

GENERAL PURCHASING TERMS OF ANDRITZ AG (July 2011 edition)

The following terms and conditions shall exclusively apply to our inquiries and purchase orders, except if otherwise agreed in writing. We shall not be bound by Seller's terms and conditions unless expressly accepted by us in writing. Quotations and consultation provided by the Seller shall be without charge to and not binding on us, but shall be binding on the Seller. The Seller is obliged to collect sufficient information on all details concerning the subject of inquiry or supply.

1. Award of Order

- 1.1 Purchase orders shall only be legally binding if issued on our order forms and legally signed.
- 1.2 Preliminary verbal, telephone or fax orders must be confirmed in writing on our order form to become valid, unless our order transmitted via fax or electronically contains a note that no written confirmation will follow.
- 1.3 Variations and/or amendments to orders principally need to be agreed in writing.
- 1.4 The language of the entire correspondence shall be in German or English. The shipping documents, delivery notes, invoices, and all related documents must be issued in German or English.

2. Order acknowledgement

The Seller must return to us the order acknowledgement, which is enclosed with the order form, bearing his legally binding signature, immediately after receipt.

3. Prices

- 3.1 The prices are fixed and shall apply DAP for the goods including packing and preservation delivered to destination, in accordance with Incoterms 2010, latest version.
- 3.2 If prices and conditions have not been established in our order but have been left subject to subsequent communication, they shall only become binding after our written acceptance.
- 3.3 The goods are to be properly packed in perfect condition for transport, using environmentally-friendly, recyclable material. Packing material will be returned at Seller's cost and risk. Basically, pallets will not be exchanged.

4. Delivery Date

4.1 The delivery date stipulated - arrival at destination - must be strictly observed, otherwise we shall be entitled (i) to claim delivery and damages for delayed delivery, or (ii) to claim damages for non-fulfilment of the order and to rescind the contract. If the goods are delivered before the stipulated date with our express consent, the periods related to the delivery date shall not begin until the delivery date originally agreed upon.

4.2 We shall be entitled to charge the Seller a penalty in the amount of 1% (0.5% for documentation) of the total order value for each week, or parts thereof, of a delay in delivery.

This penalty shall not preclude assertion of a claim for possible further damages in case of a delay in delivery. We shall not be obliged to draw the Seller's attention to a possible delay in delivery. Unconditional acceptance and /or payment of all or part of the goods/services supplied shall not be construed as waiver of the penalty payment. The Seller waives the right to have the amount of the penalty mitigated by a court of law or an arbitration court.

4.3 Should it become impossible to meet the delivery date due to force majeure or supplementary instructions issued by us, this must be notified in writing without delay, or else requests to extend the delivery date cannot be considered. If a justified claim is made to extend the delivery date, the new delivery date must be agreed in writing. If this new delivery date is exceeded, the conditions originally laid down shall apply automatically.

4.4 Force majeure shall be such inevitable circumstances as could not have been foreseen by the contractual partner invoking force majeure at the time of signing the contract and which prevent him from fulfilling his contractual obligations. All forms of war and natural disaster shall be considered circumstances of force majeure. Strikes, manufacturing defects, casting rejects, bottlenecks in procurement, delayed deliveries from subsuppliers, for example, will not be considered force majeure.

5. Dispatch Regulations

5.1 Unless otherwise agreed in writing, the goods shall be supplied with transport insurance covered by us, duty paid if Seller is based in a country of the EU and duty unpaid if Seller is based outside the EU, to destination, i.e.

- Post Office (Postamt) A-8045 Graz-Andritz for mail
- Graz main station (Hauptbahnhof) for railway express and mixed cargo
- Graz cargo station (Frachtenbahnhof), company siding Gösting-Andritz for wagon loads – track class "A"
- Graz-Andritz works for forwarding agent consignments,

and with no charge for packing. The transport risk shall principally be borne by the Seller, with the requirement that he must load, stow and, if necessary, pack the goods in a responsible and expert manner in line with the following stipulations for transport and handling.

