membership, the Standards Partner program, standards, guidebooks, education, and services in 2012.
- With the integration of Pump Systems Matter into HI in 2011, all members and standards partners are now sponsors of PSM—with associated marketing benefits. All are encouraged to use the "Sponsor of PSM" logo in corporate communications.
- All HI members and standards partners can now host the day-long course *Pump Systems Optimization: Energy Efficiency and Bottom-Line Savings* at a \$2,000 discount per course!

Membership Eligibility and Dues

- The board voted to recommend several bylaw changes which, if approved by HI members, will expand the geographic footprint of HI membership to pump/supplier companies that do business in North America but manufacture elsewhere. An educational session is planned to review this issue and answer membership questions in advance of the official bylaw amendment ballot.

Technical Affairs

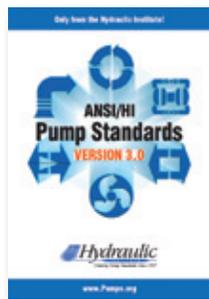
Standards Published in 2011

HI's technical committees had a very productive year, publishing four standards. In the last three years, a total of 22 standards have been released. The following new or updated standards were offered for sale in 2011:

- Rotodynamic Pumps for Assessment of Applied Nozzle Loads (ANSI/HI 9.6.2-2011)
- Rotodynamic Submersible Pumps for Hydraulic Performance, Hydrostatic Pressure, Mechanical, and Electrical Acceptance Tests (ANSI/HI 11.6)
- Rotodynamic (Centrifugal) Slurry Pumps (ANSI/HI 12.1-12.6-2011)
- Rotodynamic Pumps for Hydraulic Performance Acceptance Tests (ANSI/HI 14.6-2011)

Particularly noteworthy is the completely updated *Rotodynamic Pumps for Hydraulic Performance Acceptance Tests*. This standard was created in a collaborative effort that included HI's European counterparts and the HI Test Committee. The new standard includes six acceptance grades instead of the two that were included in the 2000 test standard. Tolerance bands have been developed that will be of particular interest to those concerned with energy efficiency. HI previously published two separate standards for factory pump testing — one for centrifugal pumps and another for vertical pumps. Both pump types are included in the new standard. For 2012, a new educational webinar will be rolled out on this subject to educate pump end-users. The webinar was previewed for all members attending the 2011 Fall Meeting.

- Version 3.0 of the *ANSI/HI Pump Standards* on CD was released in September with 12 new or updated standards, a significant release. The version 3.0 upgrade allows users of the prior version to keep their standards up-to-date. HI standards are offered in several different formats — a traditional print version, downloadable PDF, or CD—and as web-based subscriptions that include updates as soon as they are released.
- HI's web-based subscription access to standards continued to grow in popularity, adding a number of new subscribers who enjoy real-time access to the entire HI collection of ANSI/HI standards.
- The Electronic Data Exchange (EDE) Committee continued to expand its coverage by developing datasets



for rotary pumps, vertically suspended pumps, and slurry pumps. Members received free access to the newly-launched EDE users' portal, called the HI-EDE Resource Center, throughout 2011. Those who register for the HI-EDE Resource Center are able to access the *EDE Standard (HI-50.7-2010)*, the *HI-EDE Data Dictionary*, and the Conformity Assessment Tool that allows individuals to view, edit, and create standard or custom datasheets. The contents of the datasheets can be shared with other applications as an XML file by using HI Electronic Data Exchange (HI-EDE). More information is available at www.Pumps.org/EDE.



Members collaborate on standards development

- HI has secretariat responsibility for the U.S. Technical Activities Group (TAG) and ISO TC115 SC3, and staff continued to support the ISO Working Groups reporting to subcommittee three. This includes the ISO versions of API-610 *Centrifugal Pumps for Petroleum, Petrochemical and Natural Gas Industries*, API-682 *Pumps-Shaft Sealing Systems for Centrifugal and Rotary Pumps*, and API-674 *Positive Displacement Pumps — Reciprocating*. The ISO versions of the *Effects of Liquid Viscosity on Rotodynamic (Centrifugal and Vertical) Pump Performance* and *Rotodynamic Pumps for Pump Piping* are also part of this work effort.

Member Recognition

- The 2010 HI Member of the Year award was presented to Mr. Trygve Dahl, Vice President for Technology at Intelliquip, during the 2011 HI Annual Meeting. The HI board of directors selected Mr. Dahl for distinguishing himself through the level and intensity of his involvement with HI, particularly for his unselfish efforts in leading the HI Electronic Data Exchange Committee and guiding the publication of the *HI-EDE Standard*. The board noted, "Trygve Dahl has made significant contributions to the Institute and possesses all of the qualities that we expect and respect in an HI Member of the Year."



