

GENERAL PURCHASE CONDITIONS

Voith Paper Brazil - Rev. 1 – VP/P-F-3-002

1. PURCHASE ORDERS

- 1.1 Any and all Purchase Orders shall be valid as if they have been made upon use of the proper form in writing of **VOITH PAPER MÁQUINAS E EQUIPAMENTOS LTDA.**, a company duly organized and constituted in accordance with the laws of Brazil, headquartered at Rua Friedrich von Voith, 825, Jaraguá, São Paulo, SP, Brazil, enrolled in Taxpayer's Registry under n.º 61.243.119/0000-80, ("VOITH"), containing the duly authorized signatures of the parties, according to the provisions set forth on the face of the Purchase Order. Likewise, any change in the Purchase Order, in the Purchase Conditions or any extraordinary understandings shall only be acknowledged and valid if they have been made in writing and have been duly signed by legally authorized person.

2. PRICES

- 2.1 Unless if otherwise expressly agreed, the prices contained in this Purchase Order shall be applicable during the term established by the parties and the SELLER shall not, under no circumstances whatsoever, be entitled to adjust or change them.
- 2.2 The prices include all the costs incurred with taxes levied on the sale of goods and on the SELLER's invoicing.
- 2.3 All the provisions related to the taxes levied on the transaction provided for in the Purchase Order shall always be duly determined on the face of the respective Purchase Order.

3. DELIVERY OF GOODS

- 3.1 The goods shall be delivered by the SELLER at the place determined in the Purchase Order and according to the agreed Incoterms on the Purchase Order.
- 3.2 Any difficulties for the compliance with the schedule established by the Purchase Order shall be notified by the SELLER to VOITH in writing within five (5) business days as of their receipt. If no notice is given within this term, the Purchase Order shall be deemed as having been accepted by the SELLER.

4. MODIFICATIONS

- 4.1 The material, equipment, goods or product specified in the Purchase Order shall be subject to modifications by VOITH. Any change that may affect the quality, price, characteristics and/or the term of delivery of the purchased item shall be immediately informed by the SELLER to the undersigned Project Procurement Coordinator or buyer.

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5. INSPECTION

- 5.1 All goods, articles, and products are subject to the inspection and approval at VOITH's industrial plant.

6. QUALITY WARRANTY

- 6.1 The SELLER warrants that the goods shall be manufactured and delivered strictly in accordance with the drawings and specifications of the Purchase Order, in perfect conditions for use, without any flaws or defects, provided that for such purpose there has been due regard for the level and standards determined by VOITH.
- 6.2 The choice and use of the quality management system shall be based on the rules quality regulations of the international system which shall be approved by VOITH.
- 6.3 VOITH shall establish the conditions for the verification of the capacity of the machinery and tooling, as well as of the processes for manufacture of goods. Default in any of the delivered products may give cause, at the sole discretion of VOITH, to the interruption of the program of goods delivery and, consequently, to the cancellation of this Purchase Order.
- 6.4 Whenever deemed necessary, VOITH shall establish the term and stages for the achievement of the expected quality standard goals. The SELLER shall immediately notify VOITH if the expected quality goals can not be accomplished.
- 6.5 Notwithstanding the verification of the quality standards of VOITH, the SELLER shall not be exempted from the responsibility for the reimbursement of all and any damage incurred by itself or by any of VOITH's customers as a result of any deficiencies verified in the delivered products or goods.
- 6.6 VOITH may have access to the facilities of the SELLER where the production of the goods is carried out in order to accompany and/or audit its production process. During the mentioned follow-up and/or audit, the SELLER shall assist VOITH whenever requested to do so.
- 6.7 VOITH shall reject goods which do not conform with such specifications or which present defects, reserving the right to return them within 90(ninety) days as of the delivery date, or even after such term, if the goods have any hidden defects that appear after subsequent treatment by VOITH or when being used. Other option is to agree with supplier the reimbursement of reworking charges to VOITH.VOITH shall inform, in written, when the return can not be effected within 90 (ninety) days or if reworking will be required.

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- 6.8 The SELLER shall be fully liable for any problems and/or costs related to the quality of the goods. All expenses and risks arising out of the return of the goods shall be borne entirely by the SELLER. If the defective goods are repaired by VOITH or by whomever VOITH hires for such purpose, or if its low yield is proven, at VOITH's discretion, the expenses arising out of such facts, including administrative costs, and all the losses suffered by VOITH shall be charged to the SELLER and may be deducted to offset the subsequent payments which VOITH may be required to make to the SELLER.
- 6.9 The SELLER shall be liable for removal of the defective goods from the place indicated by VOITH. The SELLER undertakes to replace the defective goods within at most 72(seventy two) hours after the receipt of notice from VOITH requesting it to do so.
- 6.10 VOITH shall be entitled to debt against SELLER any shipments made by air needed to cover production requirements in virtue of rejection of parts and/or non accomplishment of VOITH's shipping schedule's and deadlines.
- 6.11 The SELLER hereby grants to VOITH a warranty for the goods for a term equivalent to the term of warranty granted by VOITH to the final product foreseen in the respective guarantee of the goods or minimum of 12 months from start up or 18 months from delivery which one occurs first. The SELLER shall further render technical assistance to or to whomever VOITH indicates.
- 6.12 The SELLER shall keep in a safe manner all the documentation related to the production of the goods for the term defined between the parties.
- 6.13 In order to supply the goods to the replacement market the SELLER shall keep a stock and/or conditions to manufacture the goods during a term of 10(ten) years after the receipt of the last Purchase Order from VOITH, in the same conditions as those set forth with VOITH during the supply of the goods, specially as to the conditions of price and delivery of such goods.