- 5.2 Any dispatch instructions that we issue must be strictly observed; any damage or costs attributable to dispatch regulations or conditions not being observed (e.g. extra freight, demurrage, customs duties) shall be borne exclusively by the Seller. If there are no dispatch regulations or conditions, the cheapest and most favourable means of shipping and delivery for us are to be used. Dispatch through a forwarding agent always requires our consent; if this form of dispatch is used, our dispatch regulations and our order number must be handed over to the forwarding agent so that he can pass these on to the carrier, if any.
- 5.3 The dispatch note must be sent to us immediately on departure of each consignment. A packing slip and dispatch note are to be packed with the consignment itself. The following information must be indicated on the dispatch note and on the package: our complete order number and item number, contents, consecutive number of the package, usual markings, gross and net weights as well as dimensions of the package. Labelling requirements must be observed.
- 5.4 When supplying goods duty unpaid, the relevant customs documents, and, if necessary, certificates of origin, movement and identification certificates, etc., must be sent along with the goods.
- 5.5 The Austrian customs clearance formalities will take place in our works as "stellungsbefreite Sammelwarenerklärung". For this reason the wording "stellungsfrei Kenn-Nr. AT70AUIL0050W1" must be indicated on all consignment documents (dispatch notes, loading lists, etc.). If the goods are supplied by rail, this remark is to be inserted in Box 12 of the International Bill of Lading.
- 5.6 In case of oversized consignments, the Seller must inform us about the shipment in detail (packaging, dimensions and weights) at least 6 weeks prior to the dispatch.
- 5.7 If dispatch documents are not issued according to the order, we shall be entitled to return the consignment at the Seller's expense and/or to reimbursement of the ensuing additional costs.

6. Rejected Goods / Missupplies

- 6.1 We reserve the right to demand either a replacement of the goods or reimbursement of any payments made for any rejects or missupplied goods that are returned at Seller's expense and risk. Transport for the replacement goods and for the return of missupplied goods shall be at the expense and risk of the Seller.
- 6.2 Seller shall indemnify us fully if we suffer any damage from such fact.

7. Acceptance

- 7.1 Legally effective acceptance of the goods does not take place until our entire supply has been checked at the final customer's works, even if arrival of the Seller's goods has been confirmed and/or the invoice has been paid. Accordingly, we reserve the right to give notice of defect of the goods at a later date.
- 7.2 If the supply does not comply with the terms agreed, the conditions customary in trade or with safety regulations, we shall be entitled to withdraw immediately from the order and to procure replacement at the expense of the Seller.
- 7.3 If inspections by us are foreseen, the cost of such inspections shall be borne by the Seller except for our and/or third party's personal expenses. If these inspections have to be repeated for reasons attributable to the Seller, any cost ensuing from these inspections shall be borne by the Seller.

8. Guarantee

- 8.1 The Seller shall guarantee that the design and manufacture of the goods supplied are correct and in accordance with the latest technology as well as with their intended application; he shall provide a guarantee for the finish of the goods, the guaranteed features, functioning, efficiency and capacity as well as for the materials being perfect and complete, for a period of two years of operation (also for multi-shift operations). This guarantee shall be such that we can choose whether the Seller shall replace all parts which become unusable, defective or damaged within this period free of charge (including dismantling and re-installation costs) at the installation site, without delay and at his own risk, or whether he shall compensate any damage or loss resulting from the goods being unusable, defective or damaged.

In urgent cases we shall be entitled to carry out repairs or to replace the goods ourselves or to arrange for a third party to do so at the expense of the Seller. If the goods are exchanged or repaired, the full guarantee commences with new start-up.

- 8.2 The Seller undertakes to provide spare and wear parts for a period of up to 10 years after delivery at market prices and customary delivery times.
- 8.3 In accepting the order, the Seller expressly states that no third party has any rights, in particular proprietary rights, regarding the subject of the supply. He undertakes to hold harmless and indemnify us should a third party assert its rights in respect of the subject of the supply and to fully compensate us for any damage or loss suffered.
- 8.4 In addition, the Seller shall be liable without limitation for any damage attributable to him.

9. Cancellation / Suspension

9.1 Cancellation

We are entitled to cancel the contract either partially or completely without any fault on the part of the Seller.