VP Technical Affairs, Dave McKinstry, congratulates Member of the Year, Tryg Dahl

- The Standards VIP recognition program was successfully launched at the 2011 Annual Meeting. The Institute is fortunate to have many engineering professionals willing to contribute their time and effort in the collaborative process of creating neutral standards, guidelines, and educational webinars for the pump community. Since the inception of the VIP program, members have been observed wearing their VIP pins during the HI meetings. Sixty-four individuals were recognized.



Standards contributors are recognized at the Annual Meeting

Pump Systems Matter

- Pump Systems Matter was re-incorporated in 2011 as a 501(c)(3) educational subsidiary of the Hydraulic Institute and fully integrated into the HI organization. Effective January 1, 2011, all HI members and standards partners became sponsors of PSM. During the year, PSM hired its first Managing Director when Jon Wilcox joined the HI/PSM staff in August, reporting to Bob Asdal, Executive Director.

- HI/PSM staff attended the ACEEE Summer Study on Industrial Energy Efficiency conference in Niagara Falls, New York, as well as the Energy Efficiency in Motor Driven Systems (EEMODS) conference in Washington, D.C. HI/PSM staff also met with the U.S. Department of Energy's Industrial Technology Program staff to explore interests in future education and training programs.

Sponsor of:



Energy | Efficiency | Economics

Pump Systems Optimization: Energy Efficiency and Bottom-Line Savings One-Day Course

- The Pump Systems Optimization course, newly re-focused on energy efficiency and bottom-line savings, was held eight times in 2011. Over half of the sessions were hosted by HI members. Members have been encouraged to budget for hosting the course in 2012 as a way to improve customer/distributor relations and promote systems optimization, while also creating new business relationships and opportunities.
- PSM launched an ambitious targeted mail, e-mail, and telemarketing campaign to raise awareness of the organization, the value of pump systems optimization, and the availability of the Pump Systems Optimization course.
- A new co-branded marketing strategy was designed to allow member companies to distinguish themselves as PSM sponsors and convey a pump systems energy savings message from their CEO.
- In concert with other marketing efforts, PSM designed and launched a one-hour, free awareness webinar to promote systems optimization and the opportunity to attend or host a one-day course. Eighty-two percent of the session's 330 participants indicated that pump system optimization and energy savings opportunities are not widely known in the pump industry.

Continued on back page.





EASC plans future training



HI members share knowledge

ASME EA-2-2009 Standard: Energy Assessment for Pumping Systems Overview Webinars

- PSM recruited and trained six instructors to deliver eight ASME EA-2 overview sessions with a total attendance of approximately 500. Eighty-four percent responding to the course evaluations agreed that the topic was timely and applicable to their current job.

Mechanical Seals Webinar Series

- PSM partnered with the Fluid Sealing Association to run a five-part series on Mechanical Seals and Energy Efficiency. This series included both free and paid webinars with a total attendance of 101 and a 98% satisfaction rating on the post-course survey.

Government Affairs

- HI's leadership in advocating for a pumping systems approach with the U.S. Department of Energy to achieve its energy savings goals was a major focus of member and staff efforts in 2011.
- Within two weeks of the January 3, 2011, announcement of the Department of Energy's intent to pursue a pump efficiency rulemaking, HI staff organized a delegation of eleven executives and staff to meet the Department of Energy rulemaking staff and other key organizations in Washington, D.C., on January 20–21.
- A team of twenty-three HI members, at the request of the HI board of directors, worked with staff over the spring and summer months to put together a comprehensive presentation on pump and pump systems efficiency, including an overview of the complexity of the pump industry and its products. This presentation served as the basis of a day-long meeting with nine energy efficiency NGOs in Dallas, Texas, in October.

- During the summer, HI staff wrote to the U.S. Department of Energy three comprehensive letters — totaling 54 pages — which advanced the argument that any national program or regulation on pump efficiency would do little to achieve energy savings when compared to the opportunities associated with optimizing pumping systems.
- During HI's Fall Meeting, the board of directors met with a delegation from the energy efficiency NGO community, all of whom have played significant roles in efficiency programs for other industries over the last 20 years. HI and the EE NGOs sought common ground in a way that would address the Department of Energy rulemaking process.
- At this writing, members of the HI board of directors are exploring next steps with the EE NGO delegation — including the prospect of another trip to Washington, D.C. — to keep the dialog going and determine what actions are in the best interest of all HI members.
- The HI/VMA International Trade Task Force (ITTF) continued to provide members with updates on trade regulations and a voice with government regulatory bodies to influence the language of new and revised legislation. This invaluable membership service is offered to those members that are interested on the basis of a modest annual subscription fee.



HI leads in discussions with EE NGOs



The HI board meets to guide HI strategy