



May 10, 2016

**NORD Gear Corporation**  
PO Box 367 • 800 Nord Drive  
Waunakee, WI 53597

Re: American Recovery and Reinvestment Act

To Whom it May Concern:

We have been asked for information about the qualifications of NORD Gear Corporation (“NGC”) for participation in projects receiving funding provided through the American Recovery and Reinvestment Act of 2009 (ARRA). We have reviewed the relevant provisions of the ARRA and the regulations promulgated thereunder. As explained in this letter, our conclusion is that NGC does qualify for participation in such projects.

As you are aware, the ARRA is an omnibus bill providing for a wide variety of appropriations and other government programs. One provision contained within the bill is known as the “Buy American” provision. This provision, Section 1605 of Division A of the ARRA, provides that (with certain exceptions explained in the bill) the funds appropriated or made available by the ARRA may not be used for a project for the construction, alteration, maintenance or repair of a public building or public work unless all of the iron, steel, and other manufactured goods used in the project are “produced in the United States.”

Regulations have been enacted to implement the ARRA and provide explanation and clarification of the requirements of the Buy American provision. 48 CFR § 25.600 et. seq. and 48 CFR § 52.225-23, enacted on March 25, 2009. It is our opinion that ARRA and these regulations show that there are two separate reasons why NGC and the products it manufactures qualify for ARRA projects.

First, 48 CFR § 25.602 explains that the requirement of “production in the United States” refers to the manufacturing processes of the iron, steel and, as applicable to NGC, “other manufactured goods” themselves. The regulation provides that “there is no requirement with regard to the origin of components or subcomponents in other manufactured construction material, as long as the manufacture of the construction material occurs in the United States.” Further, the requirement of production in the United States “do[es] not apply to steel or iron used as components or subcomponents of other manufactured construction material.”

Many NGC components and sub-components are manufactured at the NGC facility in Waunakee, WI. NGC manufactures in Wisconsin many of the shafts and machines housings for the gearmotors sold in the United States. Virtually all of the gearboxes and the majority of motors are assembled in NGC’s facilities in Waunakee, WI, Charlotte, NC, and Corona, CA. Additionally, NGC uses many American fabricators, machine shops, distributors and manufacturers to source many of its components and sub-components for its products. Based on this, NGC’s products are “produced or manufactured in the United States” as required by the regulation.

Second, there is another provision in the ARRA that independently supports the qualification of NGC products for projects receiving ARRA funds. Subsection (d) of Section 1605, the Buy American provision, provides that “this section shall be applied in a manner consistent with United States obligations under international agreements.” 48 CFR § 52.225-23, dealing with solicitation provisions for ARRA projects, makes it clear that the United States must honor its obligations under various Free Trade and World Trade Organization Agreements with other countries, including Germany. That is, even products that are produced entirely in qualifying countries and containing materials manufactured



there nevertheless qualify for inclusion in projects receiving ARRA funds because they are exempt from the Buy American provisions of the ARRA.

These provisions apply to NGC. NGC is a subsidiary of Getriebebau NORD GmbH of Bargteheide, Germany, and some of the components or sub-components used in NGC units are of German or other qualifying European origin. As all of these components and sub-components come from qualifying countries, their use by NGC does not disqualify NGC products from use in ARRA projects.

Of course, we encourage you to consult your own legal counsel with any questions about the ARRA or the Buy American provision.

We invite to contact us if you would like to further discuss NGC products.

Sincerely,

Totsten Schultz  
President  
NORD Gear Corporation