In such case we shall be obliged to pay the Seller the contract price pro rata supplies and services already provided and in addition, to pay the direct cost for supplies and services in progress for which proof can be furnished as well as for cancellation of orders placed with sub-contractors.

Upon receiving notification of cancellation, Seller shall be obliged to keep the costs we are to refund as low as possible. All and any additional claims for whatever legal grounds are excluded.

9.2 Insolvency

We are entitled to cancel an order immediately, if bankruptcy, conciliation or similar proceedings are filed or initiated regarding the Seller's assets. We shall be free at any time to take over the materials purchased for our order, engineering services or parts on which work has been started at customary prices.

9.3 Suspension

We have the right to request that the Seller suspend the work on the contract at any time. Seller shall in this case point out the possible consequences to us and shall offer the most economical modification of the schedule. Seller shall not make any claims if the suspension does not exceed 3 months.

10. Invoicing

All invoices are to be addressed to ANDRITZ AG, Graz and presented in good, machine-readable quality in one copy if not stipulated otherwise. The order number and item numbers, and all other order and dispatch data, must be indicated in the invoice. For services, the relevant proofs must be attached to the invoices. A separate invoice shall be made out for each order. We reserve the right to return any invoices that do not conform to these requirements. In this case no invoice shall be considered to have been submitted until a rectified invoice is presented.

11. Payment

11.1 Unless otherwise agreed, payments shall be made net within 60 days after delivery and receipt of invoice or within 30 days with a 2% discount. Should a notice of defects be necessary for the supply, payment shall not be due until the defect has been satisfactorily remedied. The supply shall be deemed incomplete in the event of the agreed documents and/or certificates not having been submitted by the payment date, and payment shall be postponed until the documents are provided.

11.2 The Seller agrees to offset all claims and liabilities of any kind.

- 11.3 Assignment of claims or reservation of title shall not be made without our prior written consent.
- 11.4 If a partial payment is made by us, the Seller undertakes to use this money for payment to third parties for the materials required for manufacture of the goods. These shall be considered materials provided by us.

12. Order Documentation

- 12.1 The information contained in our enquiries or orders, the attached drawings and drafts as well as patterns and other expedients shall remain our property and may not be used elsewhere without our written consent; they must be returned with the offer or after the order has been executed without any special demand having to be made by us. All drawings, calculations and other, especially technical, documentation prepared by the Seller in connection with the fulfilment of the contract will pass into our ownership and the Seller may not use them for any other purpose than the execution of the order. Our order must not be used for advertising purposes, including specialised publications, unless we give our written consent thereto. In the case of entire plants, the Seller is not entitled to name this plant as his reference, even if the Seller provides a considerable portion of the components. The order and all information, documentation, etc., pertaining to it must be treated confidentially and as our trade secrets and must not be passed on to third parties. Seller shall be liable for damages in the event of a breach of this provision.
- 12.2 Any annexes to the order of a technical or commercial nature shall form an integral part of the order.
- 12.3 In the event of a contradiction in the documents constituting the order documentation, the following order of precedence shall apply:
1. Wording of the purchase order
 2. Special technical and/or commercial conditions and their enclosures
 3. ANDRITZ AG's General Purchasing Terms.

13. Place of Performance / Severability / Jurisdiction / Applicable Law

- 13.1 The place of performance for payment shall be the residence of ANDRITZ AG, Graz, Austria.
- 13.2 Should any provision be or become null and void, this shall not affect the validity of the remaining clauses.
- 13.3 The place of jurisdiction for both parties shall be the competent Court of Graz, Austria.
- 13.4 The applicable law is the material law of Austria, in addition to the terms of the order. The application of the UN-Convention on Contracts for the International Sale of Goods shall be excluded.

14. General

Any materials provided by us shall remain our property and may not be used for any other purpose. This reservation of title also applies in the event of the materials being processed. The Seller shall notify major subcontractors to us and seek our approval to use them. We and/or our customers shall be entitled at any time during normal business hours to inspect the processing and/or manufacturing progress of the order.