

**SUMMARY OF TESTIMONY OF TOM FERGUSON**  
**PRESIDENT AND CHIEF EXECUTIVE OFFICER, AZZ INCORPORATED**

- AZZ is a publicly traded industrial manufacturing company on the NYSE. AZZ was founded in 1956 and now has 3,700 employees operating in over 60 locations globally, with 55 of those facilities spread across 23 states in the United States.
- AZZ has benefitted significantly from the Tax Cuts and Jobs Act of 2017 that went into effect January 1, 2018.
  - Those benefits include expected growth of ~15% due to improved competitiveness versus global manufacturing companies, resulting in revenue of \$900-960 million this year versus \$810 million last year.
  - Over \$10 million of cash savings due to lower taxes and the impact of the change in accelerated depreciation rules on capital equipment.
- AZZ has decided to re-invest a large portion of its tax benefits in our people and in new facilities, equipment and innovation.
  - AZZ distributed \$1 million of special bonuses to high performing employees, over and above our normal short-term incentive program.
  - AZZ gave wage increases of \$1 to \$4 per hour to about 1,000 of our lowest paid employees, estimated to be a \$3 million impact.
  - AZZ established a new reward and recognition program with \$750,000 and pre-loaded approximately \$250 of point value in each employee's account.
  - AZZ is looking to pull forward the construction of a new continuous galvanized rebar plant, which is a \$10 to 15 million investment and would result in hiring an additional 25-50 people.

**TESTIMONY OF TOM FERGUSON**  
**PRESIDENT AND CHIEF EXECUTIVE OFFICER, AZZ INCORPORATED**  
**BEFORE THE U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE, SUBCOMMITTEE ON ENERGY**  
**HEARING ON THE BENEFITS OF TAX REFORM ON THE ENERGY SECTOR AND CONSUMERS**  
**JUNE 20, 2018**

My name is Tom Ferguson, and I am President and Chief Executive Officer of AZZ Incorporated. AZZ Inc. is based in Fort Worth, Texas, and has over 60 locations strategically located across four continents, including 52 in the United States. We support the power generation, transmission, distribution and industrial markets through protection of metal and electrical systems used to build and enhance the world's infrastructure. AZZ is a publicly traded company and is listed on the NYSE as AZZ. As such, we are governed by the rules of the NYSE which prohibits me from making forward looking statements that would not be available to the general investing public. We operate on a fiscal year that ended in February 2018, which was our 31<sup>st</sup> consecutive year of profitability, part of which was due to tax reform.

AZZ and our fellow manufacturers fought hard for tax reform. It's fair to say that most manufacturers were truly excited to see the Tax Cuts and Jobs Act pass Congress last December—almost six months ago to the day. It lowered rates for large and small businesses, included robust incentives for capital equipment purchases, retained the R&D tax credit and moved our country toward a territorial tax system. These are just the kinds of things we thought would help make the United States much more competitive overseas, give a significant lift to the American economy at home, and help manufacturers expand—not to mention empower their employees and communities from coast to coast. And, six months on from the passage of tax reform, that's just what we've been seeing. In light of our optimism, AZZ has issued its revenue guidance for this fiscal year at \$900-960 million, which would indicate growth of 15% year-over-year.

Tax reform has allowed AZZ to move more quickly on capital investment. We had a second continuous galvanized rebar plant planned for down the road, but because of tax reform we are now planning to move that forward into 2018. Continuous Galvanized Rebar is a new product that will allow bridges, highways, and other structures to last many years longer than they currently do. A new plant is a \$10 million investment—over and above our normal \$25 million in capital outlay. We are willing to take on more risk thanks to the incremental cash generated by tax reform.

Growing our facilities also means growing AZZ's 3,700 member workforce. To staff the new facility, we plan to hire 25 to 50 new workers. We also anticipate adding over 150 new workers to our existing galvanizing facilities due to growth that is, at least in part, attributable to the impact of tax reform on our customers' investments.

AZZ is also investing in our people: we are taking big steps to ensure that our employees share in the benefits of tax reform, too. We have already invested \$1.75 million on financial rewards and special bonuses, over and above our normal short-term incentive programs. This included a new "Rewards and Recognitions Program," where employees earn points they can redeem for merchandise through an online shopping portal. This also included a special bonus pool to give awards to employees who "went above and beyond" during the year or are continually strong performers. Also, just the past couple of months we have increased the hourly wages by \$1-4 per hour for over 1000 of our lowest paid workers. This was after we had completed the normal annual merit increases, so we probably would not have considered this move without the benefit of the 21% income tax rate. Finally, AZZ is giving back to our employees and their communities in a unique way: by creating a charitable foundation, called AZZ Cares, that will help employees cover critical expenses in times of a crisis and allow us to expand our charitable giving to communities we operate in.

Tax reform is positive. It's historic. It is, as President Trump put it last year, just the type of "rocket fuel" that manufacturers like AZZ need to help drive our company and our country forward. As a result, we are seeing positive benefits for the men and women who work at companies like AZZ, and the communities we each call home, and the economy we all share. That's good news for everyone. That's certainly good news for AZZ employees and our families.