7. TITLE TO THE DELIVERED MATERIAL

- 7.1 The drawings, specifications, models, tooling and samples delivered to the SELLER for the production of parts to VOITH constitute property legally protected of VOITH and/or VOITH'S ECONOMIC GROUP, to which the provisions of law 9.279 of May 14, 1996 and for related laws are applicable. The SELLER undertakes neither to disclose nor to deliver such technical material, wholly or partly, to third parties, nor to manufactures parts produced in accordance with it, whether unfinished, without the receipt of the Purchase Order from VOITH or without prior written authorization from VOITH.

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7.2 All and any material delivered by VOITH to the SELLER for the performance of this Purchase Order, whether it is technical material, raw material, parts, drawings, plans, publications, tooling, molds, casts, machinery, equipment, etc., which are exclusive property of VOITH, shall remain with the SELLER under a commodatum condition, and the SELLER shall be invested with the legal obligations of a trustee, provided that the SELLER agrees to return them to VOITH in the same conditions in which it has received them, except for the natural wear and tear as a result of its normal and adequate use.

7.3 VOITH shall have free access to all of its material in the possession of the SELLER and/or third parties, provided that such SELLER and/or third parties shall be obliged to present a report about the status of the material whenever required by VOITH.

8. PACKAGING, TRANSPORT AND RISKS

8.1 The goods shall be properly packed and conditioned for its transport and storage. The expenses incurred with packing and packaging shall be borne exclusively by the SELLER, except if otherwise agreed in the Purchase Order and/or according to Incoterms.

8.2 Up to the moment of delivery of the merchandise by the SELLER to VOITH or to whom it will indicate, all and every risk shall be borne exclusively by the SELLER.

8.3 Unless if expressly authorized by VOITH, the SELLER is forbidden to ship any material without receiving the specific shipping instructions. All shipping costs and consequential shall be borne by the SELLER if the materials, goods or products are shipped by the SELLER without VOITH's prior written approval.

9. TERMINATION

9.1 This Purchase Order shall be deemed fully terminated without any responsibility of any nature to VOITH and regardless of any judicial order or notice in the following events:

- a.) in the event of bankruptcy, composition for relief of creditors or insolvency of the SELLER;
- b.) if the delivery of goods is not made in accordance with the specifications and conditions agreed upon, especially those in connection with quality (Section 4) and delivery (Section 3);
- c.) if the SELLER violates any of the sections and conditions of the Purchase Order or related documentation; or
- d.) in the event of force majeure or act of God.

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10. TRADEMARKS AND PATENTS

- 10.1 The SELLER declares for all legal effects that there are no pending judicial or extrajudicial proceedings on the goods negotiated under this Purchase Order related to patents, trademarks, drawings or utility models and undertakes to defend VOITH, its successors and assignees against any and all judicial action resulting directly or indirectly from the claimed violation of the rights of third parties on such goods and to indemnify them for any losses which they may suffer as a result of any claims filed by third parties in this respect.

11. INVOICES AND PAYMENTS

- 11.1 All the invoices shall be issued pursuant to the applicable law and shall always mention the complete number of this Purchase Order. The goods shall be itemized in the invoices as they have been describes in the Purchase Order, VOITH reserves the right to reject goods which invoice shall not have been issued in accordance with any specifications established in the Purchase Order.
- 11.2 The due date of the invoices shall be counted as from date of the actual delivery of the goods with due regard to the conditions of payment established on the Purchase Order.
- 11.3 The invoices shall be presented at least 15 (fifteen) days prior to the due date of its payment.
- 11.4 The replacement of goods which have been returned shall be deemed new deliveries and the payments shall be made on the due dates determined in accordance with the conditions of payment established in the Purchase Order issued by VOITH considering the dates of the new deliveries to VOITH.
- 11.5 Regardless of any prior notice to the SELLER, VOITH shall make the reductions of the Price arising out of returned goods due to the SELLER's failure to meet any of the conditions set forth herein.

12. ASSIGNMENT

- 12.1 This order or any monies due hereunder may not be assigned to third parties without VOITH's prior written consent.

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13. CANCELLATION

- 13.1 VOITH may terminate work under the Purchase Order in whole or in part at any time by giving written notice to SELLER of such decision. In such event, if SELLER is not in default, VOITH shall reimburse to the SELLER the direct material and labor costs experimented by the SELLER up to the time of the receipt of termination notice.

14. ADVERTISING

- 14.1 The SELLER undertakes not to disclose to third parties any of the conditions contained in this Purchase Order, without the prior and specific written authorization from VOITH. The SELLER also undertakes not to use or refer to the name of VOITH without its prior and specific written authorization.

15. JURISDICTION

- 15.1 This Purchase Order shall be construed and governed in accordance with the laws of Brazil.
- 15.2 The Judicial Courts of the city of São Paulo, State of São Paulo, are hereby elected to resolve any disputes or litigation that may arise from or in connection with this Purchase Order.

16. CORRESPONDENCE

- 16.1 Correspondence in general and invoices related to this Purchase Order shall be delivered at the headquarters of VOITH located at Rua Friedrich von Voith, 825, Jaraguá, São Paulo City, State of São Paulo – ZIP CODE 02995-000.